29th Annual Report
2021-22

INDOFIL INDUSTRIES LIMITED

# Agility. Resilience.

A journey to prosperity

# About the Cover


Our research-driven innovative solutions and resilient business model help create happy farmers, end-users and global customers, paving the way for sustainable prosperity for all stakeholders. This overarching idea has been depicted on the cover through a collage of visual and design elements.

# Inside this Report




## Corporate Overview

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**A clear sense of purpose drives our predilection towards action and entrepreneurial thinking. Overcoming hurdles in the operational environment, we have demonstrated exceptional performances in the domestic as well as international market. Our strategic investments for capacity building have reaped rewards and empowered us to resiliently march ahead in the path of prosperity.**

Our endeavours to modify the product portfolio with robust R&D efforts enables us to develop environment-friendly solutions that maximise farm yield without compromising plant health and nutrition. We also continue to explore novel opportunities in the industry and have resorted to efforts for upgrading the Speciality Chemicals business. With a strong foothold in the B2B, B2C and export verticals, we are consistently ramping up capacity and shoring up our manufacturing capabilities to build active networks with farmers as well as other stakeholders.

Remaining focused on customer success, we continue to deliver innovative agrochemical solutions that improve the productivity of end-users as well as derive better return on investments. Our agile business model also enables us to thrive in a dynamic environment and capitalise on prospects for growth and sustainability – thereby making the journey towards prosperity fulfilling and rewarding.

# Indofil at a Glance

## *Prioritising aspirations for a prosperous tomorrow*

As one of the leading agrochemicals and speciality chemical companies, Indofil Industries Limited (Indofil) has been constantly focusing on producing sustainable and innovative solutions that prioritise the demands of our customers and minimise environmental impacts.

Indofil has established a strong domestic and international presence with a robust portfolio of patented and co-branded products. Catering to the demands of an evolving agrochemical segment, we remain committed to ensuring plant health and supporting better yields with superior quality products. We also manufacture and supply speciality chemicals for the plastic, leather, textile, coating and construction industries.

**Constantly evolving**

We are continually reforming our procedures and processes to keep up with changing market dynamics and evolving customer needs, while safeguarding the core essence of sustainability in all of our endeavours. To deliver effective solutions to clients in India and abroad, we are streamlining operations, leveraging our core competence and constantly enhancing capacity. We also rely on efficient research and development capabilities to provide distinctive solutions that ensure long-term value creation for all stakeholders.

**A Preferred partner**

Our emphasis on delivering consistent results enables us to earn the trust and loyalty of customers. We collaborate with stakeholders and forge partnerships to generate value, enter new markets and fulfil our strategic objectives. At Indofil, we strive to be a preferred partner for stakeholders to help them realise their goals and aspirations.

### Our vision

**To be a global leader in growth with customer success.**

### Our mission

- Achieve leadership in growth rate.
- Leverage efficient R&D, registration, manufacturing and marketing competencies.
- Strive to make our customers successful through high quality products, services and solutions in domestic and global markets.
- Use collaborations, acquisitions and manufacturing proximity to expedite growth in Crop Care, Speciality and Performance chemicals.


## Our values

Customer Success

Knowledge

Prosperity

Teamwork

Velocity

# Our Presence

## Manufacturing Units

Capacity (in tonnes)

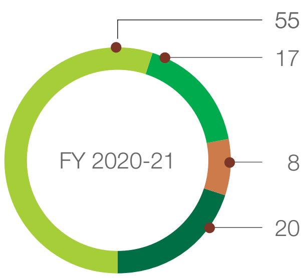
Dahej, SEZ, Gujarat (Unit 1)
**33,600**

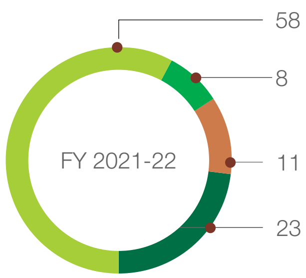
Synthesis Plant, Dahej, SEZ, Gujarat (Unit 2)
**4,000**

Innovative Solutions Plant, Dahej, Gujarat (Unit 3)
**38,500**
Emulsion
**12,500**
Powder

EBDC Plant, Dahej, GIDC, Gujarat (Unit 3)
**36,000**

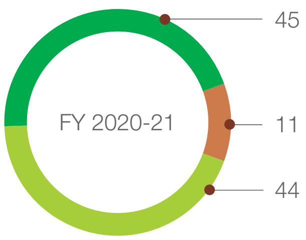
## Revenue mix by geographies (in %)

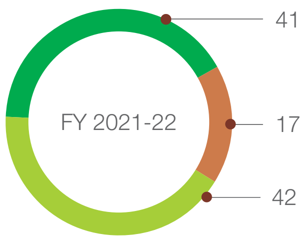



India • Europe • South America • Rest of the world

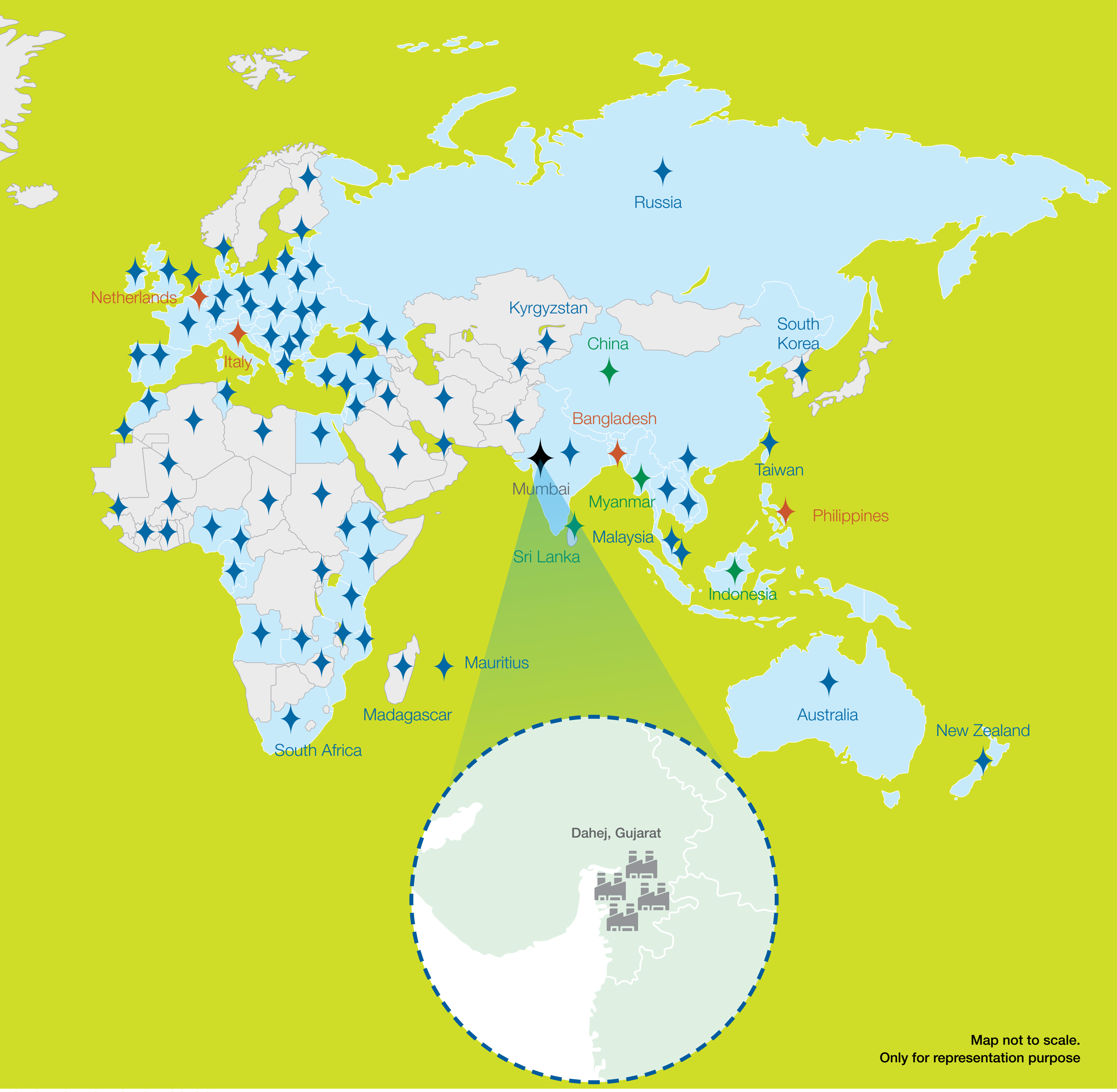
## Revenue mix by categories (in %)




Agrochemicals (India) • Agrochemicals (International) • Innovative Solutions

Operating subsidiaries
Representative office
Manufacturing units
Head office
Global network




Map not to scale.
Only for representation purpose

# Product Portfolio

## *Creating a diverse portfolio to suit changing needs*

**Our unique and innovative product offerings continue to earn the trust of millions of customers worldwide. With an emphasis on providing sustainable solutions that enhance yield, support farm prosperity and exceed the expectations of our customers, we intend to develop a strong and diverse product portfolio.**

# Agrochemicals

## Domestic

We are bolstering our position as one of India's leading agrochemical manufacturers and suppliers. We manufacture superior quality fungicides, insecticides, herbicides, bactericides, acaricides, plant growth regulators and surfactants that protect crops and increase agricultural productivity. Additionally, we are also striving to establish a strong presence in micronutrients and bio-stimulants segments as well.

### Key crops

- Paddy
- Cotton
- Potato
- Chilli
- Pulses
- Onion
- Soybean
- Apple
- Grapes
- Tomato
- Wheat
- Cumin
- Pomegranate
- Tea/Coffee
- Maize

### Segment and brands


### Fungicides

Fungal infestations can cause yield loss of upto 80% in various crops. Fungal diseases adversely affect the quality of produce to a great extent. Indofil offers a wide range of fungicide solutions which help farmers enhance productivity and quality of the produce.

**Brands**

Indofil M 45, Manfil, Indofil Z 78, Moximate, Avtar, Merger, Sprint, Itwin, Matco Maxx, Impression, Iglare, Indofil's Baan, Baan Gold, Matco, Boon, Companion, Noor, Debut, Dhan, Benfil, Sitara Plus, Share, Captra, Trucop, Plumage, and Ream.

### Insecticides

One-fifth of the world's crop productions are damaged by insect pests annually and the crop loss by insect pests reach as high as 60-70%. Indofil provides cutting edge solutions which protects various crops from insects and minimizes the loss of yield.

**Brands**

Token, Skystar, Dammu, Rimon, Click, Lift, Volax, Atom, Atom Power, Agent Plus, Agent Capsule, Blaze, Indothrin, Flash, Gem, Stalker SC, Bajao, Oopiri, Indodiafen and Akhdir.

### Herbicides

Weeds compete for water, nutrients & light thus causing heavy losses in yield of the main crop. Indofil's range of herbicides targets notorious weeds in various crops which ensures higher productivity.

**Brands**

Oxygold, Society, Killog, Nami, Indifil's Mix, Offset-N, Tadka71, Passport, Chase, Atrafil, Golf, Bigul, Pixo, Pixo Maxima and Striker.

### Surfactants and plant growth regulators

Surfactants serve a critical function in agriculture by lowering surface tension and allowing liquid to penetrate the surface easily. Their inclusion in crop formulations improves efficiency and helps to conserve irrigation water by reducing surface water runoff. Plant Growth Regulators are also gaining prominence as agriculture becomes more mechanised and technological interventions are being rapidly used to increase crop productivity.

**Brands**

Indtron AE, Filwet Premium, Ethefol, Indolizer Liquid.

### Plant Nutrition and Bio-stimulants

In collaboration with a US based company and in-house exclusive composition of Indofil, we offer Amino Acid based Biostimulants and plant nutrition products. These innovative products enhance crop yields significantly by enabling plants to absorb and utilize nutrients efficiently.

**Brands**

IndoLife Fruit Energy, IndoLife Vital Energy, IndoLife Green Energy, Indolizer Liquid and Indolizer Granules.

### Acaricides

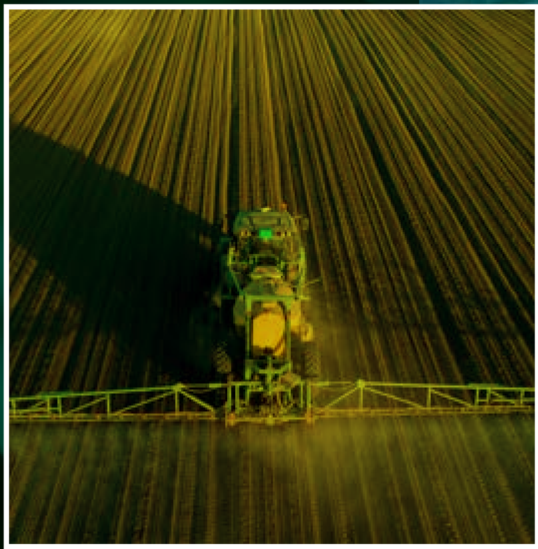
Acari group of organisms like ticks and mites can cause extensive damage to crops and affect productivity. Indofil's acaricides offers effective management of ticks and mite.

**Brands**

Ceasemite, Mitex.

## International

We have strengthened our position in the international agrochemical arena with a robust presence in more than 120 countries. We serve individual farmers as well as large enterprises with our strong distribution network and efficient supply chain.



### Key crops

- Rice
- Soybean
- Potato
- Tomato
- Banana
- Pomes
- Vines
- Other Solanaceous crops

### Key Geographies

- US
- Europe (Netherlands)
- Brazil
- Italy
- China
- Bangladesh
- Philippines

### Product Offerings

**Technicals**

Mancozeb, Cymoxanil, Metalaxyl, Tricyclazole, Myclobutanil, Zineb, Dodine, Propiconazole, Thifluzamide, Hexaconazole

**Mixtures and formulations**

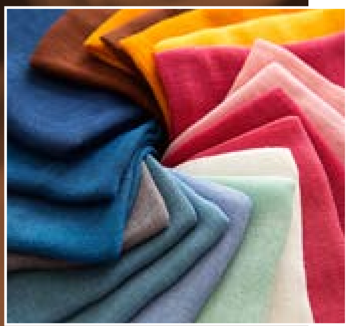
Mancozeb WP/WG/SC, Tricyclazole 75% WP, Mancozeb + Metalaxyl, Mancozeb + Cymoxanil, Mancozeb + Carbendazim, Dodine 65% WP, Mancozeb + Hexaconazole, Mancozeb + Tricyclazole , Myclobutanil WP/EC

# Innovative solutions

We manufacture and supply speciality performance chemicals that find varied usage in different industries. Leveraging cutting-edge technologies, in-house product development expertise and a strong brand equity, we continue to cement our foothold in this space. Our products are widely used by Leather, Textile, Paints, Plastics, and Construction Chemical companies.

## Leather

- Preservatives
- Soaking and Wetting Agents
- Degreasing Agents
- Powder Syntans
- Acrylic Syntans
- Fatliquors
- WR Fats
- Resin and Binders
- Impegnation systems
- Compact Binders
- PU Binders
- Protein Binders
- Lacquer and Lacquer Emulsions
- Waxes and Fillers



## Textiles

- Acrylic Binders
- Silicone Emulsions
- Water Repellents
- Fixing Agents
- Pigment Emulsions
- Customised Compounds
- Thickeners
- Speciality Binders for Coating applications

## Plastics

- Acrylic Impact Modifiers
- Acrylic Processing aids
- MBS Based processing aids and impact modifiers
- Acrylonitrile based processing aids and impact modifiers

## Coatings and Construction

- Water-based Emulsions
- Dispersing Agents
- Defoamers / Wetting Agents
- Re-dispersible Powders
- Cement Modifiers
- Waterproofing Chemicals
- Rheology Modifiers
- Speciality additives for Drymix mortars
- Tile adhesives

# Message from Chairperson

With the goal of improving crop and soil health, Indofil continues to assist farmers in enhancing crop production in India and abroad.

**Dr. Bina Modi**
Chairperson and Managing Director

## Dear shareholders,

It is almost two years since the onset of the Covid-19 pandemic. Indofil has not only overcome obstacles, but also discovered its potential to emerge stronger than before. During this period, we have also proved our ability to adapt to change and secure success in difficult circumstances and get future ready.

The scope and speed of recovery is anticipated to vary across the world. Despite the challenges in the global economy, India is the only country to report steady growth across all quarters of the fiscal year under review and is expected to grow. Although inflation continues to rise across the region, fuelling fears about food security and diminishing purchasing power, agriculture has witnessed promising growth in FY22.

Over the years, India has established itself as a global supplier of food and other essential agricultural produce. Despite the challenges posed by labour migration and changing climatic conditions, the agriculture sector witnessed robust growth. Due to favourable conditions and a good monsoon, agricultural productivity has significantly improved. Budget 2022 aims to double farmers' income through a multi-pronged approach centred around access to finance, an extensive market and new-age technologies. Focus on better farming methods such as organic farming and drone technology are also gaining traction. Farmers are expected to profit substantially with improved crop evaluation, digitisation of land data, and efficient use of insecticides and plant nutrients.

With the goal of improving crop and soil health, Indofil continues to assist farmers in enhancing crop protection in India

Coming together is a beginning;
Keeping together is progress;
Working together is success.

- Henry Ford

and abroad. We are also upgrading the product portfolio to drive customer-centric initiatives. It has not only strengthened our position in a competitive business environment but, has also enabled us to have superior quality products. We continue to deliver end-to-end solutions for the agrochemical and innovative solutions segments to meet diverse customer demands. Resting on our state-of-the-art manufacturing facilities, a team of talented people, trusted business partners, and strong innovation capabilities, we are driving change within the industry and establishing our repute as a market leader.

Specialty chemical manufacturers in India have benefitted from a surge in both domestic and international demand as customers seek to minimise their reliance on China. Specialty chemicals are utilised in a variety of applications ranging from healthcare to food and mining. Demands for Specialty chemicals such as construction chemicals, silicon, lithium-ion, and so on are expected to boost local manufacturing. Additionally, emphasis on 'Aatmanirbhar Bharat' is anticipated to benefit domestic manufacturers like Indofil and others. Therefore, we aim to reposition our product portfolio and balance strategic aspects related to scalability, scope of products, and its growth potential. We also look forward to implementing digital transformations across the organisation to ensure better alignment of people, product and processes.

## Enabling dynamic change

To improve customer experience, ensure process automation, supply chain agility, and enhance operational performance, Indofil continues to adopt innovative technology. The introduction of automated facilities has reduced lead times and digital transformations have enabled better integration between people and processes, allowing us to achieve greater scalability.

With a motivated and committed workforce and task force at the core of our operations, we are determined to drive transformation and achieve remarkable performance. We continue to foster a transparent and conducive working environment to encourage an inclusive work culture that promotes diversity. We believe in a collaborative leadership style to bridge the gap between the management and employees. And, I believe, this has been one of the key drivers of our stellar performance in the year under review FY 22.

We Continue To Deliver End-To-End Solutions For The Agrochemical And Innovative Solutions Segments, To Meet Diverse Customer Demands.

## The way forward

Over the course of the last fiscal, we are building on a stronger foundation to carry forward an endearing legacy. Our constant investments in technology, research and development, along with an emphasis on improving operational skills enable us to pursue strategic goals and strengthen our prospects. Our decisions to optimise our working capital, improve inventory and receivables has reduced our debts and improved our cash flow and strengthened the balance sheet. Taking a cue from our robust performances in FY22, we are heading towards prosperity and progress.

On behalf of the Board, I want to express my gratitude to all of our employees for their immense contributions to the growth of Indofil. I would also like to take this opportunity to thank Investors and customers, suppliers, and our business and channel partners.

As we look forward to an incredible journey of success, growth and transformation, we aspire to establish our credential as an agile and robust organisation.

Yours sincerely,

**Dr. Bina Modi**
Chairperson and Managing Director

# Message from COO

> In the years ahead, we intend to focus on the Brazilian market to ramp up registration as well as the launch of new products, along with a strategic focus on expanding foray in the United States and Europe.

**Narendra Rane**
Chief Operating Officer

## To our stakeholders,

In today's dynamic and interconnected world, organisations must develop the capability to cope and thrive amidst crisis. Taking a cue from the lessons learnt in FY2021, we seek to ensue formidable transformations that lay the groundwork for setting new benchmarks in the industry.

To stay ahead of the curve, we have realised the need to adapt to change, and adopt digitalization to add efficiency to our methods. Our agility and resilience have paved the path for Indofil's prosperity as the Company continues to register remarkable performances in the domestic as well as international arena.

During the year under review, we continued to serve key agricultural markets of India, Brazil, and Europe with a customised portfolio designed to rightly address the needs of local customers. We have ramped up investments in R&D to foster innovation and futuristic growth. During FY2021-22, we introduced two new products in the domestic market and await the launch of several innovative products in the months ahead.

Backed by robust financial performances in the last fiscal, we paid off long-term debt of Rs. 110 crore and were able to ramp up our top-line by Rs. 200 crore. We also reduced our working capital and increased cash flow during the year. The capex for the current fiscal year stood at Rs. 120 crore, and it is expected to be Rs 140 crore in the next fiscal, with which we intend to enhance our manufacturing capacity and expand our market share. Simultaneously, we are embracing inorganic growth prospects and prospective acquisitions as opportunities for strengthening our market position.

Despite unseasonal rains and an irregular monsoon, Indofil did exceptionally well in the domestic market. Growing market share in India, greater supply chain efficiency and our ability to overcome raw material shortages enabled us to successfully operate the domestic business. Furthermore, none of our manufacturing plants remained closed during the fiscal year, and we were able to manage market demand and supply chain efficiency with adequate inventories.

Alongside, we undertook cost optimisation strategies that resulted in higher profit margins for the Company. Going forward, we plan to invest Rs. 30 crore in a three-pronged growth strategy that is focused on demand generation and increasing reach through Farmer Producer Organisations (FPOs), retail corporate distribution, and contract farming.

In terms of profitability and volume, the performance of the Innovative Solutions vertical was remarkable. For the coming fiscal, we have planned an estimated Capex of Rs. 21 crore for the Innovative Solutions segment and aspire to increase our emphasis on the Specialty chemicals segment. As increased demand from downstream industries such as plastic, paint, cosmetics, and leather continue to add impetus to the specialty chemicals segment, we remain optimistic about its steady growth in the days ahead.

Furthermore, overcoming regulatory challenges in Europe, we witnessed volume growth in the international business as well. Despite decreasing market share in Europe, we were able to reclaim volume through diversification, particularly in Brazil and Asia Pacific. To reduce operational risks, we have also established regional teams for every geographical area. In the Philippines, new products were introduced to further improve our business.

In the years ahead, we intend to focus on the Brazilian market to ramp up registration as well as the launch of new products, along with a strategic focus on expanding our foray in the United States and Europe.

In the event of macroeconomic uncertainties, supply chain disruptions are inevitable. To cushion against difficulties, we implemented backward integration strategies that benefitted us in terms of quality control and cost savings. It also reduced reliance on other countries for supply of essential raw materials. Consequently, we remain focused on maintaining sufficient inventory and fulfilling short-term objectives that can streamline manufacturing as well as supply chain operations.

To digitalise supply chain operations, we introduced the o9 platform which streamlined production and supply. For purchasing and procurement, we are embracing state-of-the-art platforms, which might be expanded to include key suppliers in future, automate operations and save time. We also added a visibility tracker to automate tracking of shipments and introduced the productivity app, Ujjwal Kheti 2.0 that helps to streamline marketing activities by the sales and marketing teams.

Our growth-oriented human resource policies empower employees to realise their potential and aim for structured goals. With a more interactive leadership style and cross-functional collaboration exercises, we strive to create an inclusive and welcoming workplace. Along with implementing measures to recognise and reward exceptional employees, we encourage strong Environment, Health & Safety (EHS) Management policies to safeguard the health and well-being of our people.

Moving ahead, we continue to reiterate our commitment to transform Indofil into an agile, flexible, and customer-focused company. To fulfil this objective, we are relentlessly broadening our horizon, introducing innovative methods and prioritising the launch of novel products. Over the next five years, we aspire to transition from a product-based to a solution-based company and gather momentum to further accelerate our transformation.

Before I conclude, I would like to convey my heartfelt gratitude to you, our shareholders, for your confidence and support. As we gather strength for an exciting journey, we remain resolutely focused on driving excellence, every step of the way.

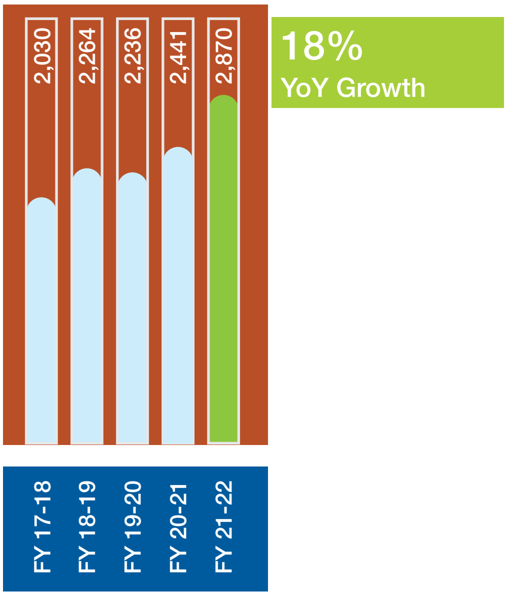
Regards,

**Narendra Rane**
Chief Operating Officer

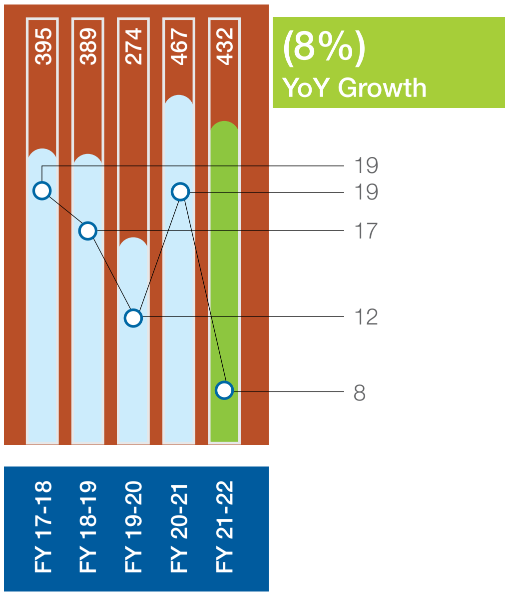
# Financial Highlights

## *Growing with vigour*

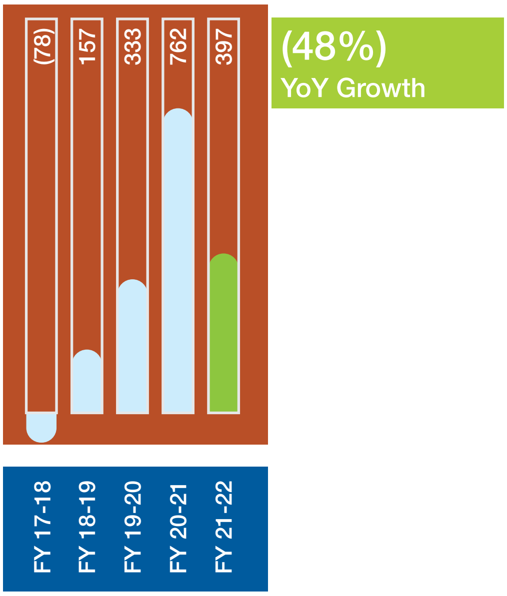
Consolidated Total income (₹ in crore)



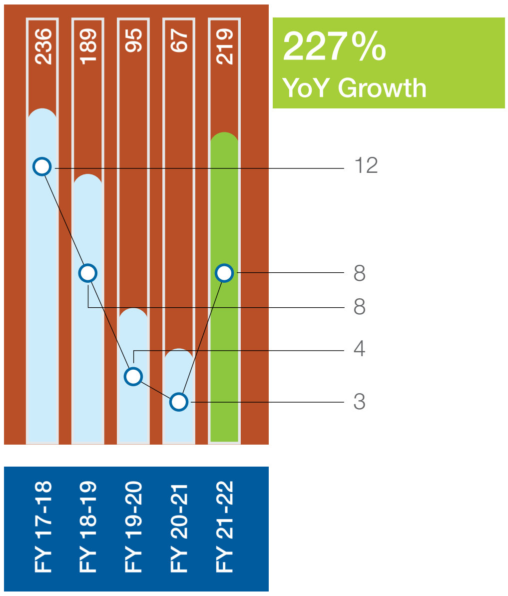

Consolidated EBITDA (₹ in crore)
EBITDA Margin (in %)



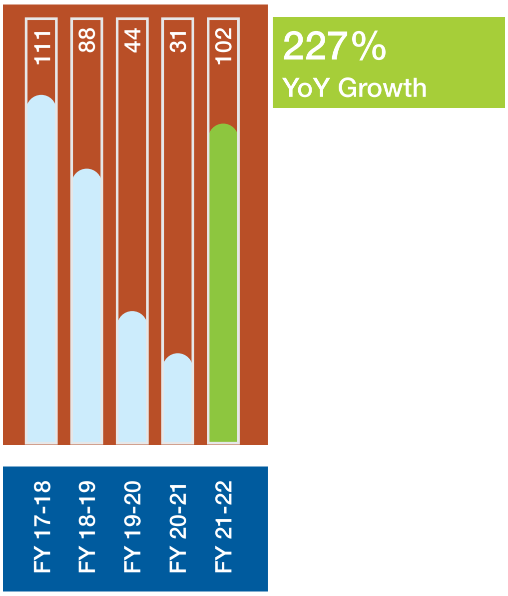

Consolidated Cash Flow from Operations (₹ in crore)



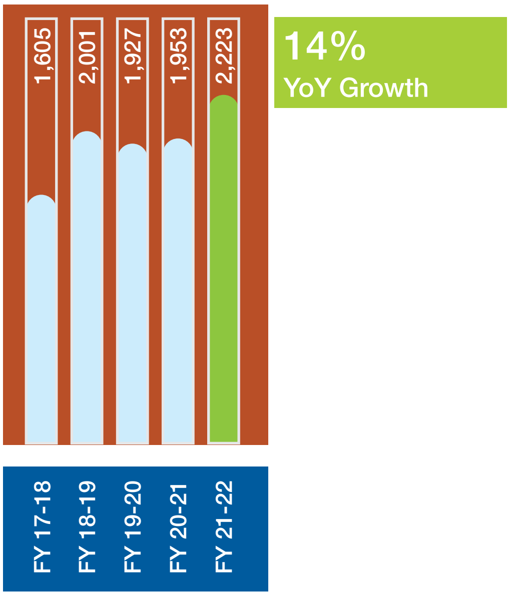

Consolidated PAT (₹ in crore)
PAT Margin (in %)



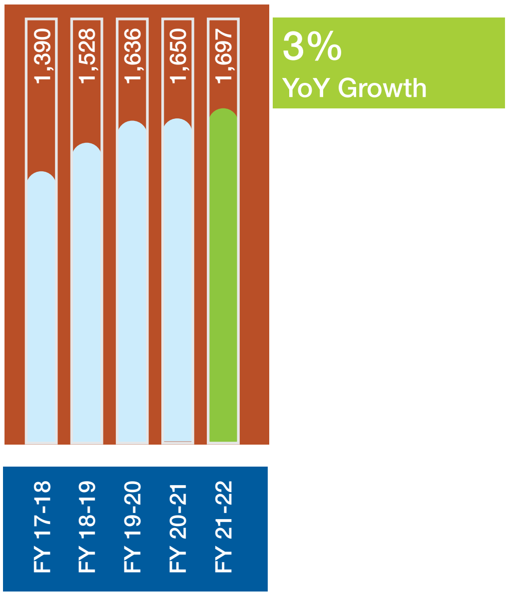
## EPS
(in ₹)



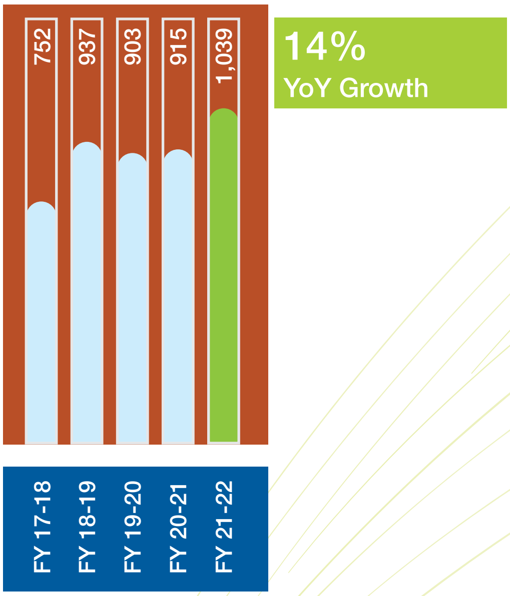

## Reserves (As per Consolidated Accounts)
(₹ in crore)




## Consolidated Gross Fixed Assets
(₹ in crore)




## Book value per share (As per Consolidated Accounts)
(in ₹)



# Business Model

## Broadening the path to prosperity

### Source

**Financial Capital**
- Equity share capital of ₹ **21.35 crores**
- Long-term Debt fund of ₹ **268 crore**

**Manufactured Capital**
- ₹ **1697 crore** CAPEX
- ₹ **615 crore** invested in property, plant and equipment, as on 31st March 2022
- **4** Manufacturing units
- **5** Operating subsidiaries across the globe

**Human Capital**
- **915** employees across the globe
- **~650 per day** contractual employees working in our manufacturing units

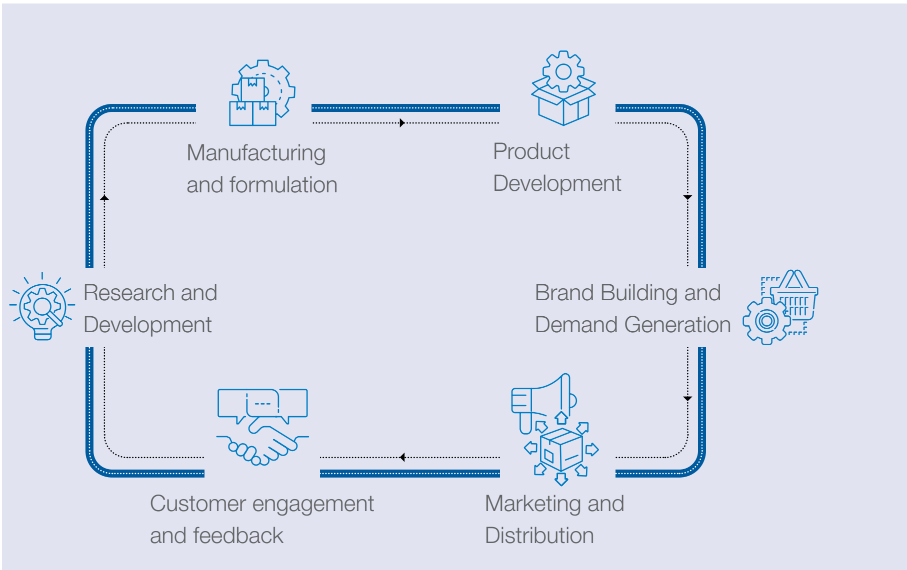
**Intellectual Capital**
- ₹ **27 crore** investment in R&D activities
- **42** employees in R&D team
- **14.8 years** Average experience of management team

**Natural Capital**
- Renewable and Non-renewable sources of energy
- Water
- Land
- Fuel

**Social and Relationship Capital**
- ₹ **1.42 crore** spent towards CSR activities
- Securing strong relationships with suppliers and vendors
- Member of various trade bodies

### End-to-end process competence


Unit 3, GIDC, Dahej



## Our output

### Agro Chemicals

- Insecticides
- Fungicides
- Herbicides
- Plant Growth Regulators
- Surfactants
- Acaricides

### Speciality performance chemicals

- Textile
- Plastic
- Coating
- Leather

### Super Speciality Chemical

- Plant Nutrition
- Plant Protection
- Garden Care

## Value we provide

- **18%** YoY Growth in consolidated Income
- **227%** YoY growth in PAT

Capacity (in tonnes)

- **33,600** Dahej, SEZ, Gujarat (Unit 1)
- **4,000** Synthesis Plant, Dahej, SEZ, Gujarat (Unit 2)
- **51,000** Innovative Solutions Plant, Dahej, Gujarat (Unit 3)
- **36,000** EBDC Plant, Dahej, GIDC, Gujarat (Unit 3)

- **2003.8 hrs** Total Training hours
- **1921.35 man hrs** of EHS training
- **2.30 days** Average mandays of training

- **104** Number of brands
- **11** New products launched
- **307** Registration held by Indofil
- **54** Patent Portfolio as on 31st March 2022

- **Increased** usage of renewable sources of energy
- **100%** Zero liquid discharge with Multiple Effect Evaporator (MEE), and use of Effluent Treatment Plant (ETP) to reduce emissions. Scaleban and Reverse OsmosisPre Heater installed to reduce gas consumption
- **50140 KL** Water recycled through MEE plant and reused in Unit 2
- Afforestation drive under Miyawaki Project. Over **6000 saplings** planted.

- **48,000** Retailers
- **4645** Distributors in domestic and International market
- **15 lacs** Farmers connected & educated through various field activities
- **120+** Countries where our products are available

## SDGs covered

1 No Poverty
2 Zero Hunger
3 Good Health and Well-Being
4 Quality Education
5 Gender Equality
8 Decent Work and Economic Growth
10 Reduced Inequalities
12 Responsible Consumption and Production
13 Climate Action
15 Life on Land
16 Peace, Justice and Strong Institutions

# People First

## *Nurturing a motivated workforce*

At Indofil, our success is pivoted on the growth and development of an empowered workforce. To ensure employee well-being, we undertake several initiatives to foster inclusive growth. Our people policies are aimed at nurturing a fair and transparent work culture that is conducive for professional as well as personal success.

### Initiating Change

To support a diverse workforce, the management believes in innovative thinking and a novel approach to appreciate its people. During the fiscal year 2021-22, we underwent a significant shift in leadership style, transitioning from a hierarchical to a democratic model. We continued our 'Act Now, Plan Now' strategy to derive quick and agile resolutions for difficult tasks. While 'Act Now' referred to a responsive approach, 'Plan Now' focused on cross-functional planning.

We also recognised the importance of letting our employees voice their opinion. We, therefore, undertook efforts to consider the ideas and inputs of employees to take major decisions. It has also ensured transparency at the workplace and promotes fairness across the organisation.

Further, to facilitate open interactions between the management and the employees, we follow an open-door policy that allows our people to freely express their concerns to senior managers. We also provide real-time feedback and strive to bridge the gap between the management and employees.

## Encouraging employee engagement initiatives

We strive to be an equal opportunity employer and attract competent people to support the company's long-term objectives. Our people policies are designed to foster a motivated and engaged workforce. We, therefore, promote rewards and recognition programmes that encourage them to further enhance their potential. We offer the 'Make a Difference' award to acknowledge consistent efforts of employees over the long term. The 'Spot Award', on the other hand, provides instant recognition for formidable contributions to the workplace.

Keeping ourselves aligned to our core value of employee welfare, we encourage open communication across the organisational hierarchy. It fosters collaboration between teams and creates cordial relations between employees, thereby contributing to the overall success of the organisation.

During the year under review, we undertook various employee engagement initiatives including Fun Fridays, Cuppa Talks and Townhalls to further strengthen the bond between employees.

**389**

Employees received awards for their outstanding performance

## Diverse workforce

At Indofil, we believe a diverse talent pool not only adds expertise and efficiency to the workplace but, also helps to improve organisational capabilities. Thus, we constantly focus on building a diverse team comprising employees from different gender, cast, backgrounds and expertise. We also seek to strengthen our teams by providing equal opportunities to people from different walks of life.

## Strengthening our talent pipeline

As we continue to grow and expand our operations, we also look to hire and retain key industry talents. During the year under review, we focused on conducting a recruitment drive to find the right fit for the organisation, covering entry level jobs to senior management positions. We also conducted summer internship drives in reputed colleges with the endeavour to attract young talents to the organisation.

# Strengthening our Offerings

## *Innovating to drive market differentiation*

At Indofil, we remain committed at creating a differentiated portfolio of high quality and affordable products and solutions that enables us to ensure robust growth, thereby creating long-term value for our stakeholders. In the agrochemical segment, our endeavour is to emerge as a complete crop solution provider and deliver best-in-class solutions to farmers of various crops and across different agro-climatic regions in the domestic and international market. In the speciality chemical segment, we are making big strides towards emerging as one of the best brands, in the segment trusted by numerous small, medium and large industrial manufacturers globally. In this regard, we have been investing towards building a strong product portfolio, increasing our capacities and building a committed and diverse team.

### Introducing new products

Our consistent investment in R&D activities and customer focused initiatives are aimed at developing new and improved products that are in line with the diverse demand of our customers worldwide. During the year under review, we were successful in commercialising eight new products in India across all major categories including two fungicides, two insecticides, two herbicides and two other category products. It includes three products manufactured by us and five products manufactured in collaboration with some prominent names in the industry. Our manufactured products include Itwin, Matco Maxx and Indolizer Liquid. The products launched in collaboration include Skystar, Dammu, Vebon, Pixo Maxima and Striker.


**8**
New products launched in India

## Generating demand

Along with developing new, innovative and unique products, it is vital for us to create awareness about our new products and their use-case. At a time when counterfeit products are posing severe challenges, it is important for us to build a distinguished brand identity and stand apart from competition. To fulfil this objective, our demand generation team has been working closely with our customers and remained connected with millions of farmers across the country. Our team focuses on educating farmers about agronomy practices, crop & pest control, safeguarding crops from pests, diseases, weeds and providing training on the safe use of plant protection chemicals in addition to educating them about the use-case of our products.

We are also embracing digital and social media platforms to reach out to more customers. We are constantly creating informative content on our Facebook page with the endeavour to highlight our products and its utility for farmers to increase crop yield and farm productivity. Representatives at our call centre continue to answer the queries of our customers, advise them on product usage and create awareness about our products.

**15 Lakh**
Farmers connected and educated through various field activities

**1.36 crore**
People reached through Facebook

**49,500+**
Followers on Facebook

## Innovative Solutions

### Leather

- Growth of core product range in key accounts including Model Tanning, Superhouse Ltd, Super Tannery Group, Unique Tannery and Nadeem Group (Kolkata).
- Core product range delivered growth of 65% over previous year.
- Improved profitability despite volatility in raw material price owing to our robust product pricing mechanism.
- Registered strong growth with corporate clients including LANXESS Ltd (China), Zsviria Chemie Merk (Indian Subsidiary) and export business to Bangladesh.
- Launched two new products (Indofil Soft SPX and Indofil Soft FUP-519) in the category of Fatliquors for leather processing which has been perceived well in the domestic market.

### Textile

- Witnessed strong growth owing to increase in net realisation value of the products.
- With reopening of economic activities, pigment printing and textile coating segment gained momentum. We also ventured into export market for pigment printing.
- Several new products launched during the year including HA 55, BB007, PB 100 and TR 400N.

### Coatings

- Added new customers in our clientele including BASF, Patcham (Dubai) and Chemiplas(ANZ) for Indofil 731 promotions globally.
- Received sustainable business for Redispersible powder and Cemento from UltraTech and HIL and from Cico Technologies for Indofil MC 76.
- Re-established the business of Indofil MC 401 by onboarding new customers including UltraTech and Cico Technologies.
- Achieved full capacity utilisation for the production of Indofil 731.
- Introduced various new products including Cemento CRP 514 R, Cemento CRP 505 T, Indonol 135 and Indofil INA 180.

### Plastic

- Our range of Acrylic Modifiers emerged as a key product in testing times by meeting required quality standards and offering a customised product range for various key accounts to grow and manage their operations sustainably.
- Indofil PMA 175, Indofil KM 355, Indofil KM 40 and Indofil KM 455 empowered the CPVC processing industry to manage their operations.
- To address customers' specific needs – we introduced various customised products such as Indofil KM 435, Indofil PMA 175 F, Indofil K 700 F and Indofil K 600 F/SS which helped the industry to optimise cost and improve their productivity.
- Making big strides towards strengthening our product basket in MBS modifier and processing aid ranges for the stone plastic composite products.

# Increasing market Penetration

## *Reinforcing national and international presence*

### Research and development

- Indofil R&D got renewal of recognition by the Department of Scientific and Industrial Research (DSIR) for another three years.
- R&D along with manufacturing and other departments were certified under Integrated Management System for ISO 9001:2015 QMS, ISO 14001:2015 EMS and ISO 45001:2018 OHS.
- Analytical Development Laboratory of R&D was re-certified for Good Laboratory Practices (GLP) by National GLP Compliance Monitoring Authority of India (NGCMA).
- Agrochemical Technical Synthesis in co-ordination with manufacturing team has improved processes of Thifluzamide (Purity) and Tricyclazole to improve quality and optimise cost.
- To sustain in the market and reduce dependency on other countries, we commercialised TBPC (Propargite Intermidiate) and MAC (Metalaxyl Intermediate).
- In order to strengthen International and domestic pipeline of agro-technical, several products were made ready to commercialise such as Picoxystrobin, Metalaxyl-M, Difenoconazole and Propargite.
- Several Mancozeb based mixtures were developed and are under field and efficacy trials to build a robust pipeline for Brazil Market.
- Fungicidal mixtures were developed and are ready for commercialisation for which patent in India has been received.
- Surfactant rationalisation was initiated for existing branded formulations to reduce the cost and dependency on imports.
- Process development for Maxilizer Granules Premium have been successfully completed with the endeavour to reduce cost.

## International Business

The year under review was a momentous year for the International Business as the business exceeded the set benchmarks and overall demand for agrochemicals remained strong. International business continued the topline growth despite a year plagued by the pandemic and supply chain issues related to lockdowns, container unavailability in certain sectors and rising inflation. International business focused on shifting revenue mix to higher margin driven sustainable solutions, strengthen market approach for new products along with increased focus on registrations and on the establishment of a strong supply network to better serve our customers across the globe.

### Philippines

- Philippines remains the key contributor towards our growth in the Asia Pacific region.
- In FY22, Indofil Philippines captivated new business opportunities and strengthened its presence in major plantations within the country.
- Due to the La Niña situation in 2021, overall fungicide consumption, especially that of Mancozeb increased.
- Indofil Philippines successfully initiated sourcing collaboration with global suppliers, which has helped in improving the product portfolio to cater to the needs of Filipino farmers to improve their farm productivity.
- Successfully launched new products to strategically increase our presence in Sugarcane, Banana, and Fruits & Vegetable segment.

### Brazil

- For strategically designed portfolio launch, registration and submission of applications were completed as per plan in important parts of the Brazilian market.
- The Brazil subsidiary has become one of the largest contributors for international business contributing 4% to the total revenue mix
- Focusing on improving market penetration and presence in B2C and B2B segment.
- Some of the new products under registration are expected to be approved, to further boost our aspirations in the Brazil market.

### Bangladesh

- Owing to the new directive from Plant Protection Wing (PPW) which states that no company can market the products registered by other company, paved the way for us to adapt direct distributor system and it is expected to boost B2C sales.
- Identified distributors throughout the country to strengthen our reach.
- Focusing on increasing the market share of our core products including Mancozeb, Zineb, Moximate and Dinotefuran through distributors in the country.

### Europe

- The Indofil Industries (Netherland) B.V. continues to make a significant contribution with strong relationships with corporate clients owing to the realigned setup reinforced by capital portfolio expansion and the focus on the launch of new offerings.
- Agrowin Biosciences SRL, an Italian Company acquired by Indofil Industries (Netherland) BV, performed in line with projections.
- We are working towards introducing new products and setting up a task force to defend all the products in the European market.

# Manufacturing Excellence

## *Enhancing capacity to fulfil global demand*

At Indofil, we are consistently embracing new and innovative technology to sustain manufacturing excellence and enhance our operational efficiency. Our state-of-the art facilities enable us to ensure optimum capacity utilisation and increase our production capacity to meet the evolving needs of a diverse customer base.

Our dedicated efforts have improved productivity at our manufacturing facilities and also enabled us to generate higher revenue margins. Modifications to existing processes have helped to lower the cost of production and increase volume. Cost optimisation has also resulted in significant savings for the Company.

### Manufacturing plants

Over the years, we have built 4 state-of-the-art manufacturing facilities. These manufacturing facilities are based in Dahej, Gujarat (India). Our Unit 1, which started commercial production in 2009, is equipped to manufacture 33,600 tonnes of Mancozeb. With increasing demand of Mancozeb across the world especially in Brazil and Africa, we have been further strengthening the plant's capacity and capabilities. Our Unit 2 plant is a Multi Synthesis Plant, that is home to various agrochemicals with a total capacity of 4,000 tonnes. This plant empowers us to not only produce existing products but also add new products with minimum lead time.

Our Unit 3 predominantly manufactures innovative solutions and few agrochemicals. With rising demand for specialty chemicals powered by growth in downstream industries, we are further expanding our capacities and strengthening our capabilities to manufacture industry-leading quality with minimum lead time. We are also adopting and implementing state-of-the-art technologies within our manufacturing facilities to further improve the overall efficiency of our processes.

**₹ 615 crores**
CAPEX invested in plant and equipment

### Backward integration

In an increasingly competitive market, our backward integration capabilities have empowered us to reduce reliance on other markets for raw material supply and has consistently improved quality control processes, profitability, and time-to-market. Moreover, the scale of our operations enables us to fulfil bulk orders with minimal lead time, preserve the quality of our products and ensure cost efficiency.

### Six Sigma approach

To drive manufacturing excellence across our plants, we implement the Six Sigma approach. Six Sigma identifies faults within the manufacturing process and minimises unpredictability. It also helps to improve capability of business processes, enhances performance, reduces process variance and boosts earnings, employee morale and product quality.

### Dependence on sustainable technology

To achieve cost efficiency, increase profit and alleviate risks, we continue to inculcate sustainable practices across the manufacturing process. We have also adopted sustainable processes for achieving Zero Liquid Discharge and promoting water conservation through the implementation of the Scaleban technology.

**3**

Products are backward integrated including Cymoxanil, Metalaxyl, Tricyclazole as of 31st March 2022

**₹1.36 crores**

Saved in Unit 2 owing to implementation of Six sigma

**₹0.38 crores**

Saved through Scaleban project

## Plant Certifications

### IMS certifications

**ISO 9001:2015**

for Quality Management Systems

**ISO 14001:2015**

for Environmental Management System

**ISO 45001:2018**

for Occupational Health & Safety

**Unit 1 accredited by NABL (National Accreditation Board for Testing and Calibration Laboratories) as per ISO/IEC 17025:2005 standards**

# Maintaining a robust Supply Chain

## *Developing efficient and smarter processes*

To enhance efficiency of the supply chain, we are rapidly adopting digital technologies and focusing on sophisticated processes to facilitate consumer interaction and support robust performances.

At Indofil, our supply chain expertise enables us to take advantage of an organised logistic schedule and adequate inventory. The introduction of new-age digital tools continues to aid efficiency of the distribution network while preserving service quality. It also empowers us to sustain an edge over competition. Further, targeted investments in supply chain infrastructure, for the development of state-of-the-art manufacturing and logistics facilities enables us to strengthen our foothold in export markets around the globe.

Despite disruptions in the supply chain due to the pandemic, we maintained a secure supply of raw materials. Backed by a robust network of supply chain partners, including contractors and suppliers, we implemented contingency planning and ensured timely dispatch of orders in different parts of the world.

During the year, rising freight and raw material costs also posed challenges for our operations. However, leveraging our strong partnerships, we de-risked the business and sourced raw material from varied sources. Our prudent efforts also prevented an impact on profit margins, arising from increasing raw material costs. Moreover, we ensured business continuity and all our plants remained functional during the pandemic, despite uncertainties in the operational environment.

### Being adaptable

We strive to adapt to market shifts and new business models with our resilience and flexibility. We rely on advanced technologies to transform our supply chain and introduce innovative capacities that drive rapid improvements within our scope of operations and enable us to meet diverse customer demands. We are also keen to sustain the highest quality standards and have identified new vendors for sustainably sourcing packaging material. Not only do we source the materials locally but, also strive to reutilise the packaging to avoid unnecessary wastage.

## Digital Initiatives

### Increasing visibility

Indofil has introduced the o9 platform to improve the agility of the supply chain, automate processes and facilitate end-to-end planning. It has also increased the visibility of supply chain operations, enabling managers to instantly view dashboards and key performance indicators that help to keep track of shipments and other logistic records.

### Automating processes

We use the Ariba tool, a SAP platform for purchasing and procurement, to automate processes and reduce time taken for various operations. For the domestic business, we use the Super Procure platform, which automates and simplifies transportation and delivery, and we seek to introduce similar platforms for the international business as well. It is expected to be beneficial for freight bids and vendors can also participate in a competitive bidding process through reverse auctioning or recursive rate reduction.

### Time-saving

We have installed an advanced visibility tracker that helps to track entire consignments throughout its journey. It has reduced expenses related to demurrage and detention costs. We have tried to implement a similar procedure for the domestic business as well. We have deployed a GPS tracker which helps to directly monitor operations from central warehouses. The automated system avoids repetitive activities and enables us to strategically deploy resources. The digitalised process has reduced the need for monthly sales and planning processes and reduced the risk of obsolete inventory.


### Performance

**DIO (Days Inventory Outstanding):**

120 → 70

days two years ago → days at year end

**Saleable Inventory**

86% → 96%

# Environment, Social and Governance (ESG)

## *Fostering sustainable value creation*

At Indofil, we are determined to safeguard the interests of our people, communities, and the environment. It enables us to strictly abide by sustainability principles that encourage us to maximise value creation while sustaining the viability of the natural ecosystem. Our holistic Environment, Social and Governance (ESG) policies are, therefore, designed to create a sustainable balance within our operations.

## Environment

To maintain the ecological balance and protect our ecosystem, we have implemented an effective Environmental Management System. It prioritises resource conservation, waste reduction, and focuses on minimising our carbon footprint. Every year, we undertake concerted efforts to reduce carbon emissions and set new targets to fulfil our environmental goals.

## Key Highlights for FY 2021-22

### Zero Liquid Discharge
across all the plants

### Installation of Paddle Dryer
to reduce moisture content of $MnCO_3$ from 65% to 40%. It has also reduced sludge and curtailed its disposal and handling costs. The project helped Unit 1 to efficiently abide by environmental compliances.

Installation & commissioning of
### Green technology STP (40 KLD)
for treatment of sewage water in Unit 2

Installation & commissioning of
### ATFD Scrub
to control air emissions and comply with regulatory requirements of Unit 2

Improvement in the performance of
### Biological system
(Reduction of COD from 2200 ppm to 1200 ppm) and RO recovery, from 70% to

**78%**
in Unit 2

## World Environment Day celebration

During the year under review, we celebrated 'World Environment Day' to create awareness about the natural environment and encourage our employees as well as their families to participate in various activities. It helped to inculcate the importance of environmental protection and to implement initiatives for a sustainable future. Our people also engage in tree plantation drives to increase greenery around our operating areas.

**3,147**
trees planted

## MiyaWaki (Dense Forest) Project:

Indofil's Dahej Unit 3 launched a forest development project, whereby over 60 native species of 6000 plants were planted. The tree plantation drive was organised in collaboration with Prayas Foundation and it covered an area of over 15,950 square feet. The project, developed in alignment with the Miyawaki plantation method, is expected to aid the development of a Green Belt in Unit 3 of Dahej as well as improve the environmental balance in the adjoining areas.

# Social

At Indofil, we go beyond the legislative requirement to serve the community in which we operate through our initiatives. We uphold the interest of our stakeholders and promote human rights as well as safeguard the interest of our employees & contractual employees across our operations.

### Key Highlights for FY 2021-22

## Zero EHS Non-compliance
across all sites during the year

## 100% compliance
to legal requirements, as per Legatrix matrix, at all sites

Conducted
## Safety Audit
and QRA study at all sites, approved by third party auditors

## Defensive Driving Training
for sales staff and employees at head office, warehouses and plants to improve road safety

## Integration of ISO 9001:2015
(Quality Management System), ISO 14001:2015 (Environment Management System) & ISO 45001:2018 (Occupational Health & Safety Management System) standards for all 3 Units, including our R&D center.

Installation and commissioning of
## EBDC warehouse fire sprinkler
system at Unit -3

Introduction of
## EHS Concerns
(Near Miss / Unsafe Condition) reporting within the Supply Chain. 72 unsafe conditions or acts have been reported and analysed.

## Virtual Audits
were carried out at all warehouses during the pandemic to review EHS compliance and improve EHS practices.

Implemented

## Weekly Tool-Box-Talk

for depot team. 24 sessions were conducted and 204 man-hours of training was offered.

## Daily GPS tracking

of Sales Staff vehicles to monitor violation of defensive driving rules. On an average, driving behaviour improved by 14%.

Introduction of

## EHS cultural change initiatives

at all plants.

## ₹ 1.42 crore

spent towards societal initiatives

## Employee Health and Safety

Indofil prioritises safety at the workplace and strives to prevent untoward incidents within its facilities. We are dedicated to ensure the health and well-being of our people and strive to safeguard their interests with an effective Environment, Health and Safety (EHS) framework. We regularly evaluate the parameters of our safety practices and recognise the importance of defining the roles and responsibilities of stakeholders to effectively implement our EHS policies.

The collective effort of employees as well as the management has enabled us to remarkably improve our safety performance during the year under review. We reported Zero accidents at our manufacturing sites in Dahej Unit 1, Unit 2, and Unit 3 as well as the R&D site.

## ZERO

Incidence reported in FY 2021-22

### Overall Safety Performance in 2020-21

**8**
MTI - Medical Treatment Injury

**18**
DO - Dangerous Occurrence (PD/EI/FIRE/SMD/RTA)

**15**
FAC - First Aid Injuries

**4**
NM - Near Misses

**2,072**
UA/UC-EHS Concerns

**1,846**
BBS-BBS Observations

**0**
LTI - Lost Time Incidence

# Governance

At Indofil, we believe, good corporate governance is the cornerstone of a successful organisation. To achieve our long-term goals, we emphasise on our core values of Customer Success, Knowledge, Prosperity, Teamwork, and Velocity to ensure transparency and accountability across the organisation. It also allows us to make informed decisions and strengthen stakeholder trust.

## Risk Management

The macro-environment in which we operate is complicated and dynamic, requiring us to stay attentive, informed, vigilant and equipped to respond to threats. Our Risk Management Committee, therefore, continuously identifies, evaluates and analyses business, environmental, and legal risks, as well as develops appropriate mitigation strategies to manage threats. Risk Assessment techniques at Indofil are based on the severity and probability of injury, ranked quantitatively or qualitatively, as well as on the basis of its hazard risk level. It enables us to minimise health and safety risks and safeguard the interest of stakeholders. The collective effort of employees as well as the management has enabled us to remarkably improve our safety performance during the year under review. We reported Zero accidents at our manufacturing sites in Dahej Unit 1, Unit 2, and Unit 3 as well as the R&D site.

## Encouraging Diversity

Indofil understands the importance of encouraging diversity amongst its board of directors. We consider skill sets, experience, and knowledge as key priorities for selecting members. To encourage communication, accountability, and efficiency, our board comprises people from varied backgrounds and we are proud to have three female directors at the helm of our Company.

## Whistleblower Policy

Our Whistleblower Policy allows employees to express their concerns about inappropriate, improper, or unethical behaviour at the workplace without fear of repercussions or consequences. The Whistleblower has direct access to the Chairman of the Audit Committee and can easily report grievances at the highest level.

**Zero**

Cases reported in FY 2021-22

## Code of Business Conduct and Ethics

The Code of Business Conduct and Ethics (COBE) establishes a comprehensive set of legal and ethical standards that all employees, including senior management, must adhere to. The code of conduct is regularly evaluated and Indofil strives to implement best practices without compromising its values or ethical principles.

## Stakeholder Engagement

Indofil is committed to maximise value creation and stakeholder inclusivity is a core concern for the organisation. We regularly interact with stakeholders and encourage them to maintain clear channels of communication to reiterate their interests and concerns. The Stakeholder Relationship Committee at Indofil was formed to address stakeholder grievances, examine policies and procedures regularly and ensure swift resolution of stakeholder complaints. It, therefore, enables us to maintain cordial relations with stakeholders across the organisational vertical.

# Awards


Unit 1 was felicitated with multiple awards in Quality Circles:

- Five teams participated, out of which 2 Teams have won GOLD Award and 3 Teams have won the SILVER Award
- All Teams have won PAR Excellence Award

Unit 1 received the Platinum Award at Rotary Excellence Award 2021

Unit 2 won Rotary EHS Excellence Award for Environment Excellence from Rotary club in Gold category

At Quality Circle Forum of India-2021, 3 teams from Unit 2 won Gold Awards and 2 teams won Silver Awards

At National Convention on Quality Concepts 2021, 1 team from Unit 2 won Excellence Award and 1 team was conferred with Meritorious Award.

Won Silver Award at India Green Manufacturing Challenge (IGMC) Assessment 2022

Awards received by Unit 1 from IRIM (International Research Institute for Manufacturing)

- Diamond Trophy for retaining the Gold Medal for three consecutive years
- Gold at India Green Manufacturing Challenge

# Board of Directors

## Dr. Bina Modi

Chairperson and Managing Director

**Managing Director**
Godfrey Phillips (India) Limited

**Chairperson**
Modi Enterprises

Dr. Bina Modi was appointed as Chairperson and Managing Director of Indofil Industries Limited on November 14, 2019 after the sad demise of Mr K K Modi on November 2nd, 2019.

Dr. Bina Modi is a businesswoman with interests in multiple areas. She has founded and built several successful businesses. With her deep understanding of Modi Enterprises' intrinsic strengths and potentials, she plays a key role in inspiring the core leadership team to achieve the Company's goals aligning the core leadership team towards achieving the Company's goals.

She was recently conferred with Ph. D. Honoris Causa degree by Dr. K.N. Modi University, Newai, Rajasthan in recognition of her exemplary contribution in the field of Design, Arts, Technology Management, Commerce, Agriculture, Fashion and the Hospitality Industry. Under her able and dynamic leadership, the Company shall continue to scale higher echelons of success, milestones in the years to come.

## Ms. Charu Modi

**Executive Director**
Indofil Industries Limited

**Vice Chairperson and CEO**
Modi Academic International Institute

**Founder and Promoter**
Modi Healthcare Placement

Ms. Charu Modi, daughter of Mr. K.K. Modi, is an eminent educationist, who has played an instrumental role in the field of education in India. Educated at Lady Shriram College, New Delhi and Thunderbird - The American Graduate School of International Management in the US, Ms. Modi continues to pursue higher academic specialisation in her area of expertise. Her deep knowledge and interest in academics gives her the ability to envision a future that provides deserving Indian students easy access to the finest global education. She has already established institutions in India in collaboration with the world's leading academic bodies.

Her expertise continuously introduces new avenues in her field of interest and she concentrates her efforts towards achieving the Group's overall vision of becoming a global leader.

## Mr. Samir Kumar Modi

**Non-Executive and Non-Independent Director**
Indofil Industries Limited

**Whole Time Director**
Godfrey Philips India Limited

Mr. Samir Modi, son of Mr. K. K. Modi, has been instrumental in conceptualising, strategising, establishing and running new businesses of the Group. A graduate from the Hindu College, Delhi University, and an alumnus of the famed Harvard Business School, US, Mr. Samir Modi's strength lies in his extensive leadership and management experience, coupled with excellent analytical and interpersonal skills. His new philosophy of management, innovative strategy and lateral thinking helps him catalyse ground-breaking ideas for successful profit-making ventures.

He was instrumental in starting the first Indian network marketing Company - MODICARE - which markets consumer products. He is also the brain behind India's first-of-its-kind convenience store – Twenty Four Seven Retail Stores – which are open 24 hours, 7 days a week throughout the year. He has been a part of the following institutions:

Vice President & Committee Member – Indian Chamber of Commerce and Industry

Senior Vice President - Asia Pacific Chambers of Commerce and Industry

Life Member – All India Management Association (AIMA)

He also actively campaigns for the cause of HIV/AIDS and has established the Modicare Foundation to prevent the spread of AIDS, enhance awareness, and dispel myths and misconceptions.

**Ms. Aliya Modi**

**Non-Executive and Non-Independent Director**
Indofil Industries Limited

Ms. Aliya Modi graduated from Brandeis University in Waltham, Massachusetts, US. She holds a Bachelor of Arts degree with a major in Art History, Criticism and Conservation. Given her international qualification, experience and credentials, the Board is confident that it will help Indofil increase its international market. She joined the Board on March 18, 2016.

**Mr. M. N. Thakkar**

**Non-Executive and Independent Director**
Indofil Industries Limited

Mr. M. N. Thakkar is a practicing Chartered Accountant since 1967 and was the Senior Partner of M/s. N. M. Raiji & Co., Chartered Accountants, Mumbai. He has a wealth of experience in handling accounting, auditing and management consultancy matters of large corporate clients in diversified sectors. He occupies the following positions:

Director – Samkrg Pistons & Rings Limited

Proprietor – MNT & Co. Chartered Accountants

**Mr. S. Lakshminarayanan, IAS (Retd.)**

**Non-Executive and Independent Director**
Indofil Industries Limited

Mr. S. Lakshminarayanan, a retired IAS officer, holds a Master's Degree in Chemistry and postgraduate diploma from the University of Manchester (UK) in Advanced Social and Economic Studies. He has served for more than 36 years in the Indian Government in senior positions with the Ministry of Home Affairs, Ministry of Communications and Information Technology, and Ministry of Information and Broadcasting and in the Department of Tourism, Culture and Public Relations; Department of Mines, Mineral Resources, Revenue and Relief; and Rehabilitation of the Government of Madhya Pradesh. His last assignment with the government was that of Secretary in the Union Ministry of Home Affairs. During his tenure with the Government of India, he travelled extensively all over the world. He has served as the Vice Chairman in UNESCO's Communication Development Programme in Paris for five years. He was also awarded the Honorary Doctorate Degree by Foro De Federaciones, Mexico, in March 2008.

At present, Mr. Lakshminarayanan holds the following positions:

Chairman – Shriram Transport Finance Co. Ltd.

Director – Shriram Life Insurance Co. Ltd.

Director – ELCOM Systems Pvt. Ltd.

Director – ELCOM Innovations Pvt. Ltd.

Chairman – Shriram Automall India Ltd.

Director – Car Trade Tech Ltd.

**Dr. Atchutuni L. Rao**

**Whole Time Director and Occupier**
Indofil Industries Limited

Dr. Atchutuni L. Rao, Whole-time Director designated as Director – Manufacturing, Operations and Safety, joined Indofil in February 2012. Prior to joining Indofil, he worked with Clariant Chemicals India Limited and Clariant International for 19 years in various capacities as Technical Manager, General Manager Production, and Vice President and Head of the Roha plant.

Dr. Rao holds a Bachelor's degree in Chemical Technology from UDCT, Mumbai, an MTech degree from IIT, Delhi, and a PhD in Chemistry from South Gujarat University. He attended the Advanced Management Program at the Harvard Business School. He joined the Board on March 18, 2016.

**Mr. Mayur Maheshwari**

**Nominee Director**
Indofil Industries Limited

Mr. Mayur Maheshwari, IAS, took charge as Managing Director of UPSIDC and was nominated by UPSIDC as Director on the Board of Company.

Mr. Mayur Maheshwari has rich and varied experience in diverse areas including administration and management of large Corporations, which will be useful for the Company and its business.

# ANNUAL GENERAL MEETING

## NOTICE

**NOTICE** is hereby given that the Twenty Nineth Annual General Meeting of the Members of Indofil Industries Limited will be held by means of Video Conferencing (VC) / Other Audio Visual Means (OAVM) on Tuesday, 27 September, 2022 at 11:00 a.m. from Registered Office of the Company located at Kalpataru Square, 4th Floor, Kondivita Road, Off Andheri-Kurla Road, Andheri (E) - 400059 to transact the following business:

### ORDINARY BUSINESS

**1. To consider and adopt:**

(a) The Audited Financial Statements of the Company for the Financial Year ended March 31, 2022 and the Reports of the Board of Directors and Auditors thereon and

(b) The Audited Consolidated Financial Statements of the Company for the Financial Year ended March 31, 2022 and the Report of Auditors thereon and in this regard to pass the following resolutions as **Ordinary Resolutions:**

(c) **"RESOLVED THAT** the Audited Financial Statements of the Company for the Financial Year ended March 31, 2022 and the Report of the Board of Directors and Auditors thereon laid before this meeting, be and are hereby considered and adopted."

(d) **"RESOLVED THAT** the Audited Consolidated Financial Statements of the Company for the Financial Year ended March 31, 2022 and the Report of Auditors thereon laid before this meeting, be and are hereby considered and adopted."

2. To declare a Dividend on Equity Shares for the Financial Year ended March 31, 2022 and in this regard, pass the following resolution as an **Ordinary Resolution:**

**"RESOLVED THAT** a Dividend on Equity Shares of the Company at the rate of Rs. 4/- (Rupees Four Only) per Equity Share of Rs. 10/- (Ten Rupees) each Fully Paid-Up and Rs. 1.20/- (One Rupees and Twenty Paisa Only) per Equity Share of Rs. 3/- (Three Rupees) each Partly Paid-Up, be and is hereby declared for the Financial Year ended March 31, 2022 and the same be paid as recommended by the Board of Directors, out of the profits of the Company for the Financial Year ended March 31, 2022."

3. To appoint Ms. Charu Modi, who retires by rotation and being eligible, offers herself for re-appointment, as a Director and in this regard, pass the following resolution as an **Ordinary Resolution:**

**"RESOLVED THAT** pursuant to the provisions of Section 152 and other applicable provisions of the Companies Act, 2013, Ms. Charu Modi, (DIN: 00029625), who retires by rotation at the conclusion of this meeting and being eligible has offered herself for re-appointment, be and is hereby re-appointed as a Director of the Company, liable to retire by rotation."

4. To appoint Ms. Aliya Modi, who retires by rotation and being eligible, offers herself for re-appointment as a Director and in this regard, pass the following resolution as an **Ordinary Resolution:**

**"RESOLVED THAT** pursuant to the provisions of Section 152 and other applicable provisions of the Companies Act, 2013, Ms. Aliya Modi, (DIN: 07472942), who retires by rotation at the conclusion of this meeting and being eligible has offered herself for re-appointment, be and is hereby re-appointed as a Director of the Company, liable to retire by rotation."

### SPECIAL BUSINESS

5. To approve the remuneration of the Cost Auditors for the Financial Year ending March 31, 2023 and in this regard to consider and if thought fit, to pass, with or without modification(s), the following as an **Ordinary Resolution:**

**"RESOLVED THAT** pursuant to the provisions of Section 148 and other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the remuneration payable to M/s S.N. Addagatla & Co., Cost Accountants, (Membership Number: 103855) appointed as the Cost Auditors by the Board of Directors of the Company at their meeting held on 30th June, 2022 to conduct the audit of the Cost Records of the Company for the Financial Year ending March 31, 2023 be and is hereby fixed at INR 3,00,000 (Rupees Three Lakhs Only) plus taxes.

**RESOLVED FURTHER THAT** the Board of Directors of the Company, (which term includes the Audit Committee), be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

6. To approve the payment of remuneration to Non-Executive Directors and in this regard to consider and if though fit, to pass, with or without modification(s), the following resolution as a **Special Resolution:**

**"RESOLVED THAT** pursuant to the provisions of Sections 197, 198 and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), the Non-Executive Directors of the Company (i.e. Directors other than the Managing Director and/ or the Whole-Time Director and/ or Executive Director) may be paid with the further approval of the Board, in aggregate the remuneration (in addition to the sitting fee for attending the meetings of the Board of Directors or Committees thereof) for FY 2022-23 (which shall be subject to applicable taxes) up to 1% of the Net Profits of the Company computed in accordance with Section 198 and other applicable provisions of the Companies Act, 2013 and rules made there under subject to a maximum limit of Rs. 15 lakhs per Non-Executive Director.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorized in accordance with applicable regulations to do all acts and take all such decisions and steps as may be necessary in interest of the Company in this regard."

By Order of the Board,
For **Indofil Industries Limited**

Sd/-
**Manju Anand**
Head- Legal, Compliances
and Company Secretary
(Membership No. ACS 17215)

Place: Mumbai
Date: 29 August, 2022

**NOTES:**

1. Pursuant to General Circular Nos. 14/2020, 17/2020, 20/2020, 02/2021, 19/2021, 21/2021 and 02/2022 dated April 8, 2020, April 13, 2020, May 5, 2020, January 13, 2021, December 08, 2021, December 14, 2021 and May 05, 2022 respectively issued by the Ministry of Corporate Affairs ('MCA') (collectively referred to as 'MCA Circulars'), holding of the Annual General Meeting ('AGM') through VC/OAVM, without the physical presence of the Members, is permitted. In compliance with the provisions of the Companies Act, 2013 ('the Act'), and MCA Circulars, the AGM of the Company is being held through VC/ OAVM which does not require physical presence of members at a common venue. The proceedings of the AGM will be deemed to be conducted at the Registered Office of the Company which shall be the deemed Venue of the AGM.

2. In terms of MCA Circulars, since physical attendance of Members has been dispensed with, there is no requirement of appointment of proxies. Accordingly, the facility for appointment of proxies by the Members under Section 105 of the Act, will not be available for the AGM and, hence, the Proxy Form and Attendance Slip are not annexed to this Notice. The Board of Directors has appointed Mrs. Bhumika Sidhpura, Practicing Company Secretary (ACS No. 37321, CP No. 19635) as the Scrutinizer to scrutinize the voting and remote e-voting process in a fair and transparent manner.

3. Corporate/Institutional members (i.e. other than individuals, HUF, NRI, etc) are required to send scanned copy of its Board or governing body resolution/authorization etc., authorizing its representative to attend AGM through VC/OAVM on its behalf and to vote through remote e-voting. The said Resolution/ Authorization be sent to the Scrutinizer by email through its registered email address to csbhumikanco@gmail.com with a copy marked to evoting@nsdl.co.in

4. Members attending the AGM through VC / OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.

5. Members can login and join the AGM 30 minutes prior to the scheduled time to start the AGM and the window for joining shall be kept open till the expiry of 15 minutes after the scheduled time to start the AGM. The facility of participation at the AGM through VC/OAVM will be made available for 1000 members, on first-come-first-served basis. However, the participation of large members (members holding 2% or more shareholding), promoters, institutional investors, directors, key managerial personnel, the Chairpersons of the Audit Committee, Nomination & Remuneration Committee, Stakeholders Relationship Committee and Auditors can attend the AGM without restriction of first-come-first served basis. Instructions and other information for members for attending the AGM through VC/OAVM are given in this Notice.

6. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.

7. Pursuant to the provisions of Section 108 of the Act read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended), 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 National Securities Depository Limited (NSDL) for facilitating voting through electronic means, as the authorized agency. The facility of casting votes by a member using remote e-voting system as well as venue voting on the date of the AGM will be provided by NSDL.

8. For ease of conduct, members who would like to ask questions/express their views on the items of the business to be transacted at the meeting can send in their questions/ comments in advance mentioning their name, demat account number/ folio number, email id, mobile number at cssupport@indofil.com . The same will be replied by the Company suitably. Those Members who have registered themselves as a speaker will only be allowed to express their views/ask questions during the AGM. The Company reserves the right to restrict the number of speakers depending on the availability of time for the AGM.

9. The Registers of Members and Share Transfer Books of the Company will remain closed from Wednesday, September 21, 2022 to Tuesday, September 27, 2022 (both days inclusive) for the purpose of annual closure of books.

10. As per SEBI Notification, any request for physical transfer of shares shall not be processed w.ef. April 01,2019

    The following requests received by the Company in physical form will be processed and the shares will be issued in dematerialization form only:-

    i. Issue of duplicate share certificate
    ii. Claim from unclaimed suspense account
    iii. Renewal/Exchange of securities certificate
    iv. Endorsement
    v. Sub-division / splitting of securities certificate
    vi. Consolidation of securities certificates/folios
    vii. Transmission
    viii. Transposition

    For this purpose, the securities holder/claimant shall submit a duly filled up Form ISR-4 which is hosted on the website of MAS Services Ltd, www.masserv.com Registrar and share transfer agent (RTA) The aforementioned form shall be furnished in hard copy form.

    Members holding shares in physical form are requested to dematerialize their holdings at the earliest.

11. It is mandatory for the shareholders holding securities in physical form to furnish PAN, KYC (complete address with pin-code, bank detail with MICR-CODE & IFS CODE, Email-

ID, Mobile Number) and Nomination details to the Registrar and Transfer Agent ('RTA') of the Company. Effective from 1st January 2022. Registrar will not process , any service requests or complaints received from the member until unless above KYC and nomination will not be completed by shareholder and such shareholders holding will be fridge by RTA on or after 1st April 2023.

The shareholders holding shares in physical form are requested to note that in case of failure to provide required documents and details as per aforesaid SEBI circular, all folios of such shareholders shall be frozen on or after April 01, 2023 by the RTA. In view of the above, shareholders of the Company holding securities in physical form are requested to provide following documents/details to RTA:

i. PAN; (using ISR-1)

ii. Nomination in Form No.SH-13 or submit declaration to 'Opt-out' in Form ISR-3;

iii. Contact details including Postal address with PIN code, Mobile Number, E-mail address;

iv. Bank Account details including Bank name and branch, Bank account number, IFS code;

v. Specimen signature. (using ISR-2)

Any cancellation or change in nomination shall be provided in Form No.SH-14

All of above required documents/details to be sent at the address of registered office of the RTA. The shareholders can download the forms mentioned from RTA website i.e www.masserv.com

12. In compliance with the aforesaid MCA Circulars, the Notice of the AGM along with the Annual Report 2021- 22 is being sent only through electronic mode to those Members whose email addresses are registered with the Company/ Depositories. Members may note that the Notice calling AGM alongwith the explanatory statement and Annual Report 2021-22 are available on the website of the Company at www.indofil.com and on the website of National Securities Depository Limited (NSDL) i.e. www.evoting.nsdl.com (the Authorised agency for providing voting through electronic means and AGM through VC/OAVM).

13. The shares can be transferred only in dematerialized form with effect from 1st April, 2019, except in case of request received for transmission or transposition of securities. In view of this and to eliminate all risks associated with physical shares and for ease of portfolio management, members holding shares in physical form are requested to consider converting their holdings to dematerialized form. Members can contact the Company Secretary or MAS Services Limited, Company's Registrar and Share Transfer Agents ("RTA") (Tel. No. 011 26387281/82/83) for assistance in this regard.

14. Members who have not yet registered their e-mail addresses are requested to register the same with their Depository Participants ("DP") in case the shares are held by them in electronic form and with the Company/RTA in case the shares are held by them in physical form.

15. Members are requested to intimate changes, if any, pertaining to their name, postal address, e-mail address, telephone / mobile numbers, Permanent Account Number (PAN), mandates, nominations, power of attorney, etc., to their DPs if the shares are held by them in electronic form and to the Company/RTA if the shares are held by them in physical form.

16. For receiving all future correspondence (including Annual Report) from the Company electronically–

In case you have not registered your email ID with the Company/ Depositary, please follow below instructions to register your email ID for obtaining Annual Report for FY 2021-2022 and login details for e-voting.

**Physical Holding**

Send a signed request letter to Registrar and Transfer Agents of the Company, MAS Services Limited at investor@masserv.com providing Folio Number, Name of the 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) with subject line (Register E-mail ID Folio No (Mention Folio No) of Indofil Industries Limited.

**Demat Holding**

Please contact your Depositary Participant (DP) and register your email address as per the process advised by DP.

17. In compliance with the aforesaid MCA Circulars, Notice of the AGM along with the Annual Report 2021-22 is being sent by electronic mode to those Members whose e-mail addresses are registered with the Company / Depositories. Further, those members who have not registered their e-mail addresses and mobile nos. and in consequence could not be served the Notice of the AGM and Annual Report may temporarily get themselves registered with RTA by emailing for obtaining the same. Members are requested to support our commitment to environmental protection by choosing to receive the Company's communications through e-mail going forward.

Members may note that the Notice and Annual Report 2021-22 will also be available on the Company's website www.indofil.com and on the website of NSDL https://www.evoting.nsdl.com.

18. In case a person has become a member of the Company after dispatch of the AGM Notice, but on or before the cut-off date for e-voting i.e. Tuesday, September, 20, 2022, such person may obtain the User ID and Password from RTA by e-mail request on investor@masserv.com

19. With a view to helping us serve the members better, members who hold shares in identical names and in the same order of names in more than one folio are requested to write to the Company to consolidate their holdings in one folio.

20. In terms of Section 72 of the Act and the applicable provisions, the shareholders of the Company may nominate a person in whose name the shares held by him/them shall vest in the event of his/their death. Shareholders desirous of availing this facility may submit the requisite nomination form.

21. Shareholders of the Company are informed that pursuant to the provisions of the Act and the relevant rules the amount of dividend which remains unpaid/unclaimed for a period of 7 years is transferred to the 'Investor Education & Protection Fund (IEPF)' constituted by the Central Govt. Accordingly the amount of dividend which remained unpaid/unclaimed for a period of 7 years for the year 2013-14 has already been transferred to IEPF. Shareholders who have not encashed their dividend warrant(s), for the years 2014-15 to 2020-21 are requested to make claim with the Registrar & Share Transfer Agent of the Company immediately.

22. Further, pursuant to the provisions of Section 124(6) of the Act read with the relevant Rules made thereunder, shares on which dividend has not been paid or claimed for seven (7) consecutive years or more shall be transferred to the IEPF as notified by the Ministry of Corporate Affairs.

    In accordance with the IEPF Rules, the Company has sent notices to all the Shareholders whose shares are due for transfer to the IEPF and has also published the details thereof in notices published in newspapers. The Members whose dividend/shares are transferred to the IEPF may claim the dividend/shares by making an application to the IEPF by following the procedure as detailed in the IEPF Rules and as enumerated on the website of IEPF at http://www.iepf.gov.in/IEPF/refund.html.

23. The depository shall send SMS/email alerts regarding the details of the upcoming AGM to the demat holders atleast 2 days prior to the date of commencement of e-voting. Hence members are requested to update the mobile no./email ID with their respective depository participants.

24. It is mandatory for all Companies to use the bank account details furnished by the Depositories and the bank account details maintained by the RTA for payment of dividend to Members electronically. The Company has extended the facility of electronic credit of dividend directly to the respective bank accounts of the Member(s) through Electronic Clearing Service (ECS)/National Electronic Clearing Service (NECS)/ Real Time Gross Settlement (RTGS)/ Direct Credit/NEFT etc. In the absence of ECS facilities, the Company will print the bank account details if available, on the payment instrument for distribution of dividend.

25. In order to receive the dividend without loss of time, the Members holding shares in physical form are requested to submit particulars of their bank accounts along with the original cancelled cheque bearing the name of the Member to the RTA, MAS Services Limited to update their bank account details and all the eligible shareholders holding shares in demat mode are requested to update with their respective DPs, their correct Bank Account Number, including 9 Digit MICR Code and 11 digit IFSC Code, e-mail ID and Mobile No(s).

26. Members holding shares in physical form may communicate these details to the RTA viz. MAS Services Limited having address at RTA i.e. MAS Services Limited, having address at T-34 2nd Floor, Okhla Industrial Area, Phase-II, New Delhi 110020, by quoting the reference folio number and attaching photocopy of the cheque leaf of their active bank account and a self-attested copy of their Permanent Account Number ('PAN') card.

    This will facilitate the remittance of the dividend amount in the bank account electronically. Updation of e-mail IDs and Mobile No(s) will enable the Company in sending communication relating to credit of dividend, un-encashed dividend, etc. The Company or RTA cannot act on any request received directly from the Members holding shares in demat form for any change of bank particulars. Such changes are to be intimated only to the DPs of the Members.

27. We are pleased to inform you that the Board of Directors of your Company ("Board") have recommended dividend of 40% on equity share having nominal value of Rs.10/- and Rs 3/- each for the financial year ended 31st March 2022.

    The dividend, as recommended by the Board, if approved at the ensuing AGM will be paid at par within 30 days of the said date:

    (i) to those members who hold shares in physical form and whose names appear on the Company's Register of Members as holders of Equity Shares as on September 20, 2022.

    (ii) in respect of shares held in Dematerialised form, to the beneficial owners of the shares as at the close of business hours on September 20, 2022 as per details furnished by National Securities Depository Limited (NSDL) and Central Depository

**Taxation on Dividend**

In terms of the provisions of the Income-Tax Act, 1961, ("the IT Act"), dividend paid or distributed by a Company on or after 1st April 2020 is taxable in the hands of the shareholders. The Company shall therefore be required to deduct tax at source at the time of payment of dividend. In order to enable a Company to determine the appropriate TDS rate as applicable, All the members are requested to update the residential status and category in their respective demat accounts with Depository Participant ("DP"), if the shareholding is in demat form or with the Company's Registrar & Transfer Agent ("RTA"), M/s. MAS Services Limited, if the shareholding is held in physical form. Members are also requested to submit the documents in accordance with the provisions of the IT Act. The deduction of tax at source will be based on the category of shareholders and subject to fulfilment of conditions as provided herein below:

- **For resident members**

Tax will be deducted at source ("TDS") under Section 194 of the IT Act @ 10% on the amount of dividend payable unless exempt under any of the provisions of the IT Act. However, in case of individuals, TDS would not apply if the aggregate of total dividend distributed to them by the Company during Financial Year 2022-23 does not exceed Rs. 5,000. Recording of the PAN for the registered Folio/DP ID-Client ID is mandatory. In the absence of valid PAN, tax will be deducted at a higher rate of 20%, as per Section 206AA of the IT Act.

**Where, Permanent Account Number ("PAN") is available and such PAN is valid / operative as per the provisions of IT Act:**

In accordance with Section 194 of the IT Act, for resident members where tax is deductible at source under this provisions of IT Act, TDS shall be applied from the dividend amount at rate of 10%, except for members (where tax will be deductible at a higher rate as per provisions of Section 206AA or Section 206AB of IT Act), or for resident members who have not filed its return of income for two consecutive previous years and aggregate TDS exceeds Rs. 50,000 in each of the two previous years (as per Section 206AB), to be verified by the Company from the Government enabled online facility.

The above TDS will be applied by the Company unless exempt under the provisions of the IT Act, and subject to furnishing of the following self-certified documents:

i. **Form 15G / 15H in the case of eligible Resident Individual members:**

No TDS shall be applied in the case of a resident individual member, if the member provides duly signed Form 15G (applicable to an individual below the age of 60 years) or Form 15H (applicable to an individual of the age of 60 years and above), provided that all the prescribed eligibility conditions are met (Format of declaration forms are annexed respectively). Please note all fields are mandatory and company shall reject forms if insufficient information is provided.

ii. **Insurance companies:**

Declaration that provisions of 194 of the IT Act, are not applicable to them as Insurer along with self-attested copy of PAN card and registration certificate.

iii. **Mutual Funds:**

Documentary evidence to prove that the mutual fund is a mutual fund specified under clause (23D) of Section 10 of the IT Act, and is covered under Section 196 of the IT Act.

iv. **Alternative Investment Fund (AIF)established in India:**

Self- declaration that its dividend income is not chargeable under the head "Profit and Gains of Business or Profession" and exempt under Section 10(23FBA) of the IT Act and they are established as Category I or Category II AIF under the SEBI regulations.

v. **Entities exempt under Section 10 of IT Act:**

In case of resident non-individual members, if the income is exempt under the IT Act, the authorized signatory shall submit the declaration along with evidence duly signed with stamp affixed for the purpose of claiming exemption from TDS.

vi. **Corporation established by or under a Central Act which is, under any law for the time being in force, exempt from income-tax on its income:**

Documentary evidence that the person is covered under Section 196 of the IT Act.

In terms of Rule 37BA of Income Tax Rules 1962, if dividend income on which tax has been deducted at source is assessable in the hands of a person other than the deductee, then such deductee should file self-declaration with Company in the manner prescribed by the Rules. This declaration should be shared within 2 days from the record date as may be intimated by the Company. Kindly note that no declaration shall be accepted after 2 days from the record date

Where a shareholder furnishes a valid Nil or lower tax rate deduction certificate under Section 197 of the IT Act, TDS will be applied as per the rates prescribed in such certificate.

- **For non-resident members (including Foreign Institutional Investors and Foreign Portfolio Investors)**

Tax is required to be withheld in accordance with the provisions of Section 195 and Section 196D of the IT Act, at applicable rates in force. As per the relevant provisions of the Act, the tax shall be withheld @ 20% (plus applicable surcharge and cess) on the amount of dividend payable.

As per Section 90 of the IT Act, a non-resident member has the option to be governed by the provisions of the Double Tax Avoidance Agreement ("DTAA") between India and the country of tax residence of the member, if such DTAA are more beneficial to such member. To avail the tax treaty benefits, the non-resident member will have to mandatorily provide the following documents:

a) Self-attested copy of PAN card, if any, allotted by the Indian Income Tax authorities;

b) Self-attested copy of Tax Residency Certificate ("TRC") obtained from the tax authorities of the country of which the member is tax resident; evidencing and certifying member's tax residency status during financial year 2022-23.

c) Form 10F in electronic format as required by Notification No 03/2022 of the IT Act.

d) Self-declaration of having no taxable presence, fixed based or permanent establishment in India in accordance with the applicable tax treaty and beneficial ownership by the non-resident member (Format of the declaration is annexed).

e) In case of member being tax resident of Singapore, please furnish the letter issued by the competent authority or any other evidences demonstrating the non-applicability of Article 24 Limitation of Relief under India-Singapore Double Taxation Avoidance Agreement (DTAA).

Recently, Government vide Notification No 03/2022 have mandated non-resident to issue Form 10F in electronic format duly verified in manner as prescribed in Notification. This requirement is applicable if prescribed information is not contained in Tax Residence Certificate. Accordingly, furnishing of Form 10F in any other format will not be considered valid. The Company will apply at its sole discretion and is not obligated to apply the beneficial DTAA rates for tax deduction on dividend payable to non-resident members. Application of beneficial DTAA rate shall depend upon the completeness and satisfactory review by the Company of the documents submitted by the non-resident members.

Where a member furnishes valid nil / lower withholding tax certificate under Section 195 / 197 of IT Act, withholding tax will be applied as per the rates prescribed in such certificate.

Please note: Members holding shares under multiple accounts under different status / category and single PAN, may note that, higher of the tax as applicable to the status in which shares are held under a PAN will be considered on their entire holding in different accounts.

To enable us to determine the appropriate TDS / withholding tax rate applicable, we request you to provide the above details and documents not later than Thursday, 15 September, 2022.

To summarise, dividend will be paid after deducting the tax at source as under:

a. NIL for resident members receiving dividend upto Rs. 5000 or in case Form 15G / 15H (as applicable) along with self-attested copy of the PAN card is submitted.

b. 10% for resident members in case copy of PAN card is provided / available.

c. 20% for resident members, if copy of PAN card is not provided / not available / invalid / inoperative / specified person as per Section 206AB of IT Act.

d. Tax will be assessed on the basis of documents submitted by the non-resident members.

e. 20% plus applicable surcharge and cess for non-resident members in case the aforementioned documents are not submitted.

f. Lower / Nil TDS on submission of self-attested copy of the certificate issued under Section 197 of IT Act.

Company is obligated to deduct tax at source (TDS) based on the records available with RTA and no request will be entertained for revision of the TDS return. No communication on the tax determination/deduction shall be entertained after Thursday, 15 September, 2022.

In case tax on dividend is deducted at a higher rate in the absence of receipt of the aforementioned details/ documents, you would still have the option of claiming a refund of the excess tax paid at the time of filing your income tax return. No claim shall lie against the Company for such taxes deducted. In the event of any income tax demand (including interest, penalty, etc.) arising from any misrepresentation, inaccuracy, or omission of information provided / to be provided by the member(s), such member(s) will be responsible to indemnify the Company and also, provide the Company with all information/documents and co-operation in any appellate proceedings.

Members, whose valid PAN is updated, will be able to see the credit of TDS in Form 26AS, which can be downloaded from their e-filing account at https://www.incometax.gov.in/.

**Updation of PAN, Email address and other details:**

All the members are requested to update the residential status, registered email address, mobile number, category and other details with their relevant depositories through their DPs, if the shareholding is in Demat form or with the Company's RTA, if the shareholding is held in physical form, as may be applicable. The Company is obligated to deduct TDS based on the records made available by National Securities Depository Limited or Central Depository Services (India) Limited (collectively referred to as "the Depositories"), in case of shares held in Demat mode and from the RTA, in case of shares held in physical mode and no request will be entertained for revision of TDS return.

**Updation of Bank Account for payment of Dividend:**

While on the subject, we request you to submit/update your bank account details with your DP, in case you are holding shares in electronic form. In case your shareholding is in physical form, you will have to submit a scanned copy of a covering letter, duly signed by the first shareholder, along with a cancelled cheque leaf with your name and bank account details and a copy of your PAN card, duly self-attested, with the Company's RTA, M/s. Mas Services Limited, T-34 2nd Floor, Okhla Industrial Area, Phase-II, New Delhi 110020, Email: info@masserv.com. This will facilitate the receipt of dividend directly into your bank account. In case the cancelled cheque leaf does not bear your name, please attach a copy of the bank passbook statement, duly self-attested. In absence of a bank account with requisite particulars, the dividend warrants will be posted to you.

Declarations referred above can be downloaded from the link given below or from the website of the Company viz. https://www.indofil.com. Please note that the aforementioned documents should be provided to Company's RTA by email to info@masserv.com. No communication on the tax determination/deduction shall be entertained after Thursday, 15 September, 2022.

28. Instructions for e-voting and joining the AGM are as follows:

In terms of the provisions of section 108 of the Act, read with rule 20 of the Companies (Management and Administration) Rules, 2014, as amended (hereinafter called 'the Rules' for the purpose of this section of the Notice), the Company is providing facility of remote e-voting to exercise votes on the items of business given in the Notice 29th Annual General Meeting (AGM) through electronic voting system, to members holding shares as on **Tuesday, September, 20, 2022** (end of day), being the cut-off date fixed for determining voting rights of members, entitled to participate in the remote e-voting process, through the e-voting platform provided by NSDL or to vote at the e-AGM.

**THE INSTRUCTIONS FOR MEMBERS FOR REMOTE E-VOTING AND JOINING GENERAL MEETING ARE AS UNDER:-**

The remote e-voting period begins on Saturday, September, 24, 2022 at 9:00 A.M. and ends on Monday, September, 26, 2022 at 5:00 P.M. The remote e-voting module shall be disabled by NSDL for voting thereafter. The Members, whose names appear in the Register of Members / Beneficial Owners as on the record date (cut-off date) i.e. Tuesday 20, September, 2022, may cast their vote electronically. The voting right of shareholders shall be in proportion to their share in the paid-up equity share capital of the Company as on the cut-off date, being Tuesday 20, 2022.

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

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

**Step 1: Access to NSDL e-Voting system**

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

The e-voting facility is provided by Company, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

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

| Type of shareholders | Login Method |
|---|---|
| Individual Shareholders holding securities in demat mode with NSDL. | 1. If you are already registered for **NSDL IDeAS facility**, please visit the e-Services website of NSDL. Open web browser by typing the following URL: https://eservices.nsdl.com/either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the **"Beneficial Owner"** icon under "Login" which is available under **"IDeAS"** section. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-Voting services. Click on "Access to e-Voting" under e-Voting services and you will be able to see e-Voting page. Click on options available against company name or **e-Voting service provider – NSDL** and you will be re-directed to NSDL e-Voting website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.<br>2. If the user is not registered for IDeAS e-Services, option to register is available at https://eservices.nsdl.com. Select **"Register Online for IDeAS"** Portal or click athttps://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp<br>3. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number held with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on options available against company name or **e-Voting service provider - NSDL** and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. |

| Type of shareholders | Login Method |
|---|---|
| Individual Shareholders holding securities in demat mode with CDSL | 1. Existing users who have opted for Easi / Easiest, they can login through their user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest arehttps://web.cdslindia.com/myeasi/home/loginor www.cdslindia.com and click on New System Myeasi.<br>2. After successful login of Easi/Easiest the user will be also able to see the E Voting Menu. The Menu will have links of **e-Voting service provider i.e. NSDL.** Click on **NSDL** to cast your vote.<br>3. If the user is not registered for Easi/Easiest, option to register is available at https://web.cdslindia.com/myeasi/Registration/EasiRegistration<br>4. Alternatively, the user can directly access e-Voting page by providing demat Account Number and PAN No. from a link in www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the demat Account. After successful authentication, user will be provided links for the respective ESP i.e. **NSDL** where the e-Voting is in progress. |
| Individual Shareholders (holding securities in demat mode) login through their depository participants | You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. Once login, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on options available against company name or **e-Voting service provider-NSDL** and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. |

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

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

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

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

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

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile.
2. Once the home page of e-Voting system is launched, click on the icon “Login” which is available under ‘Shareholder/ Member’ section.
3. A new screen will open. You will have to enter your User ID, your Password/OTP and a Verification Code as shown on the screen.

   Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at https://eservices.nsdl.com/ with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.

4. Your User ID details are given below :

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

5. Password details for shareholders other than Individual shareholders are given below:

   a) If you are already registered for e-Voting, then you can user your existing password to login and cast your vote.

   b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.

   c) How to retrieve your 'initial password'?

      (i) If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.

      (ii) If your email ID is not registered, please follow steps mentioned below in process for those shareholders whose email ids are not registered

      (ii) If your email ID is not registered, please follow steps mentioned below in **process for those shareholders whose email ids are not registered**

6. If you are unable to retrieve or have not received the "Initial password" or have forgotten your password:

   a) Click on **"Forgot User Details/Password?"** (If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com.

   b) **Physical User Reset Password?"** (If you are holding shares in physical mode) option available on www.evoting.nsdl.com.

   c) If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your demat account number/folio number, your PAN, your name and your registered address etc.

   d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.

1. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.

2. Now, you will have to click on "Login" button.

3. After you click on the "Login" button, Home page of e-Voting will open.

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

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

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

2. Select "EVEN" of company for which you wish to cast your vote during the remote e-Voting period and casting your vote during the General Meeting. For joining virtual meeting, you need to click on "VC/OAVM" link placed under "Join General Meeting".

3. Now you are ready for e-Voting as the Voting page opens.

4. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.

5. Upon confirmation, the message "Vote cast successfully" will be displayed.

6. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.

7. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

**General Guidelines for shareholders**

1. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to csbhumikanco@gmail.com with a copy marked to evoting@nsdl.co.in.

2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details/Password?" or "Physical User Reset Password?" option available on www.evoting.nsdl.com to reset the password.

3. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of www.evoting.nsdl.com or call on toll free no.: 1800 1020 990 and 1800 22 44 30 or send a request to Amit Vishal at evoting@nsdl.co.in

**Process for those shareholders whose email ids are not registered with the depositories for procuring user id and password and registration of e mail ids for e-voting for the resolutions set out in this notice:**

1. In case shares are held in physical mode please provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to investor@masserv.com.

2. In case shares are held in demat mode, please provide DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) to investor@masserv.com or. If you are an Individual shareholders holding securities in demat mode, you are requested to refer to the login method explained at **step 1 (A) i.e.Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode.**

3. Alternatively shareholder/members may send a request to evoting@nsdl.co.infor procuring user id and password for e-voting by providing above mentioned documents.

4. The e-voting facility is provided by the Company to Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are required to update their mobile number and email ID correctly in their demat account in order to access e-Voting facility.

**THE INSTRUCTIONS FOR MEMBERS FOR e-VOTING ON THE DAY OF THE EGM/AGM ARE AS UNDER:-**

1. The procedure for e-Voting on the day of the EGM/AGM is same as the instructions mentioned above for remote e-voting.

2. Only those Members/ shareholders, who will be present in the EGM/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 in the EGM/AGM.

3. Members who have voted through Remote e-Voting will be eligible to attend the EGM/AGM. However, they will not be eligible to vote at the EGM/AGM.

4. The details of the person who may be contacted for any grievances connected with the facility for e-Voting on the day of the EGM/AGM shall be the same person mentioned for Remote e-voting.

**INSTRUCTIONS FOR MEMBERS FOR ATTENDING THE EGM/AGM THROUGH VC/OAVM ARE AS UNDER:**

1. Member will be provided with a facility to attend the EGM/AGM through VC/OAVM through the NSDL e-Voting system. Members may access by following the steps mentioned above for Access to NSDL e-Voting system. After successful login, you can see link of "VC/OAVM link" placed under "Join General meeting" menu against company name. You are requested to click on VC/OAVM link placed under Join General Meeting menu. The link for VC/OAVM will be available in Shareholder/Member login where the EVEN of Company will be displayed. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice to avoid last minute rush.

2. Members are encouraged to join the Meeting through Laptops for better experience.

3. Further Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.

4. 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.

5. Shareholders who would like to express their views/have questions may send their questions in advance mentioning their name demat account number/folio number, email id, mobile number at cssupport@indofil.com. The same will be replied by the company suitably.

**General Instructions**

i. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting as well as voting at the AGM through ballot paper.

ii. Ms, Bhumika Sidhpura, Practicing Company Secretary (ACS No. 37321 & CP No.19635), has been appointed for as the Scrutinizer for providing facility to the members of the Company to scrutinize the voting and remote e-voting process in a fair and transparent manner.

iii. The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of scrutinizer, for all those members who are present VC / OAVM at the AGM but have not cast their votes by availing the remote e-voting facility.

iv. The Scrutinizer shall after the conclusion of voting at the AGM, will first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than three days of the conclusion of the AGM, a consolidated scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.

v. The Results declared alongwith the report of the Scrutinizer shall be placed on the website of the Company www.indofil.com and on the website of NSDL immediately after the declaration of result by the Chairman or a person authorized by him.

## EXPLANATORY STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013 ("THE ACT")

The following Statement sets out all material facts relating to the Special Business mentioned in the Notice:

**Item No. 5**

In accordance with the provisions of Section 148 of the Companies Act, 2013 ("The Act") and the Companies (Audit and Auditors) Rules, 2014 and Companies (Cost Records and Audits) Amendment Rules, 2014 ("the Rules") the Company is required to appoint a Cost Auditor to audit Costing Records of the Company. On recommendation of the Audit Committee, the Board of Directors have appointed M/s S.N. Addagatla & Co., Cost Accountant, (Membership No. 103855) as the Cost Auditors to conduct audit of Cost Records maintained by the Company for the Financial Year 2022-23, for a fee of Rs. 3,00,000 plus taxes.

You are requested to accord your consent for the aforesaid appointment and fee recommended in respect of the Cost Auditors for Financial Year 2022-23.

The resolution at Item No. 5 is proposed as an Ordinary Resolution.

None of the Directors / Key Managerial Personnel of the Company / their relatives is concerned or interested in the resolution set out at Item No. 5 of the Notice.

**Item No. 6**

In view of Sections 197, 198 and other relevant provisions of the Companies Act, 2013 read with rules made there under, the Company has been paying to the Directors other than Managing Director, Whole-Time Director and Executive Director for each of the FY, remuneration in terms of resolution passed by Members of Company in accordance with Sections 197, 198 and other applicable provisions of the Companies Act, 2013. It is suggested that in respect of the FY 2022-23, considering the restrictions contained in the aforesaid Sections of the Companies Act, 2013, the remuneration to Non-Executive Directors may be paid with further approval of the Board in aggregate up to 1% of the Net Profits of the Company, computed in accordance with the provisions of Section 198 and other applicable provisions of the Companies Act, 2013 and rules made there under, subject to a maximum of Rs. 15 lacs per Non-Executive Director in addition to re-imbursement of expenses incurred on behalf of Company and fees payable to them for attending the meetings of the Board or Committees thereof as per provisions of aforesaid Sections.

The Board Members and / or their relatives on Board may be deemed to be concerned or interested in the resolution set out at Item No. 6 to the extent of remuneration as may be receivable by them.

Mr. Samir Modi and Ms. Aliya Modi (and Dr. Bina Modi and Ms. Charu Modi as their relatives) and also Mr. S. Lakshminarayanan, Mr. M.N. Thakkar and Mr. Mayur Maheshwari are concerned / interested in resolution set out at Item No. 6 of the Notice.

The resolution at Item No. 6 is proposed as a Special Resolution.

By Order of the Board,
For **Indofil Industries Limited**

Sd/-
**Manju Anand**
Head- Legal, Compliances
and Company Secretary
(Membership No. ACS 17215)

Place: Mumbai
Date: 29 August, 2022

**Indofil Industries Limited**
[CIN:U24110MH1993PLC070713]
Kalpataru Square, Kondivita Road,
Off Andheri- Kurla Road,
Andheri (E) - 400059.
Tel. No.: 022-66637373
Fax No.: +91-22-28322272
Website: www.indofil.com

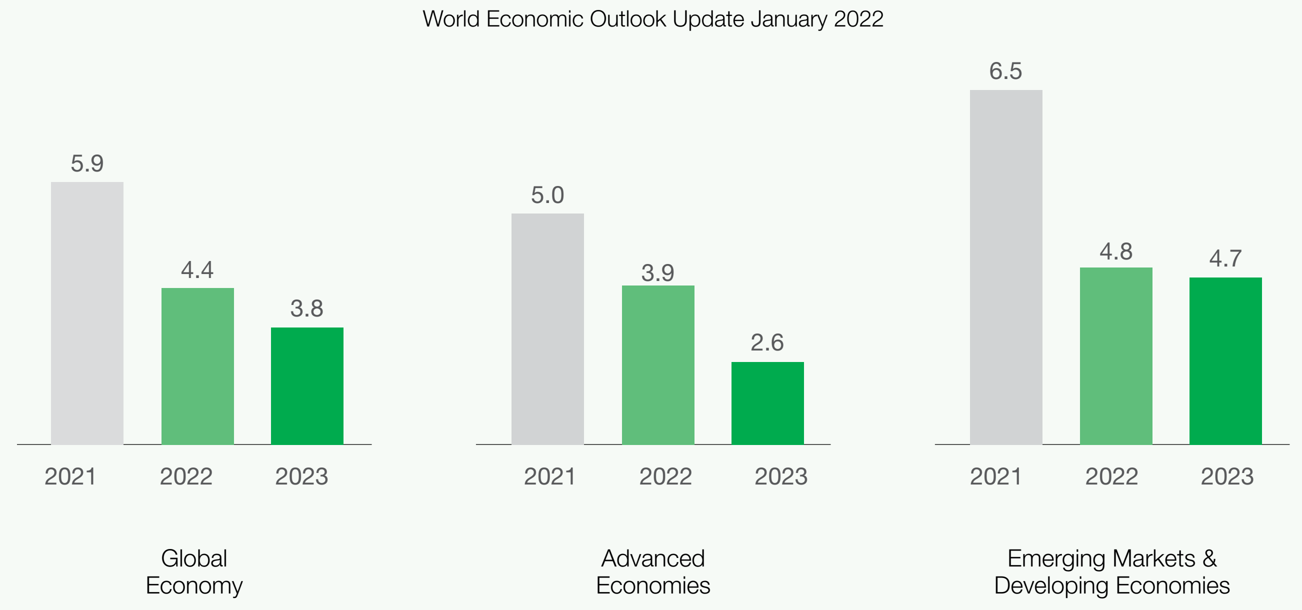
# Management Discussion & Analysis

## Global economy

The global economy growth rose to 6.1% in CY2021 AND is gradually recovering from the economic shocks of the pandemic[1]. Even as subsequent waves of the pandemic continue to affect people, optimism about economic recovery remains strong.

The robust recovery in CY 2021 was primarily led by strong consumer spending and robust investment prospects with RBI forex balance continuing to scale new highs. The petrol transport prices & shipping costs are surging at peak levels and if war continues, this cost will further escalate. However, by the end of CY 2021, the pace of growth had slowed significantly, particularly in China, the United States, and the European Union, as the effects of monetary and fiscal stimulus began to fade and supply-chain disruptions became prominent. In many economies, rising inflationary pressure is also posing a threat to economic recovery.

## Growth Projection




Source: https://www.imf.org/en/Publications/WEO/Issues/2021/10/12/world-economic-outlook-october-2021

**Outlook**

According to the IMF, global economy is expected to decline to 3.6% in 2022 and 2023. Rates of global economic growth is likely to moderate in relation to previously expected growth rates in 2022. An elevated inflation is expected to persist longer than expected, owing to rising commodity prices, supply-chain disruptions, and rising geo-political tensions. Interest rates are expected to rise partially due to the ongoing Russia Ukraine war.

## Indian economy

The Indian economy recorded 13.7% growth in the first half (April-September) of FY22, primarily driven by strong performances in the manufacturing and service sectors.[2] However, economic uncertainty has resulted in inflationary pressures that have led to food security concerns and has limited the purchasing power of people. The war between Russia Ukraine & consequential looming danger of steep rise in fuel prices is likely to impact the economy adversely.

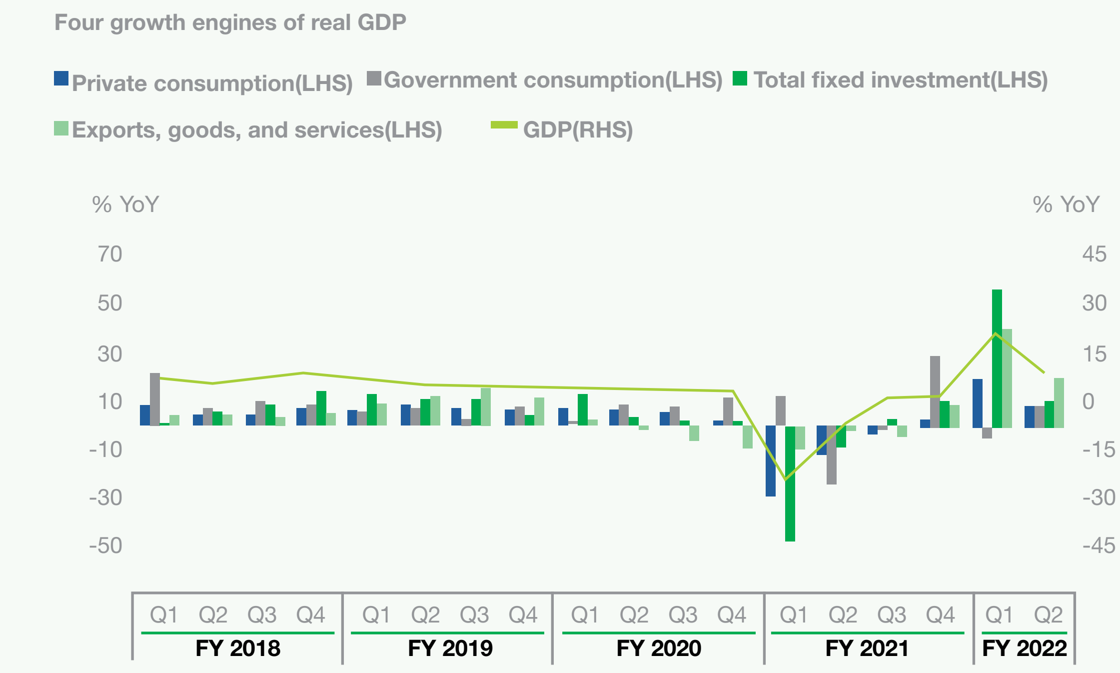
In the initial two quarters of FY2022, there was a rise in investment, thus suggesting a recovery in the capital expenditure cycle. Private consumption is also expected to grow by 6.9% in FY2022 after declining by 9.1% in FY 2021. This can be attributed to the pent-up demand among consumers. Alongside, the government spending is also expected to rise at 7.6% in the next fiscal year.

In FY22, agriculture sector is expected to record a strong growth of 3.9%,[3] subject to a favourable monsoon. Agro-based industries & ancilliary sectors attached to agriculture, are expected to grow with the growth of the agricultural sector. Latest technologies like drip irrigation, precision farming, use of data for better yield management, usages of drones for spraying agrochemicals in farms, development of warehouses, infrastructures and better communication facilities will help farmers and agriculture sector tremendously in improving agricultural produce.

[1] https://www.pwc.com/gx/en/ceo-agenda/ceosurvey/2022.html?WT.mc_id=CT3-PL300-DM1-TR2-LS4-ND22-TT20-CN_ceo-survey-semeconomy
[2] first Advance Estimates released by the National Statistical Office (NSO),
[3] NSO

In FY2022, the Indian economy is estimated to grow at a rate of 9.4%, and the country's GDP is likely to rise to Rs 232.1 trillion.[4] Strengthened financial markets and capital inflows support the build-up in reserves. According to the IMF, India is likely to experience a steady economic recovery. Additionally, easing of pandemic-related restrictions, supportive fiscal and monetary policies are likely to drive private investments in the future.

### Board-based growth helped maintain a steady rebound in Q2 FY2021-22




Source: https://www2.deloitte.com

**Outlook**

In FY2022–23, India's GDP is projected to grow between 7.5 and 8.0 percent, and between 6.7 and 7.1 percent in FY2023–24. Growth is expected to increase in the second quarter of FY2022–23 as uncertainties recede. Early geopolitical difficulties might lead to capital outflows and a fast depreciation of the currency, although both are likely to recover by the end of 2022. In addition, the Union Budget's (2022-23) commitment towards asset creation (public infrastructure development) will invigorate the virtuous cycle of investment and crowd in private investment with large multiplier effects, which in turn will augment inclusive and sustainable growth for all sectors of the economy.

Rising demand across sectors is likely to encourage private sector investments, and Demand revival in the economy across all sectors will encourage the private sector stepping in with investments to increase production to meet the rising demand. Barring unpredictable external shocks – geo-political and economic – this scenario is likely to play out for the Indian economy in FY2022-23.

## Industry Overview

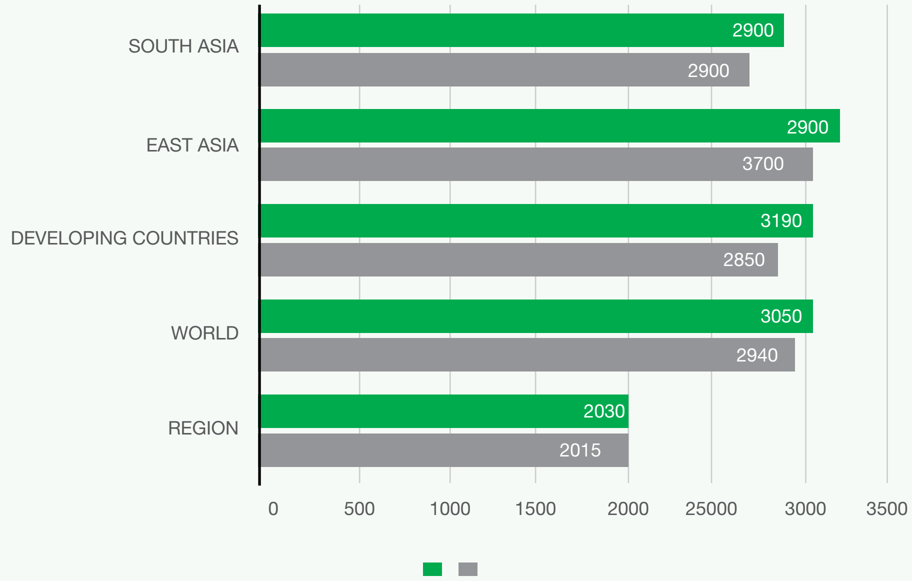
**Global Agro Industry**

Agricultural development is considered an important ploy for eradicating extreme poverty around the world and increasing shared prosperity, along with ensuring the food security of a growing global population. Agriculture employs over one billion people globally and generates $2.4 trillion revenue for the global economy.[5] Agricultural goods account for 43 percent of total exports and 39.4 percent of the global GDP, reiterating the importance of this sector for the world economy.

Over the last year, rising food prices have attracted attention towards global agricultural production and supply systems. Commodity supplies are still constrained and is likely to keep food inflation higher in the next fiscal as well. Global consumption of most agricultural products will continue to increase due to rapid growth of population. Urbanisation, higher disposable income, changing consumer preferences, accessible pricing policies national and international legislation, and other cultural variables are all predicted to enhance demand for food , which will have impact upon agriculture.

[4] Oecd.org
[5] https://www.oecd-ilibrary.org/sites/19428846-en/index.html?itemId=/content/publication/19428846-en

## Global and regional per capita food consumption (kcal per capita per day)




Source: https://www.fao.org/3/ac911e/ac911e05.htm

### Outlook

The global agriculture sector is expected to reach $13133.95 billion in 2025, growing at a CAGR of 7%.[6] The rapid adoption of automated processes and advanced technology is anticipated to further boost food production and increase efficiency within the sector. Crop yield, farm operations, and commercial production volumes are also expected to improve in the years ahead to support the demands of a growing population.

### Indian Agriculture Industry

The Indian agriculture industry continues to be a major producer and supplier of food for the world. Despite the Covid-19 shock, the agriculture and related sector is anticipated grow by 3.9 per cent in 2021-22, according to the Economic Survey 2021-22.[7]

The Indian agriculture sector demonstrated resilience amid upheavals, and a growth rate of 3.9% is expected in FY2022.[8] The total gross value added (GVA) of the agricultural sector has a long-term trend of around 18%, but agricultural and agro-based sectors witnessed a rise in total GVA and stand at 18.8% in FY2022.

The Kharif season (sowing in June and harvest around October) is the country's principal farming season and sowing of Kharif crops like rice, jowar, bajra, moong bean, maize, jute, and mesta was delayed due to an extended pause in monsoon rainfall. Unpredictable rainfall throughout the year along with dry spells influenced crop production, impacting acreage and yields.

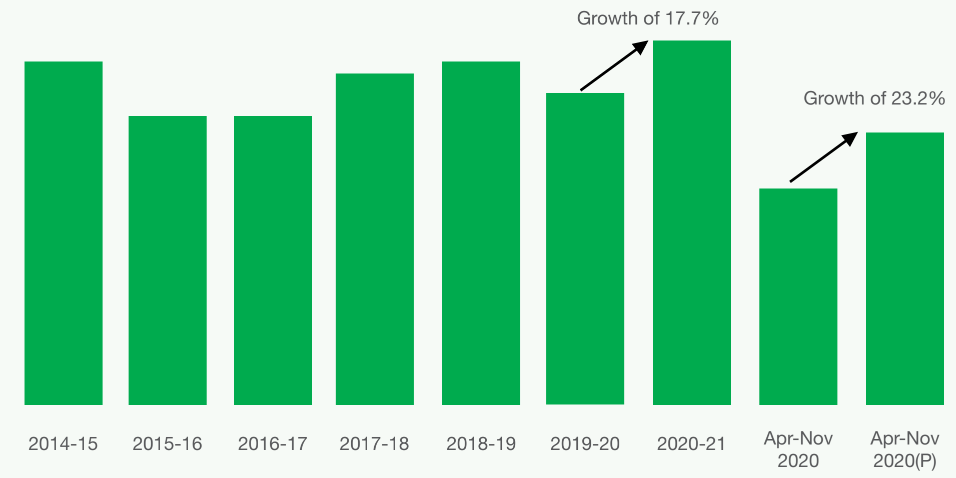
Higher soil moisture due to incessant rainfall in certain areas, however, is anticipated to be beneficial for Rabi yield in the next season. Although, there has not been any substantial influence on the sowing area of key Kharif crops like rice, pulses, oilseeds, coarse cereals, sugarcane, cotton, jute, and mesta, the acreage of cotton and coarse cereals declined approximately 6% and 2.5%, respectively, in comparison to 2020. The production of most Kharif crops is expected to increase in CY 2021. However, there appears to be a marginal annual reduction in the acreage of maize, peanut, and soybean.[9]

Over the past two years, with agriculture the allied sectors, such as cattle, dairy, fishing etc. have emerged as high-growth sectors. India's agriculture industry, according to estimates, accounts for only about 14 percent of the country's economy but, contributes to 42 percent of the total employment in the country. Alongside, from April to August 2021, India's agricultural and processed food exports increased by 21.8 percent year-on-year.[10]

Indian agricultural exports thrived in FY2022. This can be attributed to the surged demand for staples, along with an effective export policy. Over the period of April-November, 2021, exports of agricultural and allied products (including marine and plantation products) grew 23.2%, in comparison to the same period in the previous year,[11] thus exceeding pre-pandemic levels. Active support of export promotion agencies and export facilitating measures, such as online issuance of certificates fuelled agricultural exports during the pandemic.

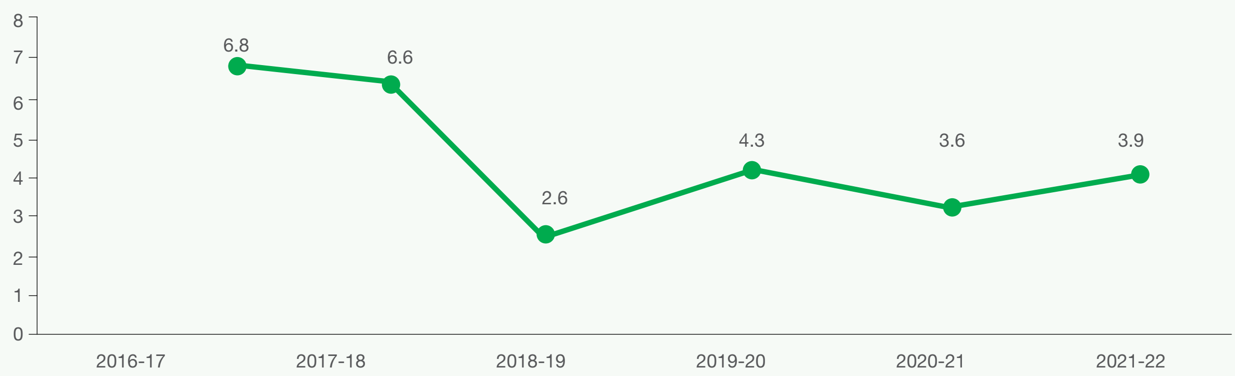
[6] https://www.globenewswire.com/news-release/2021/12/09/2348954/0/en/Global-Agricultural-Analytics-Market-Report-2021-Market-is-Expected-to-Reach-3-12-Billion-in-2028-at-a-CAGR-of-12-72-Long-term-Forecast-to-2032-Vantage-Market-Research.html
[7] https://www.business-standard.com
[8]
[9] https://theprint.in/opinion/2021-monsoon-shows-impact-of-climate-change-heres-what-its-doing-to-kharif-crops/767231/
[10] https://www.business-standard.com/budget/article/economy-survey-resilient-agriculture-sector-growth-at-3-9-in-2021-22-122013100918_1.html
[11] https://www.indiabudget.gov.in/economicsurvey/doc/eschapter/echap03.pdf

## Export of Indian agriculture 2021-22




Source: Development of Commerce

## Growth of agricultural and allied sectors




Source: First Advance Estimates of National Income 2021-22

**Growth drivers for Indian agriculture**

- As the world population grows, so does the demand for a wide range of agricultural products. Farmers have responded by adopting improved technologies to fulfil diverse demands.
- The GDP of India is steadily increasing, resulting in a rise in disposable income. This continues to influence the agricultural market, both for producers and consumers.
- India is bestowed with diverse climatic conditions and soil types that are suitable for the production of a wide range of cereals, fruits, vegetables, flowers and cash crops.
- Government support through various policies, reduced tax rates and suitable pricing are helping the sector to expand.
- The development of rural banking and credit systems have aided the growth of Indian agriculture.
- The rising number of Agri infra-transportation, gowdowns, etc.

## Outlook

**Global Agrochemical Industry**

Agrochemical Industry plays a vital role in two ways; protecting the crops from pests and increasing farm productivity. To achieve maximum yield from a farm it is important to minimize crop loss and it demands proper and sustainable agricultural practices. Crop protection chemicals like fungicides, herbicides and insecticides aim to improve agricultural yields, thus helping with the need to produce more food for a growing and increasingly wealthy population. These chemicals are used in the process of crop growth starting from soil fertility to harvesting of the crop.

One of the primary factors contributing to the market's steady performance is significant expansion in the agriculture industry throughout the world. Agrochemicals are increasingly being used in conjunction with organic manure to increase better yield and plant health, owing to the growing awareness regarding environmental sustainability and agricultural sustainability.

The agrochemicals market is expecting growth. This can be owed to the rising demand for products that prevent crop losses and therefore increase yields.

Between 2021 and 2030, the global agrochemicals market is expected to increase at a CAGR of 2.9%, improving from $231.0 billion in 2021-22 to $315.3 billion in 2030[12]. Alongside, use of insecticides also increased to minimise crop damage. In 2021-22, the Asia-Pacific region has the largest market share of agrochemicals, owing to a large consumer base and the presence of major businesses in the region.

The agrochemicals industry has also witnessed the emergence of bio-fertilisers as a favourable alternative to chemical-based pesticides and fertilisers. The globalisation of the agrochemical industry has had a significant impact on crop protection markets in Asia. Use of agrochemicals such as herbicides and pesticides continue to increase due to rapid demand for food production, in tandem with a growing population. Production of agrochemicals (technical grade) has also increased by 11.9% during FY 22. Total agrochemical exports have also increased sharply by 16.1% during FY 22.[13]

**Outlook**

Due to the increase in food grain production in both developed and developing nations, the agrochemical sector is likely to grow at a steady pase. The worldwide agrochemicals market is expected to report an annual growth rate of 2.9% between 2021 and 2030.

The biopesticide or biological segment is also anticipated to add impetus to the agrochemical industry over the next few years. Furthermore, due to an increase in end consumers, developing countries such as China, Australia, and India, particularly the Asia-Pacific region, is expected to grow at a significant rate.

## Indian Agrochemical Industry

Insecticides, fungicides, herbicides, bio-pesticides, and other pesticides constitute the primary segments of the agrochemical industry. Cotton and paddy are the major crops where the consumption of agrochemicals is 50% and 18%, respectively. Rice is grown over 24% of the cropped area and consumes 18% of the pesticides. The fruits, vegetables account for 18% cropped areas, while cereals, millets and oilseeds cover 58% areas. Sugarcane uses 2% of the pesticides and other crops grown over 6% of the cropped area account for 1% only.[14]

The market for agrochemicals is expected to grow at a CAGR of 8.6% by 2026 to reach a value of almost USD 7.4 billion by 2026.[15] Owing to the low level of agrochemical consumption, the industry has vast untapped potential.

The agrochemical market in India accounts for 15% of the global market.[16] After the United States, Japan, and China, India is currently the fourth-largest producer of agrochemicals. The global agrochemicals market is expected to reach USD 281.88 billion in 2028,[17]

With increased R&D spends, 2022 is expected to witness the introduction of new products that will further drive revenue growth in short run. The increasing R&D in the fields of bio-pesticides in order to compete with organic farming and integrated pest management (IPM) is one of the most recent trends in the agrochemical market.

**Market Segmentation:**

- In terms of products, nitrogenous fertilisers account for the majority of the market.
- Insecticides are currently the most popular pesticides, followed by fungicides and herbicides; insecticide demand is said to account for 65 percent of the total pesticide industry.
- Agrochemicals are extensively used for crops such as cereals, grains, oilseeds, and vegetables, along with non-crop-based applications.
- The majority of agrochemicals are used for staple food crops like wheat, rice, and maize, as well as cash crops like cotton and soya bean.
- Quality agrochemicals are available to farmers even in remote areas with the help of a well-developed network of dealers.

## Growth Drivers of Indian Agrochemical Industry

1. **Improvements in trade and marketing**

- Agrochemical trade: Agrochemical industries have increased their domestic trade by using network storage warehouses and obtaining storage licenses. As a result of simplifying export registrations and evaluating export manufacturing and other trade licenses, the export area of this segment has also increased.
- Consumer awareness: Increased awareness about the use of agrochemicals and its advantage has improved the demand for agrochemical products. Several educational training programmes are conducted by the corporate and government agencies to make the farmers aware about the use of agrochemicals.
- Farmers outreach: Multiple ways to reach out to farmers by the industries is a proving advantage to enhance the growth of agrochemicals. The scope of agrochemicals is increasing as the reach towards farmers is widening.
- Technological intervention: Use of advanced technology has enabled the production of better-quality products and improved trade channels due to the adoption of digital methods of propagating information and reaching out to a larger customer base. It has also helped to create awareness about newer applications of the products.

[12] global%20economy/Agrochemicals%20Market%20Size,%20Share%20_%20Industry%20Forecast,%202030.html
[13] https://www.globenewswire.com/news-release/2021/12/22/2356546/28124/en/Global-Agrochemicals-Market-2021-2025-Surging-Sales-of-Mineral-Fertilizers-Escalating-Animal-Husbandry-Sector-Amid-Market-Drivers.html
[14] https://news.agropages.com/News/NewsDetail---10649.htm#:~:text=Cotton%20covers%20only%205%25%20of,and%20oilseeds%20cover%2058%25%20areas.
[15] https://www.expertmarketresearch.com/reports/india-agrochemicals-market
[16] https://agriculturepost.com/farm-inputs/agrochemicals/agrochemical-industry-outlook-2022
[17] https://agriculturepost.com/farm-inputs/agrochemicals/agrochemical-industry-outlook-2022

- Infrastructure: Government is improving the farming infrastructure across the nation which is encouraging the agrochemicals sector.

**2. Increasing focus on production**

- Growing potential: India is one of the world's major manufacturers and exporters of agrochemicals, and it has the potential to position itself as a global agrochemical production hub. With favourable government policies and incentivised investments in India through initiatives similar to the Production Linked Incentives (PLI) Scheme, the country is expected to witness rapid rates of agrochemical production in the years to come.

- Adapt changes: The Agrochemical Industry is flexible to adapt to the changes that take place under climatic conditions, regulatory changes, economic conditions etc. This helps the industry to increase its production and have a positive growth.

- Emphasis on R&D: More focus and investment in R&D has enabled the adoption of innovative methods that have resulted in better productivity of the agrochemical sector.

**3. Improvement in policy environment:**

- Impetus on agricultural exports: Increased agricultural exports have resulted in the growth of the agrochemical sector as well. Owing to greater demand for better quality output, use of agrochemicals has increased significantly.

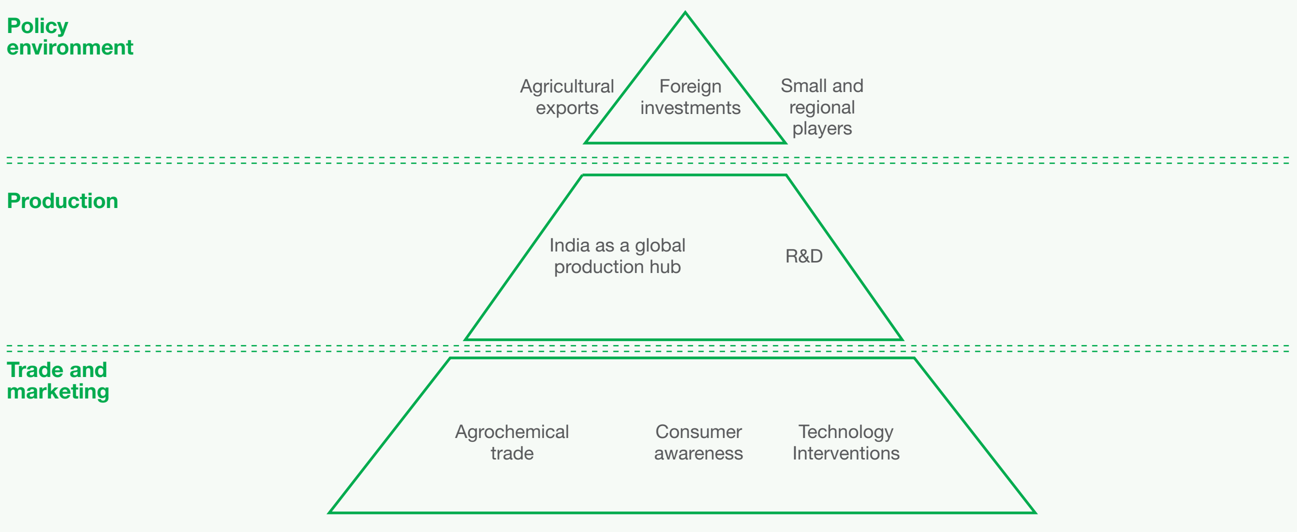
- Foreign investment: Policy support for agriculture has enabled a steady flow of foreign investment for the agrochemical sector as well. It has enabled Indian companies to access better manufacturing facilities and offered support for small and regional players.

- Need for more yield: As the population is increasing so is the demand for food. To cater to the increasing demand, the farmers are aiming to increase their yield of crops and prevent pest attacks. This will result in higher demand for efficient agrochemicals and thereby drive the growth of the industry

- New generation of farmers: The new generation of farmers is more educated and forward looking as compared to earlier generation with open mind. They are aware of the government initiatives and policies and are capable of generating better yield with the help of advancements in technology.

- Regulatory framework: The government of India is establishing a regulatory framework for agrochemicals in the country, including framed policies, norms, and regulations for pesticide applications by drones. The government has also begun to focus on expediting the registration of novel crop protection molecules in the country, and is working on the necessary mechanisms.

## Growth drivers for the Indian Agrochemicals industry




Source: PWC analysis

## Indian agrochemical export

India's agrochemical export is expected to grow significantly, owing to continuous investments in agrochemical businesses. The export market is expected to reach $3.1 billion in 2024, while the domestic market is likely to reach $2.6 billion.[18] For FY2022 and FY2023, exports will help the agrochemical industry to generate a revenue growth of 12-13% and 10-12%, respectively[19].

The exports of Indian agrochemical products is expected to rise because of the advancement in the technology used by the industry and robust strategies. With the strong presence of multinational companies, India is capable of launching innovative and world class products. The industry also has around 17 granted patents and a dozen of pending patents which helps in providing innovative products. Furthermore, the exports are progressing and adopting a multi-pronged approach by becoming globally competitive, with the introduction of PLI Scheme as well as Make in India approach.

Indian agrochemical exports helps the industry in understanding the need of different geographical requirements. Also, this gives a global recognition to Indian products expanding its radius of growth.

As significant export clients diversify their supply base, the geopolitical tensions between China and other nations have provided a key opportunity for Indian businesses. Resultantly, exports will expand as a result of this, as well as sustained strong demand from Brazil and the United States (45% of India's exports) and increased supply to Europe (15% of India's exports).[20]

## Opportunities and challenges in Indian agrochemical sector

**Opportunities**

- Continuous focus on digitalisation, emergence of e-commerce channels, direct selling to FPOs, and increased use of specialty items act as primary drivers for the sector.
- India has tremendous potential to become a global manufacturing hub for agrochemicals, owing to its ability to access skilled labour, ensure low-cost production, improved pricing and a strong presence in the generic technical and formulations manufacturing space. By 2023, products worth USD 4.2 billion are expected to be off patent, creating opportunities for the production of generic molecules for 26 active components.
- The advancements and improvements in infrastructure have a huge scope for the industry as it enhances the productivity and reduces the post-harvest losses.
- Education of farmers regarding different crops and use of agrochemical products has become a vital factor to get higher yield.
- Contract farming is creating an opportunity for the Indian agrochemical industry as the price risk for farmers is reduced because contracts state prices in advance.
- Indian farmers are looking for more effective and environment friendly pesticides that can be used in lesser quantities per hectare. As the availability of these items is very low, there is a scope of developing more such products which will benefit all the stakeholders and help the agricultural exports grow.
- Drones were primarily used by companies working in industrial sectors such as mining and construction, army, and hobbyists. But now, drone technology is increasingly available for use in various sectors of agriculture as well. Many companies are trying to make the make the availability of drones easily to Indian farmers in order to increase the efficiency of agricultural production.
- East India has a tremendous potential for farming. The great penetration into the agricultural market by the north east part of India has opened many opportunities for this industry. Eventually, the demand for agrochemical has seen a rise.
- Along with strict environmental regulations, restrictions on the use of chemicals and increased tariff on Chinese products, global dependence on the export of Chinese agrochemicals continue to reduce. The Indian agrochemical industry continues to capitalise on these opportunities to enhance its global market share. It is also benefitting from the government's 'Make in India' and 'Aatmanirbhar' initiatives that are expected to promote self-reliance.
- Drones are being tested for pesticide spraying in the cotton-growing region of the country. It not only lessens the risk of unintended fume inhalation, but also expedite the pest control process by covering more areas in less time. This will significantly enhance research in this domain to ensure effective utilisation of agrochemicals for increasing crop production.
- Favourable policies for the manufacturing sector and agrochemicals, in particular, continue to attract more investments and greater participation of businesses in this domain.
- To make India an agrochemical manufacturing hub, R&D efforts have increased, resulting in improvement in production volumes. The government's Production-Linked Incentive (PLI) scheme has also added impetus to the sector.
- As the technology is advancing and e-commerce booming, the online sales of agrochemical products is expanding; thus, creating a wider opportunity for the industry.

**Challenges**

- The demand for food continues to rise from densely populated countries like India and China, making the Asia Pacific region a key market for agrochemicals. Africa and Latin America are

[18] https://www.crisil.com/en/home/newsroom/press-releases/2022/01/agrochem-players-to-log-double-digit-growth-next-fiscal-too.html
[19] CRISIL
[20] CRISIL

also poised to become significant markets. However, strict laws governing the use of chemical pesticides may stifle market expansion in Europe and North America.[21]

- People are gravitating toward organic products as healthier alternatives and its demand has also increased in the domestic market. Moreover, government initiatives to promote organic farming continues to encourage chemical-free farming and it may act as a deterrent to the sale of agrochemicals.[22]
- Prolonged use of agrochemicals may have a detrimental impact on soil, crops as well as human health. As a result, safer alternatives in the form of biopesticides and biofertilisers are being introduced to the market.
- Over the past two years, supply chain bottlenecks and cost of transportation continue to drive up costs for companies. Problems associated with raw material supply also pose challenges to business.
- The demand for environment friendly pesticides is increasing and in order to meet that demand the availability of proper resources and technology required would become a challenge for the industry. R&D costs would also be high to produce new products.

### Outlook

New technology is constantly introducing changes to the food manufacturing space, from its production to packaging and selling. With a dynamic risk management plan for mitigating challenges changing working environments, inflation, commodity prices, and supply chain concerns, the agrochemical industry is anticipated to widen its scope of operation and adopt changes that open up new avenues of growth. Furthermore, sales are expected to climb in tandem with rising demand for environment-friendly pesticides, herbicides, plant growth regulators, and fungicides.

### Global speciality chemicals industry

Speciality chemicals provide unique ingredients to improve the performance of a variety of end-user industries such as construction, automotive, cosmetics, textile, and agriculture. Rising population, decline in arable land, and the expansion of horticultural sectors act as major growth drivers for the speciality chemicals market.

The global speciality chemical market was valued at $595.3 billion in 2021. The expected growth rate is 4.3% from 2020 to 2028. Despite the crisis, speciality chemical market has revived and is likely to experience steady growth in the coming years. Booming construction and agrochemical sectors, particularly in the Asia-Pacific, Middle East and African region is likely to encourage short-term growth in the speciality chemical market.

The Asia-Pacific region predominantly drove the speciality chemicals industry last year, and is expected to do so again this year. The region's growing population, notably in nations like China and India fuel food demand. This is likely to boost the speciality chemical industry's growth over the forecast period.

APAC's top specialised chemical users are India, China, and Japan. Rapid urbanisation, gradual rise in discretionary incomes, and expanding industrialisation of the food, agricultural, cosmetics, textile, electronics, and other manufacturing sectors in APAC have all increased demand for speciality chemicals. The need for speciality chemicals is being fuelled by rising demand for cosmetics, high demand for electronics, adhesives and plastics from the packaging sector, and rising installations of water treatment systems.

## Indian speciality chemical market

The speciality chemical market in India is extremely diversified, with agrochemicals, dyes and pigments accounting for a major portion of its sales. India's government has made FDI 100 percent permissible in this sector. As a result, the speciality chemical market has seen a significant rise in foreign players entering this segment and consequently witnessed mergers and acquisitions (M&A). The expansion of the speciality chemicals sector is aided by evolving business strategies of existing players, import of chemicals and raw material and high entry barriers in the market for upcoming players.

India's share in global speciality chemicals accounts for an increase to 4% from 3% between FY15 and FY21[23]. By 2025, India is expected to own a market share of 5.5% of global Specialty chemicals market. Speciality chemical segments, such as personal care, paints and coatings are expected to grow at a CAGR of 13% and 10%, respectively in FY2022 and FY2023.[24]

The Indian speciality chemicals market is highly fragmented, with unorganised companies accounting for 30% of the total market share. Irrespective of that, domestic demand and growing exports continue to add impetus to the sector. Speciality chemicals account for 20% of the $4 trillion chemicals industry globally, and India's market is predicted to increase at a CAGR of 12% to $64 billion by CY2025.[25]

The speciality chemical sector bounced back from the impact of the Covid-19 pandemic in FY2021 and is demonstrating a steady performance in FY2022 as well. This can be attributed to sustained demand in domestic and export markets. However, the profit margins are expected to moderate in FY2022 as compared to FY2021. It is expected that the revenue growth of this segment to be around 15% in FY2022, followed by 11-12% in FY23 and FY24.[26]

## Growth drivers

1. **India's secured export presence:** India fosters low-cost manufacturing capabilities, an engineering-skilled workforce, and a large supply of human resources. These characteristics have made India a popular manufacturing site for companies all over the world.

[21] https://www.digitaljournal.com/pr/agrochemicals-market-growth-and-restrain-factors-analysis-2025l
[22] https://pib.gov.in/PressReleaseIframePage.aspx?PRID=1740824
[23] https://auto.economictimes.indiatimes.com/news/auto-components/indias-growing-chemistry-with-the-world/91267028
[24] https://mobilityforesights.com/product/india-specialty-chemical-market/
[25] https://www.cnbctv18.com/
[26] ICRA

2. **Rising growth potential of the domestic market:** The rise of the end-user segment, such as paint, personal care and home care, textiles, and adhesives, has been fuelled by people's increasing disposable income and urbanisation. This has been a major growth driver for Indian speciality chemical market.

3. **Availability of skilled labour at lower cost:** India has a competitive edge in its availability of low-cost skilled labour, which results in affordable operational expenditures.

4. **Government impetus:** To prevent the sale of low-quality chemicals in India, the government has taken initiatives, such as enforcing BIS-like certification for imported chemicals. Additionally, the government has permitted 100% FDI through the automated method in the specialty chemicals industry, except dangerous chemicals. The National Chemical Policy further intends to enhance the speciality chemical sector's proportion of GDP to 6% within ten years.[27]

5. **Strong entry barrier as a key factor for growth:** A distinct business strategy and a high entry barrier are important factors in the growth of the specialty chemicals sector. Extensive procedures such as vendor acquisition, customer loyalty, and product registration/approval creating a barrier for many small firms to enter the industry.

6. **Technology:** Firms in the industry are expected to benefit from the increase in the use of technology to improve margins. The specialty chemical industry is in the midst of profound change due to the novel technologies. Now, digital transformation in chemicals is presenting immense, largely unexplored new potential to not only increase efficiencies but to help companies new products and processes. The industry is also focusing on producing low pollution generating products.

7. **Joint Venture:** The Joint Venture focuses on meeting the technological advancements, achieving synergies, wider reach in untapped markets and cost optimisation by leveraging the core competencies of the partners involved in the venture.

8. **Infra improvement:** Government of India has been investing tremendously in infrastructural development. These investments are generating demands for products that use speciality chemicals. This opens an opportunity for the companies in the industry to expand and grow their businesses

## Opportunities for Speciality Chemical Industry in India

With growing opportunities in the Indian market, the speciality chemical industry is expected to witness substantial growth, primarily influenced by the following factors.

1. **Increasing exports:** Availability of low-cost manufacturing facilities, abundant labour and engineering talent has made India a lucrative manufacturing hub of speciality chemicals for global players.

2. **Rising domestic consumption:** While India's per capita income remains much lower than that of other developed countries, rising disposable income, urbanisation and the emergence of various end-user industries for speciality chemicals continue to influence domestic consumption.

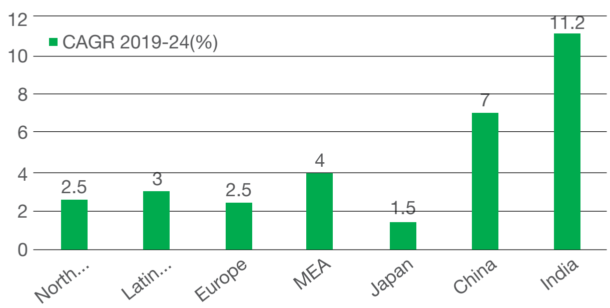
3. **Focus on sustainable chemistry**: Growing awareness about the adverse effects of chemicals on human health and environment, the industry continues to shift focus towards sustainable and green chemistry, thereby opening new opportunities for the speciality chemicals market as well.

4. **Favourable government policies:** Government policies continue to fast track approvals for chemical companies, including specialty chemicals, creating a conducive environment for businesses to operate and thrive.

5. **Overseas investment:** Increasing urbanization and disposable income are fuelling the end user segment such as paints dyes, textiles etc which is resulting in growing demand for speciality chemicals. This positive growth outlook provides a significant opportunity for foreign investments.

6. **R&D:** The R&D of the industry focuses on better quality products to expand the utilization. Many companies have been able to invest in R&D operations in order to create novel technologies and products and obtain protection both in India and internationally via the PCT or Paris Convention pathways.

## Region Wise Specialty Chemical Growth(%)




Source: https://www.angelone.in/blog

### Outlook

India has become a favourable manufacturing destination for speciality chemical companies from around the world due to the lower cost of manufacturing and easy access to cheap labour. Alongside, the strong IPR protection rules continue to attract global players. Looking forward, the Indian Speciality Chemical segment eyes massive growth opportunities, primarily aided by strong government support and a conducive business environment.

[27] https://blog.finology.in/business/speciality-chemicals-industry#:~:text=The%20speciality%20chemicals%20market%20has,as%20food%2C%20textiles%20and%20automobiles.

## Company Overview

Indofil Industries Limited is a market leader in both Agricultural Chemicals (ABD) and Indofil Innovative Solutions (IIS). It offers an excellent domestic and international distribution network, as well as a well-equipped production infrastructure and a results-oriented Research & Development team. Agrochemicals like fungicides, insecticides, herbicides, surfactants and plant growth regulators, plant nutrition and acaricides are the major products of the Company.

The Company has been making dedicated efforts to improve productivity and optimise cost. Its backward integration capabilities have empowered it to survive in the competitive market and consistently improve quality. It also implements the six-sigma approach to identify faults and improve business operations. It inculcates sustainable practices to achieve zero liquid discharge and promote water conservation with the help of Scaleban technology. It is also advancing itself with the growing technology. It uses the Ariba tool which is a SAP platform to purchase, automate and reduce time taken in the business operations.

The Company has been developing itself according to the worldwide changes. It is focused on investing in technology and research and development to fulfil its strategic goals. It is also introducing innovative methods to generate environment friendly products. It aspires to be a solution-based company from a product-based company.

### Core Strengths

- The company has been advancing its technology according to the global digitisation which helps them sustain in the market with latest trends.
- The company has a strong team of well experienced experts who can handle the logistics and supply chain efficiently.
- Operations of the company are aligned with the strategic objectives of the company.
- The company has a wide range of product portfolio which helps to capture huge and diverse range of market.
- The company has strong connections and backbone because of its huge market penetration, domestically as well as internationally.

### Operational highlights

Indofil reported positive performances in the domestic market despite unseasonal rains and an erratic monsoon. A dominant market share in the domestic business, supply chain efficiency, reduced dependence on China and strategic inventory management enabled the Company to report favourable performances. The company also increased the market share of major products and acquired product patents during FY2022. It has also successfully paid off loans of Rs 110 crore, reduced working capital and increased cash flow. During the fiscal year, the Company adopted digital platforms to streamline its supply chain, increase productivity and reduce costs.

The Specialty Chemicals vertical, catering to the paint, leather, textile and plastic industries saw a demand spurt after the Covid crisis. Its profitability as well as volumes improved and the Company aims to further expand the capacity of this segment.

The Company continued to strengthen its presence in key international markets of Africa, Asia Pacific, Brazil, Argentina, and Mexico while diversifying its product portfolio to accommodate varied customer demands. Leveraging its strong brand value, the Company is consistently improving its foray in the B2B and B2C segments. Although fluctuations in raw material prices and increased supply chain costs affected gross profitability of the international business, volume growth was significant from these markets. The Company plans to further increase investments in United States, Brazil and Europe.

Its manufacturing excellence, a diversified portfolio and presence in B2C and B2B markets and robust exports enabled the Company to record formidable performances in FY2021-22. Over the next five years, the company aims to transform itself from a Product-based company to a Solution-based company.

## Downside risks

- **Raw material price risk**

  Disruptions in global supply chains continue to pose a risk for the Company's operations. Natural disasters, higher freight charges and shortage of essential supplies may increase the cost of raw material. This may affect the Company's operations.

  **Mitigation**

  Despite challenges, the company has ensured business continuity by strategically sourcing raw materials from diverse channels. Besides, higher raw material costs did not affect business profitability as some percentage of cost increased was passed to the consumers.

- **Regulatory risk**

  Despite the advantages of using agrochemicals for improving agricultural production, its excessive usage poses a threat to the environment as well as people. As a result, organic farming is being encouraged in India and other countries. Due to strict policies for limiting the use of chemical pesticides, demand for Indofil's products is expected to decline in the near future.

  **Mitigation**

  Focusing on a green transition, the Company aims to fortify its product portfolio with natural biofertilizers and biostimulants. To keep up with evolving market demands, the Company plans to introduce advanced technology and alter its product mix to ensure business continuity in the long run.

- **Availability of vessels/containers**

  The Company requires containers and vessels for the exports of its products. But due to macro-economic issues and geo-political issues there has been supply disruptions and logistical issues.

  **Mitigation**

  The Company has strong supply chain provisions and a robust logistics team who keeps a track of the entire inventory of the Company. Also, it has strong foreign relations which helps the business to source products through different channels.

- **Renewal of mancozeb**

  In Europe the government has mandated non-renewable of mancozeb owing to its impact on environment. This might lead to following of other countries to undertake a stop on using of mancozeb. This might lead to an adverse impact on operations of the Company and its profitability.

  **Mitigation**

  The Company has built a diverse portfolio of products across agrochemical and speciality chemicals products. Thus, slowdown in a particular product will not have a significant impact on its operations. Further, the Company continues to witness a strong demand for the product from other countries such as Africa. This reflects the Company's strategy of being de-risked from slowdown in a particular region/country, given its strong presence across the globe.

- **Currency risk**

  Owing to its global presence, currency fluctuations may impact the Company's finances.

  **Mitigation**

  To hedge against geopolitical risks and secure its finances, the Company relies on a solid hedging strategy that continuously focuses on global and domestic macroeconomic events.

- **Trade barriers risk**

  Agriculture is a significant industry and political decisions tend to influence domestic export policies as well as impact foreign trade policies. As global organisations such as the World Trade Organisation (WTO) move toward regional groupings, protectionism and trade barriers become more likely.

  **Mitigation**

  The Company has an extensive product portfolio and a strong market presence that enables it to limit market risks and overcome trade barriers without difficulties.

## Financial overview

Rs In Crores

| Particulars | FY 2021-22 | FY 2020-21 | YoY Change (%) |
|---|---|---|---|
| Consolidated Total Income | 2870 | 2441 | 18% |
| EBITDA | 432 | 467 | -8% |
| PBT before exceptional item | 296 | 290 | 2% |
| PBT after exceptional item | 296 | 141 | 111% |
| PAT | 219 | 67 | 227% |
| Total Equity | 2223 | 1953 | 14% |

## Internal control systems and its adequacy

Indofil considers the Internal Control System as one of its primary pillars. It includes information on the Company's financial and operational functions, as well as the size and scope of its operations. The Company's internal control system guarantees that essential transactions are recorded on time, that assets are maintained, and that they are used to their full potential. All internal audits are managed and completed on time with the help of the internal control system. The system also ensures that the effectiveness of controls and measures is maintained across the board. It is also in charge of communicating accurate information, maintaining the accuracy of its financial accounts, and adhering to all applicable laws and regulations when generating such reports.

## Human resources

Indofil maintains that the skills and abilities, competencies, and proficiencies of its human resources will continue to play an integral role in its business growth. The Company, therefore, continues to nurture an inclusive and diverse work culture that does not discriminate or promote individual bias. Moreover, to encourage communication between the management and employees, the Company continues to propagate a transparent and collaborative governance framework. The Company also values the health, safety, and well-being of its employees and consistently undertakes initiatives to ensure employee welfare.

## Cautionary statement

This document contains statements about expected future events, financial and operating results of Indofil, which are forward looking. By their nature, forward looking statements require the company to make assumptions and are subject to inherent risks and uncertainties. There is a significant risk that the assumptions, predictions and other forward-looking statements will not prove to be accurate. Readers are cautioned not to place undue reliance on forward looking statements as a number of factors could cause assumptions, actual future results and events to differ materially from those expressed in the forward-looking statements. Accordingly, this document is subject to the disclaimer and qualified in its entirety by the assumptions, qualifications and risk factors referred to in the management's discussion and analysis of Indofil's Annual Report, 2021-22.

# Directors' Report

Your Directors are pleased to present the 29th Annual Report of the Company together with the Audited Financial Statements for the Financial Year ended on March 31, 2022.

## FINANCIAL RESULTS

₹ In Crores

| Particulars | For the year ended 31.03.2022 | | For the year ended 31.03.2021 | |
|---|---|---|---|---|
| | Standalone | Consolidated | Standalone | Consolidated |
| Total Income | 2730.45 | 2870.12 | 2,303.53 | 2,440.83 |
| Profit before Interest, Depreciation, exceptional item & Tax | 389.14 | 431.51 | 445.36 | 466.61 |
| Less: Interest and Finance Charges | 43.92 | 45.23 | 59.91 | 64.73 |
| Less: Depreciation | 78.44 | 89.87 | 93.99 | 111.74 |
| Profit Before Tax and Exceptional Items | 266.78 | 296.41 | 291.46 | 290.14 |
| Less: Exceptional Items | - | - | 69.33 | 149.54 |
| **Profit Before Tax for the Year** | **266.78** | **296.41** | **222.13** | **140.60** |
| Less: Provision for Taxation | 90.95 | 89.36 | 93.39 | 93.06 |
| **Net Profit After Tax** | **175.83** | **207.04** | **128.75** | **47.54** |
| Share of Profit / (Loss) of Joint Ventures | - | 11.78 | - | 19.40 |
| **Profit For The Year** | **175.83** | **218.82** | **128.75** | **66.94** |

## DIVIDEND

Your Directors are pleased to recommend for approval of the Company's Shareholders at the ensuing Annual General Meeting (AGM), a final Dividend of 40% for the year ended March 31, 2022, i.e. Rs. 4/- for each Fully Paid Up Equity Shares of Rs. 10 each and Rs. 1.20/- for each Partly Paid Up Equity Shares of Rs. 3 each.

## OPERATIONS

### STATE OF COMPANY'S AFFAIRS AND OPERATIONS

The Group's Consolidated Income was up from Rs. 2,441 Crores to Rs. 2,870 Crores in the year under review, increasing by 18 % y-o-y. The Consolidated Profit before Tax for the year stood at Rs. 296 Crores against Rs. 141 Crores for the Previous Year - an increase of 111 % y-o-y. The Company's total income on a standalone basis was recorded at Rs. 2,730 Crores for the current year against Rs. 2,304 Crores in the Previous Year - an increase of 19 % y-o-y. While the Standalone Profit before Tax for the year stood at Rs. 267 Crores against Rs. 222 Crores for the Previous Year, registering an increase of 20 % y-o-y. The increase in sales and profits can be attributed to positive factors that has impacted Company and its business. One of the important factor was reduction in finance costs as a result of pre payment of loans and reduced borrowings in the books (both short-term and long-term).

The Company has a balanced revenue model. It has a leading market share in both domestic and international regions. The season started well, but frequent/continuous rains and cloud bursts impacted crops like paddy, cotton, soyabean and resulted in spray skips of our core products. Heavy rains impacted yields of crops like cotton and paddy in certain parts of the country, impacting cash flow for certain periods of the year. Further, challenges such as chilli black thrip damage and drastic reduction in the paddy area in Telangana, ginger area in Karnataka further impacted market liquidity position. However, good produce prices of crops like cotton, cumin, pulses coupled with a good potato season helped in business growth. The Company recorded a historical milestone for its key brand Indofil M-45, along with some other brands.

FY 2021-22 was a year of new product launches and the Company introduced products like Indolizer Liquid, Dammu, Ceasemite, Pixo maxima and Itwin. It resulted in overall revenue growth and profits from the domestic business. Further, the company is aiming to launch some more products in FY 2022-23 to retain its growth trajectory.

The Company also continued its expansion in new distribution channels including co-distribution, Farmer Producer Organisations, contract farming and e-commerce to support its growth and penetration in new markets.

The Company's institutional business also grew substantially with the addition of key accounts during the year. The Company's management focused on building long-term contracts having higher value and gross profit margins with institutional players to sustain revenues and profitability.

On the manufacturing side, the Synthesis Plant, Dahej, SEZ, Gujarat (Unit-2), with an aggregate capacity of 4000 MT per annum operated with improved capacity utilisation. The EBDC

Plant, Dahej, GIDC, Gujarat (Unit -3), with a capacity of 36,000 MT per annum, has shown a considerable increase in capacity from 22000 MT per annum, to report formidable growth in volume and profitability. IIS plant, namely Plastics, Coating and Textiles, which was previously running on 3rd party contracts is now being primarily operated in-house and it has resulted in an increased turnover and significant improvement in performance. The capacity of the IIS plant is also being improved by the Company.

Indofil's supply chain expertise enables it to take advantage of an organised logistic schedule and adequate inventory. Despite disruptions caused by the pandemic, the Company maintained a secure supply of raw materials. During the year, raw material costs also posed challenges for the Company but, the issue was resolved through effective strategies for sourcing raw material from varied sources. The Company started project implementation on O9 platform in the year under review. However, the implementation will commence in FY22-23. The 09 platform is aimed to improve the agility of its supply chain, automate processes and reduce time taken for various operations. Moreover, the advanced visibility tracker helps to track the entire consignment through its journey, ensuring greater accountability of supply systems and enabling timely delivery.

The Innovative Solutions Divisions - Indian PVC and CPVC processing industry has witnessed multiple challenges related to logistics and availability of products. To overcome these challenges, Indofil's range of acrylic Modifiers have proved to be extremely beneficial, and it has offered superior quality customised products that have helped to grow and manage operations sustainably in FY 21-22. The core product range demonstrated strong growth in the Leather industry and it delivered 65% growth over the previous year. The Textile Industry was characterised by sharp increases in NRVs and the ability of the customers to absorb it resulted in good growth over the previous financial year. Coating vertical registered a strong growth of over 100 % over last year. Both construction business and speciality products for paint industry added several new Key accounts and considerable growth both in volume and revenue was achieved. This has resulted in near 100 % utilisation of plant capacities prompting for expansion in the coming year.

## INTERNATIONAL BUSINESS

FY 2021-22 was a momentous year for the International Business as it exceeded set benchmarks and the overall demand for agrochemicals continue to remain strong. The topline growth of the international business grew despite the challenges posed by a year plagued by the pandemic and supply chain issues resulting from countrywide lockdowns, container unavailability in several sectors, increase of raw material prices etc.

The International Business focused on shifting the revenue mix to higher margin driven sustainable solutions, strengthening the market share for new products and increasing focus on registrations and the establishment of a strong supply network to serve partners in the global market. Brazil continued to lead volume growth for the International Business, and with favourable regulatory outlook and aggressive approach of the Brazilian subsidiary with curated product solutions, further growth is expected in the region. Drought / low rains in North-West USA, East Africa (Kenya, Tanzania) and floods in Colombia disturbed cropping and stagnated growth in FY22. However, it is expected to return to an upward trajectory in future.

New registrations and strategic partnerships across the globe were set in motion during the year and are expected to be a vital part of Indofil's international expansion strategy, going forward.

The Company's key strategies during the year focused upon building a sound and robust product portfolio across categories and on exploring growth opportunities globally. Indofil also strived to improve operational efficiency, aggressively develop customer reach, invest in brand-building activities and ensure customer satisfaction. Through these strategies, the Company aims to achieve:

- Sustained growth from both B2B & B2D business
- Increased market share by developing new products that respond to changing market demands
- Improve distribution to expand reach and upgrade customer service for growing the business
- Pursue growth through strategic initiatives in key global markets
- Strengthen the processes and systems to ensure accountability, speed of execution and consumer focus

Key products that were offered to international clientele:

| Sr. No | Product/ Formulations |
|---|---|
| 1 | Mancozeb Tech 85%/ 80% WP/ 75% WG/ 43% & 60% SC/ 60% OS |
| 2 | Mancozeb 64%+ Cymoxanil 8% WP / WG |
| 3 | Mancozeb 64% + Metalaxyl 8% WP |
| 4 | Mancozeb 63% + Carbendazim 12% WP |
| 5 | Cymoxanil Tec 98% |
| 6 | Metalaxyl Tec 95% |
| 7 | Myclobutanil Tec 98% / 10% WP/ 12.5% EC |
| 8 | Tricyclazole Tec 95% / 96% / 97% / 75% WP |
| 9 | Zineb Tec 80% / 75% WP |
| 10 | Mancozeb 62% + Tricyclazole 18% WP |
| 11 | Zineb 68% + Hexaconazole 4% WP |
| 12 | Hexaconazole Tec 95% / 5% EC / 5% SC |
| 13 | Propiconazole Tec 95%/ 98% / 25% EC |
| 14 | Difenoconazole Tec 98% / 25% EC |
| 15 | Dodine Tec 97% / 65% WP |
| 16 | Thiafluzamide Tec 98% / 24% SC |
| 17 | Tricyclazole 45% + Hexaconazole 10% WG |
| 18 | Mancozeb & Mixture color formulation |

### Brazil

The Brazil market is the largest agrochemical market globally due to large cultivable area. Additionally, the soybean output is forecasted to increase by 3%. Hence, the Brazilian subsidiary remains the priority for the expansion strategy of Indofil's international business, both for distribution and portfolio expansion. For a strategically designed portfolio launch, registration and submission of applications were completed in important parts of the Brazilian market. The Brazil subsidiary has become one of the largest contributors to the international business. Over the next few years, the business aims to improve market penetration and presence in the already strong B2C / B2D segment. Some of the new products under registration are expected to be approved over the next 18-24 months, which will further boost Indofil's aspirations in the Brazil market. Institutional business will remain in focus with improved collaborations and strategic cooperation with large corporations.

**Europe**

Indofil Industries (Netherland) B.V. has historically been one of the largest contributors for the international business amongst its subsidiaries. With the realigned set-up, supported by capital portfolio expansion and the focus on introduction of new products, the subsidiary continues to contribute profoundly with strong business from corporate clients. Agrowin Biosciences SRL, an Italian Company acquired by Indofil Industries (Netherland) BV, performed in line with projections and a clear strategy is being chalked out for increasing the market share on a pan-Italy level. The Company shall introduce new products and has set up a task force to defend all the products in the European market on all fronts (Legal, Technical & Advocacy).

**Philippines**

Philippines remains a key contributor towards Indofil's growth in the Asia Pacific region. In FY22, Indofil Philippines captivated new business opportunities and strengthened the presence in major plantations within the country. Due to the La Niña situation in 2021, overall fungicide consumption increased, especially Mancozeb – resulting in a favourable development for the Company.

Indofil Philippines successfully initiated sourcing collaboration with global suppliers and it has helped in improving the product portfolio to cater to the needs of Filipino farmers and improve their farm productivity. Indofil Philippines also, successfully launched new products to strategically increase its presence in Sugarcane, Banana, and Fruits & Vegetable segment

**Bangladesh**

Bangladesh, despite being a price driven market did good B2B business. New directive from Plant Protection Wing (PPW) says that no company can market the products registered by other company and it paved the way for IBIPL to adapt the direct distributor system which is expected to boost B2C sales. Identification of distributors throughout the country has already been initiated. Bangladesh team is focused on increasing the market share of core products like Mancozeb, Zineb, Moximate and Dinotefuran through National distributors in the country.

## SHARE CAPITAL

The Share Capital of the Company during the year remained unchanged. The Share Capital of the Company stands at ₹ 21.35 Crores, comprising 2,06,62,400 Fully Paid Up Equity Shares of ₹ 10 each and 22,95,822 Equity Shares of ₹ 10 each, partly called and paid up to the extent of ₹ 3 each.

## DEPOSITS

The Company has not accepted or renewed any amount falling within the purview of provisions of Sections 73 of the Companies Act, 2013 (The Act) read with the Companies (Acceptance of Deposit) Rules, 2014 during the year under review. Hence, the requirement for the furnishing of details of Deposits which are not in compliance with the Chapter V of the Act is not applicable.

## MANAGEMENT DISCUSSIONS AND ANALYSIS REPORT

Management's Discussion and Analysis Report for the year under review is presented in a separate Section forming a part of the Annual Report.

## BOARD OF DIRECTORS AND KEY MANAGERIAL PERSONS

**Retirement and resignation**

Mr. Sanjay Buch, Independent Director resigned as a member of the Board effective 21 June, 2022 and Mr. Sunil Kumar Alagh, Independent director also resigned as a member of the Board effective 22 June, 2022. The Board expressed it's appreciation and acknowledges their immense efforts and contribution towards business enablement.

Mr. Devang Mehta. Company Secretary of the Company retired effective 4th June, 2022 and Mr. Rajib Mukhopadhyay, CFO resigned effective 29th April, 2022.

**Appointment & Re-appointment**

As per provisions of Sections 152 of the Companies Act, 2013, Ms. Charu Modi and Ms. Aliya Modi shall retire by rotation at the ensuing Annual General Meeting and being eligible, have offered themselves for re-appointment. The Board has recommended their re-appointments as Directors.

Mrs. Manju Anand was appointed as new Company Secretary effective 6th July, 2022.

## BOARD MEETINGS

The Board of Directors met four times during the Financial Year ended March 31, 2022, the details of which are given in the Corporate Governance Report which forms a part of this Annual Report. The intervening gap between any two meetings was within the period prescribed by the Companies Act, 2013 and Rules made thereunder.

## COMMITTESS OF THE BOARD

As on March 31, 2022, the Board had five committees: the Audit Committee, the Corporate Social Responsibility Committee, the Nomination and Remuneration Committee, the Risk Management Committee and the Stakeholders' Relationship Committee. The Committees comprises of a mixture of Executive and Non-Executive Directors. During the year, all recommendations made by the Committees were approved by the Board. A detailed note on the composition of the Board and its Committees is provided in the Corporate Governance Report.

## ANNUAL EVALUATION OF DIRECTORS, COMMITTEES AND BOARD

Pursuant to the provisions of the Companies Act, 2013, the Independent Directors are required to hold their separate meeting during each of the Calendar Year for discussing and evaluation of effectiveness of Directors and Committees. Accordingly, the Independent Directors held their separate meeting on 23rd September, 2021 in which they discussed and evaluated the performance of Non Independent Directors and the Board as a whole through structured evaluation feedback forms and expressed their satisfaction on the outcome.

## POLICIES

The Company has in place, inter alia, following important policies governing its business conduct and operations.

## RISK MANAGEMENT POLICY

Indofil has adopted a structured and robust Risk Management Policy. This policy establishes the Company philosophy towards risk identification, analysis & prioritization. The management continuously evolves in developing risk mitigation plans & reporting on the actions taken to safeguard respective business segments in the Company. The policy is applicable to all functions within the Company. The objective of this policy is to manage the risks associated with business verticals and various functions of the Company. This policy is intended to assist in decision making processes that will minimize potential adversities and improve management of uncertainties and enable Company to tap business opportunities in rational and prudent manner.

## VIGIL MECHANISM POLICY

The Board of Directors of the Company has, pursuant to the provisions of Section 177(9) of the Companies Act, 2013 read with Rule 7 of the Companies (Meetings of Board and its powers) Rules, 2014, framed Vigil Mechanism Policy for Directors and employees of the Company to provide a mechanism which ensures adequate safeguards to employees and Directors from any victimization on raising of concerns of any violation of legal or regulatory requirements, incorrect or misrepresentation of Financial Statements and Reports.

The employees of the Company have the right / option to Report their concern / grievance to the Chairman of the Audit Committee. No personnel were denied access to the Chairman of the Audit Committee during the Financial Year ended March 31, 2022.

## CORPORATE SOCIAL RESPONSIBILITY POLICY

Indofil Industries Limited is committed to conduct its business in a socially responsible, ethical and environment friendly manner and to continuously work towards improving quality of life of the communities in its operational areas. The Company continuously engages with relevant stakeholders, understands their perspectives and is responsive to their needs. The CSR Policy of the Company is available on our website, at https://www.indofil.com/uploads/policies/csr-policy.pdf

The highlights of the initiatives undertaken by the Company forms part of this Annual Report.

## RELATED PARTY TRANSACTION POLICY

In compliance with the requirements of Section 188 of the Companies Act, 2013 and Rules made thereunder, the Board of Directors of the Company has adopted policy and procedures to comply with provisions of Section 188 and other applicable provisions of Companies Act, 2013 and Accounting Standards prescribed by Institute of Chartered Accountants of India on Related Party Transactions. Apart from compliances, the policy aims at ensuring transparency and fairness of such transactions. The policy is designed in the best interest of the Company and its stakeholders and facilitates requirements of Compliance and reporting of transactions as applicable between the Company and any of its related party (ies).

## NOMINATION & REMUNERATION POLICY

Indofil Industries Limited has a balanced Nomination and Remuneration Policy. The Company understands the importance of attracting and retaining pool of talented human resources at all levels of the organization. The Company and its management endeavor to recruit and retain employees with proven record of achieving excellence in their respective functions and who have potential to create value for Shareholders. The Company believes that a transparent, fair and reasonable process is vital for determining the appropriate remuneration under all circumstances at all levels of the Organization and is committed to ensure that all the Stakeholders remain informed and confident in the management of the Company. The Board has constituted the Nomination and Remuneration Committee (the "Committee") to assist Board in discharging its responsibilities relating to remuneration of the Company's Directors and other senior level employees. The Company while recommending remuneration and financial packages for Directors and top executives considering packages prevailing in industry in which Company operates and those prevailing in market in general besides considering applicable provisions of Companies Act, Income Tax Act and Company's internal policies.

## ENVIRONMENT HEALTH & SAFETY POLICY

The Company attaches highest importance to environment health and safety aspects. These aspects forms part of Company's governance policy as well as Risk Management Policy for conducting its business. The Company is committed to protecting the environment, preserving the health and safety of employees, contractors, workmen and all stakeholders. It's continual aim is ensuring the safety of operations of It's systems, people and stakeholders. For Indofil, economic considerations do not take priority over Ecology and Society. Company believes in an interdependent culture where safety is considered a core value and employees are encouraged to demonstrate behavior that never compromises on safety. The Company is committed to providing a healthy and safe workplace. It believes that safe work procedures are more productive and are an incentive to better performance. The Company therefore encourages Environment, Health and Safety awareness among all its employees and contractors through training, demonstrations, dissemination of information and effective communication. The Company also assists it's customers to process its products safely and in an environment friendly manner in line with its principle of Product Stewardship. The Company functions in a manner that products produced by it is stored, transported, used and disposed off ensuring minimal impact on Ecology and Society in conformity with the principles of "Sustainable Development". The Company is committed to meeting all statutory obligations with regards to Environment, Health and Safety.

## REVISION OF FINANCIAL STATEMENTS

There was no revision of the Financial Statements for the year under review.

## DISCLOSURE OF ORDER PASSED BY REGULATORS/ COURTS/ TRIBUNAL

During the year under review, no orders have been passed by any Regulator or Court or Tribunal which can have an impact on the going concerns status and the Company's operations in future.

## PARTICULARS OF LOANS, GUARANTEES, INVESTMENTS, AND SECURITIES

Full particulars of loans, guarantees, investments and securities provided by Company during the Financial Year under review along with the purposes for granting such loans, guarantees, and securities are given in notes to Accounts, which forms part of the Annual Report.

## INTERNAL CONTROL SYSTEMS

Adequate Internal Control Systems commensurate with the nature of the Company's business and the size and complexity of its operations are in place and have been operating satisfactorily. Internal Control Systems comprising of policies and procedures are designed to ensure the reliability of Financial Reporting, timely feedback on the achievement of operational and strategic goals, compliance with policies, procedures, applicable laws and regulations and that all assets and resources are acquired economically, used efficiently and adequately protected.

Further, the Internal Financial Controls with reference to Financial Statements as designed and implemented by the Company are adequate.

## DIRECTORS' RESPONSIBILITY STATEMENT

In terms of Sections 134(5) of the Companies Act, 2013, in relation to the Audited Financial Statements of the Company for the year ended March 31, 2022, the Board of Directors hereby confirms that:

a. In the preparation of the Annual Accounts, the applicable Accounting Standards have been followed along with proper explanation relating to material departures.

b. Such Accounting Policies have been selected and applied consistently and the Directors 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 as at March 31, 2022 and of the Profit / Loss of the Company for that year.

c. Proper and sufficient care was taken for the maintenance of adequate Accounting Records and detecting fraud and other irregularities.

d. The Annual Accounts of the Company have been prepared on a going concern basis.

e. Internal Financial Controls have been laid down which are adequate and operating effectively.

f. Proper systems have been devised ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

## SECRETARIAL AUDIT

In terms of the provisions of Sections 204 read with Section 134(3) of the Companies Act, 2013 and the Rules made thereunder (including any statutory enactments thereof), the Board had appointed M/s. Ragini Chokshi Co., Company Secretaries (Membership No. 2390), to conduct the Secretarial Audit of the Company for the Financial Year 2021-22.

Secretarial Audit Report issued by M/s. Ragini Chokshi & Co. in Form MR-3 for the Financial Year 2021-22 is appended in Form MR-3 as Annexure II to this Report.

The Board has appointed M/s. Bhumika & Co., Practicing Company Secretaries as the Secretarial Auditors of the Company for the Financial Year 2022-23.

## STATUTORY AUDITORS

Pursuant to the provisions of Section 139 and the Companies (Audit and Auditors) Rules, 2014, M/s. Lodha & Co. (Firm Regn. No. 301051E) Chartered Accountants have been appointed as Statutory Auditors by Members of the Company at 28th AGM held on 23rd September, 2021 for a term of five years.

The said Statutory Auditors have confirmed their continued eligibility as per the provisions of the Companies Act, 2013 and their willingness to act as Statutory Auditors of the Company.

## AUDITORS' REPORT

The Auditors Report read with the relevant notes given in the Notes to Accounts for the year ended March 31, 2022 are detailed and self explanatory and do not require any further explanation.

## CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION

The particulars as prescribed under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) (A & B) of Companies (Accounts) Rules, 2014 regarding Conservation of Energy and Technology Absorption are attached in Annexure III .

## FOREIGN EXCHANGE OUTGO AND EARNINGS

The particulars regarding Foreign Exchange expenditure and earnings are contained in the Notes to Accounts forming part of the Financial Statements for the year ended March 31, 2022.

## ANNUAL RETURN

As required under Section 134(3)(a) and Section 92(3) of the Act, the Annual Return has been uploaded on the Company's website and can be accessed at https://www.indofil.com/investor-relations/annual-return

## SUBSIDIARIES

The subsidiaries details are contained in the Annexure V to this Report.

## PARTICULARS OF CONTRACTS AND ARRANGEMENTS WITH RELATED PARTIES

All Related Party Transactions that were entered into during the Financial Year were on arm's length basis and were in the ordinary course of business. There are no materially significant Related Party Transactions made by the Company under Sections 188 of the Companies Act, 2013, with promoters, Key Managerial Personnel or other designated persons which may be potential conflict with interest of the Company at large. Form AOC - 2 is annexed hereto as Annexure VI.

The details of transactions / contracts / arrangements entered by the Company with related party(ies) during the Financial Year under review, is given under the Notes to Accounts, which forms part of the Annual Report.

## CORPORATE GOVERNANCE REPORT

The Company is committed to uphold the high Standards of Corporate Governance. A detailed Report on the Corporate Governance is appended as Annexure VII to this Report.

## CAUTIONARY STATEMENT

Statements in this Report, including in annexures, the Corporate Governance Report and the Management Discussion & Analysis is explained describing the Company's objectives, estimates and expectations may constitute "forward looking statements" within the meaning of the applicable laws and regulations. Actual results might differ materially from those expressed or implied in the statements depending on the circumstances.

## ACKNOWLEDGEMENT

The Board of Directors place on record, their appreciation for the assistance and continued support extended by all the regulatory authorities including, Ministry of Corporate Affairs, Registrar of Companies, Reserve Bank of India, the Depositories, Bankers and Financial Institutions, the government at the Centre and States, as well as their respective departments and development authorities in India and abroad connected with the business of the Company. The Company expresses its gratitude to the customers for their trust and confidence in the Company. Your Directors also place on record their sincere appreciation of the commitment and hard work put in by the Registrar & Share transfer agents, all the suppliers, sub-contractors, consultants, clients and employees of the Company.

On behalf of the Board
For **Indofil Industries Limited**

Sd/-
**Dr. Bina Modi**
Chairperson & Managing Director
DIN: 00048606

Place: Mumbai
Date: August 29, 2022

**Regd. Office: Indofil Industries Ltd.,**
(CIN: U24110MH1993PLC070713)
Kalpataru Square, 4th Floor, Kondivita Road,
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Tel : +91 (22) 66637373 Fax : +91-22-28322272
Website: www.indofil.com

# ANNEXURE "I"

# ANNUAL REPORT ON CSR ACTIVITIES

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

Our Corporate Social Responsibility (CSR) comprehensively covers holistic community development and sustainability related initiatives. The Company's philosophy is to reach out to the community by establishing philanthropic institutions in the field of education and undertaking projects for upliftment of local surrounding area near factory region as the core focus areas. Indofil Industries Limited upholds its tradition by earmarking a part of its income for carrying out its social responsibilities. We believe that social responsibility is not just a corporate obligation that has to be carried out but it is one's dharma. Therefore, our philanthropic endeavours are a reflection of our spiritual conscience and this provides us a way to discharge our responsibilities to the various sections of the society.

## 2. Composition of CSR Committee:

| Sl. No. | Name of Director | Designation / Nature of Directorship | Number of meetings of CSR Committee held during the year | Number of meetings of CSR Committee attended during the year |
|---|---|---|---|---|
| 1. | Dr. Bina Modi | Chairperson & Managing Director | 3 | 3 |
| 2. | Mr. Sunil Alagh* | Independent Director | 3 | 3 |
| 3. | Mr. Mayur Maheshwari | Nominee Director (UPSIDC) | 3 | Nil |

*Ceased to be member of the Committee w.e.f 22nd June, 2022

3. The web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the Company - https://www.indofil.com/uploads/policies/csr-policy.pdf

4. Details of the Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable (attach the report) - Not Applicable

5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the Financial Year, if any - Not Applicable.

6. Average net profit of the Company as per Section 135(5). – ₹ 1,73,25,32,450

7. (a) Two percent of average net profit of the Company as per Section 135(5) – ₹ 3,46,50,649

   (b) Surplus arising out of the CSR projects or program or activities of the previous Financial Years - NIL

   (c) Amount required to be set off for the Financial Year, if any - Nil

   (d) Total CSR obligation for the Financial Year (7a+7b-7c) – ₹ 3,46,50,649

8. (a) CSR amount spent or unspent for the Financial Year:

| Total Amount Spent for the Financial Year. (in ₹) | Amount Unspent (in ₹) | | | | |
|---|---|---|---|---|---|
| | Total Amount transferred to Unspent CSR Account as per Section 135(6). | | Amount transferred to any fund specified under Schedule VII as per second proviso to Section 135(5). | | |
| | Amount (in ₹) | Date of transfer. | Name of the Fund | Amount. | Date of transfer. |
| NIL | 3,46,50,649 | 28 April, 2022 | Nil | Nil | Nil |

(b) Details of CSR amount spent against ongoing projects for the Financial Year:

| (1) | (2) | (3) | (4) | (5) | | (6) | (7) | (8) | (9) | (10) | (11) | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Sl. No. | Name of the Project. | Item from the list of activities in Schedule VII to the Act. | Local area (Yes/ No). | Location of the project. | | Project duration. | Amount allocated for the project (in ₹). | Amount spent in the current Financial Year (in ₹). | Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in ₹). | Mode of Implementation - Direct (Yes/No). | Mode of Implementation- Through Implementing Agency | |
| | | | | State. | District. | | | | | | Name | CSR Registration number. |
| 1. | K K Modi University | Promoting Education | No | Chattisgarh | Raipur | 3 years | 3,21,50,649 | - | 3,21,50,649 | No | Modi Innovative Education Society | CSR00012517 |
| 2. | My livable Bharuch | Swach Bharat | Yes | Gujarat | Dahej | 2 years | 15,00,000 | - | 15,00,000 | Yes | Bharuch Citizen Council Trust | CSR00007048 |
| 2. | Dahej Primary Kumar & kanya School | Promotion of Education | Yes | Gujarat | Dahej | 2 years | 10,00,000 | - | 10,00,000 | Yes | - | Direct Spent |
| | **TOTAL** | | | | | | **3,46,50,649** | | **3,46,50,649** | | | |

(c) Details of CSR amount spent against other than ongoing projects for the Financial Year: NIL

| (1) | (2) | (3) | (4) | (5) | | (6) | (7) | (8) | |
|---|---|---|---|---|---|---|---|---|---|
| Sl. No. | Name of the Project | Item from the list of activities in schedule VII to the Act. | Local area (Yes/ No). | Location of the project. | | Amount spent for the project (in ₹). | Mode of implementation - Direct (Yes/No). | Mode of implementation- Through implementing agency. | |
| | | | | State. | District. | | | Name | CSR Registration number. |
| **NIL** | | | | | | | | | |

(d) Amount spent in Administrative Overheads - NIL

(e) Amount spent on Impact Assessment, if applicable - NIL

(f) Total amount spent for the Financial Year (8b+8c+8d+8e) – NIL

(g) Excess amount for setoff, if any – NIL

9. (a) Details of Unspent CSR amount for the preceding three Financial Years:

| Sl. No. | Preceding Financial Year. | Amount transferred to Unspent CSR Account under Section 135(6) (in ₹) | Amount spent in the Reporting Financial Year (in ₹). | Amount transferred to any fund specified under Schedule VII as per Section 135(6), if any. | | | Amount remaining to be spent in succeeding Financial Years. (in ₹) |
|---|---|---|---|---|---|---|---|
| | | | | Name of the Fund | Amount (in ₹). | Date of transfer. | |
| 1. | 2020-21 | 3,75,90,057 | 1,41,97,454 | Nil | Nil | Nil | 2,33,92,603 |
| 2. | 2019-20 | Nil | Nil | Nil | Nil | Nil | Nil |
| 3. | 2018-19 | Nil | Nil | Nil | Nil | Nil | Nil |
| | **TOTAL** | | **1,41,97,454** | | | | |

b) Details of CSR amount spent in the Financial Year for **ongoing projects** of the preceding Financial Year(s):

| (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) |
|---|---|---|---|---|---|---|---|---|
| **Sl. No.** | **Project ID.** | **Name of the Project.** | **Financial Year in Which the project was commenced.** | **Project duration.** | **Total amount allocated for the project (in ₹).** | **Amount spent on the project in the reporting Financial Year (in ₹).** | **Cumulative amount spent at the end of reporting Financial Year. (in ₹)** | **Status of the project - Completed / Ongoing.** |
| 1. | | K.K. Modi University | 2020-21 | 3 years | 3,65,83,057 | 1,31,97,454 | 1,31,97,454 | Ongoing |
| 2. | | Vardan Hospital | 2020-21 | 2 years | 10,00,000 | 10,00,000 | 10,00,000 | Completed |
| | **TOTAL** | | | | **3,75,83,057** | **1,41,97,454** | **1,41,97,454** | |

Rs. 7000/- unspent amount for the ongoing project Oxygen Plant [Referral Hospital (CHC) which is completed, will be transferred to the fund specified in Schedule VII within 6 months from the end of the financial year.

10. In case of creation or acquisition of capital asset, furnish the details relating to the assets created or acquired through CSR spent in the Financial Year

(a) Date of creation or acquisition of the Capital Asset(s). - NA

(b) Amount of CSR spent for creation or acquisition of Capital Asset. - NA

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

(d) Provide details of the capital asset(s) created or acquired (including complete address and location of the Capital Asset). - NA

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

The Company is unable to spend the CSR expenditure in respect of the following two 'ongoing projects' for the reasons mentioned below:

a. KKMU - KKMU is an ongoing project for the FY 21-22 and one portion of this CSR expense towards KKMU was made on 26th July, 2022 from Unspent CSR Account 21-22.

b. My Livable Bharuch project and Primary Kumar & Kanya School projects were identified in FY 21-22, but due to delays in documentation, the funds will be released shortly.

Note: Due to some unintentional clerical error, the company inadvertently used Rs. 7.75 lakhs for a new CSR program viz: Project Potential Trust (Bihar) from unspent CSR account 20-21. CSR Committee with the approval of the Board ratified the same.

**For Indofil Industries Limited**

Sd/-
**Dr. Bina Modi**
Chairperson & Managing Director
DIN: 00048606

Place: Mumbai
Date: August 29, 2022

# ANNEXURE "II"

**FORM NO MR-3**

# SECRETARIAL AUDIT REPORT

**FOR THE PERIOD 01-04-2021 TO 31-03-2022**

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

To,
The Members,
**INDOFIL INDUSTRIES LIMITED**
4th Floor, Kalpataru Square,
Off Andheri Kurla Road, Andheri (East),
Mumbai-400059

I/We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by INDOFIL INDUSTRIES LIMITED (CIN: U24110MH1993PLC070713) (hereinafter called the company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of INDOFIL INDUSTRIES LIMITED books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the company has during the audit period covering 1st April, 2021 to 31st March, 2022 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by INDOFIL INDUSTRIES LIMITED for the audit period 1st April, 2021 to 31st March, 2022 according to the provisions of:

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

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws Framed thereunder

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial borrowings.

(v) 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; (Not applicable during the period under review)

(b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

(c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations,2009;(Not Applicable to the Company during the Audit Period)

(d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; (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 and as amended from time to time;

(f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

(g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009- (Not Applicable to the Company during the Audit Period)

(h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998- (Not Applicable to the Company during the Audit Period)

We have relied on the representation made by the Company and its Officers for systems and mechanism formed by the Company for compliances under other applicable Acts, Laws and Regulations to the Company.

We are of the opinion that the management has complied with the following laws specifically applicable to the Company:

1. Insecticides Act, 1968 and Rules 1971
2. Poison Act, 1919
3. Factories Act, 1 948
4. Legal Metrology Act, 2009

5. Industrial Disputes Act, 1947
6. Environment Protection Act,1986
7. Employees State Insurance Act, 1948
8. Minimum Wages Act, 1948
9. Water (Prevention and Control of Pollution) Act, 1981
10. Air (Prevention and Control of Pollution) Act, 1974
11. Negotiable Instruments Act, 1881
12. Hazardous Waste (Management and Handling) Rules, 1989
13. The Trade Marks Act, 1999
14. Other local laws as applicable to various plants and offices.

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

(i) Secretarial Standards i.e. SS-1 and SS-2 issued by The Institute of Company Secretaries of India.

(ii) The Securities and Exchange Board of India (Listing obligation and Disclosure Requirements) Regulations 2015; (Not Applicable to the Company during the Audit Period)

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.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

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

We further report that during the audit period the company has following specific events or actions which might have a bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc.:

1. The Company declared dividend of Rs. 8.00/- per Equity Share of Rs. 10/- each-, fully paid-up Equity Shares and Rs. 2.40/- per Equity Shares of Rs. 3/- each partly paid up; for the Financial Year 2020-21 in the Annual General Meeting held on 23rd September, 2021.

**For Ragini Chokshi & Co.**
(P.R. Certificate no.: 659/2020)

Sd/-
**Reena Bordia**
(Partner)
C.P.No: 24214
Mem No: 64465
UDIN: A064465D000870105

Place: Mumbai
Date: 29.08.2022

# ANNEXURE "III"

# CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGOING

(Section 134(3)(m) of The Companies Act, 2013 read with Rule (8) of The Companies (Accounts) Rules, 2014)

## A. CONSERVATION OF ENERGY

a. About Unit 1 - 80478 KL, Unit 2 - 50140 KL & Unit 3- 167548 KL of water was recycled in Mancozeb and Synthesis plants through the use of Multiple Effect Evaporators/RO in FY 2021-22.

b. The Company has obtained full bonus subsidy by achieving the power factor in FY 2021-22.

## B. TECHNOLOGY ABSORPTION

### i. R & D and Technology Absorption

Indofil has a full-fledged R&D center which is recognized by the Department of Scientific and Industrial Research (DSIR), a nodal agency of Government of India, certified by Integrated Management System (ISO 9001:2015 QMS, ISO 14001:2015 EMS and ISO 45001:2018). Analytical Development Laboratory of R&D is accredited by NABL (National Accreditation Board for Testing and Calibration Laboratories, a Constituent Board of Quality Council of India) under ISO/IEC 17025:2017 and certified for Good Laboratory Practices (GLP) by National GLP Compliance Monitoring Authority of India (NGCMA).

This R&D serves as growth engine of the Company, and has highly motivated team of about 47 qualified scientists working in following thrust areas:

1. Organic Synthesis and Process Development of active ingredients (AIs) of Technical grade materials used as Fungicides, Insecticides, Acaricides, and Herbicides in various Agro Formulations.

2. Development of novel formulation mixtures from variety of technical grade agrochemicals (Fungicides, Insecticides, Acaricides, and Herbicides) to support launch of new Indofil brands as well as bulk supply to co-marketing partners.

3. Development of unique plant health improvement products/biostimulants, based on natural ingredients, microbial metabolite, microbial organisms as well as micro-nutritional elements.

4. Development of variety of Emulsion Polymers used as key components of formulations used in Textiles, Coating, Leather and Plastic.

5. Process Validation and Engineering Team is involved in Technology Absorption and Technology Transfer of New Product Development/Improvement processes from laboratory to manufacturing.

6. Analytical Development Team is involved in new method development for synthesis, formulation, plant nutrition and IIS projects, and support for registration of agrochemical products in domestic and international markets as per respective guidelines under NABL and GLP.

**New Products / Improved processes / Backward Integration / Biproduct Rationalization / Effluent Reduction and Adjuvant Rationalization Achieved in FY21-22:**

To sustain in the market and reduce dependency on China, we commercialized TBPC (Propargite Intermediate) and MAC (Metalaxyl Intermediate). Agrochemical Technical Synthesis in co-ordination with Manufacturing team has improved processes of Thifluzamide (Purity), Propiconazole (Colour), Tricyclazole to improve quality and Zineb process to reduce cost.

Indian Patent Grant received for the novel recipe for an agrochemical Insecticidal Formulation Dammu. Additionally, Indian Patent Grant received for one of our new fungicidal mixture formulation (Mancozeb + Hexaconazole WG) which is ready for commercialization.

Fungicidal mixture (Copper oxychloride + Cymoxanil WP) was developed and successfully commercialized for export market.

Process of few existing branded fungicide formulations such as NOOR have been further improved and commercialized.

Surfactant rationalization work was initiated for existing branded formulations to reduce the cost and dependency on imports and some formulations have already been commercialized viz:- Oxy Gold, SPRINT.

Indolife Plant Nutrition R&D has improved cost competitiveness of Maxilizer by accommodating alternate low-cost sources for raw materials.

International markets (such as Philippines and Bangladesh) were explored for Maxilizer Liquids and Granules – Exports started for Philippines.

In leather chemicals new products, Indotan RE4004 (Acrylic syntan against Pidilite Acrytan 3003) and INDOFIL COMPACT M 8262 (Compact binder for Aniline and Semi aniline Finish developed against TFL RodaBase 5062) have been successfully commercialized.

Cost reduction of following products, Indofil soft SPF 01, Indofil oil SF, Indofil oil EX 220, Indofil oil SA/UR 0715, Indotan RE 100, Indotan IT 540, Indogrease DG, Indofil penetrator L 219, Indofil ESS 1204, Indofil IB 125, Indofil

IB 175, Indofil B 41, Indofil B 42, Indofil P 863, Indofil S 31, Indofil SMB 20, Indotan SR 200 have been achieved.

In Textile chemicals, Emulsion Polymers are developed which are used as low formaldehyde pigment printing binder & flock binder.

In Plastic chemicals, products were customized in application lab as per customer requirement.

**ii. Benefits from R & D**

Improved manufacturing processes of synthesis technicals result in better quality & efficiency and reduction in raw material consumption, solvent load and effluent (water) load.

Novel patented formulation mixtures and plant nutrition products developed by R&D and improvement in existing products for cost / quality.

IIS division has developed new products reaching out to the popular segments in textile and leather verticals.

**iii. Future plan**

Under the China mitigation strategy we have completed scale up at Pilot plant level for DBTFMA (Thifluzamide Intermediate), while intermediates such as Thiazole Acid (Thifluzamide Intermediate), CCAP (Difenoconazole Intermediate), 1,2-PDL (Propiconazole Intermediate) and Hydrogen Cyanamide (Dodine Intermediate) are currently under R&D development.

In order to strengthen International and domestic pipeline of Agro technicals, several products are ready for commercialization such as Picoxystrobin, Metalaxyl-M, Difenoconazole and Propargite; while others such as Prothioconazole, Cyproconazole, Dimethomorph and Tembotrione are under advance stage of development in R&D. Some of these will be implemented at commercial level from 2022-23.

R&D capabilities under new CMO (Contract Manufacturing) segment were successfully demonstrated by manufacturing a patented key herbicidal intermediate for a multinational partner by using in-house developed novel technology. Another intermediate is under scale-up at Pilot.

Several Mancozeb based (two way and three way) mixtures (GRUMA series) were developed and are under Field and Efficacy Trials to build a robust pipeline for Brazil Market.

Greener formulations such as Difenoconazole 250 g/L EC, Difenoconazole 130 g/L + Prothioconazole 250 g/L EC are developed to build robust pipeline for Europe market.

Fungicidal Products (such as MATCO-GOLD, PICOZOLEWAY and DEBUT) were developed in R&D and are ready for commercialization.

Water based formulations such as Dodine SC, Azoxystrobin + Difenoconazole SC, are in advanced stage of development in R&D and will be commercialized.

Process development for Maxilizer Granules Premium have been successfully completed with the goal to reduce the cost of logistics.

In Leather chemicals, Trupotan R 83-Trumpler, Leukotan 1093 (Dow), Atlastan AR are planned for development.

In Textile chemicals, future focus is on development of technical textile emulsions.

In coating chemicals, future focus is on development of "high Tg emulsion" for gloss paint, core-shell emulsion for water-based wood coating, technology enhancement with Vinyl Ester of Versatic Acid (VeoVa) chemistry for re-dispersible polymer & upgradation of existing pure acrylic emulsion.

In Plastic chemicals, future focus is on development of Impact modifier for CPVC/polyolefinic applications, water-based heat sealing polymeric liquid or dispersants or solutions, and improvement in impact modifier KM-455.

**(iv) Expenditure on R&D**

₹ in Crores

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Capital including Capital Work in Progress | 13.92 | 8.87 |
| Recurring | 12.65 | 12.25 |
| **TOTAL** | **26.57** | **21.12** |
| **R&D Expenditure as a percentage of Revenue from Operation** | **0.99%** | **0.92%** |

## C) Foreign earning and outgoing

₹ in Crores

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| i) Foreign Exchange earned | 1,044.00 | 961.84 |
| ii) Foreign Exchange expensed | 416.29 | 479.21 |

# ANNEXURE "IV"

# NOMINATION AND REMUNERATION POLICY

**1. Preface**

The Company and its management endeavour to recruit and retain employees who achieve operational excellence and create value for Shareholders. The Company understands the importance of attracting and retaining talented individuals at all levels of the organization. The Company believes that a transparent, fair and reasonable process is vital for determining the appropriate remuneration at all levels of the Organization and is committed to ensure that all the Stakeholders remain confident in the management of the Company. The Board has constituted the Nomination and Remuneration Committee (the "Committee") to assist the Board in discharging its responsibilities relating to compensation of the Company's Directors and other senior level employees.

**2. Objectives**

The objective and purpose of this policy are:

- To devise a policy on Board diversity.
- To lay down criteria and terms and conditions with regard to identifying persons who are qualified to become Directors (Independent, Executive and Non-Executive) and persons who may be appointed in Senior Management and Key Managerial positions.
- To recommend to the Board, the appointment and removal of Directors, Key Managerial Personnel and Senior Management.
- To determine criteria for remuneration of the Directors and Key Managerial Personnel based on the Company's size and financial position and trends and practices on remuneration prevailing in peer Companies.
- To carry out evaluation of the performance of Directors, as well as Key Managerial and Senior Management Personnel and provide necessary Report to the Board for further evaluation by the Board.
- To provide them rewards linked directly to their efforts, performance, dedication and achievement relating to the Company's operations and growth.
- To lay down policies to retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.

**3. Definitions**

'Act' means the Companies Act, 2013 and Rules framed thereunder, as amended from time to time.

'Board' means Board of Directors of the Company.

'Committee' means the Nomination and Remuneration Committee of the Company as constituted or reconstituted by the Board from time to time.

'Company' or 'the Company' means Indofil Industries Limited.

'Director(s)' mean Director(s) of the Company.

'Independent Director' means a Independent Director of the Company appointed pursuant to the provisions of Section 149(6) of the Companies Act, 2013.

'Key Managerial Personnel' means a Key Managerial Personnel (KMP) as defined under the Companies Act, 2013 and includes:

(i) Managing Director, or Chief Executive Officer or Manager and in their absence, a Whole-Time Director;

(ii) Company Secretary; and

(iii) Chief Financial Officer

(iv) 'Senior Management' means Senior Management personnel of the Company who are Members of its core management team excluding Board of Directors comprising all Members of management one level below the Executive Directors, including the functional heads.

Unless the context otherwise requires, words and expressions used in this policy and not defined herein but defined in the Companies Act, 2013 as may be amended from time to time shall have the meaning respectively assigned to them therein.

**4. This Policy is divided in two Sections Part A and Part B.**

Part - A covers the appointment and nomination related policies.

Part - B covers remuneration related policies.

**4.1. Part A - Appointment and Nomination**

**4.1.1 Criteria for Board Membership**

The Committee shall take into account following points for appointment of a person as Director, KMP or at Senior Management level and recommend to the Board his / her appointment accordingly, viz.

- The candidate shall possess adequate qualification, expertise and experience for the position he / she is considered for appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person are sufficient / satisfactory for the concerned position.
- The candidates shall possess the highest personal and professional ethics, integrity, values and moral reputation and be eligible to hold the office under the provisions of the Companies Act, 2013 and policies of the Company.

**4.1.2 Additional Criteria for Independent Directors**

In addition to the criteria mentioned above, a person proposed to be appointed as an Independent Director shall meet all criteria specified in Section 149(6) of the Companies Act, 2013 and Rules made thereunder.

**4.1.3 Term /Tenure**

The Term / Tenure of the Directors shall be in accordance with the provisions of the Companies Act, 2013 and Rules made there under applicable and as amended from time to time.

**4.1.4 Removal**

Due to reasons for any disqualification mentioned in the Companies Act, 2013, Rules made thereunder or under any other applicable Act, Rules and regulations or the applicable policies of the Company, the Committee may recommend to the Board with reasons recorded in writing, removal of a Director, KMP or Senior Management Personnel subject to the provisions and compliance of the said Act, Rules and regulations.

**4.1.5 Retirement**

The Director, KMP and Senior Management Personnel shall retire as per the applicable provisions of the Companies Act, 2013 and the prevailing policy of the Company. In terms of applicable provisions and depending on requirement of the Company, the Committee may recommend re-appointment of retiring Directors, KMP or Senior Management Personnel. The Board shall have the discretion to retain a Director, KMP, Senior Management Personnel in the same position / remuneration or otherwise even after attaining the retirement age for the benefit of the Company.

**4.1.6 Policy on Board diversity**

The Company believes that a diverse Board would be necessary for effectively managing the affairs of the Company. Diversity in terms of the skills, regional and industry experience, background, gender and other diversities between Directors is essential to enable the Board, as a whole, to achieve the desired results for the Company. These distinctions shall be considered in determining the optimum composition of the Board and when possible shall be balanced appropriately. All Board appointments shall be made on merit, in the context of the skills, experience, independence and knowledge which the Board as a whole requires to be effective. The Board shall have at least one Board Member who has accounting or related financial management expertise and at least three members who are financially literate.

**4.2 Part B - Remuneration and Perquisites**

**4.2.1 Recommendation for Remuneration**

The Committee shall recommend to the Board for their approvals, the remuneration to be paid to the Managing Director, Executive Director, Whole - Time Director, KMP and Senior Management personnel. The level and composition of remuneration so determined by the Committee shall be reasonable and sufficient to attract, retain and motivate Directors, Key Managerial Personnel and Senior Management of the quality required to run the Company successfully. The relationship of remuneration to performance should be clear and meet appropriate performance benchmarks. The remuneration / compel / commission etc. shall as per applicable laws be subject to the approval of the shareholders of the Company and Central Government, wherever required.

**4.2.2 Managing Director/Whole-Time Director/Executive Director**

Besides the above criteria, the remuneration / compensation / commission etc. to be paid to Managing Director / Whole-Time Director / Executive Director etc. shall be governed as per provisions of the Companies Act, 2013 and Rules made there under or any other enactment for the time being in force.

**4.2.3 Non executive Independent Directors**

The Non-Executive Independent Directors may receive remuneration by way of Sitting Fees for attending meetings of Board or Committee thereof and compensation by way of commission as may be approved by the Board and shareholders, subject to such limits as provided under the Companies Act, 2013 and Rules made thereunder or any other enactment for the time being in force.

**4.2.4 KMPs / Senior Management Personnel etc**

The remuneration to be paid to KMPs/ Senior Management Personnel shall be based on the experience, qualification and expertise of the related personnel and governed by the limits, if any, prescribed under the Companies Act, 2013 and Rules made thereunder or any other enactment for the time being in force.

**5. Review**

The Board shall periodically review this Policy to determine its appropriateness to the needs of the Company. The Board shall have the authority to amend the Policy, if required.

Sd/-
**K.K. Modi**
Chairman
DIN: 00029407

Place: Mumbai
Date: June 13, 2018

# ANNEXURE "V"

# FORM – AOC- I

## SUBSIDIARIES

(₹ in Crores)

| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
|---|---|---|---|---|---|---|---|---|---|---|
| **Name of the subsidiary** | **Good Investment (India) Ltd** | **Quick Investments (India) Ltd** | **Indo Baijin Chemicals Pvt Ltd** | **Indofil Bangladesh Industries Pvt Ltd** | **Indofil Industries Netherlands BV** | **Indofil Industries (International) BV** | **Indofil Costa Rica SA** | **Indofil Industries DO Brasil LTDA** | **Indofil Philippines, Inc.** | **Agrowin Biosciences S.R.L.** |
| Reporting period for the subsidiary concerned, if different from the holding company's reporting period | NA | NA | NA | NA | NA | NA | NA | NA | NA | NA |
| Reporting currency and exchange rate as on last date of the relevant financial year in the case of foreign subsidiaries | NA | NA | NA | BDT – INR 0.88 / BDT | EUR – INR 84.21 / EUR | EUR – INR 84.21 / EUR | Costa Rica Colon – INR 0.12 / Colon | BRL - INR 15.89 / BRL | PHP - INR 1.47 / PHP | EUR – INR 84.21 / EUR |
| Share Capital | 0.70 | 0.13 | 8.56 | 20.06 | 4.21 | 4.21 | - | 80.49 | 5.38 | 1.01 |
| Reserves & Surplus | 79.32 | 33.11 | 10.86 | (14.02) | 185.02 | 113.83 | - | (32.85) | 14.95 | 8.92 |
| Total Assets | 80.02 | 33.24 | 32.16 | 9.59 | 282.51 | 123.95 | - | 157.54 | 39.85 | 71.63 |
| Total Liabilities | 0.00 | 0.00 | 12.74 | 3.55 | 93.28 | 5.91 | - | 109.90 | 19.53 | 61.69 |
| Investments | 51.25 | 20.81 | - | - | 0.13 | 118.12 | - | 0.09 | - | 0.63 |
| Turnover (Total Revenue) | 12.06 | 5.98 | 34.39 | 4.29 | 107.85 | - | - | 125.32 | 79.96 | 72.21 |
| Profit before Taxation | 12.06 | 5.97 | 6.56 | (4.16) | 6.50 | (2.11) | - | (2.54) | 13.71 | 1.70 |
| Provision for Taxation | 1.49 | 0.80 | 2.08 | 0.59 | 1.32 | - | - | - | 3.64 | - |
| Profit after Taxation | 10.57 | 5.17 | 4.47 | (4.75) | 5.18 | (2.11) | - | (2.54) | 10.07 | 1.70 |
| Proposed Dividend | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| % of shareholding | 100% | 100% | 51% | 100% | 100% | 100% | 100% | 100% | 100% | 80 % |

# ANNEXURE "VI"

# FORM NO. AOC – II

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

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

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

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

2. Details of material contracts or arrangements or transactions at arm's length basis:

| | | |
|---|---|---|
| a. | Name(s) of the related party and nature of relationship: | Please refer note 50 of the accompanying Financial Statements for details of all related party transactions which, in the opinion of the Board, are in the ordinary course of business of the Company and are at arm's length basis and necessary approval of Audit Committee taken for all the transactions. |
| b. | Nature of contracts/arrangements/transactions | |
| c. | Duration of the contracts / arrangements/transactions | |
| d. | Salient terms of the contracts or arrangements or transactions including the value, if any: | |
| e. | Date(s) of approval by the Board, if any | |
| f. | Amount paid as advances, if any | |

**For Indofil Industries Limited**

Sd/-
**Dr. Bina Modi**
Chairperson & Managing Director
DIN: 00048606

Place: Mumbai
Date: August 29, 2022

# ANNEXURE "VII"

# CORPORATE GOVERNANCE REPORT

## Philosophy on Corporate Governance

The Company strongly believes in aspire and achieve profitable growth resting on the solid foundation on the principles of transparency, togetherness and trust. Transparency builds confidence which is critical for long term success. Its Corporate Governance Policies evolve around its philosophy and strong founded belief and value system.

For continuous growth, expansion of Company's geographical market and establishing and developing penetration in various markets is of paramount importance. The management attaches highest importance to Company's Brand Equity. The management is sensitive and committed to a high level of Corporate Governance to enhance strength of its Brand Equity worldwide.

The Board of Directors of the Company ably supported by Management Team leads Corporate Governance initiatives for Company. The Board believes that high standard of Corporate Governance needs continuously evolving veracity of novel ideas in rapidly changing business environment for doing business in a disciplined, legal and ethical manner. The Board and management continuously reviews and benchmark Company's governance policies and practices against the best practices around the globe. The management understands that for stable growth, Corporate Governance in conducting business in an ethical and professional manner is a prime necessity to enhance confidence of all stakeholders, viz.; customers, shareholders, investors, bankers, customers, employees, regulatory bodies and all those who deal with the Company and public in general. Having significant size of experts, management endeavors to adhering to the standards of best Corporate Governance practice is in all countries of world where the Company operates as long term goals and enhancing Shareholders value in global business environment will come from highest standards of governance. Our business actions are governed by our ethical values and principles, which are reinforced at all levels within the Company. The Company's business policies, strategies and method of operations which governs Company's business conducts are in line with its philosophy and high stands of governances to ensures fair business dealing considering interest of various stakeholders. The subsidiaries of the Company worldwide also adhere to highest standards of governance to conduct business in fair and ethical manner and strives to enhance brand value through governance.

## Board of Directors

The 10 Members strong board comprises of three Executive Directors and seven Non-Executive Directors with versatile background. Executive Directors includes a Managing Director who is also Chairperson of Company, besides one Whole-Time Director and one Executive Director. The Non-Executive Director includes two Promoter Directors, four Independent Directors renowned in finance, management, legal and administrative skills and one Nominee Director appointed on Board by Uttar Pradesh State Industrial Development Corporation. The Directors on Board of Company are persons having expertise in respective areas of expertise with proven track record to their credit. None of the Directors are disqualified to be appointed as Directors. The Company collects declarations from all Directors each year in this regard under Section 164 (2) of the Companies Act, 2013 and monitors relevant Compliances. The number of Independent Directors of the Company are in compliance with the provisions of Companies Act, 2013. The Independent Directors have confirmed that they meet the criteria of Independence as prescribed under Section 149 of the Companies Act, 2013. Necessary disclosures are being regularly made by the Directors regarding their Chairmanships / Other Directorships / Memberships of the Committees / of the Boards and as regards their family members business / profession vis-a-vis interest in the Company. The declarations are tabled at meeting with change in interest, if any, at immediate next meeting from date of change in interest.

## Board Composition and Attendance

The composition of Board and other relevant details relating to Directors are given below.

| Name of the Directors | Nature of Directorship/ Designation | DIN | No. of other Directorships in Indian Public Companies | Chairmanships and Memberships of Committees of the Board of other Public Companies | |
|---|---|---|---|---|---|
| | | | | Chairmanships | Memberships |
| **Promoter Directors** | | | | | |
| Dr. Bina Modi | Chairperson & Managing Director | 00048606 | 5 | NIL | 7 |
| Ms. Charu Modi | Executive Director | 00029625 | 2 | NIL | 11 |
| Mr. Samir Modi | Promoter Director | 00029554 | 5 | NIL | 10 |
| Ms. Aliya Modi | Promoter Director | 07472942 | NIL | NIL | NIL |
| **Non Promoter** | | | | | |
| Dr. Atchutuni Rao | Whole Time Director | 07467414 | NIL | NIL | NIL |

| Name of the Directors | Nature of Directorship/ Designation | DIN | No. of other Directorships in Indian Public Companies | Chairmanships and Memberships of Committees of the Board of other Public Companies | |
|---|---|---|---|---|---|
| | | | | Chairmanships | Memberships |
| **Independent Directors** | | | | | |
| Mr. Sunil Alagh* | Independent Director | 00103320 | 2 | NIL | NIL |
| Mr. M.N. Thakkar | Independent Director | 00268818 | 1 | NIL | NIL |
| Mr. S. Lakshminarayanan | Independent Director | 02808698 | 2 | 2 | NIL |
| Mr. Sanjay Buch** | Independent Director | 00391436 | 2 | NIL | NIL |
| **Nominee Director** | | | | | |
| Mr. Mayur Maheshwari | Nominee Director (UPSIDC) | 08882590 | 1 | NIL | NIL |

* Resigned as Independent Director effective 22 June, 2022

** Resigned as Independent Director effective 21 June, 2022

Directorship held by the Directors mentioned above does not include Directorships held by them in the Company, Foreign Companies, Private Limited Companies and Companies under Section 8 of the Companies Act, 2013, but include Directorships in Private Limited Companies, which are considered as Public Limited Companies in terms of Section 2(71) of the Companies Act, 2013.

## Annual General and Board Meetings

The previous Annual General Meeting (AGM) of the Company was held on 23th September, 2021.

During the Financial Year 2021-22, four meetings of the Board of Directors were held. The necessary quorum was present for Annual General and all Board Meetings. All the meeting during F.Y. 2021-22 were held on Video Conferencing as permitted by Companies Act, 2013 and notification issued there under in compliance with applicable Secretarial Standards. The Board apart from items required under law, considers all important business at it's meeting and when needed on urgent basis, through Resolution by Circulations supported by detailed explanatory notes.

Details of attendance of Directors in Board Meetings held during the Financial Year 2021-22 and in the previous Annual General Meeting are as follows.

| Name of the Director | Number of Board Meetings attended (Total held) | Attendance at last Annual General Meeting |
|---|---|---|
| Dr. Bina Modi | 4(4) | Yes |
| Ms. Charu Modi | 4(4) | Yes |
| Ms. Aliya Modi | 3(4) | Yes |
| Mr. Samir Modi | 2(4) | Yes |
| Dr. Atchutuni Rao | 4(4) | Yes |
| Mr. Sunil Alagh | 4(4) | Yes |
| Mr. M.N. Thakkar | 4(4) | Yes |
| Mr. Lakshminarayanan | 4(4) | Yes |
| Mr. Sanjay Buch | 4(4) | Yes |
| Mr. Mayur Maheshwari | 1(4) | Yes |

**Separate meetings of the Independent Directors**

Pursuant to Schedule IV of the Companies Act, 2013 read with the Rules made there under, Independent Directors of the Company held their meeting on 23rd September, 2021, without presence of any of the Non-Independent Directors and Members of management.

During their meeting, they reviewed:

i. the performance of all full time Directors

ii. the performance of the Non - Independent Directors.

iii. the quality, quantity and timeliness of flow of information between the Company management and the Board.

They expressed their satisfaction over the performance of the Board Members and management of the Company and the governance standards adhered to as well as the Information made available to the Board of Directors from time to time. The information / data / updates shared with the Board / Committee at their meetings among others include:

i. Annual Operating Plans, Budgets and updates thereto with detailed presentations and explanations.

ii. Capital Budgets and updates thereto.

iii. Quarterly and Annual Results of the Company and its Operating Divisions and Business Segments.

iv. Quarterly and Annual details of Foreign Exchange exposures and the steps taken by management to limit the risk of adverse exchange rate movement, if material

v. Financial arrangements default if any, in meeting financial obligations by Company or its subsidiaries if any.

vi. Minutes of meetings of the Board and Board Committees, Resolutions passed by Circulations and Board Minutes.

vii. Compliances / Non-compliance of Statutory requirements, Compliance mechanism and Shareholders Service including non-payment of Dividend, legal matters etc.

viii. Show Cause, demand and penalty notices if any received and which are materially important.

ix. Initiatives undertaken for enhancing levels of Corporate Governance levels, CSR initiatives and Risk Management actions and exercises.

x. Risk Management reviews and pertaining to all functions of the Company

xi. Actions taken to protect employees and labour during Covid Pandemic.

xii. Significant labour issues if any and their proposed solutions. Any significant development in Human Resources / Industrial Relations front like signing of wages Agreement, implementation of voluntary retirement scheme etc.

xiii. The information on recruitment and remuneration of Senior Executives just below the Board level, including appointments and cessations of Chief Financial Officer and the Company Secretary.

xiv. Fatal or serious accidents, dangerous occurrences, material effluent or pollution problems if any.

xv. Level of operations in each unit and toll manufacturer, storage and logistics arrangements.

xvi. Sale of material nature of investments, subsidiaries, assets which is not in normal course of business.

xvii. Details on Joint Ventures.

xviii. Any issue, which involves possible public or product liability claims of substantial nature, including any judgment or order which, may have passed structures on the conduct of the Company or taken an adverse view regarding another enterprise that can have negative implications on the Company.

xix. CSR initiatives review.

xx. Development and launching of products

## Board and Committee Meeting Procedures

The Company conducts Board and Committee Meetings as per provisions of law and in compliance with applicable Secretarial Standards. All the meetings were conducted through Video Conferencing (V.C.). The Meetings are always governed by structured agenda. The agenda along with comprehensive notes and background materials are circulated well in advance before each of the meetings to Directors and attendees for facilitating effective discussion and decision making. The Board and Committee Members may bring up any matter of urgent nature not listed on agenda for consideration of the Board / Committee, in consultation with the respective Chairpersons. Presentations are made by the management on items on agenda including on the Company's Business Operations, Business Plans and other matters from time to time. The proceedings of the meetings of the Board and its Committees are recorded inter alia in the form of minutes, the draft of which are circulated to the Board / concerned Committees Members before confirmation and signatures by Chairpersons of respective meetings. The important decisions taken at the Board / Committee meetings are communicated to the concerned departments / divisions for actions which is followed up by functional heads.

## Remuneration to Directors during Financial Year 2021-22.

The Board comprises of Independent and Non Independent full time / non full time Directors. They are paid compensation as permitted by law with approval of the Members of the Company as under:

### Non-Executive Directors

Non-Executive Directors of Company are eligible for Sitting Fees which do not exceed the limit prescribed in the Companies Act, 2013. The remuneration payable to Non - Executive Directors is recommended by Nomination and Remuneration Committee of the Board of Directors subject to the Board obtaining approval of Members of the Company.

Details of Sitting Fees and remuneration paid to Non-Executive Directors during the year 2021-22 are as under.

₹ in Crores

| Name of Director | Sitting Fees | Remuneration |
|---|---|---|
| Mr Sunil Alagh | 0.12 | 0.25 |
| Mr M N Thakkar | 0.11 | 0.25 |
| Mr Lakshminarayanan | 0.09 | 0.25 |
| Mr Sanjay Buch | 0.11 | 0.25 |
| UPSIDC Limited | 0.02 | 0.25 |
| Ms. Aliya Modi | 0.03 | 0.25 |
| Mr. Samir Modi | 0.02 | 0.25 |

### Executive Directors

The appointment of the Executive Directors is governed by appropriate resolutions recommended by Nomination and Remuneration Committee and passed by the Board of Directors and Shareholders of the Company, which cover the terms of such appointment and are implemented in conjunction with the Service Rules of the Company. The appointments and terms of remunerations paid to the Executive Directors are evaluated and benchmarked by the Nomination and Remuneration Committee and are as per industry norms before they are recommended for approval by the Board and Shareholders.

## Induction and Familiarisation Programme for Directors

Pursuant to Schedule IV of the Companies Act, 2013, the Company has put in place a formal induction and familiarization process for Directors that among others include providing and explaining background material, nature of the industry in which the Company operates, Business Model of the Company, Director's expected roles, rights and responsibilities. The background material includes all the relevant Documents, Broachers, Reports and Internal Policies and Procedures to enable them to understand the working of the Company. They are also given periodic presentation in the Board and Committee Meetings in order to provide details and insight in the business of the Company and it's performance updates from time to time, Company's strategy and operating plans, key issues on Corporate Governance Report, Code of business conduct, risk management issues, operational aspects and related issues etc.

## Board Committees

The Company has formulated five Board Managed Committees viz.

I. Audit Committee

II. Nomination and Remuneration Committee

III. Stakeholders Relationship Committee

IV. Corporate Social Responsibility Committee

V. Risk Management Committee

The Committees comprise of a mixture of Executive and Non-Executive Directors, in compliance with applicable regulations. Business leaders and eminent Professionals are invited at Committee meetings based upon needs of the Committees from time to time for arriving at appropriate decisions / conclusion on various issues and for implementation of decisions.

The details of each of the Committees are as under:

### I. Audit Committees

#### Objective of the Committee

The terms of reference of the Audit Committee are in accordance with and covers all the matters specified under Section 177 of the Act and, inter-alia, include

- Overseeing the financial reporting process and disclosure of financial information.
- Recommending the appointment / re-appointment of statutory auditors and fixation of audit fee.
- Review of financial statements before submission to the Board.
- Review of adequacy of internal control system, findings of internal audit, whistle blower mechanism, related party transactions, scrutiny of intercorporate loans & investments.
- Approval and review of related party transactions.
- Reviewing the financial statements of subsidiary companies and, in particular, the investments made by them.

#### Constitution

The Audit Committee as on 31st March, 2022 comprised of four Independent Non-Executive Directors. All the Members of the Audit Committee have the financial knowledge. Mr. M.N. Thakkar, is the Chairman of the Committee. He is ex-Senior Partner of N.M. Raiji & Company, Chartered Accountants and has expertise in Accounting, Auditing, Taxation and Financial Management domain spread over more than 4 decades. Mr. Sanjay Buch, Mr. Sunil Alagh and Mr. S. Lakshminarayanan, Independent Directors are other Members of the Committee. The Company Secretary of the Company acts as the Secretary of the Committee.

#### Composition and Attendance

During the Financial Year 2021-22, four Audit Committee Meetings were held. The composition of the Audit Committee and the number of meetings attended by each of the Committee Members are as follows:

| Committee Members | Category | No. of Meetings Attended (Total held) |
|---|---|---|
| Mr. M.N. Thakkar | Independent Director & Chairman of Committee | 4(4) |
| Mr. Sunil Alagh* | Independent Director | 4(4) |
| Mr. Sanjay Buch** | Independent Director | 4(4) |
| Mr. S. Lakshminarayanan | Independent Director | 4(4) |

*Ceased to be a member of the Committee effective 22 June, 2022

** Ceased to be a member of the Committee effective 21 June, 2022

The Audit Committee invites such executives of the Company as it considers appropriate to be present at its meetings but on certain occasions, it also meets without the presence of executives of the Company. The Chief Financial Officer and the Company Secretary remains present at all the Audit Committee Meetings. Besides, Internal Auditor and the Statutory Auditors are invited from time to time for discussion on matters pertaining to Audit Committee. The Business leaders regularly makes presentation on Audit Committee along with the Chief Financial Officer to explain impact of business on financials and take expert inputs from Audit Committee Members. The Audit Committee among others, reviews financials and accounting policies from time to time. The Audit Reports of Internal Auditors as well as Statutory Auditors are discussed at length by the Committee from time to time and monitors implementation of actions on recommendations made by auditors. The Chairman of Audit Committee updates Board on discussions at Audit Committee before Board takes decision on matters referred to it.

### II. Nomination and Remuneration Committee

The terms of reference of the Nomination & Remuneration Committee are in accordance with and covers all the matters specified under Section 178 of the Act, and, inter alia, include:

#### Objective

- To devise a policy on Board diversity.
- To lay down criteria and terms and conditions with regard to identifying persons who are qualified to become Directors (Independent, Executive and Non-Executive) and persons who may be appointed in Senior Management and Key Managerial positions.
- To recommend to the Board, the appointment and removal of Directors, Key Managerial Personnel and Senior Management.

- To determine criteria for remuneration of the Directors and Key Managerial Personnel based on the Company's size and financial position and trends and practices on remuneration prevailing in peer Companies.

- To carry out evaluation of the performance of Directors, as well as Key Managerial and Senior Management Personnel and provide necessary Report to the Board for further evaluation by the Board.

- To provide them rewards linked directly to their efforts, performance, dedication and achievement relating to the Company's operations and growth.

- To lay down policies to retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.

### Constitution

The Company's Board has constituted a Nomination and Remuneration Committee consisting of qualified Members. As on March 31, 2022, the Committee comprises of three Non - Executive Independent Directors. Mr. S. Lakshminarayanan is the Chairman of the Committee. Mr. Sunil Alagh and Mr. M.N. Thakkar are the other Members of the Committee. The Company Secretary acts as the Secretary of the Committee.

### Composition and Attendance

During the Financial Year 2021-22, one meeting of the Nomination and Remuneration Committee was held. The composition of the Nomination and Remuneration Committee and the number of meetings attended by each Member is as follows.

| Committee Members | Category | No. of Meetings Attended (Total held) |
|---|---|---|
| Mr. S. Lakshminarayanan | Independent Director & Chairman of Committee | 1(1) |
| Mr. Sunil Alagh* | Independent Director | 1(1) |
| Mr. M.N. Thakkar | Independent Director | 1(1) |

*Ceased to be a member effective 22nd June, 2022

## III. Stakeholders Relationship Committee

### Objective

The terms of reference of the Stakeholders Relationship Committee are in accordance with and covers all the matters specified under Section 178 of the Act, and inter-alia include:

- Review and redressal of investor complaints.

- Approval/overseeing of transfers, transmissions, transpositions, splitting, consolidation of securities, issue of new / duplicate certificates, demat/remat requests, administering the unclaimed shares suspense account.

- Performing other functions as delegated to it by the Board from time to time.

### Constitution

The Stakeholder's Relationship Committee comprises of three Non-Executive Independent Directors viz. Mr. M.N. Thakkar as Chairman and Mr. Sunil Alagh and Mr. Sanjay Buch as other two Committee Members. The Company Secretary acts as the Secretary to the Committee.

### Composition and Attendance

During the Financial Year 2021-22, one meeting of the Stakeholder's Relationship Committee was held. The composition of the Stakeholders Relationship Committee and the number of meetings attended by each Member is as follows.

| Committee Members | Category | No. of Meetings Attended (Total held) |
|---|---|---|
| Mr. M.N. Thakkar | Independent Director & Chairman of Committee | 1(1) |
| Mr. Sunil Alagh* | Independent Director | 1(1) |
| Mr. Sanjay Buch** | Independent Director | 1(1) |

*Ceased to be a member of the Committee effective 22 June, 2022

** Ceased to be a member of the Committee effective 21 June, 2022

### Investor Complaints

During the year 2021-22 the Company has resolved all complaints from Shareholders / Investors.

## IV. Corporate Social Responsibility Committee

### Objective

The terms of reference of the Corporate Social Responsibility are in accordance with and covers all the matters specified in Section 135 of Act and inter alia, include:

- To formulate and recommend to the Board, a Corporate Social Responsibility Policy including any amendments thereto from time to time, which shall include, inter-alia:

  a) indicate the list of projects or programs or activities (hereinafter referred to as CSR activities) to be undertaken by the Company falling under the purview of Schedule VII of the Act.

  b) specify the modalities of execution of CSR activities and monitoring process of the same.

- To recommend the amount of expenditure to be incurred on the each of the CSR activities

- To monitor the Corporate Social Responsibility Policy of the Company from time to time.

- To examine and report to the Board regarding the CSR activities undertaken.

### Constitution

As on 31st March, 2022 the Corporate Social Responsibility Committee comprised of three Directors viz. Dr. Bina Modi, Chairperson, Mr. Mayur Maheshwari, Nominee Director- UPSIDC and Mr. Sunil Alagh, Independent Director. The Company Secretary of the Company acts as the Secretary to the Committee. The CSR Report contained in Annexure I describes details of CSR activities of Company.

### Committee Meetings and Attendance

During the Financial Year 2021-22, three meetings of Corporate Social Responsibility Committee was held. The composition of the Corporate Social Responsibility Committee and the number of meetings attended by the Committee Members are as under.

| Committee Members | Category | No. of Meetings Attended (Total held) |
|---|---|---|
| Dr. Bina Modi | Chairman/ Chairperson and Managing Director | 3(3) |
| Mr. Mayur Maheshwari | Nominee Director | 0(3) |
| Mr. Sunil Alagh* | Independent Director | 3(3) |

* Ceased to be a member of the Committee effective 22 June, 2022

## V. Risk Management Committee

### Objective

Though not mandatory for the Company, it has formed the Risk Management Committee for good governance in best interest of the Company and inter alia, include:

- To review and evaluate management's identification of all major Risks to the business.
- To assess the adequacy of management's Risk Assessment, its plans for Risk control or mitigation.
- To review, assess and discuss with the Management.
  - (i) any significant risks or exposures.
  - (ii) the steps management has taken to minimize such risks or exposures.
- To review and approve/ amend from time to time the Company's underlying policies with respect to risk assessment and risk management.

### Constitution

The Risk Management Committee comprises of Mr. Sanjay Buch, Independent Director and the Chairman of the Committee, Mr. M.N. Thakkar and Mr. S. Lakshminarayanan, Independent Directors and Dr. Atchutuni Rao, Whole Time Director, as the members of the Committee. The Company Secretary of the Company acts as the Secretary to the Committee.

Besides the Risk Management Committee constituted of Directors named above, the Company management as per its Policy has framed function wise Risk Management sub committees, comprising of Heads of Functions and respective functional department executives which regularly meets and evaluates various risks affecting their respective functions, products, operations, business and brand of the Company and provides / seeks suggestions to issues affecting their respective functions from the Board's Risk Management Committee and implements steps to reduce and mitigate risks to Company's business. The Chairman of the Risk Management Committee reports to Board on Risk Management functions. The Chairman of Risk Management Committee updates Board on Risks identified. As impact and action taken / proposed and invites Board recommendations for guidance of management.

### Composition and Attendance

During the Financial Year 2021-22, two meetings of Risk Management Committee was held. The composition of the Risk Management Committee and the number of meetings attended by the Committee Members are as under.

| Committee Members | Category | No. of Meetings Attended (Total held) |
|---|---|---|
| Mr. Sanjay Buch* | Chairman and Independent Director | 2(2) |
| Mr. S. Lakshminarayanan | Independent Director | 2(2) |
| Mr. M.N. Thakkar | Independent Director | 2(2) |
| Dr. Atchutuni Rao | Whole Time Director | 2(2) |

*Ceased to be the Chairman and Member of the Committee effective 21 June, 2022

## Compliance Officer

Mr. Devang Mehta, Company Secretary acts as the Company's Compliance Officer and is responsible for complying with the requirements of Companies Act, 2013 for F.Y. 2021-22. Mr. Devang Mehta retired from his services on 4th June, 2022. The Board of Director at their meeting held on 30th June, 2022 appointed Mrs. Manju Anand as new Compliance Officer of the Company effective 6th July, 2022.

## Plant Locations

| Unit No. | Address |
|---|---|
| Unit 1 | Plot No. Z-8, SEZ Dahej, Tal: Vagra, District: Bharuch - 392130 |
| Unit 2 | Plot No. Z-12/1, SEZ Dahej, Tal: Vagra, District: Bharuch - 392130 |
| Unit 3 | Plot No. D-2 / CH - 12, GIDC Estate Dahej, Tal: Vagra, District: Bharuch - 392130 |

## General Body Meetings

### I. Annual General Meeting

**i) Location, time and date of the last three Annual General Meetings are given below:**

| Financial Year | Date | Time | Location of the meeting |
|---|---|---|---|
| 2020-21 | 23.09.2021 | 11:00 a.m. | Video Conferencing from Registered office of the Company, 4th Floor, Kalpataru Square, Kondivita Road, Off Andheri Kurla Road, Andheri (E) – 400059 |
| 2019-20 | 23.09.2020 | 11:00 a.m. | Video Conferencing from Registered office of the Company, 4th Floor, Kalpataru Square, Kondivita Road, Off Andheri Kurla Road, Andheri (E) – 400059 |
| 2018-19 | 13.09.2019 | 11:00 a.m. | Emerald Hall, 1st Floor, Hotel Kohinoor Continental, Andheri Kurla Road, J.B. Nagar, Andheri (E), Mumbai-400059 |

**ii) Special Resolution passed at Annual General Meetings held in respect of the previous Three Financial Years / Postal Ballots are as under:**

| Financial Year | Particulars of Special Resolutions Passed |
|---|---|
| 2020-21 | (i) To consider appointment of Dr. Atchutuni Rao (DIN: 07467414), as Whole-Time Director – Manufacturing, Operations and EHS<br>(ii) To approve the payment of remuneration to Non-Executive Directors |
| 2019-20 | (i) To consider appointment of Dr. Atchutuni Rao (DIN: 07467414), as Whole-Time Director and Occupier<br>(ii) To approve the payment of commission to Non-Executive Directors |
| 7 January, 2020 | (i) To appoint Dr. Bina Modi (DIN – 00048606) as the Chairperson and Managing Director of the Company) – Passed with Postal Ballot |
| 2018-19 | (i) To re-appoint Mr. Sunil Kumar Alagh (DIN: 00103320) as an Independent Director for second term comprising of a period of 5 years w.e.f. 22nd September, 2019 to 21st September, 2024.<br>(ii) To re-appoint Mr. Sanjay Buch (DIN: 00391436) as an Independent Director for second term comprising of a period of 5 years w.e.f. 22nd September, 2019 to 21st September, 2024.<br>(iii) To re-appoint Mr. M.N. Thakkar (DIN: 00268818) as an Independent Director for second term comprising of a period of 5 years w.e.f. 22nd September, 2019 to 21st September, 2024.<br>(iv) To re-appoint Mr. S. Lakshminarayanan (DIN: 02808698) as an Independent Director for second term comprising of a period of 5 years w.e.f. 22nd September, 2019 to 21st September, 2024.<br>(v) To consider and approve to pay Commission to Non-Executive Directors @ 1% of Net Profits of the Company, subject to a cap of H 25 lac per Non-Executive Director of the Company in respect of F.Y 2018-19.<br>(vi) To amend Object Clause No. III (A) 1 of Memorandum of Associations of Company. |

### Share Transfer System

Shares held in the Dematerialized Mode are electronically traded. The Registrars and Share Transfer Agent of the Company periodically receive from the Depository, the beneficiary holdings so as to enable them to update their records for sending all Corporate Communications, Dividend warrants etc. As per MCA notification, Physical transfer of shares are not permitted.

### Dematerialization of Shares

The International Security Identification Number (ISIN) Allotted to the Company's Equity Shares are as under:

| Sr. No | Face Value of Equity Shares | Paid Up value of Equity Shares | Demat INE Number |
|---|---|---|---|
| 1 | ₹ 10 | ₹ 10 | INE071I01016 |
| 2 | ₹ 10 | ₹ 3 | IN9071I01030 |

**Status of Dividend Declared in the last five years**

Status of the Dividend Declared by the Company for the last five years is as under

| Financial Year | Rate of Dividend | Total pay out (Net of TDS) | Amount paid to the shareholders | Unclaimed amount as on March 31, 2022 |
|---|---|---|---|---|
| 2020-21 | 80% | 15.21 Crs | 15.11 Crs | 0.10 Crs. |
| 2019-20 | 50% | 9.78 Crs | 08.98 Crs | 0.80 Crs. |
| 2018-19 | 80% | 17.08 Crs | 16.96Crs | 0.12 Crs |
| 2017-18 | 80% | 17.08 Crs. | 16.97 Crs | 0.11 Crs |
| 2016-17 | 80% | 17.08 Crs. | 16.89 Crs | 0.19 Crs. |

**Communication Address**

| | |
|---|---|
| To contact RTA for all matters relating to Equity Shares, i.e. Demat, Remat, Consolidation, Transmission, Issue of Duplicate Share Certificate, Change of Address, Claim of Shares/ Dividend from Investor's Education and Protection Fund etc. | M/s MAS Services Ltd.<br>T-34, 2nd floor, Okhla Industrial Area, Phase –II,<br>New Delhi – 110020<br>Tel. No.: (011) – 26387281-82-83 / (011) – 26387384<br>E Mail: info@masserv.com |
| For any other matters or in case of any query on Annual Report | Indofil Industries Ltd.<br>CIN: U24110MH1993PLC070713<br>Regd. Office: Kalpataru Square, 4th Floor, Kondivita Road, Off Andheri Kurla Road, Andheri (East),<br>Mumbai – 400 059<br>Tel. No.: (022) - 66637373 / (022) - 28322272<br>cssupport@indofil.com |

**For Indofil Industries Limited**

Sd/-
**Dr. Bina Modi**
Chairperson & Managing Director
DIN: 00048606

Place: Mumbai
Date: August 29, 2022

# Independent Auditors' Report

To the Members of

**Indofil Industries Limited**

## Report on the Audit of Standalone Financial Statements

### Opinion

We have audited the accompanying standalone financial statements of **Indofil Industries Limited** ("the Company"), which comprises of Balance Sheet as at March 31, 2022, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flow for the year then ended, and notes to the standalone financial statements including a summary of significant accounting policies and other explanatory information.

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

### Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the 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 (ICAI) together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules made 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.

### Information Other than the Standalone Financial Statements and Auditor's report thereon

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

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

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Management responsibilities for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance (including other comprehensive income), changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, 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.

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

### Auditor's Responsibilities for the Audit of the Standalone Financial Statements

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

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

- 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 system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

- 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 entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

**Other matters**

Opening balances have been considered based on the audited standalone financial statements issued by the predecessor auditors whose report dated June 23, 2021 expressed an unmodified opinion on those statements.

Our report is not modified in respect of this matter

**Report on Other Legal and Regulatory Requirements**

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

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 and records.

   (c) The Balance sheet, the Statement of Profit & Loss (including other comprehensive income), Statement of Changes in Equity and the Statement of Cash Flow 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, 2022 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2022 from being appointed as a Director in terms of Section 164(2) of the Act.

   (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in **Annexure "B"**.

(g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of Section 197(16) of the Act, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of Section 197 of the Act.

(h) With respect to the matters to be included in the Auditor's report in accordance with the Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements. [Refer note no 42 to standalone financial statements]

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

iv. (a) The Management has represented that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend to or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(b) The Management has represented, that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Company from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend to or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representation under sub clause (i) and (ii) of Rule 11(e) of The Companies (Audit and Auditors) Rules, 2014, as provided under (a) and (b) above, contains any material misstatement. (Refer Note no. 54 (v) and (vi) to the standalone financial statements)

v. As stated in the note 46 (b) to the standalone financial statements, the final dividend declared and paid during the year for the financial year 2020-21 is in accordance with the Section 123 of the Act and the final dividend amount proposed by the Board of Directors of the Company for the financial year 2021-22, which is subject to the approval of members at the ensuing Annual General Meeting, is in accordance with the Section 123 of the Act.

For **LODHA & COMPANY**
Chartered Accountants
Firm registration No. – 301051E

**R. P. Baradiya**
Partner
Membership No. 44101
UDIN:

Place: Mumbai
Date: August 28, 2022

# Annexure "A"

**Referred to in "Report on Other Legal and Regulatory Requirements" section of our report to the members of Indofil Industries Limited for the year ended March 31, 2022:**

i. a. In respect of Company's Property, Plant and Equipment (PPE) and Intangible Assets:

A. The Company has maintained proper records, showing full particulars including quantitative details and situation of PPE and relevant details of right-to-use assets.

B. The Company has maintained proper records, showing full particulars including quantitative details of intangible assets.

b. As explained to us and on the basis of the our examination of the records of the Company, the Company has a phased program for physical verification of all the PPE over a period of three years. In our opinion, the frequency of verification is reasonable considering the size of the Company and nature of its PPE. Pursuant to the program, physical verification of certain PPE has been carried out during the year and no material discrepancies were noticed on such verification.

c. Title deeds of properties are held in the name of the Company except for Sameer Vihar, Modi Nagar, which was acquired by the Company under slump sale arrangement from Modipon Limited and is in process of being transferred in the name of the Company in local land records in due course. It is yielding rental income to the Company, and it is not recognised as an investment property due to the non-availability of reliable measurement of cost. The fair value of the said investment property based on the management estimate is Rs. 32.62 crores as at 31 March 2022. In case of freehold land parcels located at Thane having carrying amount of Rs. 1.77 crores, which was acquired by the Company under slump sale arrangement from Modipon Limited, have been duly registered with Registrar. It is in possession and used for the operations of the Company, however, is in process of being transferred in the name of the Company in local 7/12 records.

d. The Company has not revalued any of its PPE (including right- of-use assets) and intangible assets during the year. Hence reporting under Clause 3 (i) (d) of the Order is not applicable to the Company.

e. According to the information and explanations given to us, and on the basis of our examination of the books and records of the Company, neither any proceedings have been initiated during the year nor are pending as at March 31, 2022 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988, as amended, and rules made thereunder and hence, reporting under Clause 3(i) (e) of the Order is not applicable to the Company. Also, refer note no. 54 (i) to the standalone financial statements.

ii. (a) The inventories have been physically verified by the management at reasonable intervals during the year, except for goods in transit. The procedures of physical verification of the inventories followed by the management are reasonable and adequate in relation to the size of the Company and nature of it's business. Goods in transit have been verified by way of subsequent receipt/ confirmations. As per the information and explanations given to us and on the basis of examination of records of the Company, no discrepancies of 10% or more in the aggregate for each class of inventory was noticed on physical verification of inventories as compared to book records.

(b) The Company has been sanctioned working capital limits in excess of Rs. 5 crores, in aggregate, at points of time during the year, from banks on the basis of security of current assets. According to the information and explanations given to us, and on the basis of our examination of the books and records of the Company, the quarterly returns or statements comprising stock and book debt statements, filed by the Company with such banks are in agreement with the books of account of the Company of the respective quarters. The Company has not been sanctioned any working capital facility from financial institutions.

iii. In respect of Investments or provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or any other parties;

(a) The Company has not provided any loans or advances in the nature of loans or guarantee or provided security to any entity during the year and hence, reporting under Clause 3(iii)(a), (c), (d), (e) and (f) is not applicable to the Company.

(b) According to the information and explanations given to us, the investment made are in the ordinary course of business and in our opinion, prima facie, not prejudicial to the Company's interest.

iv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has complied with the provisions of Section 186 of the Companies Act, 2013 with respect to the investments made and guarantees given. The Company has not given any loans and security to parties covered under Section 185 and 186 of the Act.

v. According to the information and explanations given to us and on the basis of examination of records, no deposits or amounts which are deemed to be deposits have been accepted by the Company within the meaning of Section 73 to 76 or any other relevant provisions of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Hence, reporting under Clause 3(v) of the Order is not applicable to the Company.

vi. We have broadly reviewed the books of account maintained by the Company pursuant to rules made by the Central Government for the maintenance of cost records under sub section 1 of Section 148 of the Act in respect of company's products and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. However, we are not required and have not made a detailed examination of the cost records with a view to determine whether they are accurate and complete.

vii. (a) According to the information and explanations given to us and on the basis of our examination of the records, the Company is generally regular in depositing undisputed statutory dues including goods and services tax, provident fund, employees' state insurance, income tax, sales tax, custom duty, duty of excise, value added tax, cess and other statutory dues during the year with the appropriate authorities. No undisputed amounts payable in respect of the aforesaid statutory dues were outstanding as at the last day of the financial year for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, there are no statutory dues mentioned in Clause vii (a) which have not been deposited on account of any dispute except the following:

| Name of the statute | Nature of dues | Amount Rs. in crores | Period to which the amount relates | Forum where dispute is pending |
|---|---|---|---|---|
| Central Excise Act, 1944 | Excise duty | 0.36 | 2005-06 & 2012-13 | Assistant Commissioner |
| Central Sales Tax Act, 1956 (Gujarat) | Sales Tax | 1.99 | 2013-14 | 1st Appellate Authority |
| Central Sales Tax Act, 1956 (Maharashtra) | Sales Tax | 0.003 | 2010-11 | Joint Commissioner |
| Central Sales Tax Act, 1956 (West Bengal) | Sales Tax | 0.06 | 2016-17 | 1st Appellate Authority |
| Central Sales Tax Act, 1956 (Madhya Pradesh) | Sales Tax | 1.45 | 2015-16, 2016-17 & 2017-18 | 1st Appellate Authority |
| Central Sales Tax Act, 1956 (Bihar) | Sales Tax | 0.50 | 2016-17 | Assistant Commissioner |
| Entry Tax (Madhya Pradesh) | Entry Tax | 0.46 | 2012-13 | Appellate Board |
| Gujarat Value Added Tax, 2003 | VAT | 9.38 | 2011-12 & 2012-13 | Joint commissioner |
| Bihar Value Added Tax, 2005 | VAT | 0.36 | 2016-17 | Assistant commissioner |
| CGST Act 2017 | GST (Service tax) | 0.99 | 2017-18 | High Court, Gujarat |

viii. According to the information and explanations given to us and based on our examination of records of the Company, there were no amounts to be recorded in the books of account that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961). Hence, reporting under Clause 3(viii) of the Order is not applicable to the Company. Refer note 54 (vii) to the standalone financial statements.

ix. (a) Based on our audit procedures and on the basis of information and explanations given to us, the Company has not defaulted in the repayment of loan or other borrowings or in the payment of interest thereon to any lender.

(b) On the basis of information and explanations given to us, the Company has not been declared as willful defaulter by any bank or financial institution or other lender.

(c) In our opinion and according to the information and explanations given to us, the Company has not taken any term loan during the year and hence, reporting under Clause 3(ix)(c) of the Order is not applicable to the Company.

(d) On an overall examination of the standalone financial statements, in our opinion, the Company has not utilized funds raised on short term basis for long term purposes.

(e) Based on our audit procedures and on the basis of information and explanations given to us, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries and a joint venture. Accordingly, the provisions of Clause 3(ix)(e) of the Order is not applicable to the Company.

(f) Based on our audit procedures and on the basis of information and explanations given to us, during the year the Company has not raised any funds on the pledge of securities held in its subsidiaries and a joint venture. Accordingly, the provisions of clause 3(ix)(f) of the Order is not applicable to the Company.

x. (a) The Company has not raised any money by way of Initial public offer or further public offer (including debt instrument) during the year and hence, reporting under Clause 3(x) of the Order is not applicable to the Company.

(b) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year or in the recent past and hence, reporting under Clause 3(x)(b) of the Order is not applicable to the Company.

xi. (a) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India and according to the information and explanations given to us, we have neither come across any instance of fraud by or on the Company, noticed or reported during the year, nor have we been informed of such case by the management.

(b) During the year, no report under sub section 12 of Section 143 of the Act has been filed in Form ADT-4 as prescribed in Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.

(c) Based on our audit procedures performed and according to the information and explanations given to us, during the year, no whistle blower complaint was received by the Company and hence, reporting under Clause 3(xi)(c) of the Order is not applicable to the Company.

xii. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company and hence, reporting under Clause 3(xii) of the Order is not applicable to the Company.

xiii. According to the information and explanations given to us and based on our examination of the records of the Company, all the transactions with related parties are in compliance with Section 177 and 188 of the Act and all the details have been disclosed in the standalone financial statements as required by the applicable accounting standard. Refer note. 50 to the standalone financial statements.

xiv. (a) According to the information and explanations given to us and based on our examination of the records of the Company, the Company's internal audit system to be commensurate with the size and nature of its business, the scope during the year should have been expanded to cover the areas of property, plant and equipment, inventory, treasury, human resources, statutory compliance (including contingent liabilities), purchase, IT general controls, IFC Testing, plant operations, risk management and supply chain management.

(b) We have considered the internal audit reports for the year under audit issued to the Company during the year and till date, in determining nature, timing and extent of our audit procedures.

xv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions prescribed under Section 192 of the Act with directors or persons connected with them during the year.

xvi. (a) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Hence reporting under Clause 3(xvi) (a), (b) and (c) of the Order is not applicable to the Company.

(b) As per the information and explanations given to us and as per the definition of Group under Core Investment Companies (Reserve Bank) Directions 2016, there is one Core Investment Company (CIC) which is forming part of the group.

xvii. The Company has not incurred any cash losses during the current financial year and in the immediately preceding financial year.

xviii. There has been no resignation of the statutory auditors of the Company during the year. Hence reporting under Clause 3(xvi)(d) of the Order is not applicable to the Company.

xix. According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the standalone financial statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

xx. In respect of ongoing projects, the Company is yet to transfer the unspent Corporate Social Responsibility (CSR) amount of Rs. 5.80 crores as at the Balance Sheet date to a special bank account in compliance with the provision of sub-section (6) of Section 135 of the Act. However, subsequent to the year end, the said amount has been transferred to a special bank account. Refer note no. 44 to the standalone financial statements.

For **LODHA & COMPANY**
Chartered Accountants
Firm registration No. – 301051E

**R. P. Baradiya**
Partner
Membership No. 44101
UDIN:

Place: Mumbai
Date: August 28, 2022

# Annexure "B"

**Referred to in "Report on Other Legal and Regulatory Requirements" section of our report to the members of Indofil Industries Limited for the year ended March 31, 2022:**

## Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Act

We have audited the internal financial controls over financial reporting of the Indofil Industries Limited ("the Company") as of March 31, 2022 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

### Management's Responsibility for Internal Financial Controls

The Board of Directors of the Company is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential component 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 (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to 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.

### Auditors' 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 deemed to be prescribed under Section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. 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 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 judgment, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error.

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

### Meaning of Internal Financial Controls Over Financial Reporting

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of standalone financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the entity are being made only in accordance with authorisations of management; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the entity's assets that could have a material effect on the standalone financial statements (4) also provide reasonable assurance by the internal auditors through their internal audit reports given to the entity from time to time.

### Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, 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 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, to the best of our information and according to the explanations given to us subject to what is stated in para (xiv) of CARO 2020 report attached herewith and also that the internal financial controls needs to be formally documented, the Company has, broadly, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2022, based on the internal control over financial reporting criteria established by the Company considering the essential component 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 **LODHA & COMPANY**
Chartered Accountants
Firm registration No. – 301051E

**R. P. Baradiya**
Partner
Membership No. 44101
UDIN:

Place: Mumbai
Date: August 28, 2022

# Standalone Balance Sheet as at March 31, 2022

₹ in Crores

| Particulars | Note No. | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current Assets** | | | |
| Property, plant and equipment | 3A | 596.10 | 632.85 |
| Capital work-in-progress | 3B | 11.95 | 18.20 |
| Right-of-use assets | 4 | 20.44 | 37.39 |
| Other intangible assets | 5A | 42.08 | 52.59 |
| Intangible assets under development | 5B | 47.03 | 39.49 |
| Financial assets | | | |
| Investments in subsidiaries and joint ventures | 6 | 367.14 | 333.13 |
| Other investments | 6 | 16.12 | 14.65 |
| Loans | 7 | 0.15 | 0.16 |
| Other financial assets | 8 | 9.75 | 18.75 |
| Deferred tax assets (net) | 9 | - | 60.71 |
| Income tax assets (net) | 9 | 21.84 | 12.27 |
| Other non-current assets | 10 | 8.07 | 7.45 |
| **Total non-current assets** | | **1,140.67** | **1,227.64** |
| **Current assets** | | | |
| Inventories | 11 | 533.48 | 313.48 |
| Financial assets | | | |
| Investments | 12 | 112.72 | 51.10 |
| Trade receivables | 13 | 844.49 | 830.65 |
| Cash and cash equivalents | 14 | 341.93 | 167.56 |
| Other bank balances | 15 | 70.02 | 46.05 |
| Loans | 16 | 0.07 | 0.08 |
| Other financial assets | 17 | 4.91 | 4.30 |
| Other current assets | 18 | 46.86 | 73.57 |
| **Total current assets** | | **1,954.48** | **1,486.79** |
| Assets classified as held for sale | 6A | 0.36 | 18.96 |
| **TOTAL ASSETS** | | **3095.51** | **2,733.39** |
| **EQUITY AND LIABILITIES** | | | |
| **Equity** | | | |
| Equity share capital | 19 | 21.35 | 21.35 |
| Other equity | 20 | 1,542.69 | 1,394.39 |
| **Total equity** | | **1,564.03** | **1,415.74** |
| **Liabilities** | | | |
| **Non-current liabilities** | | | |
| Financial liabilities | | | |
| Borrowings | 21 | 175.76 | 278.45 |
| Lease liabilities | 40 | 0.45 | 1.76 |
| Other financial liabilities | 22 | 14.13 | 15.66 |
| Deferred tax liabilities (net) | 9 | 12.32 | - |
| Provisions | 23 | 17.47 | 10.79 |
| **Total non-current liabilities** | | **220.13** | **306.66** |
| **Current liabilities** | | | |
| Financial liabilities | | | |
| Borrowings | 24 | 479.52 | 464.89 |
| Trade payables | 25 | | |
| Total outstanding dues of micro enterprises and small enterprises; and | | 5.81 | 1.41 |
| Total outstanding dues of creditors other than micro enterprises and small enterprises | | 762.22 | 453.59 |
| Lease liabilities | 40 | 1.31 | 2.07 |
| Other financial liabilities | 26 | 7.91 | 11.80 |
| Other current liabilities | 27 | 51.27 | 66.59 |
| Provisions | 28 | 3.31 | 8.63 |
| Current tax liabilities (net) | 9 | - | 2.01 |
| **Total current liabilities** | | **1,311.35** | **1,010.99** |
| **Total liabilities** | | **1,531.47** | **1,317.65** |
| **TOTAL EQUITY AND LIABILITIES** | | **3,095.51** | **2,733.39** |
| Significant accounting policies | 1 | | |
| Notes forming part of accounts | 2 to 59 | | |

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

**For and on behalf of The Board of Directors**

As per our attached report of even date.
For **Lodha & Co.**
Chartered Accountants
Firm Reg. No. 301051E

**Dr. Bina Modi**
Chairman and Managing Director

**Charu Modi**
Executive Director

**R. P. Baradiya**
Partner
Place: Mumbai
Date: August 29, 2022

**Narendra Rane**
Chief Operating Officer

**Manju Anand**
Company Secretary
Place : Mumbai
Date: August 29, 2022

# Standalone Statement of Profit and Loss for the year ended March 31,2022

(₹ in Crores)

| Particulars | Note No. | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|---|
| **INCOME** | | | |
| Revenue from operations | 29 | 2,673.57 | 2,286.80 |
| Other income | 30 | 56.88 | 16.73 |
| **Total income** | | **2,730.45** | **2,303.53** |
| **EXPENSES** | | | |
| Cost of materials consumed | 31 | 1,626.18 | 985.22 |
| Purchase of stock-in-trade | 32 | 140.64 | 105.15 |
| Changes in inventories of finished goods, work-in-progress and stock-in-trade | 33 | (164.21) | 122.14 |
| Employee benefits expense | 34 | 197.69 | 188.74 |
| Finance costs | 35 | 43.92 | 59.91 |
| Depreciation and amortisation expenses | 36 | 78.44 | 93.99 |
| Other expenses | 37 | 541.01 | 456.91 |
| **Total expenses** | | **2,463.67** | **2,012.06** |
| **Profit before exceptional items and tax** | | **266.78** | **291.47** |
| Less : Exceptional items | 38 | - | 69.33 |
| **Profit before tax for the year** | | **266.78** | **222.13** |
| **Tax expense** | 9 | | |
| Current tax | | 90.42 | 81.16 |
| Deferred tax | | (0.62) | 12.90 |
| (Excess)/ short provision of tax relating to earlier years | | 1.15 | (0.67) |
| **Total tax expense** | | **90.95** | **93.39** |
| **Profit after tax for the year** | | **175.83** | **128.75** |
| **Other comprehensive income** | | | |
| A. **Items that will not be reclassified to profit or loss** | | | |
| Re-measurement gains/ (losses) on defined benefit obligation | | (1.45) | (1.28) |
| Fair Value changes of investments in equity instruments | | (0.53) | 1.47 |
| Income tax on above items | | (7.43) | 0.45 |
| **Total (A)** | | **(9.40)** | **0.64** |
| B. **Items that will be reclassified to profit or loss** | | | |
| The effective portion of gains / (losses) on hedging instruments in a cash flow hedge | | 17.17 | 0.15 |
| Income Tax on above item | | (18.21) | (0.05) |
| **Total (B)** | | **(1.05)** | **0.10** |
| **Total other comprehensive income / (loss) for the year (A+B)** | | **(10.45)** | **0.74** |
| **Total comprehensive income for the year** | | **165.38** | **129.49** |
| Earnings per equity share of nominal value ₹10 each- basic and diluted | 45 | 82.35 | 60.30 |
| Significant accounting policies | 1 | | |
| Notes forming part of accounts | 2 to 59 | | |

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

**For and on behalf of The Board of Directors**

As per our attached report of even date
For **Lodha & Co.**
Chartered Accountants
Firm Reg. No. 301051E

**Dr. Bina Modi**
Chairman and Managing Director

**Charu Modi**
Executive Director

**R. P. Baradiya**
Partner

**Narendra Rane**
Chief Operating Officer

**Manju Anand**
Company Secretary

Place: Mumbai
Date: August 29, 2022

Place : Mumbai
Date: August 29, 2022

# Standalone Statement of Changes in Equity for the year ended March 31,2022

## A. Equity Share Capital

(₹ in Crores)

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| **Balance as at the beginning of the year (Refer Note 19)** | 21.35 | 21.35 |
| Changes in Equity Share Capital due to prior period errors | - | - |
| **Restated balance at the beginning of the year** | 21.35 | 21.35 |
| Changes in Equity Share Capital during the year | - | - |
| **Balance as at the end of the year** | 21.35 | 21.35 |

## B. Other Equity

(₹ in Crores)

| Particulars | Reserves and Surplus | | | | | | | Items of Other Comprehensive Income | | | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Capital Reserve | Securities Premium | Capital Redemption Reserve | Debenture Redemption Reserve | General Reserve | Special Economic Zone Re-investment Reserve | Retained Earnings | Equity Instruments through Other Comprehensive Income | Remeasurement of defined benefits plan | Effective portion of gains and loss on hedging instruments in the Cash Flow Hedge Reserve | |
| **Balance as at April 1, 2020** | 0.01 | 108.04 | 5.08 | 7.50 | 49.73 | 50.00 | 1,105.78 | 0.33 | (16.88) | (34.02) | 1,275.58 |
| Changes in accounting policy or prior period errors | - | - | - | - | - | - | - | - | - | - | - |
| Profit for the year | - | - | - | - | - | - | 128.75 | - | - | - | 128.75 |
| Transfer from Debenture Redemption Reserve | - | - | - | (7.50) | - | - | 7.50 | - | - | - | - |
| Transfer to / (from) SEZ Re-investment Reserve | - | - | - | - | - | (6.61) | 6.61 | - | - | - | - |
| Other Comprehensive Income | | | | | | | | | | | |
| - Re-measurement gains / (losses) on Defined Benefit Plans | - | - | - | - | - | - | - | - | (0.83) | - | (0.83) |
| - Fair value changes of investment in Equity Instruments | - | - | - | - | - | - | - | 1.47 | - | - | 1.47 |
| - Loss on effective portion of Cash Flow Hedge | - | - | - | - | - | - | - | - | - | 0.10 | 0.10 |
| Dividends on Equity Shares | - | - | - | - | - | - | (10.68) | - | - | - | (10.68) |
| **Balance as at March 31, 2021** | **0.01** | **108.04** | **5.08** | **-** | **49.73** | **43.39** | **1,237.96** | **1.81** | **(17.71)** | **(33.92)** | **1,394.39** |

# Standalone Statement of Changes in Equity for the year ended March 31,2022

(₹ in Crores)

| Particulars | Reserves and Surplus | | | | | | | Items of Other Comprehensive Income | | | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Capital Reserve | Securities Premium | Capital Redemption Reserve | Debenture Redemption Reserve | General Reserve | Special Economic Zone Re-investment Reserve | Retained Earnings | Equity Instruments through Other Comprehensive Income | Remeasurement of defined benefits plan | Effective portion of gains and loss on hedging instruments in the Cash Flow Hedge Reserve | |
| **Balance as at April 1, 2021** | 0.01 | 108.04 | 5.08 | - | 49.73 | 43.39 | 1,238.06 | 1.81 | (17.71) | (33.92) | 1,394.39 |
| Changes in accounting policy or prior period errors | - | - | - | - | - | - | - | - | - | - | - |
| Profit for the year | - | - | - | - | - | - | 175.83 | - | - | - | 175.83 |
| Transfer from Debenture Redemption Reserve | - | - | - | - | - | - | - | - | - | - | - |
| Transfer to / (from) SEZ Re-investment Reserve | - | - | - | - | - | (4.15) | 4.15 | - | - | - | - |
| Other Comprehensive Income | | | | | | | | | | | |
| - Re-measurement gains / (losses) on Defined Benefit Plans (net of taxes) | - | - | - | - | - | - | - | - | (8.56) | - | (8.56) |
| - Fair value changes of investment in Equity Instruments (net of taxes) | - | - | - | - | - | - | - | (0.85) | - | - | (0.85) |
| '- Gains / (losses) on hedging instruments in a cash flow hedge (net of taxes) | - | - | - | - | - | - | - | - | - | (1.05) | (1.05) |
| Dividends on Equity Shares | - | - | - | - | - | - | (17.08) | - | - | - | (17.08) |
| **Balance as at March 31, 2022** | **0.01** | **108.04** | **5.08** | **-** | **49.73** | **39.24** | **1,400.85** | **0.96** | **(26.27)** | **(34.96)** | **1,542.69** |

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

As per our report attached
For **Lodha & Co.**
Chartered Accountants
Firm Reg. No. 301051E

**R. P. Baradiya**
Partner
Place: Mumbai
Date: August 29, 2022

**For and on behalf of The Board of Directors**

**Dr. Bina Modi**
Chairman and Managing Director

**Narendra Rane**
Chief Operating Officer

**Charu Modi**
Executive Director

**Manju Anand**
Company Secretary
Place : Mumbai
Date: August 29, 2022

# Standalone Statement of Cash Flows for the year ended March 31,2022

(₹ in Crores)

| Particulars | For the year ended March 31, 2022 | | For the year ended March 31, 2021 | |
|---|---|---|---|---|
| **A. Cash Flow from operating activities:** | | | | |
| **Profit before tax** | | 266.78 | | 222.13 |
| **Add / (Less):- Adjustments for non-cash / non-operating items:** | | | | |
| Depreciation and amortisation expenses | 78.44 | | 93.99 | |
| Finance costs | 43.92 | | 59.91 | |
| Interest income | (5.66) | | (4.71) | |
| Dividend income | (17.09) | | (6.55) | |
| Profit on sale of current investments | (2.18) | | (0.15) | |
| Credit balances/unclaimed liabilities/provisions written back | (11.24) | | 0.69 | |
| Profit on disposal/discard of property, plant and equipment (net) | (6.75) | | (0.91) | |
| Gain on financial assets measured at fair value through profit or loss | (0.58) | | (1.56) | |
| Bad debts written off | 9.36 | | - | |
| Loss arising from financial instruments designated as fair value through profit or loss | 17.17 | | 0.15 | |
| Provision for doubtful debts | (8.82) | | - | |
| Provision for impairment / written off of intangible assets/ intangible asset under development | - | | 69.33 | |
| Unrealized foreign exchange (gain) / loss | (9.57) | 87.00 | 20.21 | 230.40 |
| **Operating profit before changes in working capital** | | **353.78** | | **452.54** |
| **Adjustment for changes in working capital** | | | | |
| (Increase) / decrease in inventories | (220.0) | | 102.31 | |
| Increase in trade receivables | (11.22) | | (23.96) | |
| Decrease in other financial assets | 9.28 | | 1.74 | |
| Decrease in loans | 0.02 | | 0.13 | |
| Decrease in other current and non-current assets | 25.78 | | 18.64 | |
| Increase in trade payables | 323.61 | | 242.00 | |
| Decrease in other financial liabilities | (1.66) | | (58.85) | |
| Increase / (decrease) in other current and non-current liabilities | (15.31) | | 56.68 | |
| Decrease in current and non-current provisions | (0.09) | 110.40 | (21.25) | 317.44 |
| **Cash generated from operations** | | **464.18** | | **769.98** |
| Less: Taxes paid (net of refund received) | | (55.14) | | (24.93) |
| **Net cash generated from operating activities (A)** | | **409.04** | | **745.05** |
| **B. Cash flow from investing activities:** | | | | |
| Payment for purchases of property, plant and equipment and intangible assets (including capital work in progress) | (38.63) | | (45.35) | |
| Proceeds from sale of property, plant and equipment | 24.92 | | 1.86 | |
| Payment for investment in equity of a subsidiaries | (35.0) | | (90.12) | |
| Proceeds from sale of investment in equity of a joint venture | 17.96 | | - | |
| Interest received | 5.35 | | 3.70 | |
| Profit on sale of current investments | 2.18 | | 0.15 | |
| Bank deposits other than cash and cash equivalents | (22.56) | | (38.62) | |
| Dividend income from non-current investments | 17.09 | | 6.55 | |
| **Net cash used in investing activities (B)** | | **(28.70)** | | **(161.83)** |

# Standalone Statement of Cash Flows for the year ended March 31,2022

(₹ in Crores)

| Particulars | For the year ended March 31, 2022 | | For the year ended March 31, 2021 | |
|---|---|---|---|---|
| **C. Cash flow from financing activities:** | | | | |
| Repayment of non-current borrowings | (8.77) | | (29.89) | |
| Repayment of current borrowings (net) | (72.73) | | (395.41) | |
| Finance costs paid | (43.01) | | (61.15) | |
| Payment of Principal portion of the Lease Liabilities | (2.07) | | (1.99) | |
| Payment of Interest portion of the Lease Liabilities | (0.27) | | (0.41) | |
| Dividend paid | (18.02) | | (11.36) | |
| **Net cash used in financing activities (C)** | | **(144.36)** | | **(500.20)** |
| **Net increase in cash and cash equivalents (A+B+C)** | | **235.99** | | **83.02** |
| Add: Cash and cash equivalents at the beginning of the year | | 218.66 | | 135.65 |
| **Cash and cash equivalents at the end of the year (refer note 14)** | | **454.65** | | **218.66** |
| **Cash and cash equivalents includes** | | | | |
| Cash on hand | | 0.08 | | 0.07 |
| Bank balance | | | | |
| - In current accounts | | 210.08 | | 166.44 |
| - In deposit accounts | | 131.77 | | 1.05 |
| Current investments | | 112.72 | | 51.10 |
| **Total** | | **454.65** | | **218.66** |
| Significant accounting policies | 1 | | | |
| Notes forming part of accounts | 2 to 59 | | | |

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

**For and on behalf of The Board of Directors**

As per our attached report of even date
For **Lodha & Co.**
Chartered Accountants
Firm Reg. No. 301051E

**Dr. Bina Modi**
Chairman and Managing Director

**Charu Modi**
Executive Director

**R. P. Baradiya**
Partner

**Narendra Rane**
Chief Operating Officer

**Manju Anand**
Company Secretary

Place: Mumbai
Date: August 29, 2022

Place : Mumbai
Date: August 29, 2022

# Notes forming Part of Financial Statements

for the year ended March 31, 2022

## NOTE 1: CORPORATE INFORMATION

Indofil Industries Limited ('the Company') is a research led, fully integrated multi-product chemical company engaged in manufacturing and distribution of Agro Chemicals and Specialty and Performance Chemicals.

The Company is a public limited company incorporated in India having CIN No-U24110MH1993PLC070713 with its registered office at Kalpataru Square, 4th Floor, Kondivita Road, Off. Andheri Kurla Road, Andheri (East), Mumbai 400059, Maharashtra.

The financial statements for the year ended March 31, 2022 were approved by the Board of Directors and authorized for issue on August 29, 2022.

## NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Statement of Compliance

In accordance with the notification issued by the Ministry of Corporate Affairs, the Company has adopted Indian Accounting Standards (referred to as "Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015, as amended, and notified under Section 133 of the Companies Act, 2013 ('the Act') and other relevant provisions of the Act.

The Financial Statements for the year ended March 31, 2022 have been prepared in accordance with the Ind AS issued and effective as at the reporting date.

### 2.2 Basis of preparation

These financial statements have been prepared and presented on the basis of going concern, under historical cost convention or amortised cost except for certain financial instruments which are measured at fair value at the end of each reporting period, as explained in the accounting policies hereinafter.

These financial statements are presented in Indian Rupees (INR) and all amounts are rounded off to nearest Crores (INR '00,00,000) up to two decimals, except when otherwise indicated.

### 2.3 Use of Estimates and Judgments

The preparation of the financial statements, in conformity with the recognition and measurement principles of Ind AS, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, revenues and expenses and disclosure of contingent liabilities at the date of the financial statements. Actual results could differ from those estimates. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Any revision to the accounting estimates is recognised prospectively.

Information about critical judgments in applying accounting policies, as well as estimates and assumptions that have the most significant effect on the carrying amounts of assets and liabilities within the next financial year are included in the following Notes:

* Measurement of Defined Benefit Obligations – Note 49
* Measurement and likelihood of occurrence of provisions and contingencies – Notes 23, 28 and 42.
* Recognition of Deferred Tax Assets / (Liabilities) – Note 9
* Key Assumptions used in Fair Valuation Methods of Financial Assets – Note 48
* Impairment of Financial Assets (Trade Receivables) – Note 13
* Leases – Note 40

### 2.4 Classification of Assets and Liabilities

Assets and Liabilities are classified as "current" or "non–current", inter-alia, considering the normal operating cycle of the Company's operations being eight months and the expected realisation/settlement thereof within twelve months after the Balance Sheet date.

An asset is treated as "current" when :

- It is expected to be realised or intended to be sold or consumed in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as "non-current".

A liability is "current" when :

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as "non-current".

Deferred tax assets and liabilities are classified as "non-current" assets and liabilities.

### 2.5 Property, Plant and Equipment

Property, Plant and Equipment is recognised when it is probable that future economic benefits associated with the

# Notes forming Part of Financial Statements

for the year ended March 31, 2022

item will flow, and the cost of the item can be measured reliably.

Property, Plant and Equipment are stated at cost of acquisition or construction including attributable borrowing cost till such assets are ready for intended use, less accumulated depreciation, impairment losses and credits received, if any.

Cost of acquisition for the aforesaid purpose comprises its purchase price, including import duties and other non-refundable taxes or levies and any directly attributable cost of bringing the asset to its working condition for its intended use, net of trade discounts, rebates and credits received, if any.

In case of new projects and substantial expansion of existing capacity, expenditure incurred including trial production expenses, net of revenue earned and attributable interest and financing costs, prior to commencement of commercial production are capitalized.

Freehold land is carried at historical cost less impairment loss, if any.

Depreciation is provided on a pro-rata basis as per useful lives prescribed by Schedule II of the Act on Straight Line Method on Plant and Machinery and on Written Down Value Method for others.

The residual values, useful life and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

### 2.6 Capital Work-in-Progress

Items of Property, Plant and Equipment which are not ready for intended use on the date of Balance Sheet are disclosed as Capital Work-in-progress. It is carried at cost, less accumulated impairment loss, if any. The items classified under Capital Work-in-progress are capitalized to the respective items of Property, Plant and Equipment on their completion and ready for intended use. Depreciation of these assets, on the same basis as other assets, commences when the assets are ready for their intended use.

### 2.7 Other Intangible Assets

Other Intangible assets are recognised only if it is probable that the future economic benefits that are attributable to that asset will flow and the cost of the item can be measured reliably. Other Intangible Assets acquired separately are measured on initial recognition at cost. Subsequently, Intangible Assets are carried at cost less any accumulated amortisation and impairment losses.

The useful lives of intangible assets are assessed as either finite or indefinite. Finite – life Intangible Assets are amortised on a straight line basis over the period of their expected useful lives. Estimated useful lives by major class of finite – life Intangible assets are as follows

- 10 years in case of Patents and Know-How comprised in the Dithane Fungicide Business in certain countries in the European continent acquired under a Business Purchase Agreement;
- 7 years in case of Other Intangible Assets.

### 2.8 Research and Development Cost

Revenue expenditure on Research and Development is charged off as expense in the year in which it is incurred under the respective natural heads of account. Expenditure resulting in creation of Capital Assets (Including Intangibles) is capitalised and depreciated / amortised accordingly.

### 2.9 Investments

Investments in subsidiaries and joint ventures are carried at cost less accumulated impairment losses, if any. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. On disposal of investment in subsidiaries and joint venture, the difference between net disposal proceeds and the carrying amounts are recognized in the Statement of Profit and Loss.

### 2.10 Inventories

- Raw Materials and Packaging Materials – at weighted average cost or net realisable value whichever is lower.
- Work-in-progress ¬¬– at weighted average cost of raw material and conversion cost.
- Finished Goods – at weighted average cost or net realizable value whichever is lower.
- Stores and Spares – at weighted average cost or net realizable value whichever is lower.

### 2.11 Financial instruments

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

#### Financial assets

- **Initial recognition and measurement**

  On initial recognition, a financial asset is recognized at fair value. In case of Financial Assets which are recognized at fair value through profit and loss (FVTPL), its transaction costs are recognized in the Statement of Profit and Loss, while in other cases, the transaction costs are attributed to the acquisition value of the financial asset.

# Notes forming Part of Financial Statements

for the year ended March 31, 2022

- **Subsequent Measurement**

  Financial Assets are subsequently classified as measured at

  - Amortized cost
  - Fair Value through Profit and Loss (FVTPL)
  - Fair Value through Other Comprehensive Income (FVOCI)

  Financial Assets are not reclassified subsequent to their recognition, except in the period when the Company changes its business model for managing financial assets.

  **Financial Assets at Amortised Cost**

  Financial Assets are subsequently measured at amortised cost if these financial assets are held within a business whose objective is to hold these assets to collect contractual cash flows and the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

  **Financial Assets at Fair Value through Other Comprehensive Income**

  Financial Assets are measured at fair value through Other Comprehensive Income if these financial assets are held within a business whose objective is achieved by both collecting contractual cash flows on specified dates that are solely payments of principal and interest on the principal amount outstanding and selling financial assets

  The Company has made an irrevocable election to present in Other Comprehensive Income, subsequent changes in the fair value of equity investments not held for trading.

  **Financial Assets at Fair Value through Profit and Loss**

  Financial Assets are measured at fair value through Profit and Loss unless it is measured at amortised cost or at Fair Value through Other Comprehensive Income on initial recognition.

  **Cash and Cash Equivalents**

  Cash and Cash Equivalent comprises of Balances with Bank and in hand as well as short-term and highly liquid investments with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

- **Derecognition**

  The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the contractual right to receive the cash flows from the asset.

- **Impairment**

  The Company assesses at each date of Balance Sheet whether a financial asset or a group of financial asset is impaired. Ind AS 109 requires expected credit losses to be measured through loss allowance. The Company recognises lifetime expected losses for all contract assets and/or all trade receivables that do not constitute a financing transaction. For all other financial assets, expected credit losses are measured at an amount equal to 12 month expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.

**Financial liabilities**

- **Initial recognition and measurement**

  On initial recognition, all financial liabilities are recognised at fair value and in case of loans and borrowings, net of directly attributable transaction costs.

- **Subsequent measurement**

  Financial Liabilities are subsequently classified as measured at

  - Amortized cost
  - Fair Value through Profit and Loss (FVTPL)

  Financial Liabilities are measured at amortised cost using the Effective Interest Rate (EIR) method. Financial Liabilities carried at fair value through profit and loss are measured at fair value with all changes in fair value recognised in the Statement of Profit and Loss.

- **Derecognition**

  A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

- **Offsetting of financial instruments**

  Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

# Notes forming Part of Financial Statements

for the year ended March 31, 2022

- **Financial Guarantee Contracts**

  Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less cumulative amortisation.

### 2.12 Hedge Accounting

Derivatives are initially recognised at fair value on the date when a derivative contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Company designates certain derivatives as hedges of a particular risk associated with the cash flows of recognised assets and liabilities and highly probable forecast transactions (cash flow hedges).

The Company documents at the inception of the hedging transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Company also documents its assessment, both at hedge inception and on an ongoing basis, of whether the hedging instruments that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values of cash flows of hedged items.

The effective portion of changes in the fair value of hedging instrument that are designated and qualify as cash flow hedges is recognised in the Other Comprehensive Income (OCI) in Cash Flow Hedge Reserve within Equity, limited to the cumulative change in fair value of the hedged item on a present value basis from the inception of the hedge. The profit or loss relating to the ineffective portion is recognised immediately in Statement of Profit or Loss.

The Company uses its Foreign Currency Borrowings and Buyer's Credit as hedging instrument of its exposure to foreign exchange risk on its highly probable forecasted sales. Amounts recognised in OCI will be transferred to profit or loss when the hedged transaction affects profit or loss, such as when a forecast sale occurs.

### 2.13 Impairment of Non-Financial Assets

If internal/external indications suggest that an asset of the Company may be impaired, the recoverable amount of asset/ cash generating unit is determined on the Balance Sheet date and if it is less than it's carrying amount, the carrying amount of the asset/cash generating unit is reduced to the said recoverable amount.

The recoverable amount is measured as the higher of the fair value less cost of disposal and value in use of such assets/ cash generating unit, which is determined by the present value of the estimated future cash flows.

Assessment is also done at each Balance Sheet date as to whether there is any indication that an impairment loss recognised for an asset in prior accounting periods may no longer exist or may have decreased, basis the assessment, a reversal of an impairment loss for an asset is recognised in the Statement of Profit and Loss.

### 2.14Provisions and Contingent Liabilities / Assets

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to a provision is presented in the Statement of Profit and Loss.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Contingent liability is disclosed in the case of:

- A present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation;
- A present obligation arising from past events, when no reliable estimate is possible;
- A present obligation arising from past events, unless the probability of outflow of resources is remote.

Contingent Assets are not recognised and are disclosed when inflow of economic benefits is probable

Provisions, contingent liabilities and contingent assets are reviewed at each balance sheet date.

# Notes forming Part of Financial Statements

for the year ended March 31, 2022

**2.15 Revenue from Contracts with Customers:**

Revenue from contracts with customers for sale of goods is recognised when the Company satisfies performance obligation by transferring promised goods to the customer. Performance obligations are satisfied at a point in time, i.e., when the customer obtains control of the asset.

Revenue is measured at the amount of transaction price, which is the fair value of the consideration received or receivable, stated net of discounts, returns and applicable Good and Service Tax. Transaction price is recognised based on the price specified in the contract, net of the estimated sales incentives/ discounts. The discounts/ right of return are estimated and provided for, based on past experience. A refund liability is recognised for expected returns in relation to sales made, corresponding assets are recognised for the products expected to be returned.

### Export Incentives

Income from Export Benefit Entitlement under the Duty Drawback Scheme of the Government of India is recognised in the year in which the Revenue from related Export Sales is accounted for. Income from Export Benefit Entitlement under the Merchandise Exports from India Scheme (MEIS) of the Government of India is recognised in the year in which the MEIS licence received from Government. Advance License Benefits on Exports are recognised in the year of utilisation of license.

### Insurance claims

Insurance claims are accounted upon acceptance of claims.

### Interest and Dividend income

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the applicable interest rates. Interest income is included under the head "Other Income" in the Statement of Profit and Loss.

Interest income is recognised using the effective interest method. When a loan and receivable is impaired, the Company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument and continues unwinding the discount as interest income. Interest income on impaired loan and receivables is recognised using the original effective interest rate.

Dividend Income is recognised when the right to receive the payment is established. Incomes from investments are accounted on an accrual basis.

### Liability for Sales Return

Accruals for estimated product returns, which are based on historical experience of actual sales returns and adjustment on account of current market scenario is considered by the Company to be reliable estimate of future sales returns.

**2.16Leases**

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. 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:

- The contracts involve the use of an identified asset – this may be specified explicitly or implicitly and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, the asset is not identified.
- The Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- The Company has the right to direct the use of the asset. The Company has the right when it has the right decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases, where the decision about how and for what purpose the asset is used is predetermined, the Company has the right to direct the use of the asset if either:
    - o The Company has the right to operate the asset; or
    - o The Company designed the asset in a way that predetermined how and for what purpose it will be used

### As a Lessee

The Company recognises a Right-of-Use (ROU) asset and a lease liability at the lease commencement date. The ROU asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payment made at or before the commencement date, plus any initial direct cost incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentive received.

The ROU asset which was recognised is subsequently amortised using the straight-line method and for ROU

# Notes forming Part of Financial Statements

for the year ended March 31, 2022

asset recognised on Leased Vehicles is subsequently depreciated on written-down value method, from the commencement date to the earlier of the end of the useful life of ROU asset or the end of the lease term. The estimated useful lives of ROU assets are determined on the same basis as those of Property, Plant and Equipment. In addition, ROU asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of 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.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the Company's incremental borrowing method. It is remeasured 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 the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of ROU asset, or is recorded in profit or loss if the carrying amount of ROU asset has been reduced to zero.

The Company presents ROU assets that meet the definition of investment property are presented under Investment Property, otherwise under "Property, Plant and Equipment" and lease liabilities under "Financial Liabilities" in the Balance Sheet.

#### Short-term leases and leases of low-value assets

The Company has elected not to recognise ROU assets and lease liabilities for short-term lease that have a lease term of 12 months or less and leases of low-value assets. The Company recognise the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

#### As a Lessor

When the Company acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Company makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When and if the Company is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Company applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease component, the Company applies Ind AS 115 to allocate the consideration in the contract.

The Company recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'Other Income' in the Statement of Profit and Loss.

The accounting policies applicable to the Company as a lessor in the comparative period were not different from Ind AS 116. However, when the Company was an intermediate lessor the sub-leases were classified with reference to the underlying asset.

### 2.17 Foreign Currencies

The Financial Statements of the Company are presented in Indian Rupee (INR), which is also the functional currency of the Company.

# Notes forming Part of Financial Statements

for the year ended March 31, 2022

Foreign currency transactions are translated into the functional currency, using the exchange rate at the date of the transaction. Foreign exchange gains and losses from settlement of these transactions and from restatement of monetary assets and liabilities at the reporting date are recognised in the Statement of Profit and Loss / Cash flow hedge reserve.

Non–monetary foreign currency items are carried at cost translated at an exchange rate prevailing on the date of transaction.

Exchange difference arising on settlement or restatement of foreign currency denominated liabilities existing as on / incurred on or after April 1, 2011 but before March 31, 2016 relating to acquisition of depreciable capital assets, have been added to/deducted from the cost of the respective asset and depreciated over the balance life of the asset.

## 2.18 Employee Benefits

Employee Benefits Consists of contribution to Family Pension Fund, ESIC, Labour Welfare Fund, Superannuation Fund, Employees' Provident Fund, Gratuity Fund and Leave Encashment Fund.

### Defined Contribution Plans

The Company's contributions paid/payable during the year to Employees' Provident Fund, Family Pension Fund, ESIC, Labour Welfare Fund, Superannuation Fund are recognised in the Statement of Profit and Loss. Such benefits are classified as Defined Contribution Schemes as the Company does not carry any further obligations, apart from the contributions made.

### Defined Benefit Plans

Company's accrued liabilities towards Gratuity and Leave Encashment are determined on actuarial basis using the projected unit credit method for the period of service to build up the final obligation.

The present value of the said obligation is determined by discounting the estimated future cash outflows, using market yields of government bonds that have tenure approximating the tenures of the related liability.

The interest income / (expense) are calculated by applying the discount rate to the net defined benefit liability or asset. The net interest income / (expense) on the net defined benefit liability or asset is recognised in the Statement of Profit and Loss.

Service Cost (Both Current and Past) and Net Interest Expenses or Income is recognised as expenses in the Statement of Profit and Loss.

Any difference between the interest income on plan assets and the return actually achieved and any changes in the liabilities over the year due to changes in actuarial assumptions or experience adjustments within the plans are recognised immediately in Other Comprehensive Income and subsequently not reclassified to the Statement of Profit and Loss.

Gratuity and Superannuation Scheme are administered by Life Insurance Corporation of India to which contributions are made.

The Retirement Benefit Obligation recognised in the Balance Sheet represents the present value of the Defined Benefit Obligation reduced by the Fair Value of the Plan Assets.

## 2.19 Borrowing Costs

Borrowing costs that are attributable to the acquisition, construction, or production of a qualifying asset are capitalised as a part of the cost of such asset till such assets are ready for their intended use.

A qualifying asset is an asset that necessarily requires a substantial period of time to get ready for its intended use or sale.

All other borrowing costs are recognised as expense in the Statement of Profit and Loss in the period in which they are incurred.

## 2.20 Taxes

Income Tax expenses comprise of Current Tax and Deferred Tax. It is recognised in the Statement of Profit and Loss except to the extent it relates to an item which is recognised directly in Equity or in Other Comprehensive Income, in which case, the same are recognised therein.

### Current Income Tax

Provision for Current Tax is made on the basis of taxable income for the current year in accordance with the provisions of Income Tax Act, 1961 ("the IT Act"). Credit for Minimum Alternate Tax (MAT) is recognised in respect of liability under MAT provisions, based on expected tax liability under normal provisions of the IT Act during the period specified thereunder.

### Deferred Tax

Deferred Tax is recognised in respect of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes.

A Deferred Tax Liability is recognised based on the expected realisation settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted,

# Notes forming Part of Financial Statements

for the year ended March 31, 2022

by the end of the reporting period. Deferred Tax Asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred Tax Assets is recognised in respect of unused tax credit in the form of Minimum Alternate Tax (MAT) Entitlement in respect of MAT paid as per the provisions of Income-tax Act, 1961, that future taxable profit will be available against which the unused tax credits can be utilised. Deferred Tax Assets and Deferred Tax Liabilities are reviewed at each reporting date.

### 2.21 Earnings Per Share

Basic earnings per share is computed by dividing the net profits for the year attributable to the equity shareholders of the Company by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

### 2.22 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 revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment. Inter segment revenue is accounted on the basis of transactions which are primarily determined based on market / fair value factors. Revenue, expenses, assets and liabilities which relate to the Company as a whole and are not allocable to segments on a reasonable basis have been included under “unallocated revenue/ expenses / Assets/ liability.

#### Segment Policies:

The Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the standalone financial statements of the Company as a whole. Common allocable costs are allocated to each segment on an appropriate basis.

### 2.23 Recent Accounting Pronouncement

The Ministry of Corporate Affairs (MCA) vide Notification dated 23rd March, 2022 has issued new Companies (Indian Accounting Standard) Amendment Rules, 2022. Major amendments notified in the notification are provided below:

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

(b) Ind AS 37 | Provisions, contingent liabilities and contingent assets – The amendment specifies that the ‘cost of fulfilling’ a contract comprises the ‘costs that relate directly to the contract’. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract). The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2022, although early adoption is permitted.

(c) Ind AS 103 | Business combinations – The amendment adds a new exception in Ind AS 103 for liabilities and contingent liabilities.

(d) Ind AS 109 | Financial instruments – The amendment clarifies which fees an entity includes when it applies the ‘10%’ test in assessing whether to derecognise a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other’s behalf.

The amendments are extensive, and the Company will evaluate the same to give effect to those as required by law.

# Notes forming Part of Financial Statements

for the year ended March 31, 2022

## NOTE 3A : PROPERTY, PLANT AND EQUIPMENT

(₹ in Crores)

| Description of assets | Freehold land | Buildings | Plant and equipment | Furniture and fixtures | Vehicles | Office equipment | Computers | Road and culvert | Total |
|---|---|---|---|---|---|---|---|---|---|
| **I. Gross carrying amount** | | | | | | | | | |
| Balance as at April 01, 2020 | 1.77 | 352.61 | 584.91 | 8.25 | 17.56 | 15.17 | 10.67 | 11.86 | 1,002.80 |
| Additions during the year | - | 3.20 | 19.56 | 0.03 | - | 0.18 | 0.50 | - | 23.47 |
| Deletions during the year | - | - | (4.00) | (0.09) | (7.76) | - | (0.03) | - | (11.88) |
| **Balance as at March 31, 2021** | **1.77** | **355.81** | **600.47** | **8.19** | **9.80** | **15.35** | **11.14** | **11.86** | **1,014.39** |
| Additions during the year | - | 7.24 | 15.48 | 0.51 | 1.06 | 0.43 | 1.33 | - | 26.05 |
| Deletions during the year | - | - | (3.37) | (0.10) | (1.42) | (0.14) | (0.06) | - | (5.09) |
| **Balance as at March 31, 2022** | **1.77** | **363.05** | **612.58** | **8.60** | **9.44** | **15.64** | **12.41** | **11.86** | **1,035.35** |
| **II. Accumulated depreciation** | | | | | | | | | |
| Balance as at April 1, 2020 | - | 105.65 | 168.91 | 6.42 | 14.63 | 12.33 | 9.59 | 6.33 | 323.86 |
| Depreciation during the year | - | 20.54 | 39.66 | 0.45 | 0.69 | 1.15 | 0.61 | 1.48 | 64.58 |
| Deletions during the year | - | - | - | (0.05) | (6.81) | (0.02) | (0.02) | (0.01) | (6.90) |
| **Balance as at March 31, 2021** | **-** | **126.19** | **208.57** | **6.82** | **8.51** | **13.46** | **10.18** | **7.80** | **381.54** |
| Depreciation during the year | - | 19.24 | 37.27 | 0.32 | 0.55 | 0.70 | 0.73 | 1.01 | 59.82 |
| Deletions during the year | - | - | (0.56) | (0.06) | (1.30) | (0.13) | (0.06) | - | (2.11) |
| **Balance as at March 31, 2022** | **-** | **145.43** | **245.28** | **7.08** | **7.76** | **14.03** | **10.85** | **8.81** | **439.25** |
| **Net carrying amount as on March 31, 2022** | **1.77** | **217.62** | **367.30** | **1.52** | **1.68** | **1.61** | **1.56** | **3.05** | **596.10** |
| **Net carrying amount as on March 31, 2021** | **1.77** | **229.62** | **391.90** | **1.37** | **1.29** | **1.89** | **0.96** | **4.06** | **632.85** |

Notes:

1. Buildings includes cost of shares of face value ₹ 1,350 (previous year ₹ 1,350).
2. Property at Sameer Vihar, Modi Nagar which was acquired by the Company under slump sale arrangement from Modipon Limited is in the process of being transferred in the name of the Company in local land records in due course. It is yielding rental income to the Company, and it is not recognised as an investment property due to the non-availability of reliable measurement of cost. The fair value of the said investment property based on the management estimate is ₹ 32.62 crores as at 31 March 2022.
3. Freehold land parcels located at Thane having carrying amount of ₹ 1.77 crores, which was acquired by the Company under slump sale arrangement from Modipon Limited, have been duly registered with Registrar. It is in possession and used for the operations of the Company, however, is in process of being transferred in the name of the Company in local 7/12 records.
4. Refer Note 21 and Note 24 for property, plant and equipment pledged against borrowings.
5. Refer Note 43 for capital commitment.

# Notes forming Part of Financial Statements

for the year ended March 31, 2022

## NOTE 3B : CAPITAL WORK-IN-PROGRESS

(₹ in Crores)

| Particulars | Buildings under construction | Plant and equipment under installation | Total |
|---|---|---|---|
| Balance as at April 01, 2020 | - | 12.32 | 12.32 |
| Additions during the year | 1.10 | 10.85 | 11.95 |
| Capitalised during the year | - | (6.07) | (6.07) |
| **Balance as at March 31, 2021** | **1.10** | **17.10** | **18.20** |
| Additions during the year | 1.35 | 8.74 | 10.09 |
| Capitalised during the year | - | (16.34) | (16.34) |
| **Balance as at March 31, 2022** | **2.45** | **9.50** | **11.95** |

**CWIP aging as on 31st March 2022**

₹ in Crores

| Particulars | Amount in CWIP for a period of | | | | |
|---|---|---|---|---|---|
| | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | Total |
| Projects in progress | 9.15 | 2.29 | 0.05 | 0.46 | 11.95 |
| Projects temporarily suspended | - | | - | - | - |
| **Total** | **9.15** | **2.29** | **0.05** | **0.46** | **11.95** |

**CWIP Ageing as on 31st March 2021**

₹ in Crores

| Particulars | Amount in CWIP for a period of | | | | |
|---|---|---|---|---|---|
| | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | Total |
| Projects in progress | 11.33 | 4.92 | 1.32 | 0.63 | 18.20 |
| Projects temporarily suspended | - | | - | - | - |
| **Total** | **11.33** | **4.92** | **1.32** | **0.63** | **18.20** |

**Details of CWIP whose completion is overdue or has exceeded its cost compared to its original plan**

For the year ended March 31, 2022

₹ in Crores

| Particulars | To be completed in | | | |
|---|---|---|---|---|
| | Less than 1 year | 1 to 2 years | 2 to 3 years | More then 3 years |
| MEE Filteration plant for ETP - 2 | 8.95 | - | - | - |
| QR Code Implementation | 0.67 | - | - | - |
| Others | 1.22 | - | - | - |
| **Total** | **10.84** | **-** | **-** | **-** |

# Notes forming Part of Financial Statements

for the year ended March 31, 2022

## NOTE 3B : CAPITAL WORK-IN-PROGRESS (Contd.)

**For the year ended March 31, 2021**

₹ in Crores

| Particulars | To be completed in | | | |
|---|---|---|---|---|
| | Less than 1 year | 1 to 2 years | 2 to 3 years | More then 3 years |
| MEE Filteration plant for ETP - 2 | - | 2.81 | - | - |
| QR code Implementation | - | 0.07 | - | - |
| Coal fire boiler for unit 3 | 6.64 | - | - | - |
| EBDC warehouse for unit 3 | 3.64 | - | - | - |
| Others | 1.67 | - | - | - |
| **Total** | **11.95** | **2.88** | **-** | **-** |

## NOTE 4 : RIGHT-OF-USE ASSETS

Following are the changes in the carrying amount of right of use assets during the year ended March 31, 2022

(₹ in Crores)

| Particulars | Prepaid land leasehold | Vehicles | Total |
|---|---|---|---|
| **I. Carrying amount** | | | |
| Balance as at April 01, 2020 | | | |
| Transition to Ind AS 116 | 37.25 | 7.66 | 44.91 |
| Additions during the year | - | - | - |
| Deletion during the year | - | (0.05) | (0.05) |
| **Balance as on March 31, 2021** | **37.25** | **7.61** | **44.86** |
| Additions during the year | 0.22 | - | 0.22 |
| Deletion during the year | (16.34) | - | (16.34) |
| **Balance as on March 31, 2022** | **21.13** | **7.61** | **28.74** |
| **II. Accumulated amortization** | | | |
| Balance as at April 1, 2020 | - | - | - |
| Transition to Ind AS 116 | 0.74 | 4.13 | 4.87 |
| Additions during the year | 0.73 | 1.87 | 2.60 |
| Deletion during the year | - | - | - |
| **Balance as on March 31, 2021** | **1.47** | **6.00** | **7.47** |
| Additions during the year | 0.73 | 0.85 | 1.58 |
| Deletion during the year | (0.75) | - | (0.75) |
| **Balance as on March 31, 2022** | **1.45** | **6.85** | **8.30** |
| **Net block as on March 31, 2022** | **19.68** | **0.76** | **20.44** |
| **Net block as on March 31, 2021** | **35.78** | **1.61** | **37.39** |

## NOTE 5A : OTHER INTANGIBLE ASSETS

(₹ in Crores)

| Description of assets | Software | Product development | Total |
|---|---|---|---|
| **I. Gross carrying amount** | | | |
| Balance as at April 1, 2020 | 6.39 | 215.23 | 221.62 |
| Additions during the year | 0.23 | 1.01 | 1.24 |
| Deletions during the year | - | - | - |
| **Balance as at March 31, 2021** | **6.62** | **216.24** | **222.86** |
| Additions during the year | 0.78 | 5.75 | 6.53 |
| Deletions during the year | - | - | - |
| Adjustments during the year | 0.03 | (0.03) | - |
| **Balance as at March 31, 2022** | **7.43** | **221.96** | **229.39** |

# Notes forming Part of Financial Statements

for the year ended March 31, 2022

## NOTE 5A : OTHER INTANGIBLE ASSETS (Contd.)

(₹ in Crores)

| Description of assets | Software | Product development | Total |
|---|---|---|---|
| **II. Accumulated amortisation** | | | - |
| Balance as at April 1, 2020 | 2.08 | 107.57 | 109.65 |
| Amortization during the year | 0.89 | 25.92 | 26.81 |
| Provision for Impairment | - | 33.81 | 33.81 |
| **Balance as at March 31, 2021** | **2.97** | **167.30** | **170.27** |
| Amortization during the year | 0.90 | 16.14 | 17.04 |
| Provision for Impairment | - | - | - |
| **Balance as at March 31, 2022** | **3.87** | **183.44** | **187.31** |
| **Net carrying amount as on March 31, 2022** | **3.56** | **38.52** | **42.08** |
| **Net carrying amount as on March 31, 2021** | **3.65** | **48.94** | **52.59** |

## NOTE 5B : INTANGIBLE ASSETS UNDER DEVELOPMENT

(₹ in Crores)

| Description of assets | Software | Product development | Total |
|---|---|---|---|
| Balance as at April 01, 2020 | - | 66.30 | 66.30 |
| Additions during the year | - | 8.87 | 8.87 |
| Capitalised during the year | - | (0.16) | (0.16) |
| Provision for Impairment | - | (35.52) | (35.52) |
| **Balance as at March 31, 2021** | **-** | **39.49** | **39.49** |
| Additions during the year | 5.80 | 9.11 | 14.91 |
| Capitalised during the year | - | (7.37) | (7.37) |
| Provision for Impairment | - | - | - |
| **Balance as at March 31, 2022** | **5.80** | **41.23** | **47.03** |

**Ageing of intangible assets under development as on March 31, 2022**

₹ in Crores

| Particulars | Amount in CWIP for a period of | | | | |
|---|---|---|---|---|---|
| | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | Total |
| Projects in progress | 13.48 | 6.22 | 16.92 | 10.41 | 47.03 |
| Projects temporarily suspended | - | - | - | - | - |
| **Total** | **13.48** | **6.22** | **16.92** | **10.41** | **47.03** |

**Ageing of intangible assets under development as on March 31, 2021**

₹ in Crores

| Particulars | Amount in CWIP for a period of | | | | |
|---|---|---|---|---|---|
| | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | Total |
| Projects in progress | 10.99 | 4.18 | 8.55 | 15.76 | 39.49 |
| Projects temporarily suspended | - | - | - | - | - |
| **Total** | **10.99** | **4.18** | **8.55** | **15.76** | **39.49** |

**Details of intangible assets under development, whose completion is overdue or has exceeded its cost compared to its original plan**

For the year ended March 31, 2022

| Particulars | | ₹ in Crores | ₹ in Crores | ₹ in Crores |
|---|---|---|---|---|
| | To be completed in | | | |
| | Less than 1 year | 1 to 2 years | 2 to 3 years | More then 3 years |
| Software under development | 5.80 | - | - | - |
| Product under development | 14.05 | 8.78 | 8.98 | 9.42 |
| **Total** | **19.85** | **8.78** | **8.98** | **9.42** |

# Notes forming Part of Financial Statements

for the year ended March 31, 2022

## NOTE 5B : INTANGIBLE ASSETS UNDER DEVELOPMENT (Contd.)

**For the year ended March 31, 2021**

₹ in Crores

| Particulars | To be completed in | | | |
|---|---|---|---|---|
| | Less than 1 year | 1 to 2 years | 2-3 years | More than 3 years |
| Product under development | 14.79 | 6.42 | 8.87 | 9.41 |
| **Total** | **14.79** | **6.42** | **8.87** | **9.41** |

## NOTE 6 : FINANCIAL ASSETS - INVESTMENTS (NON - CURRENT)

| Particulars | As at March 31, 2022 | | As at March 31, 2021 | |
|---|---|---|---|---|
| | Nos. | ₹ in Crores | Nos. | ₹ in Crores |
| **Investments in Subsidiaries and Joint Ventures** | | | | |
| **Investments in equity instruments** | | | | |
| **Unquoted, Fully paid up, at cost** | | | | |
| **In Subsidiaries** | | | | |
| Indofil Industries (Netherlands) B.V. | 500,000 | 171.98 | 500,000 | 171.98 |
| (Face value - Euro 1 each) | | | | |
| Indofil Industries (International) B.V. | 500,000 | 117.04 | 500,000 | 82.04 |
| (Face value - Euro 1 each) | | | | |
| Indofil Bangladesh Industries Private Limited | 1,092,506 | 9.30 | 639,532 | 9.30 |
| (Face value - BDT 100 each) (Refer note below) | | | | |
| Indofil Costa Rica, S.A. | 10 | 0.00 | 10 | 0.00 |
| (Face value - Costa rican colon 1000 each) | | | | |
| Quick Investment (India) Limited | 12,515 | 3.42 | 12,515 | 3.42 |
| (Face value - ₹ 100 each) | | | | |
| Good Investment (India) Limited | 70,105 | 21.73 | 70,105 | 21.73 |
| (Face value - ₹ 100 each) | | | | |
| **In Joint Ventures** | | | | |
| Indo Baijin Chemicals Private Limited | 4,366,096 | 43.66 | 4,366,096 | 43.66 |
| (Face value - ₹ 100 each) | | | | |
| Indo Reagens Polymer Additives Private Limited (Refer Note 6A) | - | - | 19,960,000 | 19.96 |
| (Face value - ₹ 10 each) | | | | |
| Less: Investment held for sale | - | - | 18,962,000 | (18.96) |
| **Other Investments** | | | | |
| **Investments at fair value through other comprehensive income** | | | | |
| **Investments in equity instruments** | | | | |
| **Quoted, Fully paid up** | | | | |
| Modi Rubber Limited | 214,211 | 1.45 | 214,211 | 2.00 |
| (Face value - ₹ 10 each) | | | | |
| **Unquoted, Fully paid up** | | | | |
| The Cosmos Co-Op. Bank Limited | 14,250 | 0.89 | 14,250 | 0.88 |
| (Face value - ₹ 100 each) | | | | |
| KKM Management Centre Private Limited | 338,100 | 1.11 | 338,100 | 1.09 |
| (Face value - ₹ 10 each) | | | | |
| Grace Breeding Nitrogen Fixation Technologies Limited | 10,848 | 10.68 | 10,848 | 10.68 |
| (Face value - NIS 0.01 each) | | | | |
| Indo Reagens Polymer Additives Private Limited | 2,000,000 | 2.00 | - | - |
| (Face value - ₹ 10 each) | | | | |
| **TOTAL** | | **383.26** | | **347.78** |
| **Aggregate Amount of quoted investments and market value thereof** | | **1.45** | | **2.00** |
| **Aggregate amount of unquoted investments** | | **381.81** | | **345.78** |
| **Aggregate amount of impairment in value of investments** | | **-** | | **-** |

**Note :** During the previous year ended March 31, 2021, the Company has invested ₹ 3.98 crores of face value of BDT 100 (No. of shares to be issued 4,52,974) in Indofil Bangladesh Industries Private Limited (IBIPL). However, shares are allotted in the name of the Company during the year ended March 31, 2022.

# Notes forming Part of Financial Statements

for the year ended March 31, 2022

## NOTE 6A : ASSETS CLASSIFIED AS HELD FOR SALE

₹ in Crores

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Investments in equity shares of Indo Reagens Polymer Additives Private Limited -NIL (Previous year-No. of equity shares 1,89,62,000 of ₹ 10 each) | - | 18.96 |
| Plant and Equipment - held for Sale | 0.36 | - |
| **TOTAL** | **0.36** | **18.96** |

## NOTE 7 : FINANCIAL ASSETS - LOANS (NON-CURRENT)

₹ in Crores

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| **Unsecured, considered good** | | |
| Loans to employees | 0.15 | 0.16 |
| **TOTAL** | **0.15** | **0.16** |

## NOTE 8 : FINANCIAL ASSETS - OTHERS (NON-CURRENT)

₹ in Crores

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| **Unsecured, considered good** | | |
| Forward contracts receivable (Refer 8.1) | 1.07 | 1.14 |
| Fixed deposits maturing after 12 months (Refer 8.2) | 0.06 | 10.67 |
| Security deposits | 8.62 | 6.94 |
| **TOTAL** | **9.75** | **18.75** |

**8.1** The Company has entered into foreign exchange forward contracts with the intention of hedging foreign exchange risk of expected sales and purchases, these contracts are not designated as hedge and are measured at fair value through profit or loss. Derivative instruments at fair value through profit or loss reflect the change in fair value of those foreign exchange forward contracts that are not designated in hedge relationships, but are, nevertheless, intended to reduce the level of foreign currency risk for expected sales and purchases.

**8.2** Fixed deposits amounting to ₹ 0.06 crore are under lien for Agriculture product registration (previous year ₹ 0.36 crores were under lien for Agriculture product registration).

## NOTE 9 : INCOME TAXES

**a. Current tax assets and liabilities**

₹ in Crores

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| **Income tax assets** | | |
| Income tax refundable (net of provision for taxation of ₹ 409.36 crores) (previous year ₹ 335.87 crores) | 21.84 | 12.27 |
| **TOTAL** | **21.84** | **12.27** |
| **Current tax liabilities** | | |
| Provision for tax (previous year : net of advance income tax ₹ 25.50 crores) | - | 2.01 |
| **TOTAL** | **-** | **2.01** |

# Notes forming Part of Financial Statements

for the year ended March 31, 2022

## NOTE 9 : INCOME TAXES (Contd.)

**b. Components of income tax expense / (income)**

₹ in Crores

| Particulars | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|
| **Income tax recognised in the statement of profit and loss** | | |
| **Current tax:** | | |
| Current tax | 90.42 | 81.16 |
| Deferred tax | (0.62) | 12.90 |
| (Excess)/short provision of earlier years | 1.15 | (0.67) |
| **TOTAL** | **90.95** | **93.39** |

₹ in Crores

| Particulars | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|
| **Deferred tax related to items recognised in other comprehensive income** | | |
| Effective portion of gains and loss on designated portion of hedging instruments in a cash flow hedge (includes relating to earlier years amounting to ₹ 18.21 crores (previous year Nil)) | (18.21) | (0.05) |
| Re-measurement gains/(losses) on defined benefit plans (includes relating to earlier years amounting to ₹ 7.10 crores (previous year Nil)) | (7.43) | 0.45 |
| **TOTAL** | **(25.64)** | **0.40** |

**c. Reconciliation of effective tax rate**

The reconciliation between the statutory income tax rate applicable to the Company and the effective income tax rate of the Company is as follows:

₹ in Crores

| Particulars | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|
| **Profit before tax** | 266.78 | 222.13 |
| **Statutory tax rate** | 34.94% | 34.94% |
| Expected income tax expense at statutory tax rate | 93.22 | 77.62 |
| Income Tax adjustments on : | | |
| Amounts not allowanble under Income Tax | 1.73 | 2.15 |
| Tax effects of deductions available routed through OCI | 6.00 | - |
| Tax effect of deductions available | (6.84) | (3.32) |
| Capital Gains (Differential tax rate - it Includes Indexation impact) | (2.12) | - |
| (Excess)/ short provision of earlier years | 1.15 | (0.67) |
| Others | (2.19) | 17.62 |
| **Tax expense** | **90.95** | **93.39** |

**d. The movement in deferred tax asset and liabilities during the year ended March 31, 2022 and March 31, 2021 :**

₹ in Crores

| Particulars | Balance as at April 1, 2021 | Recognised in Statement of profit and loss | Recognised in other comprehensive income | Utilisation of MAT credit | Balance as at March 31, 2022 |
|---|---|---|---|---|---|
| Property, plant and equipment and other intangible assets | (42.55) | (8.84) | - | - | (51.39) |
| Provision for doubtful debts, advances and deposits | 14.98 | (3.78) | - | - | 11.20 |
| Payment under voluntary retirement scheme | 5.36 | (2.20) | - | - | 3.16 |

# Notes forming Part of Financial Statements

for the year ended March 31, 2022

## NOTE 9 : INCOME TAXES (Contd.)

**d. The movement in deferred tax asset and liabilities during the year ended March 31, 2022 and March 31, 2021 :**

₹ in Crores

| Particulars | Balance as at April 1, 2021 | Recognised in Statement of profit and loss | Recognised in other comprehensive income | Utilisation of MAT credit | Balance as at March 31, 2022 |
|---|---|---|---|---|---|
| Expenses allowed in the year of payment | 5.38 | 1.41 | - | - | 6.79 |
| Fair value changes of current investment through profit and loss | (0.30) | (0.36) | - | - | (0.66) |
| Equity Instruments through Other Comprehensive Income | - | - | (0.32) | - | (0.32) |
| Defined benefit obligations | 7.10 | - | (7.10) | - | - |
| Effective portion of gains and loss on designated portion of hedging instruments cash flow hedge | 18.21 | - | (18.21) | - | - |
| MAT credit entitlement | 52.52 | 14.39 | - | (48.01) | 18.91 |
| **TOTAL** | **60.71** | **0.62** | **(25.64)** | **(48.01)** | **(12.32)** |

₹ in Crores

| Particulars | Balance as at April 1, 2020 | Recognised in Statement of profit and loss | Recognised in other comprehensive income | Utilisation of MAT credit | Balance as at March 31, 2021 |
|---|---|---|---|---|---|
| Property, plant and equipment and other intangible assets | (54.33) | 11.78 | - | - | (42.55) |
| Fair value changes of current investment through profit and loss | 0.05 | (0.34) | - | - | (0.30) |
| Provision for doubtful debts, advances and deposits | 18.36 | (3.38) | - | - | 14.98 |
| Expenses allowed in the year of payment | 13.74 | (8.36) | - | - | 5.38 |
| Payment under voluntary retirement scheme | 8.78 | (3.42) | - | - | 5.36 |
| Defined benefit obligations | 6.66 | - | 0.45 | - | 7.10 |
| Effective portion of gains and loss on designated portion of hedging instruments cash flow hedge | 18.27 | - | (0.05) | - | 18.21 |
| MAT credit entitlement | 104.46 | (9.16) | - | (42.77) | 52.52 |
| **TOTAL** | **115.99** | **(12.90)** | **0.39** | **(42.77)** | **60.71** |

## NOTE 10 : OTHER NON-CURRENT ASSETS

₹ in Crores

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| **Unsecured, considered good** | | |
| Capital advances | 4.22 | 3.11 |
| Prepaid expenses | 0.04 | - |
| Balances with government authorities | 3.81 | 4.34 |
| **TOTAL** | **8.07** | **7.45** |

# Notes forming Part of Financial Statements

for the year ended March 31, 2022

## NOTE 11 : INVENTORIES (At lower of cost and net realizable value)

₹ in Crores

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Raw materials | 90.22 | 68.30 |
| Raw materials-in-transit | 13.04 | 10.70 |
| Work-in-progress | 0.90 | 10.26 |
| Finished goods | 279.54 | 155.88 |
| Finished goods-in-transit | 88.74 | 11.23 |
| Stock-in-trade | 24.56 | 18.91 |
| Stores and spares | 12.96 | 13.61 |
| Packing materials | 23.52 | 24.59 |
| **TOTAL** | **533.48** | **313.48** |

1. Value of inventories above is stated after write down by ₹ 20.44 crores (previous year Nil) to net realisable value (mainly on account of slow / non-moving / obsolete etc). These were recognised as an expense during the year and included in changes in inventories of finished goods, work in progress and stock in trade.

2. Inventories except stores and spares have been pledged as security against certain bank borrowings, details relating to which have been described in Notes 21 and 24

## NOTE 12 : FINANCIAL ASSETS - INVESTMENTS (CURRENT)

| Particulars | As at March 31, 2022 | | As at March 31, 2021 | |
|---|---|---|---|---|
| | Nos. | ₹ in Crores | Nos. | ₹ in Crores |
| **Investments carried at fair value through profit or loss (FVTPL)** | | | | |
| **Investments in units of mutual funds (Quoted, Fully paid up)** | | | | |
| Franklin india ultra short bond fund | 17,605 | 0.06 | 360,036 | 1.07 |
| (Face value - ₹ 10 each) | | | | |
| UTI money market fund - regular - growth | 41,148 | 10.15 | - | - |
| (Face value - ₹ 1,000 each) | | | | |
| HDFC liquid fund - growth | - | - | 7,637 | 3.07 |
| (Face value - ₹ 1,000 each) | | | | |
| ICICI prudential liquid fund - regular - growth | - | - | 370,723 | 11.23 |
| (Face value - ₹ 100 each) | | | | |
| Kotak savings fund - regular - growth | 9,999,500 | 10.01 | 3,039,225 | 10.25 |
| (Face value - ₹ 10 each) | | | | |
| Aditya birla sun life savings fund - regular - growth | 378,408 | 16.66 | 193,605 | 8.18 |
| (Face value - ₹ 100 each) | | | | |
| Tata money market fund - regular - growth | 64,538 | 24.43 | 19,022 | 6.13 |
| (Face value - ₹ 1,000 each) | | | | |
| HDFC ultra short term fund - regular - growth | - | - | 6,092,004 | 7.22 |
| (Face value - ₹ 10 each) | | | | |
| DSP overnight fund - regular - growth | 222,109 | 25.22 | - | - |
| (Face value - ₹ 1,000 each) | | | | |
| Axis overnight fund - regular - growth | 224,803 | 25.22 | - | - |
| (Face value - ₹ 1,000 each) | | | | |

# Notes forming Part of Financial Statements

for the year ended March 31, 2022

## NOTE 12 : FINANCIAL ASSETS - INVESTMENTS (CURRENT) (Contd.)

| Particulars | As at March 31, 2022 | | As at March 31, 2021 | |
|---|---|---|---|---|
| | Nos. | ₹ in Crores | Nos. | ₹ in Crores |
| Aditya birla sun life liquid fund - regular - growth | - | - | 93,244 | 3.08 |
| (Face value - ₹ 100 each) | | | | |
| Union balanced advantage - regular - growth | 377,200 | 0.56 | 377,200 | 0.53 |
| (Face value - ₹ 10 each) | | | | |
| Union large cap fund - regular - growth | 249,990 | 0.41 | 249,990 | 0.34 |
| (Face value - ₹ 10 each) | | | | |
| **TOTAL** | | **112.72** | | **51.10** |
| **Aggregate amount of quoted investment and market value thereof** | | **112.72** | | **51.10** |
| **Aggregate amount of unquoted investments** | | **-** | | **-** |
| **Aggregate amount of impairment in value of investments** | | **-** | | **-** |

## NOTE 13 : FINANCIAL ASSETS - TRADE RECEIVABLES

**(Unsecured, considered good unless otherwise stated)**

(₹ in Crores)

| Particulars | As at March 31, 2022 | | As at March 31, 2021 | |
|---|---|---|---|---|
| Considered good – secured | | 7.46 | | 14.50 |
| Considered good – unsecured | | | | |
| Related parties (refer note 50) | 237.73 | | 310.96 | |
| Others | 599.30 | | 505.19 | |
| Trade receivables – credit impaired | 41.47 | | 50.28 | |
| | 878.50 | | 866.43 | |
| Add: Allowance for bad and doubtful debts | (41.47) | 837.03 | (50.28) | 816.15 |
| **TOTAL** | | **844.49** | | **830.65** |

Notes:

1. The credit period ranges from 30 days to 270 days for customers.
2. Trade receivables considered secured are secured against security deposit taken by the Company.
3. No trade or other receivable is due from directors or other officers of the Company either severally or jointly with any other person. Nor any trade or other receivable is due from firms or private companies respectively in which any director is a partner, a director or a member.
4. Movement in the amount of credit impaired on trade receivables:

₹ in Crores

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Balance at the beginning of the year | 50.28 | 51.08 |
| Add: Allowance for bad and doubtful debts | 0.55 | - |
| Less: Bad debts written off | (9.36) | (0.80) |
| **Balance at the end of the year** | **41.47** | **50.28** |

# Notes forming Part of Financial Statements

for the year ended March 31, 2022

## NOTE 13 : FINANCIAL ASSETS - TRADE RECEIVABLES (Contd.)

**Ageing for trade receivables from the due date of payment for each of the category as at 31st March, 2022**

(₹ in Crores)

| Particulars | Outstanding for following periods from due date of payment | | | | | | |
|---|---|---|---|---|---|---|---|
| | Not Due | Less than 6 months | 6 months to 1 year | 1-2 years | 2-3 years | more than 3 year | Total |
| Undisputed trade receivables - considered good | 36.52 | 638.46 | 131.78 | 34.92 | 0.51 | 2.30 | 844.49 |
| Undisputed trade receivables - considered doubtful | - | 0.05 | 0.06 | 0.05 | 0.20 | 9.94 | 10.30 |
| Disputed trade receivables - considered good | - | - | - | - | - | - | - |
| Disputed trade receivables - considered doubtful | - | 0.03 | 0.02 | 0.06 | 0.12 | 30.94 | 31.17 |
| Less: Provision against doubtful debt | - | (0.08) | (0.08) | (0.11) | (0.32) | (40.88) | (41.47) |
| **TOTAL (A)** | **36.52** | **638.46** | **131.78** | **34.92** | **0.51** | **2.30** | **844.49** |
| **Unbilled receivables (B)** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| **TOTAL [(A) - (B)]** | **36.52** | **638.46** | **131.78** | **34.92** | **0.51** | **2.30** | **844.49** |

**Ageing for trade receivables from the due date of payment for each of the category as at 31st March, 2021**

₹ in Crores

| Particulars | Outstanding for following periods from due date of payment | | | | | | |
|---|---|---|---|---|---|---|---|
| | Not Due | Less than 6 months | 6 months to 1 year | 1-2 years | 2-3 years | more then 3 years | Total |
| Undisputed trade receivables - considered good | 8.87 | 678.95 | 79.67 | 23.92 | 29.51 | 9.73 | 830.65 |
| Undisputed trade receivables - considered doubtful | - | - | - | 2.81 | 2.07 | 17.91 | 22.79 |
| Disputed trade receivables - considered good | - | - | - | - | - | - | - |
| Disputed trade receivables - considered doubtful | - | - | 0.34 | 0.13 | 0.42 | 26.60 | 27.49 |
| Less: Provision against doubtful debt | - | - | (0.34) | (2.94) | (2.49) | (44.51) | (50.28) |
| **TOTAL (A)** | **8.87** | **678.95** | **79.67** | **23.92** | **29.51** | **9.73** | **830.65** |
| **Unbilled receivables (B)** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| **TOTAL [(A) - (B)]** | **8.87** | **678.95** | **79.67** | **23.92** | **29.51** | **9.73** | **830.65** |

## NOTE 14 : FINANCIAL ASSETS - CASH AND CASH EQUIVALENTS

₹ in Crores

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Balances with banks | 210.08 | 166.44 |
| Cash on hand | 0.08 | 0.07 |
| Fixed deposits with maturity of less than 3 months | 131.77 | 1.05 |
| **TOTAL** | **341.93** | **167.56** |

# Notes forming Part of Financial Statements

for the year ended March 31, 2022

## NOTE 15 : FINANCIAL ASSETS - OTHER BANK BALANCES

₹ in Crores

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Earmarked balances in current accounts | 3.21 | 1.80 |
| Fixed deposits lien with banks with maturity of less than 3 months (Refer 15.1) | 11.72 | 9.07 |
| Fixed deposits with maturity of 3 to 12 months Not required | 55.09 | 35.18 |
| **TOTAL** | **70.02** | **46.05** |

Includes FD's lien against bank guarantees for ₹ 3.63 crores (previous year ₹1.43 crores) , against borrowings ₹ 8.03 crores (previous year ₹ 7.64 crores) and against agro product registrations for ₹ 0.06 crores (previous year Nil).

## NOTE 16 : FINANCIAL ASSETS - LOANS

₹ in Crores

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| **Unsecured, considered good** | | |
| Loans to employees | 0.07 | 0.08 |
| **TOTAL** | **0.07** | **0.08** |

## NOTE 17 : FINANCIAL ASSETS - OTHERS (CURRENT)

₹ in Crores

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Unsecured, considered good unless otherwise stated | | |
| Interest and other receivable | 2.03 | 1.73 |
| Forward contracts receivable (Refer 17.1) | 1.97 | 1.11 |
| Security deposits considered good - unsecured | 0.91 | 1.46 |
| Security deposits doubtful | 0.49 | - |
| | 1.40 | 1.46 |
| Less: Provision for doubtful security deposits | (0.49) | - |
| | 0.91 | 1.46 |
| **TOTAL** | **4.91** | **4.30** |

17.1 The Company has entered into foreign exchange forward contracts with the intention of hedging foreign exchange risk of expected sales and purchases, these contracts are not designated as hedge and are measured at fair value through profit or loss. Derivative instruments at fair value through profit or loss reflect the change in fair value of those foreign exchange forward contracts that are not designated in hedge relationships, but are, nevertheless, intended to reduce the level of foreign currency risk for expected sales and purchases.

## NOTE 18 : OTHER CURRENT ASSETS

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| **Unsecured, considered good unless otherwise stated** | | |
| Advances to suppliers - Considered good | 3.13 | 12.62 |
| Advances to suppliers - doubtful | 2.53 | 1.46 |
| | 5.66 | 14.08 |
| Less: Provision for doubtful advances | (2.53) | (1.46) |
| | **3.13** | **12.62** |
| Employee advances | 0.53 | 0.77 |
| Prepaid expenses | 5.85 | 4.13 |
| Export incentive receivables | 3.81 | 1.34 |
| GST receivables | 33.54 | 54.71 |
| **TOTAL** | **46.86** | **73.57** |

# Notes forming Part of Financial Statements

for the year ended March 31, 2022

## NOTE 19 : EQUITY SHARE CAPITAL

₹ in Crores

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| **Authorised** | | |
| 4,40,00,000 (4,40,00,000) equity shares of ₹ 10 par value | 44.00 | 44.00 |
| 6,00,000 (6,00,000) 6% non-cumulative redeemable Preference Shares of ₹ 100 par value | 6.00 | 6.00 |
| **TOTAL AUTHORISED SHARE CAPITAL** | 50.00 | 50.00 |
| **Issued, subscribed and paid up** | | |
| 2,06,62,400 (2,06,62,400) equity shares ₹ 10 par value fully paid up | 20.66 | 20.66 |
| 22,95,822 (22,95,822) equity shares of ₹ 10 par value, ₹ 3 called up | 0.69 | 0.69 |
| **ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL** | **21.35** | **21.35** |

**a. Reconciliation of the number of shares outstanding :**

**Fully paid-up shares**

| Particulars | As at March 31, 2022 | | As at March 31, 2021 | |
|---|---|---|---|---|
| | No. of Shares | ₹ in Crores | No. of Shares | ₹ in Crores |
| Shares at the beginning of the year | 20,662,400 | 20.66 | 20,662,400 | 20.66 |
| Changes during the year | - | - | - | - |
| **Shares at the end of the year** | **20,662,400** | **20.66** | **20,662,400** | **20.66** |

**Partly paid-up shares**

| Particulars | As at March 31, 2022 | | As at March 31, 2021 | |
|---|---|---|---|---|
| | No. of Shares | ₹ in Crores | No. of Shares | ₹ in Crores |
| Shares at the beginning of the year | 2,295,822 | 0.69 | 2,295,822 | 0.69 |
| Changes during the year | - | - | - | - |
| **Shares at the end of the year** | **2,295,822** | **0.69** | **2,295,822** | **0.69** |

**b. Terms and rights attached to equity shares**

1. Equity shares have a par value of ₹10. Equity Shares entitle the holder to participate in dividends, and to share in the proceeds of winding up of the Company in proportion to the number of and amounts paid on the shares held after distribution of all preferential amounts."
2. Every holder of equity shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.
3. The Company declares and pays dividend in Indian Rupees. The dividend, if any, proposed by the Board of Directors is subject to the approval of the shareholders in the Annual General meeting, except in case of interim dividend.

**c. Shareholders holding more than 5% shares in the Company :**

| Name of the Shareholder | As at March 31, 2022 | | As at March 31, 2021 | |
|---|---|---|---|---|
| | No. of Shares | % | No. of Shares | % |
| K.K.Modi Investment and Financial Services Private Limited | 10,273,073 | 44.75% | 10,273,073 | 44.75% |
| APMS Investment Fund Limited (FII) | 1,635,822 | 7.13% | 1,635,822 | 7.13% |
| U.P. State Industrial Development Corporation Limited | 2,169,956 | 9.45% | 2,169,956 | 9.45% |
| Rajputana Developers Limited | 1,916,666 | 8.35% | 1,916,666 | 8.35% |

# Notes forming Part of Financial Statements

for the year ended March 31, 2022

## NOTE 19 : EQUITY SHARE CAPITAL (Contd.)

**d. No. of shares held by promoters of the Company :**

**Fully paid up shares**

| Name of the Promoter | As at March 31, 2022 | | As at March 31, 2021 | | % Change during the year |
|---|---|---|---|---|---|
| | No. of Shares | % | No. of Shares | % | |
| Dr. Bina Modi | 407,213 | 1.77% | 407,213 | 1.77% | 0.00% |
| Mr. Lalit K Modi | 10,455 | 0.05% | 10,455 | 0.05% | 0.00% |
| Mr. Samir K Modi | 23,189 | 0.10% | 23,189 | 0.10% | 0.00% |
| Mr. Ruchir Modi | 7,841 | 0.03% | 7,841 | 0.03% | 0.00% |
| K.K.Modi Investment & Financial Services Private Limited | 9,064,059 | 39.48% | 9,064,059 | 39.48% | 0.00% |
| Rajputana Developers Limited | 1,837,500 | 8.00% | 1,837,500 | 8.00% | 0.00% |
| Premium Merchants Limited | 418,284 | 1.82% | 418,284 | 1.82% | 0.00% |
| Kaushambi Industries Private Limited | 3,216 | 0.01% | 3,216 | 0.01% | 0.00% |
| Super Investment (India) Limited | - | 0.00% | - | 0.00% | 0.00% |
| HMA Udyog Private Limited | 135,000 | 0.59% | 135,000 | 0.59% | 0.00% |
| Indofil Trusts | 745,350 | 3.25% | 745,350 | 3.25% | 0.00% |

**Partly paid up shares**

| Name of the Promoter | As at March 31, 2022 | | As at March 31, 2021 | | % Change during the year |
|---|---|---|---|---|---|
| | No. of Shares | % | No. of Shares | % | |
| Dr. Bina Modi | 48,744 | 0.21% | 45,244 | 0.20% | 0.01% |
| Mr. Lalit K Modi | - | 0.00% | - | 0.00% | 0.00% |
| Mr. Samir K Modi | 2,576 | 0.01% | 2,576 | 0.01% | 0.00% |
| Mr. Ruchir Modi | 2,032 | 0.01% | 2,032 | 0.01% | 0.00% |
| K.K.Modi Investment & Financial Services Private Limited | 1,209,014 | 5.27% | 1,209,014 | 5.27% | 0.00% |
| Rajputana Developers Limited | 79,166 | 0.34% | 79,166 | 0.34% | 0.00% |
| Premium Merchants Limited | 46,476 | 0.20% | 46,476 | 0.20% | 0.00% |
| Kaushambi Industries Private Limited | 455 | 0.00% | 455 | 0.00% | 0.00% |
| Super Investment (India) Limited | 125,000 | 0.54% | 125,000 | 0.54% | 0.00% |
| HMA Udyog Private Limited | - | 0.00% | - | 0.00% | 0.00% |
| Indofil Trusts | 101,405 | 0.44% | 101,405 | 0.44% | 0.00% |

## NOTE 20 : OTHER EQUITY

₹ in Crores

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| **Capital reserve** | | |
| Opening balance | 0.01 | 0.01 |
| Add/ less: changes during the year | - | - |
| **Closing balance** | **0.01** | **0.01** |
| **Securities premium** | | |
| Opening balance | 108.04 | 108.04 |
| Add/ less: changes during the year | - | - |
| **Closing balance** | **108.04** | **108.04** |

# Notes forming Part of Financial Statements

for the year ended March 31, 2022

## NOTE 20 : OTHER EQUITY (Contd.)

₹ in Crores

| Particulars | As at March 31, 2022 | | As at March 31, 2021 | |
|---|---|---|---|---|
| **Capital redemption reserve** | | | | |
| Opening balance | | 5.08 | | 5.08 |
| Add/ less: changes during the year | | - | | - |
| **Closing balance** | | **5.08** | | **5.08** |
| **Debenture redemption reserve** | | | | |
| Opening balance | | - | | 7.50 |
| Less: transferred from/(to) retained earnings | | | | (7.50) |
| **Closing balance** | | **-** | | **-** |
| **General reserve** | | | | |
| Opening balance | | 49.73 | | 49.73 |
| Add/ less: changes during the year | | - | | - |
| **Closing balance** | | **49.73** | | **49.73** |
| **Special economic zone re-investment reserve** | | | | |
| Opening balance | | 43.39 | | 50.00 |
| Add/ less: changes during the year | | (4.15) | | (6.61) |
| **Closing balance** | | **39.24** | | **43.39** |
| **Retained earnings** | | | | |
| Opening balance | | 1,237.96 | | 1,105.78 |
| Add: Profit for the year | 175.83 | | 128.75 | |
| Add: Transferred from debenture redemption reserve | - | | 7.50 | |
| Add: Transferred to/(from) special economic zone re-investment reserve | 4.15 | | 6.61 | |
| Less: Dividends on shares paid during the year | (17.08) | 162.90 | (10.68) | 132.18 |
| **Closing balance** | | **1,400.85** | | **1,237.96** |
| **Equity instruments through other comprehensive income (OCI)** | | | | |
| Opening balance | | 1.81 | | 0.33 |
| Add/ Less: Fair value changes of investments in equity instruments (net of texes) | | (0.85) | | 1.47 |
| **Closing balance** | | **0.96** | | **1.81** |
| **Remeasurement of defined benefits plan** | | | | |
| Opening balance | | (17.71) | | (16.88) |
| Less: Remeasurement gain/(losses) defined benefits plans (net of taxes) | | (8.56) | | (0.83) |
| **Closing balance** | | **(26.27)** | | **(17.71)** |
| **The effective portion of gains and loss on hedging instruments** | | | | |
| Opening balance | | (33.92) | | (34.02) |
| Add/ Less: Gains/(losses) on hedging instruments in a cash flow hedge (net of taxes) | | (1.05) | | 0.10 |
| Closing balance | | (34.96) | | (33.92) |
| **TOTAL** | | **1,542.69** | | **1,394.39** |

# Notes forming Part of Financial Statements

for the year ended March 31, 2022

## NOTE 20 : OTHER EQUITY (Contd.)

**Nature and purpose of the reserves**

### a. Capital reserve

Capital reserve was created on account of forfeiture of share capital in earlier years.

### b. Securities premium

Securities premium was created when shares were issued at premium. The Company may utilise the securities premium as per the requirements of the Companies Act, 2013.

### c. Capital redemption reserve

Capital redemption reserve was created due to redemption of preference share capital in earlier years as per the requirement of the Companies Act, 2013.

### d. Debenture redemption reserve

Debenture redemption reserve was created for repayment of non-convertible Debentures. Non-convertible debentures repaid fully during the year ended 31st March 2021, hence remaining balance has been transferred to retained earnings.

### e. General reserve

The Company has transferred a portion of net profits of the Company before declaring dividends to general reserve pursuant to the earlier provisions of the Companies Act, 1956. Mandatory transfer to general reserve, is not required under the Companies Act, 2013.

### f. Special Economic Zone re-investment reserve

The Special Economic Zone (SEZ) re-investment reserve is created out of the profits of eligible SEZ unit in terms of the provision of Section 10AA(1)(ii) of the Income Tax Act, 1961. The reserve will be utilised by the SEZ unit for acquiring new assets for purpose of its business as per the terms of Section 10AA(1)(ii) of the Income Tax Act, 1961.

### g. Retained earnings

Retained earnings are the profits that the Company has earned till date, less any transfer to general reserve, dividends or other distributions paid to shareholders.

### h. Equity instruments through other comprehensive income

The fair value change of the equity instruments measured at fair value through other comprehensive income is recognised and reflected under equity instruments through other comprehensive income. On disposal, the cumulative fair value changes on the said instruments are reclassified to retained earnings.

### i. The effective portion of gains and loss on hedging instruments

The effective portion of gains and losses on hedging instruments represents the cumulative effective portion of gains or losses arising on changes in fair value of designated portion of hedging instruments entered into for cash flow hedges. Such gains or losses will be reclassified to statement of profit and loss in the period in which the underlying hedged transaction occurs.

## NOTE 21 : FINANCIAL LIABILITIES (NON-CURRENT BORROWINGS)

₹ in Crores

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| **Term loans from banks - secured** | | |
| a Foreign currency term loans | 267.68 | 385.88 |
| | 267.68 | 385.88 |
| Less : Current maturities of long-term borrowings (refer Note 24) | 91.36 | 104.88 |
| Less: Unamortised upfront fees | 0.56 | 2.55 |
| **TOTAL** | **175.76** | **278.45** |

# Notes forming Part of Financial Statements

for the year ended March 31, 2022

## NOTE 21 : FINANCIAL LIABILITIES (NON-CURRENT BORROWINGS) (Contd.)

**Terms of repayment**

| No. | Maturity period from date of balance sheet | 0 - 1 year (current) | 1 - 2 years | 2 - 3 years | 3 - 5 years | Total |
|---|---|---|---|---|---|---|
| | **Foreign currency term loans** | | | | | |
| 1 | **IndusInd Bank Limited** | | | | | |
| | March 31, 2022 | 19.32 | 19.32 | 19.32 | 9.67 | 67.63 |
| | March 31, 2021 | 12.46 | 19.32 | 19.32 | 33.49 | 84.59 |
| | Security | Secured by first ranking charge on the Andheri office property and second pari passu charge on present and future current assets of the Company. | | | | |
| | Interest rate | 3.25% p.a. (Previous year 3.25% p.a.) payable monthly | | | | |
| 2 | **The South Indian Bank Limited** | | | | | |
| | March 31, 2022 | - | - | - | - | - |
| | March 31, 2021 | 3.24 | 4.17 | - | - | 7.41 |
| | Security | Secured by first pari passu charge on the present and future, movable and immovable property, plant and equipments and right of use leased land of the Company (except those assets which have been specifically financed) and second pari passu charge on present and future current assets of the Company. | | | | |
| | Interest rate | NA p.a. (Previous year 4% p.a.) payable monthly | | | | |
| 3 | **DBS Bank India Limited** | | | | | |
| | March 31, 2022 | 8.73 | - | - | - | 8.73 |
| | March 31, 2021 | 8.77 | 8.88 | - | - | 17.65 |
| | Security | Secured by first pari passu charge on the present and future, movable and immovable property, plant and equipments and right of use leased land of the Company (except those assets which have been specifically financed) and second pari passu charge on present and future current assets of the Company. | | | | |
| | Interest rate | 3.18% p.a. (Previous year 3.18% p.a.) payable monthly | | | | |
| 4 | **Union Bank of India** | | | | | |
| | March 31, 2022 | 20.43 | 20.43 | 20.43 | 19.16 | 80.45 |
| | March 31, 2021 | 20.80 | 20.80 | 20.80 | 36.42 | 98.82 |
| | Security | Secured by first ranking pari passu charge on the EBDC plant at Dahej and second pari passu charge on present and future current assets of the Company. | | | | |
| | Interest rate | 3.25% p.a. (Previous year 3.25% p.a.) payable monthly | | | | |
| 5 | **Syndicate Bank** | | | | | |
| | March 31, 2022 | 20.43 | 20.43 | 20.43 | 19.16 | 80.45 |
| | March 31, 2021 | 20.80 | 20.80 | 20.80 | 36.42 | 98.82 |
| | Security | Secured by first ranking pari passu charge on the EBDC plant at Dahej and second pari passu charge on present and future current assets of the Company. | | | | |
| | Interest rate | 3.25% p.a. (Previous year 3.25% p.a.) payable monthly | | | | |
| 6 | **Export-Import Bank of India** | | | | | |
| | March 31, 2022 | 5.11 | - | - | - | 5.11 |
| | March 31, 2021 | 13.75 | 6.72 | - | - | 20.47 |
| | Security | Secured by first pari passu charge on movable and immovable property, plant and equipments of the SPCD plant Dahej and second pari passu charge on present and future current assets of the Company. | | | | |
| | Interest rate | 3.25% p.a. (Previous year 3.25% p.a.) payable monthly | | | | |

# Notes forming Part of Financial Statements

for the year ended March 31, 2022

## NOTE 21 : FINANCIAL LIABILITIES (NON-CURRENT BORROWINGS) (Contd.)

| No. | Maturity period from date of balance sheet | 0 - 1 year (current) | 1 - 2 years | 2 - 3 years | 3 - 5 years | Total |
|---|---|---|---|---|---|---|
| 7 | **RBL Bank Limited** | | | | | |
| | March 31, 2022 | - | - | - | - | - |
| | March 31, 2021 | 8.38 | 6.29 | - | - | 14.67 |
| | Security | Secured by first pari passu charge on the present and future, movable and immovable property, plant and equipments and right of use leased land of the Company (except those assets which have been specifically financed) and second pari passu charge on present and future current assets of the Company. | | | | |
| | Interest rate | NA p.a. (Previous year 3.25% p.a.) payable monthly | | | | |
| 8 | **IndusInd Bank Limited** | | | | | |
| | March 31, 2022 | 10.62 | 7.97 | - | - | 18.59 |
| | March 31, 2021 | 9.83 | 10.82 | 9.10 | - | 29.75 |
| | Security | Secured by first pari passu charge on the present and future, movable and immovable property, plant and equipments and right of use leased land of the Company (except those assets which have been specifically financed) and second pari passu charge on present and future current assets of the Company. | | | | |
| | Interest rate | 3.25% p.a. (Previous year 3.25% p.a.) payable monthly | | | | |
| 9 | **DBS Bank India Limited** | | | | | |
| | March 31, 2022 | 6.72 | - | - | - | 6.72 |
| | March 31, 2021 | 6.85 | 6.85 | - | - | 13.70 |
| | Security | Secured by first pari passu charge on the present and future Property, Plant and Equipments of the Company (except those assets which have been specifically financed) and second pari passucharge on present and future current assets of the Company inter sethe Working Capital Lenders. | | | | |
| | Interest rate | 3.50% p.a. (Previous year 3.50% p.a.) payable monthly | | | | |

### A. Current maturity

1. Amounts falling due within one year in respect of all the above loans from March 31, 2022 have been grouped under "Current maturities of long term debts '' under Note 24.

## NOTE 22 : FINANCIAL LIABILITIES - OTHERS (NON-CURRENT)

₹ in Crores

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Security deposits received from customers | 13.44 | 14.63 |
| Financial guarantee obligations | 0.69 | 1.03 |
| **TOTAL** | **14.13** | **15.66** |

## NOTE 23 : PROVISIONS (NON-CURRENT)

₹ in Crores

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| **Provision for employee benefits (refer note 49)** | | |
| Compensated absences | 17.47 | 10.79 |
| **TOTAL** | **17.47** | **10.79** |

# Notes forming Part of Financial Statements

for the year ended March 31, 2022

## NOTE 24 : FINANCIAL LIABILITIES - BORROWINGS-CURRENT

₹ in Crores

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| **Current maturities of long-term borrowings (refer note 21)** | 91.36 | 104.88 |
| Less: Unamortised upfront fees | 0.44 | 0.55 |
| | **90.92** | **104.33** |
| Current borrowings from banks (refer note 24.1 to 24.2) | | |
| Working capital loans | 388.60 | 360.56 |
| **TOTAL** | **479.52** | **464.89** |

24.1 Secured by first pari passucharge, by way of hypothecation of Company's current assets and other movable assets and second pari passu charge on the property, plant and equipments, both, present and future, inter sethe term lenders.

24.2 Interest rate on above current borrowings are ranging from 2% to 11.50% p.a. (previous year from 2.5% to 11.50% p.a.).

## NOTE 25 : FINANCIAL LIABILITIES - TRADE PAYABLES

₹ in Crores

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Total outstanding dues of micro enterprises and small enterprises | 5.81 | 1.41 |
| Total outstanding dues of creditors other than micro enterprises and small enterprises | 762.22 | 453.59 |
| **TOTAL** | **768.03** | **455.00** |
| **Additional disclosure in respect of dues to micro, small, medium enterprises** | | |
| i. Principal amount remaining unpaid | 5.79 | 1.41 |
| ii. Interest accrued on the above amount and remaining unpaid | 0.02 | 0.00 |
| iii. Payment made to suppliers (other than interest) beyond the appointed day during the year | - | - |
| iv. Interest paid in terms of Section 16 of the Micro, small and medium enterprises development Act, 2006, along with the amount of the payment made to the suppliers beyond the appointed day | - | - |
| v. Interest due and payable for payments already made | - | - |
| vi. Interest accrued and remaining unpaid | - | - |
| vii. Amount of further interest remaining due and payable even in succeeding years | - | - |

The above information has been determined to the extent such parties could be identified on the basis of information available with the Company regarding the status of suppliers under the MSME.

**Ageing for trade payables from the due date of payment for each of the category as at 31st March, 2022**

(₹ in Crores)

| Particulars | Outstanding for Following periods from due date of payment | | | | | |
|---|---|---|---|---|---|---|
| | Not Due | Less Than 1 Year | 1-2 years | 2-3 years | more than 3 years | Total |
| (i) MSME | 2.10 | 3.71 | - | - | - | 5.81 |
| (ii) Others | 356.36 | 261.25 | 1.50 | 0.04 | 2.12 | 621.27 |
| (iii) Disputed dues -MSME | - | - | - | - | - | - |
| (iv) Disputed dues - Others | - | - | - | - | - | - |
| **Subtotal** | **358.46** | **264.96** | **1.50** | **0.04** | **2.12** | **627.08** |
| **Unbilled** | **140.95** | **-** | **-** | **-** | **-** | **140.95** |
| **Total** | **499.42** | **264.96** | **1.50** | **0.04** | **2.12** | **768.03** |

**Ageing for trade payables from the due date of payment for each of the category as at 31st March, 2021**

₹ in Crores

| Particulars | Outstanding for Following periods from due date of payment | | | | | |
|---|---|---|---|---|---|---|
| | Not Due | Less Than 1 Year | 1-2 years | 2-3 years | more than 3 years | Total |
| (i) MSME | 1.39 | 0.02 | - | - | - | 1.41 |
| (ii) Others | 225.26 | 121.32 | 6.58 | 0.31 | 0.34 | 353.81 |
| (iii) Disputed dues -MSME | - | - | - | - | - | - |
| (iv) Disputed dues - Others | - | - | - | - | - | - |
| **Subtotal** | **226.65** | **121.34** | **6.58** | **0.31** | **0.34** | **355.22** |
| **Unbilled** | **99.78** | **-** | **-** | **-** | **-** | **99.78** |
| **Total** | **326.43** | **121.34** | **6.58** | **0.31** | **0.34** | **455.00** |

# Notes forming Part of Financial Statements

for the year ended March 31, 2022

## NOTE 26 : FINANCIAL LIABILITIES - OTHERS (CURRENT)

₹ in Crores

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Interest accrued but not due on borrowings | 1.68 | 1.04 |
| Financial guarantee obligations | 0.35 | 0.48 |
| Unpaid dividend (refer 26.1) | 0.87 | 1.80 |
| Payable for capital goods and services | 5.01 | 8.48 |
| **TOTAL** | **7.91** | **11.80** |

26.1 There is no amount due and outstanding to be credited to Investor Education and Protection Fund.

## NOTE 27 : OTHER CURRENT LIABILITIES

₹ in Crores

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Advances from customers | 41.75 | 58.83 |
| Statutory dues payable | 9.52 | 7.76 |
| **TOTAL** | **51.27** | **66.59** |

## NOTE 28 : PROVISIONS (CURRENT)

₹ in Crores

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| **Provision for employee benefits (refer note 49)** | | |
| Compensated absences | 1.16 | 4.30 |
| Gratuity | 2.15 | 4.33 |
| **TOTAL** | **3.31** | **8.63** |

## NOTE 29 : REVENUE FROM OPERATIONS

(₹ in Crores)

| Particulars | Year ended March 31, 2022 | | Year ended March 31, 2021 | |
|---|---|---|---|---|
| **Sale of products*** | | | | |
| Agrochemical | 2,173.75 | | 2,003.39 | |
| Innovative solutions chemicals | 482.63 | 2,656.38 | 271.77 | 2,275.16 |
| **Other operating revenue:** | | | | |
| Export incentives and entitlements | | 15.56 | | 10.57 |
| Scrap sales | | 1.63 | | 1.00 |
| Miscellaneous income | | - | | 0.07 |
| **TOTAL** | | **2,673.57** | | **2,286.80** |

* Refer note 39

## NOTE 30 : OTHER INCOME

(₹ in Crores)

| Particulars | Year ended March 31, 2022 | | Year ended March 31, 2021 | |
|---|---|---|---|---|
| **Interest income** | | | | |
| On bank deposits | 2.99 | | 2.81 | |
| On customers overdues | 2.41 | | - | |
| On others | 0.26 | 5.66 | 1.90 | 4.71 |

# Notes forming Part of Financial Statements

for the year ended March 31, 2022

## NOTE 30 : OTHER INCOME (Contd.)

(₹ in Crores)

| Particulars | Year ended March 31, 2022 | | Year ended March 31, 2021 | |
|---|---|---|---|---|
| **Dividend income** | | | | |
| Long-term investments in joint venture and subsidiary | | 17.09 | | 6.55 |
| **Profit on sale of current investments measured at fair value through profit and loss (FVTPL)** | | 2.18 | | 0.15 |
| **Gain on financial assets measured at fair value through profit or loss** | | 0.58 | | 1.56 |
| **Other non-operating income:** | | | | |
| Guarantee commission | 0.48 | | 1.03 | |
| Rent | 0.30 | | 0.30 | |
| Insurance claims received | 0.21 | | 0.27 | |
| Credit balances/unclaimed liabilities/provisions written back | 12.80 | | 0.59 | |
| Others | 0.44 | 14.23 | 0.66 | 2.85 |
| **Other Gains** | | | | |
| Net gain on foreign currency transactions and translation | 11.51 | | - | |
| Profit on disposal/discard of property, plant and equipment (net) | 5.63 | 17.14 | 0.91 | 0.91 |
| **TOTAL** | | **56.88** | | **16.73** |

## NOTE 31 : COST OF MATERIALS CONSUMED

₹ in Crores

| Particulars | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|
| Raw materials consumed | | |
| Opening stock | 78.99 | 61.59 |
| Add : Purchases | 1,544.23 | 909.46 |
| Less : Closing stock | 118.18 | 78.99 |
| Raw materials consumed | 1,505.04 | 892.06 |
| Packing materials consumed | 121.14 | 93.16 |
| **TOTAL** | **1,626.18** | **985.22** |

## NOTE 32 : PURCHASES OF STOCK-IN-TRADE

₹ in Crores

| Particulars | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|
| Purchases of stock-in-trade | 140.64 | 105.15 |
| **TOTAL** | **140.64** | **105.15** |

## NOTE 33 : CHANGES IN INVENTORIES OF FINISHED GOODS, STOCK-IN-TRADE AND WORK-IN-PROGRESS

(₹ in Crores)

| Particulars | Year ended March 31, 2022 | | Year ended March 31, 2021 | |
|---|---|---|---|---|
| **Opening Stock :** | | | | |
| Finished goods | 167.11 | | 271.08 | |
| Work-in-progress | 10.26 | | 10.26 | |
| Stock-in-trade | 18.91 | 196.28 | 37.08 | 318.42 |
| **Less : Closing stock :** | | | | |
| Finished goods | 335.03 | | 167.11 | |
| Work-in-progress | 0.90 | | 10.26 | |
| Stock-in-trade | 24.56 | 360.49 | 18.91 | 196.28 |
| **NET CHANGE IN INVENTORIES** | | **(164.21)** | | **122.14** |

# Notes forming Part of Financial Statements

for the year ended March 31, 2022

## NOTE 34 : EMPLOYEE BENEFITS EXPENSE

₹ in Crores

| Particulars | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|
| Salaries and wages | 169.87 | 160.50 |
| Contribution to provident and other funds | 11.46 | 12.43 |
| Staff welfare expense | 16.36 | 15.81 |
| **TOTAL** | **197.69** | **188.74** |

## NOTE 35 : FINANCE COSTS

₹ in Crores

| Particulars | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|
| **Interest expense on** | | |
| Non-convertible debentures | - | 2.56 |
| Long-term borrowings | 14.97 | 18.87 |
| Short-term borrowings | 20.36 | 30.59 |
| Lease liabilities (refer note 40) | 0.27 | 0.46 |
| Security deposits from customers | 0.40 | 0.62 |
| Others | 0.05 | 0.50 |
| **Other borrowing costs** | 7.87 | 6.31 |
| **TOTAL** | **43.92** | **59.91** |

## NOTE 36 : DEPRECIATION AND AMORTISATION EXPENSES

₹ in Crores

| Particulars | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|
| Depreciation on property, plant and equipment | 59.82 | 64.58 |
| Amortisation on right-of-use assets | 1.58 | 2.60 |
| Amortisation on intangible assets | 17.04 | 26.81 |
| **TOTAL** | **78.44** | **93.99** |

## NOTE 37 : OTHER EXPENSES

(₹ in Crores)

| Particulars | Year ended March 31, 2022 | | Year ended March 31, 2021 | |
|---|---|---|---|---|
| Consumption of stores and spares | | 16.69 | | 15.40 |
| Power and fuel | | 101.62 | | 70.85 |
| Job work charges | | 57.93 | | 59.03 |
| Lease Rent / hire charges (refer note 40) | | 7.09 | | 6.88 |
| Repairs and maintenance : | | | | |
| - Buildings | 1.07 | | 1.52 | |
| - Plant and equipment | 13.21 | | 14.46 | |
| - Others | 10.44 | 24.72 | 8.73 | 24.71 |
| Insurance | | 6.11 | | 6.48 |
| Rates and taxes (Previous year includes Rs. 8.99 crores relating to Indirect Tax) | | 2.54 | | 10.19 |
| Legal and professional fees | | 17.01 | | 27.71 |
| Net loss on foreign currency transactions and translation | | - | | 14.27 |
| Advertisement, publicity and sales promotion | | 67.08 | | 57.81 |
| Freight and forwarding charges | | 189.74 | | 114.60 |
| Provision for doubtful debts, advances and security deposits | | 2.11 | | - |
| Bad debts written off | 9.36 | | | |

# Notes forming Part of Financial Statements

for the year ended March 31, 2022

## NOTE 37 : OTHER EXPENSES (Contd.)

(₹ in Crores)

| Particulars | Year ended March 31, 2022 | | Year ended March 31, 2021 | |
|---|---|---|---|---|
| Less: Provision there against | (9.36) | - | | - |
| Travelling and conveyance | | 16.08 | | 12.17 |
| Payment to auditors : | | | | |
| - Audit fees | 0.25 | | 0.30 | |
| - Taxation and other advisory matters | - | | 0.11 | |
| - Certification charges and others | 0.05 | | 0.06 | |
| - Reimbursement of expenses | - | 0.30 | 0.01 | 0.48 |
| Director's sitting fees | | 0.49 | | 0.53 |
| Director's commission | | 1.75 | | 1.40 |
| Corporate social responsibility (refer note 44) | | 3.47 | | 4.14 |
| Pollution control expenses | | 10.56 | | 9.09 |
| Miscellaneous expenses | | 15.72 | | 21.17 |
| **TOTAL** | | **541.01** | | **456.91** |

## NOTE 38 : EXCEPTIONAL ITEMS

₹ in Crores

| Particulars | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|
| Provision for impairment on intangible assets (refer note 38.1) | - | 33.81 |
| Write off - Intangibe assets under development (refer note 38.1) | - | 35.52 |
| **TOTAL** | **-** | **69.33** |

38.1 The Company has large product portfolio of Mancozeb products and formulations from manufacturing knowhow to brands, registration which gives access to various markets. In this connection, the Company has recognised Intangible Assets relating to Mancozeb (Products Registrations, Trademarks etc.) with the carrying amount of ₹ 51.88 crores (Cost of ₹ 94.34 crores as capitalised less ₹ 42.46 crores as amortised) as on March 31, 2021.

The European Union (EU) Commission, in its order dated December 14, 2020 took a decision not to renew the Mancozeb related registrations, and a short transition period was allowed against which the Company has already sought interim relief and filed appeal before European courts. Since the decision would impact the business of the Company in European countries, on the basis of impairment testing, it was assessed that the recoverable amount of the intangible assets related to active substance Mancozeb in EU is less than its carrying amount as on March 31, 2021. In fact, the possibility of having any sum as recoverable could be remote and hence, the Company has made an impairment provision for such related intangible assets to the extent of its carrying amount of ₹ 33.81 crores. Further, the Company has incurred expenditure of ₹ 35.52 crores upto March 31, 2021 on certain items of registration, etc. for Mancozeb in EU which are under development and till the time its process is completed the same have been reflected as Intangible Assets under development; however, the consequent to non-renewal of approval of the active substance Mancozeb in EU, the Company has written off such expenditure reflected as Intangibles assets under development.

The above mentioned provision for impairment of ₹ 33.81 crores and write off of Intangibles assets under development of ₹ 35.52 crores, considering the nature and the materiality of amount involved, the same have been reflected as Exceptional Items in the Statement of Profit and Loss.

# Notes forming Part of Financial Statements

for the year ended March 31, 2022

## NOTE 39 : IND AS 115 – REVENUE FROM CONTRACTS WITH CUSTOMERS

The Company recongnises revenue when control over the promised goods and services is transferred to the customer at an amount that reftects the consideration to which the Company expects to be entitled in exchange for those goods or services.

₹ in Crores

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Revenue from contracts with customers - sale of products | 2,656.38 | 2,275.16 |
| Other operating revenue | 17.19 | 11.64 |
| **Total revenue from operations** | **2,673.57** | **2,286.80** |
| India | | |
| 1) Agrochemical division | 1,170.51 | 1,059.42 |
| 2) Innovative solutions chemicals division | 443.52 | 254.97 |
| Outside India | | |
| 1) Agrochemical division | 1,019.71 | 955.30 |
| 2) Innovative solutions chemicals division | 39.84 | 17.11 |
| **Total revenue from operations** | **2,673.58** | **2,286.80** |
| Timing of revenue recognition | | |
| At a point in time | 2,673.58 | 2,286.80 |
| Total revenue from operations | 2,673.58 | 2,286.80 |

**Contract balances**

₹ in Crores

| Particulars | For the year ended March 31, 2022 | For the year ended March 31, 2021 |
|---|---|---|
| Trade receivables ( Refer note 13) | 844.49 | 830.65 |
| Contract liabilities | | |
| Advance from customers ( Refer note 27) | 41.75 | 58.83 |

**Refund liabilities:**

₹ in Crores

| Particulars | For the year ended March 31, 2022 | For the year ended March 31, 2021 |
|---|---|---|
| Arising from volume rebates and discounts netted in trade receivables (Refer note 13) | 200.55 | 146.31 |

## NOTE 40 : IND AS 116 ON "LEASES"

### 1.1 Disclosures pursuant to Ind AS 116 :

As a Lessee :

**A. Break-up of current and non-current lease liabilities :**

₹ in Crores

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Current lease liabilities | 1.31 | 2.07 |
| Non-current lease liabilities | 0.45 | 1.76 |
| **TOTAL** | **1.76** | **3.83** |

# Notes forming Part of Financial Statements

for the year ended March 31, 2022

## NOTE 40 : IND AS 116 ON "LEASES" (Contd.)

**B. Movement in lease liabilities during the year :**

₹ in Crores

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Balance at the beginning of the year | 3.83 | 5.82 |
| Transition to Ind AS 116 | - | - |
| Additions | - | - |
| Finance costs accrued | 0.27 | 0.46 |
| Deletions | - | (0.05) |
| Payment of lease liabilities | (2.34) | (2.40) |
| **Balance at the end of the year** | **1.76** | **3.83** |

C. The aggregate interest expense amounting to ₹ 0.27 crores (March 31, 2021 ₹ 0.46 crores) on Lease Liabilities is disclosed separately under Note 35 on "Finance Costs".

**D. Details regarding the contractual maturities of Lease Liabilities on an undiscounted basis :**

₹ in Crores

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Less than one year | 1.50 | 2.38 |
| One to five years | 0.52 | 2.02 |
| More than five years | - | - |
| **TOTAL** | **2.02** | **4.40** |

E. The Company does not face a liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

F. Amounts recognised in the Statement of Profit and Loss for the year :

₹ in Crores

| Particulars | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|
| Depreciation charge on right-of-use assets | 1.58 | 2.60 |
| Interest expense on lease liabilities | 0.27 | 0.46 |
| Expense relating to short-term leases | 0.51 | 0.06 |
| Expense relating to leases of low value assets, excluding short-term leases of low value assets | 6.58 | 6.82 |
| Gain on termination of Leases | - | 0.02 |

G. Total cash outflow for leases from financing activites is recognised in the statement of cash flows for the year ended March 31, 2022 is ₹ 2.34 crores(₹ 2.40 crores for the year ended March 31, 2021).

### As a Lessor :

A. Details regarding the contractual maturities of lease payments to be received, on assets given on an operating lease on an undiscounted basis :

₹ in Crores

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Less than one year | 0.33 | 0.27 |
| One to five years | 0.21 | 0.48 |
| More than five years | - | - |
| **TOTAL** | **0.54** | **0.75** |

B. Lease Income recognised in the statement of profit and loss for the year ended March 31, 2022 is ₹ 0.30 crores (March 31, 2021 ₹ 0.30 crores) is disclosed under Note 30 on "Other Income".

# Notes forming Part of Financial Statements

for the year ended March 31, 2022

## NOTE 41 : HEDGING ACTIVITIES AND DERIVATIVES

### Foreign Currency Risk

The Company follows hedge accounting in respect of non-derivative financial liabilities (i.e. borrowings) designated as hedging instruments in cash flow hedges for forecast sales in USD and Euro. These forecast transactions are highly probable.

Carrying value and maturity of foreign currency borrowing designated as hedging instruments are given below:

### Hedging Instrument

| Particulars | As at March 31, 2022 | | | Maturity Date |
|---|---|---|---|---|
| | Amount outstanding in foreign currency (EUR in crores) | Amount outstanding in foreign currency (USD in crores) | "Amount outstanding in local currency (₹ in crores)" | |
| Foreign currency term loans | 3.18 | - | 267.68 | April 2022 to June 2026 |
| **TOTAL** | **3.18** | **-** | **267.68** | |

### Hedging Instrument

| Particulars | As at March 31, 2021 | | | Maturity Date |
|---|---|---|---|---|
| | Amount outstanding in foreign currency (EUR in crores) | Amount outstanding in foreign currency (USD in crores) | Amount outstanding in local currency (₹ in crores) | |
| Foreign currency term loans | 4.41 | - | 378.47 | April 2021 to June 2026 |
| **TOTAL** | **4.41** | **-** | **378.47** | |

The terms of the hedging instrument match the terms of the expected highly probable forecast transactions. Cash flow hedge reserves recycled to statement of profit and loss during the year is amounting to ₹ Nil (March 31, 2021 ₹ 4.57 crores) on account of buyer's credit & ₹ 9.71 crores (March 31, 2021 ₹ 12.22 crores) on account of Term Loans.

The cash flow hedges of the expected future sales during the year ended March 31, 2022 were assessed to be highly effective and a unrealised gain of ₹ 17.17 crores, with a deferred tax asset of ₹ 6 crores relating to the hedging instruments, is reflected under other comprehensive income (OCI) (March 31, 2021, unrealised gain of ₹ 0.15 crores, with a deferred tax asset of ₹ 0.05 crores).

Cash flow hedge balance as on March 31, 2022 and March 31, 2021 was ₹ 34.96 crores and ₹ 52.12 crores respectively. The amounts retained in OCI at March 31, 2022 and March 31, 2021 are expected to mature and affect the statement of profit and loss of future years as follows:-

₹ in Crores

| Financial Year | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| 2021-2022 | - | 12.14 |
| 2022-2023 | 12.09 | 14.03 |
| 2023-2024 | 8.09 | 9.21 |
| 2024-2025 | 7.92 | 9.02 |
| 2025-2026 | 6.86 | 7.72 |
| **TOTAL** | **34.96** | **52.12** |

# Notes forming Part of Financial Statements

for the year ended March 31, 2022

## NOTE 42 : CONTINGENT LIABILITIES

**(To the extent not provided for)**

### 42.1. Disputed tax matters (including interest upto the date of demand) :

₹ in Crores

| Statute | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Disputed sales tax matters | 13.73 | 3.67 |
| Disputed service tax matters | 0.99 | 0.99 |
| Disputed entry tax matters | 0.46 | 0.25 |
| Disputed excise matters | 0.36 | 0.36 |
| Disputed Income tax matters | 13.47 | - |
| **TOTAL** | **29.01** | **5.27** |

### 42.2. Guarantees executed in favour of corporate

₹ in Crores

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Guarantees executed on behalf of: | | |
| Indofil Industries (Netherlands) B.V. | - | 9.74 |
| Indo Baijin Chemicals Private Limited | 57.36 | 85.06 |
| Less: Counter guarantees received from : | | |
| Shanghai Baijin Chemical Limited (co-venturer) | (28.11) | (41.68) |
| **Net Guarantees executed in favour of corporate*** | **29.25** | **53.12** |
| * Refer note: 50, related party transactions | | |

42.3. Consequent to termination of the contract by the Indofil Chemicals Company (erstwhile Modipon Limited), a toll manufacturer (Polson Limited) filed a Civil suit bearing No.378/1997 before District Judge, Kolhapur, now transferred to Commercial Court, Kolhapur numbered as Spl. C.S.No.1/2016, against the Company claiming ₹ 3.15 crores allegedly on account of items purchased and loss of profits. However, the Company had refuted the claim and made a counterclaim of ₹ 4.76 crores against the said toll manufacturer in respect of the cost of machinery, cost of raw materials, yield losses, loss of market, etc. Considering the merits of the matter, the Management is of the view that the claim of the toll manufacturer could be rejected as against the Company's counterclaim and will be adjusted/accounted for in the year of final settlement/receipt. The final outcome would not have any material impact on the standalone financial statements.

42.4. MSC Mediterranean Shipping Company SA & MSC (Agency) India Private Limited has filed a commercial dispute suit bearing No.1032/2021 before District Legal Services Authority, Surat, against Indofil Industries Limited (IIL) as a Mediation for USD 82,583.42 + 6% interest for Alleged losses caused to the Applicant due to mis-declaration of the quantity of goods exported by IIL through them. There was a theft happened enroute loading at Hazira Port, Gujarat leading to short quantity. Out of 59,520 kgs shipped only 43,040 kgs arrived at Port of Destination, i.e., Peru. However Indofil Industries Limited has nominated Transporter Indtrans Container Lines who engaged Hind Carrier Private Limited, for transporting the goods to the Hazira Port. The FIR was filed by Indtrans Container Lines against Hind Carrier Private Limited for theft and investigations are on at Surat. It was actually a matter of theft which cannot be claimed from IIL. The case is therefore, pretty strong for IIL. The case is therefore, pretty strong for IIL. The final outcome would not have any material impact on the standalone financial statements.

### 42.5. Other money for which the Company is contingently liable

Though a review petition filed against the decision of the Hon'ble Supreme Court of India in February, 2019 on Provident Fund (PF) on inclusion of allowances for the purpose of PF Contribution has been set aside, there are interpretative challenges, mainly for estimating the amount and applicability of the decision retrospectively. Pending any direction in this regard from the Employees Provident Fund Organisation, the impact for past periods, if any, is considered to the effect that it is only possible but not probable that outflow of economic resources will be required. The Company will continue to monitor and evaluate its position and act, as clarity emerges.

42.6. The Income Tax Department had searched the office premises of the Company in February 2021 in connection with search carried out by them under Section 132 of the Income Tax act, 1961 on a promoter of the Company. The tax officials have taken custody of certain records of the Company and recorded statements of some of the Company officials. Post Balancesheet date i.e., 31st March 2022, Notice to comply with provisions of Section 153C of the Income-tax Act, 1961 for four years have been received which has been appropriately complied with.

# Notes forming Part of Financial Statements

for the year ended March 31, 2022

42.7. The Company has reviewed all its pending litigations and proceedings and has made adequate provisions, wherever required and disclosed the contingent liabilities, wherever applicable, in its financial statements. The Company does not expect the outcome of these proceedings to have a material impact on its standalone financial statements.

## NOTE 43 : CAPITAL COMMITMENTS

₹ in Crores

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Estimated amount of contracts remaining to be executed on capital account and not provided for | 47.15 | 8.34 |
| Less: Advances paid | (4.22) | (3.11) |
| **Net capital commitments** | **42.93** | **5.23** |

## NOTE 44 : CORPORATE SOCIAL RESPONSIBILITY

₹ in Crores

| Particulars | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|
| i) Gross amount required to be spent by the Company during the year | 7.22 | 4.14 |
| ii) Amount spent during the year on | | |
| Construction / acquisition of any property, plant and equipment | - | - |
| Purpose other than above (Refer 44.1) | 1.42 | 0.38 |
| **Total Paid during the year** | **1.42** | **0.38** |
| iii) The amount of shortfall at the end of the year required to be spent by the Company during the year" | 3.47 | 3.76 |
| iv) The total of previous year shortfall amounts | 2.33 | - |
| The nature of CSR activities taken by the Company are as under: | | |
| a) Modi Innovative Education Society for establishing an university in the state of Chhatisgarh | | |
| b) Bharuch Citizen Counsil Trust | | |
| Total amount unspent if any | 5.80 | 3.76 |
| **TOTAL** | **7.22** | **4.14** |

### Details of related party transactions

44.1 Total amount spent during the year includes CSR contribution done of ₹ 1.33 crores (previous year ₹ NIL) to Modi Innovative Education Society which is in the process of establishing a university in the state of Chhattisgarh.

### Other Disclosures

44.2 The Company has made provision for unspent CSR expenses of ₹ 3.47 crores for year ended March 31, 2022 and subsequent to the year end the said amount have been transferred to specified bank account pursuant to the provisions of Companies Act, 2013 (March 31, 2021 ₹ 3.76 crores).

44.3 "Amount spent during the year includes ₹ 1.42 crores pertaining to the year ended March 31, 2021(previous year ₹ 0.27 crores pertaining to year ended March 31, 2020).

## NOTE 45 : EARNINGS PER SHARE

₹ in Crores

| Particulars | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|
| Profit after tax | 175.83 | 128.75 |
| Weighted average number of equity shares (In Nos.) | 21,351,147 | 21,351,147 |
| Nominal value of equity Shares (In ₹) | 10.00 | 10.00 |
| **Basic and diluted earnings per share (In ₹)** | **82.35** | **60.30** |

# Notes forming Part of Financial Statements

for the year ended March 31, 2022

## NOTE 46 : CAPITAL RISK MANAGEMENT

**(a) Risk management**

The Company's objectives when managing capital are to

(i) Safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders

(ii) Maintain an optimal capital structure to reduce the cost of capital

(iii) Support the corporate strategy and meet shareholder expectations

The policy of the Company is to borrow through banks / financial institutions supported by committed borrowing facilities to meet anticipated funding requirements. The capital structure is governed by policies approved by the Board of Directors and is monitored by various metrics. Funding requirements are reviewed periodically with any debt issuances.

The following table summarises the capital of the Company:

₹ in Crores

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Long term borrowing | 175.76 | 278.45 |
| Current maturities of long term debts | 90.92 | 104.33 |
| Short term borrowings | 388.60 | 360.56 |
| Less: Cash and cash equivalent | 341.93 | 167.56 |
| Less: Other bank balances other than unspent CSR account and unclaimed dividend account | 66.81 | 44.25 |
| **Net debt / (cash)** | **246.53** | **531.52** |
| **Total equity** | **1,564.03** | **1,415.74** |
| **Capital gearing ratio** | **0.16** | **0.38** |

i. Equity includes all capital and reserves of the Company that are managed as capital.

ii. Debt is defined as long and short term borrowings (excluding derivatives and financial guarantee contracts), as described in notes 21 and 24.

The Company has taken appropriate steps in order to maintain, or if necessary adjust, its capital structure.

**(b) Dividends**

The Company follows the policy of dividend for every financial year as may be decided by Board considering financial performance of the Company and other internal and external factors enumerated in the Company dividend policy.

The Board of Directors of the Company, in its meeting on 29th August, 2022, have proposed a final dividend of ₹ 4 per equity share (40% on equity share of Rs. 10 each) for the year ended March 31, 2022. The proposal is subject to the approval of shareholders at the ensuing Annual General Meeting and if approved would result in a cash outflow of ₹ 8.54 crores

## NOTE 47 : FINANCIAL RISK MANAGEMENT AND POLICIES

The Company's activities exposes it to a variety of financial risks: market risks, credit risks and liquidity risks. The Company's focus is to foresee the unpredictability of financial markets and seek to minimise potential adverse effects on its financial performance. The Company has an established Risk Management Policy towards risk identification, analysis & prioritisation of risks, development of risk mitigation plans & reporting on the risk environment of the respective business segments in the Company. A Risk Management Committee (RMC) is formed which comprises of the Executive Management which reports to the Audit Committee of the Directors.

The Company's principal financial liabilities, other than derivatives, comprise loans and borrowings, trade and other payables, and financial guarantee contracts. The main purpose of these financial liabilities is to finance the Company's operations and to provide guarantees to support its operations. The Company's principal financial assets include investments, loans, trade and other receivables, and cash and cash equivalents that derive directly from its operations.

# Notes forming Part of Financial Statements

for the year ended March 31, 2022

## NOTE 47 : FINANCIAL RISK MANAGEMENT AND POLICIES (Contd.)

**a. Management of market risks**

The Company's size and operation results in it being exposed to the following market risks that arise from its use of financial instruments

i. Foreign currency exchange risk

ii. Interest rate risk

iii. Price risk

The above risks may affect the Company's income and expenses, or the value of its financial instruments. The Company's exposure to and management of these risks are explained below:

### i. Foreign currency exchange risk

The Company's functional currency is Indian Rupees (INR). The Company has foreign currency trade payables and receivables and is therefore exposed to foreign exchange risk. Volatility in exchange rates affects the Company's revenue from exports markets and the costs of imports, primarily in relation to sale of goods and term loan with respect to the EURO. Adverse movements in the exchange rate between the Rupee and the relevant foreign currency results in increase in the Company's overall debt position in Rupee terms without the Company having incurred additional debt. In order to minimise adverse effects on the financial performance of the Company, derivative financial instruments, such as foreign exchange forward contracts are entered to hedge foreign currency exchange risk. All hedging activities are carried out in accordance with the Company's internal Forex Risk Management Policy, as approved by the management, and in accordance with the applicable regulations where the Company operates. The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

**Foreign currency risk exposure**

The Company's exposure to foreign currency risk at the end of the reporting period :

| Particulars | As at March 31, 2022 | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | USD | INR | EURO | INR | BRL | INR | BDT | INR | MMK | INR |
| **Financial assets** | | | | | | | | | | |
| Trade receivables | 5.26 | 398.37 | 1.10 | 92.56 | 4.87 | 77.44 | - | - | - | - |
| Balances with Banks | 1.52 | 115.44 | 0.38 | 31.61 | - | - | 0.01 | 0.01 | 0.60 | 0.03 |
| **Derivative assets** | | | | | | | | | | |
| Foreign exchange forward contracts | (1.85) | (139.84) | (0,.20) | (16.67) | - | - | - | - | - | - |
| **Open exposure to foreign currency (assets)** | **4.93** | **373.97** | **1.28** | **107.50** | **4.87** | **77.44** | **0.01** | **0.01** | **0.60** | **0.03** |
| **Financial liability** | | | | | | | | | | |
| **Foreign currency loan** | | | | | | | | | | |
| Current borrowings | 1.58 | 119.80 | - | - | - | - | - | - | - | - |
| Non current borrowings | - | - | 3.18 | 267.68 | - | - | - | - | - | - |
| Pre-shipment credit in foreign currency | 0.20 | 15.16 | - | - | - | - | - | - | - | - |
| Trade payables | 1.09 | 82.81 | 0.06 | 4.66 | - | - | - | - | - | - |
| **Open exposure to foreign currency (liability)** | **(2.87)** | **(217.77)** | **(3.24)** | **(272.34)** | **-** | **-** | **-** | **-** | **-** | **-** |
| **Net open exposure to foreign currency** | **2.06** | **156.20** | **(1.96)** | **(164.86)** | **4.87** | **77.44** | **0.01** | **0.01** | **0.60** | **0.03** |

# Notes forming Part of Financial Statements

for the year ended March 31, 2022

## NOTE 47 : FINANCIAL RISK MANAGEMENT AND POLICIES (Contd.)

| Particulars | As at March 31, 2021 | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | USD | INR | EURO | INR | BRL | INR | BDT | INR | MMK | INR |
| **Financial assets** | | | | | | | | | | |
| Trade receivables | 4.56 | 333.26 | 2.40 | 205.97 | - | - | - | - | - | - |
| Balances with Banks | 1.25 | 91.69 | 0.11 | 9.67 | - | - | 0.23 | 0.20 | 0.60 | 0.03 |
| Debt service reserve account balance | 0.04 | 2.56 | - | - | - | - | - | - | - | - |
| **Derivative assets** | | | | | | | | | | |
| Foreign exchange forward contracts | (1.14) | (83.35) | (0.52) | (44.93) | - | - | - | - | - | - |
| **Open exposure to foreign currency (assets)** | **4.71** | **344.16** | **1.99** | **170.71** | **-** | **-** | **0.23** | **0.20** | **0.60** | **0.03** |
| **Financial liability** | | | | | | | | | | |
| **Foreign currency loan** | | | | | | | | | | |
| Current borrowings | 0.77 | 56.14 | 0.50 | 42.98 | - | - | - | - | - | - |
| Non current borrowings | 0.00 | 0.00 | 4.50 | 385.88 | - | - | - | - | - | - |
| Pre-shipment credit in foreign currency | 0.15 | 10.97 | 0.20 | 17.15 | - | - | - | - | - | - |
| Trade payables | 0.72 | 52.30 | 0.03 | 2.73 | - | - | - | - | - | - |
| **Open exposure to foreign currency (liability)** | **(1.64)** | **(119.41)** | **(5.23)** | **(448.74)** | **-** | **-** | **-** | **-** | **-** | **-** |
| **Net open exposure to foreign currency** | **3.07** | **224.75** | **(3.24)** | **(278.03)** | **-** | **-** | **0.23** | **0.20** | **0.60** | **0.03** |

Note :

The Company has entered into Cash flow hedging for EURO term loan and it hedge all foreign currency EURO term loan and USD buyers credit against the forecasted sale transactions in the respective currency.

(₹ in Crores)

| Particulars | As at March 31, 2022 | | | As at March 31, 2021 | | |
|---|---|---|---|---|---|---|
| | No. of contracts | Amounts in foreign currency (Crores) | ₹ in Crores | No. of contracts | Amounts in foreign currency (Crores) | ₹ in Crores |
| Foreign currency forwards - Sell | | | | | | |
| USD | 39 | 1.85 | 139.84 | 46 | 1.14 | 83.35 |
| EURO | 9 | 0.20 | 16.67 | 29 | 0.52 | 44.93 |

### i Sensitivity

The sensitivity of profit and loss before tax to change in the exchange rate arises mainly from foreign currency denominated financial instruments :

(₹ in Crores)

| Particulars | As at March 31, 2022 | | As at March 31, 2021 | |
|---|---|---|---|---|
| | 5% Strengthening | 5% Weakening | 5% Strengthening | 5% Weakening |
| USD | 7.81 | (7.81) | 11.24 | (11.24) |
| EURO | (8.24) | 8.24 | (13.90) | 13.90 |
| BRL | 3.87 | (3.87) | - | - |

# Notes forming Part of Financial Statements

for the year ended March 31, 2022

## NOTE 47 : FINANCIAL RISK MANAGEMENT AND POLICIES (Contd.)

### ii. Interest rate risk

Interest rate risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of the changes in market interest rates. The Company is exposed to interest rate risk because funds are borrowed at both fixed rates and floating rates.The Company's fixed rate borrowings are carried at amortised cost. They are therefore not subject to interest rate risk as defined in Ind AS 107 on "Financial Instruments : Disclosures", since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

₹ in Crores

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Fixed rate borrowings | 655.27 | 740.96 |
| **Total borrowings** | **655.27** | **740.96** |

**Sensitivity:**

Statement of profit and loss is sensitive to increase/(decrease) of interest expense from borrowings as a result of changes in interest rates. If, the interest rates had been 100 basis points higher/lower and all other variable rate borrowings, the Company's profit before tax for the year ended March 31, 2022 would increase/(decrease) by ₹ NIL (March 31, 2021 would increase/(decrease) by ₹ NIL).

### iii. Price risk

The Company is exposed to equity price risk arising from equity investments. Equity investments were held for strategic rather than trading purposes. The Company does not actively trade in these investments. The Company invests in mutual funds.

**Sensitivity:**

A 5% increase in prices would have led to approximately and additional NIL gain in the statement of profit and loss. A 5% decrease in prices would have led to an equal but opposite effect.

### b. Credit risk

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

**Trade receivables and Other financial assets**

Concentration of credit risk with respect to trade receivables are limited, due to Company's customer base being large and diverse. All trade receivables and other financial assets are reviewed and assessed for default on monthly basis. Our historical experience of collecting all receivables is that their credit risk is low.

The Company's maximum exposure to credit risk as at March 31, 2022 and as at March 31, 2021 is the carrying value of each class of financial asset.

### c. Liquidity risk

Liquidity risk is the risk that the Company will face in meeting its obligation associated with its financial liabilities. The Company's approach in managing liquidity is to ensure that it will have sufficient funds to meet its liabilities when due without incurring unacceptable losses. The Company regularly monitors the rolling forecast to ensure it has sufficient cash on an ongoing basis to meet operational needs. Any short term surplus cash generated, over and above the amount required for working capital management and other operational requirements is retained as cash and cash Equivalents (to the extent required) and any excess is invested in any highly marketable equity instruments to optimise cash returns on investments while ensuring sufficient liquidity to meet its liabilities.

# Notes forming Part of Financial Statements

for the year ended March 31, 2022

## NOTE 47 : FINANCIAL RISK MANAGEMENT AND POLICIES (Contd.)

(₹ in Crores)

| Particulars | As at March 31, 2022 | | As at March 31, 2021 | |
|---|---|---|---|---|
| | Less than 12 months | More than 12 months | Less than 12 months | More than 12 months |
| Non current borrowings | - | 175.76 | - | 278.45 |
| Security deposits | - | 13.44 | - | 14.63 |
| Current borrowings | 479.52 | - | 464.89 | - |
| Trade payables | 762.22 | - | 453.59 | - |
| Lease liabilities | 1.31 | 0.45 | 2.07 | 1.76 |
| Other financial liabilities | 7.91 | 0.69 | 11.80 | 1.03 |
| **TOTAL** | **1,250.96** | **190.34** | **932.35** | **295.87** |

**d. Collateral**

The Company has pledged its non-current as well as current assets to a consortium of lenders as collateral towards borrowings by the Company. Refer Note 21 and 24 for the detailed terms and conditions of the collaterals pledged.

## NOTE 48 : FINANCIAL INSTRUMENTS - CLASSIFICATION AND FAIR VALUE MEASUREMENT

**a. Financial assets and liabilities**

The carrying value of financial instruments by categories is as follows:

(₹ in Crores)

| Particulars | As at 31 March 2022 | | | | |
|---|---|---|---|---|---|
| | Amortised cost | Fair value through other comprehensive income | Fair value through profit and loss | Total carrying value | Total fair value |
| **Financial assets** | | | | | |
| Investments in mutual funds | - | - | 112.72 | 112.72 | 112.72 |
| Investment in equity shares of subsidiaries and joint ventures | 367.13 | - | - | 367.13 | - |
| Investments in equity shares (other than in subsidiaries and joint ventures) | - | 16.13 | - | 16.13 | - |
| Forward contracts receivable | - | - | 3.04 | 3.04 | 3.04 |
| Loans | 0.22 | - | - | 0.22 | - |
| Trade receivables | 844.49 | - | - | 844.49 | - |
| Cash and cash equivalents | 341.93 | - | - | 341.93 | - |
| Other bank balances | 70.02 | - | - | 70.02 | - |
| Other financial assets | 11.62 | - | - | 11.62 | - |
| **Total** | **1,635.40** | **16.13** | **115.76** | **1,767.29** | **115.76** |
| **Financial Liabilities** | | | | | |
| Financial guarantee obligations | - | - | 1.04 | 1.04 | 1.04 |
| Term loans (Net of unamortized upfront fees) | 266.68 | - | - | 266.68 | - |
| Borrowings | 388.59 | - | - | 388.59 | - |
| Trade payables | 768.03 | - | - | 768.03 | - |
| Lease liabilities | 1.76 | - | - | 1.76 | - |
| Other financial liabilities | 21.00 | - | - | 21.00 | - |
| **Total** | **1,446.06** | **-** | **1.04** | **1,447.10** | **1.04** |

# Notes forming Part of Financial Statements

for the year ended March 31, 2022

(₹ in Crores)

| Particulars | As at 31 March 2021 | | | | |
|---|---|---|---|---|---|
| | Amortised cost | Fair value through other comprehensive income | Fair value through profit and loss | Total carrying value | Total fair value |
| **Financial assets** | | | | | |
| Investments in mutual funds | - | - | 51.10 | 51.10 | 51.10 |
| Investment in equity shares of subsidiaries and joint ventures | 333.14 | - | - | 333.14 | - |
| Investments in equity shares (other than in subsidiaries and joint ventures) | - | 14.65 | - | 14.65 | - |
| Forward contracts receivable | - | - | 2.25 | 2.25 | 2.25 |
| Loans | 0.24 | - | - | 0.24 | - |
| Trade receivables | 830.65 | - | - | 830.65 | - |
| Cash and cash equivalents | 167.56 | - | - | 167.56 | - |
| Other bank balances | 46.05 | - | - | 46.05 | - |
| Other financial assets | 20.80 | - | - | 20.80 | - |
| **Total** | **1,398.44** | **14.65** | **53.35** | **1,466.44** | **53.35** |
| **Financial Liabilities** | | | | | |
| Financial guarantee obligations | - | - | 1.52 | 1.52 | 1.52 |
| Term loans (Net of unamortized upfront fees) | 378.47 | - | - | 378.47 | - |
| Borrowings | 364.86 | - | - | 364.86 | - |
| Trade payables | 455.00 | - | - | 455.00 | - |
| Lease liabilities | 3.83 | - | - | 3.83 | - |
| Other financial liabilities | 25.94 | - | - | 25.94 | - |
| **Total** | **1,228.10** | **-** | **1.52** | **1,229.62** | **1.52** |

Carrying amounts of loans, trade receivables, cash and cash equivalents, bank balances other than cash and cash equivalents, other financial assets, trade payables and other financial liabilities as at March 31, 2022 and March 31, 2021 approximate the fair value because those are short-term in nature.

## NOTE 48 : FINANCIAL INSTRUMENTS - CLASSIFICATION AND FAIR VALUE MEASUREMENT (Contd.)

**b. Fair value hierarchy**

The fair value of financial instruments as referred to in Note (a) above have been classified into three categories depending on the inputs used in the valuation technique. The hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and lowest priority to unobservable inputs (Level 3 measurements).

Level 1 - Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Inputs are other than quoted prices included in Level 1 that are observable for the assets or liabilities, either directly or indirectly.

Level 3 - Inputs are not based on observable market data (unobservable inputs).

The financial instruments included in Level 2 of fair value hierarchy have been valued using quotes available for similar assets and liabilities in the active market.

The financial instruments included in Level 3 of fair value hierarchy have been valued using whole or in part using a valuation model based on assumptions as described below:

Fair value of investment in unquoted equity shares is determined based on the net asset value of the investee company as on the balance sheet date.

# Notes forming Part of Financial Statements

for the year ended March 31, 2022

Fair value of the financial guarantee obligation is determined through a discounted cash flow model using weighted average borrowing rate as the discount rate.

For assets and liabilities which are measured at fair value as at the balance sheet date, the classification of fair value calculations by category is summarised below :

₹ in Crores

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| **Financial assets** | | |
| **Level 1** | | |
| Investments in quoted equity shares | 1.45 | 2.00 |
| Investments in units of mutual funds | 112.72 | 51.10 |
| **Level 2** | | |
| Derivative financial assets | 3.04 | 2.25 |
| **Level 3** | | |
| Investments in unquoted equity shares | 14.68 | 12.65 |
| **TOTAL** | **131.89** | **68.00** |
| **Financial liabilities** | | |
| **Level 1** | | |
| Financial guarantee obligations | 1.04 | 1.52 |
| **TOTAL** | **1.04** | **1.52** |

Description of significant unobservable input used in fair value measurement categorised within level 3 of fair value hierarchy

| Particulars | Significant unobservable input | Sensitivity of input to fair value measurement |
|---|---|---|
| Investments in unquoted equity shares | Fair value of net assets | 5% increase in forecasted fair value will increase the value of investment by ₹ 0.73 crores (₹ 0.63 crores as at March 31, 2021) and 5% decrease will have an equal but opposite effect. |
| Financial guarantee obligations | Discount rate 5.51% | 1 % increase in discount rate will have loss of ₹ 0.01 crores (₹ 0.02 crores as at March 31, 2021) and 1% decrease in discount rate will have an equal but opposite effect. |

**c. Reconciliation of level 3 fair value measurement**

₹ in Crores

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Opening balance of level 3 financial assets / (liabilities) | 11.14 | 10.62 |
| Add / (Less): changes during the year | | |
| Guarantee commission recognised | 0.46 | 0.48 |
| Fair valuation gain / (loss) on investments in unquoted equity instruments through other comprehensive income (OCI) | 0.03 | 0.10 |
| Fair valuation gain / (loss) on financial guarantee obligation | 0.02 | (0.06) |
| **Closing balance of level 3 financial assets / (liabilities)** | **11.65** | **11.14** |

# Notes forming Part of Financial Statements

for the year ended March 31, 2022

## NOTE 49 : EMPLOYEE BENEFITS EXPENSE

**a. Defined contribution plans**

### Superannuation fund

The Company has a superannuation plan for the benefit of some of its employees. Employees who are members of the defined benefit superannuation plan are entitled to benefits depending on the years of service and salary drawn. Separate irrevocable trusts are maintained for employees covered and entitled to benefits. The contributions are recognised as an expense and included in his monthly Cost-to-Company. Once this contribution is incurred the Company does not have any further obligations beyond this contribution. Superannuation Fund to which contributions are made is administered by Life Insurance Corporation of India.

### Other contribution funds

Retirement benefit in the form of provident fund, Employee State Insurance Corporation (ESIC), Pension Fund and Maharashtra Labour Welfare Fund (MLWF) are defined contribution schemes. The Company has no obligation, other than the contribution payable to these funds/ schemes. The Company recognises contribution payable to such schemes as an expense, when an employee renders the related service.

The Company has recognised the following amounts in the statement of profit and loss under contribution to provident and other funds as under:

₹ in Crores

| Particulars | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|
| Employer's contribution to employees' provident fund | 6.37 | 6.02 |
| Employer's contribution to employees' pension fund | 1.30 | 1.32 |
| Employer's contribution to superannuation fund | 1.85 | 2.02 |
| Employer's contribution to ESIC | - | 0.01 |
| Employer's contribution to MLWF | 0.00 | 0.00 |
| **TOTAL** | **9.52** | **9.37** |

**b. Defined benefit plans**

### Retirement Gratuity

Gratuity is administered under the Group Gratuity Cash Accumulation (GGCA) Plan of Life Insurance Corporation of India to which the contributions are made. The Company accounts for the liability for gratuity benefits payable in the future based on an actuarial valuation.

"Summary of the components of net benefit expenses recognised in the statement of profit and loss and the funded status and amounts recognised in the balance sheet for the respective plans:

₹ in Crores

| Sr. No. | Particulars | As at March 31, 2022 (Funded) | As at March 31, 2021 (Funded) |
|---|---|---|---|
| **I** | **Change in present value of defined benefit obligation during the year** | | |
| 1 | Present value of defined benefit obligation at the beginning of the year | 20.74 | 31.70 |
| 2 | Interest cost | 1.42 | 2.16 |
| 3 | Current service cost | 1.64 | 1.61 |
| 4 | Past service cost - non-vested benefit incurred during the period | - | - |
| 5 | Past service cost - vested benefit incurred during the period | - | - |
| 6 | Liability transferred in/ acquisitions | - | - |
| 7 | (Liability transferred out / divestment) | - | - |
| 8 | (Gains)/ losses on curtailment | - | - |
| 9 | Liabilities extinguished on settlement | - | - |
| 10 | Benefits paid directly by the employer | - | - |

# Notes forming Part of Financial Statements

for the year ended March 31, 2022

## NOTE 49 : EMPLOYEE BENEFITS EXPENSE (Contd.)

₹ in Crores

| Sr. No. | Particulars | As at March 31, 2022 (Funded) | As at March 31, 2021 (Funded) |
|---|---|---|---|
| 11 | Benefits paid from the fund | (3.21) | (15.80) |
| 12 | The effect of changes in foreign exchange rates | - | - |
| 13 | Actuarial changes arising from changes in demographic assumptions | (0.01) | - |
| 14 | Actuarial changes arising from changes in financial assumptions | 0.78 | (0.02) |
| 15 | Actuarial changes arising from changes in experience adjustments | 0.62 | 1.09 |
| **16** | **Present value of defined benefit obligation at the end of the year** | **21.98** | **20.74** |

₹ in Crores

| Sr. No. | Particulars | As at March 31, 2022 (Funded) | As at March 31, 2021 (Funded) |
|---|---|---|---|
| **II** | **Change in fair value of plan assets during the year** | | |
| 1 | Fair value of plan assets at the beginning of the year | 16.41 | 10.48 |
| 2 | Interest Income | 1.12 | 0.72 |
| 3 | Contributions paid by the employer | 5.58 | 21.22 |
| 4 | Expected contributions by the employees | - | - |
| 5 | Assets transferred in/ acquisitions | - | - |
| 6 | Assets transferred out / divestments | - | - |
| 7 | Benefits paid from the fund | (3.21) | (15.80) |
| 8 | Assets distributed on settlements | - | - |
| 9 | Effects of asset ceiling | - | - |
| 10 | The effect of changes in foreign exchange rates | - | - |
| 11 | Return on plan assets excluding interest income | (0.07) | (0.21) |
| **12** | **Fair value of plan assets at the end of the year** | **19.83** | **16.41** |

₹ in Crores

| Sr. No. | Particulars | As at March 31, 2022 (Funded) | As at March 31, 2021 (Funded) |
|---|---|---|---|
| **III** | **Net asset / (liability) recognised in the balance sheet** | | |
| 1 | Present value of defined benefit obligation at the end of the year | (21.98) | (20.74) |
| 2 | Fair value of plan assets at the end of the year | 19.83 | 16.41 |
| 3 | Funded status [surplus/ (deficit)] | (2.15) | (4.33) |
| **4** | **Net asset / (liability) recognised in the balance sheet** | **(2.15)** | **(4.33)** |

₹ in Crores

| Sr. No. | Particulars | Year ended March 31, 2022 (Funded) | Year ended March 31, 2021 (Funded) |
|---|---|---|---|
| **IV** | **Net interest cost for the year** | | |
| 1 | Present value of benefit obligation at the beginning of the period | 20.74 | 31.70 |
| 2 | Fair value of plan assets at the beginning of the period | (16.41) | (10.48) |
| 3 | **Net liability/(asset) at the beginning** | **4.33** | **21.22** |
| 4 | Interest cost | 1.42 | 2.16 |
| 5 | Interest income | (1.12) | (0.72) |
| **6** | **Net interest cost for the year** | **0.30** | **1.44** |

# Notes forming Part of Financial Statements

for the year ended March 31, 2022

## NOTE 49 : EMPLOYEE BENEFITS EXPENSE (Contd.)

₹ in Crores

| Sr. No. | Particulars | Year ended March 31, 2022 (Funded) | Year ended March 31, 2021 (Funded) |
|---|---|---|---|
| **V** | **Expenses recognised in the statement of profit and loss for the year** | | |
| 1 | Current service cost | 1.64 | 1.61 |
| 2 | Interest cost on benefit obligation (net) | 0.30 | 1.44 |
| 3 | Past service cost - non-vested benefit recognised during the year | - | - |
| 4 | Past service cost - vested benefit recognised during the year | - | - |
| 5 | Expected contributions by the employees | - | - |
| 6 | (Gains)/losses on curtailments and settlements | - | - |
| 7 | Net effect of changes in foreign exchange rates | - | - |
| **8** | **Total expenses included in employee benefits expense** | **1.94** | **3.05** |

₹ in Crores

| Sr. No. | Particulars | Year ended March 31, 2022 (Funded) | Year ended March 31, 2021 (Funded) |
|---|---|---|---|
| **VI** | **Recognised in other comprehensive income for the year** | | |
| 1 | Actuarial changes arising from changes in demographic assumptions | (0.00) | - |
| 2 | Actuarial changes arising from changes in financial assumptions | 0.78 | (0.02) |
| 3 | Actuarial changes arising from changes in experience adjustments | 0.62 | 1.09 |
| 4 | Return on plan assets excluding interest income | 0.07 | 0.21 |
| 5 | Change in asset ceiling | - | - |
| **6** | **Recognised in other comprehensive income** | **1.47** | **1.28** |

₹ in Crores

| Sr. No. | Particulars | As at March 31, 2022 (Funded) | As at March 31, 2021 (Funded) |
|---|---|---|---|
| **VII** | **Cash flow projection: From the fund** | | |
| 1 | Within the next 12 months (next annual reporting period) | 2.59 | 5.68 |
| 2 | 2nd following year | 2.30 | 1.58 |
| 3 | 3rd following year | 3.34 | 1.68 |
| 4 | 4th following year | 3.11 | 2.45 |
| 5 | 5th following year | 1.95 | 2.70 |
| 6 | Sum of years 6 to 10 | 10.59 | 7.34 |
| 7 | Sum of years 11 and above | 10.33 | 9.04 |

The average duration of the defined benefit plan obligation as at March 31, 2022 is 5 years (March 31, 2021: 5 years).

₹ in Crores

| Sr. No. | Particulars | As at March 31, 2022 (Funded) | As at March 31, 2021 (Funded) |
|---|---|---|---|
| **VIII** | **Quantitative sensitivity analysis for significant assumption** | | |
| | Projected benefit obligation on current assumptions | 21.98 | 20.74 |
| (i) | Delta effect of +1% change in rate of discounting | (1.04) | (0.87) |
| (ii) | Delta effect of -1% change in rate of discounting | 1.16 | 0.97 |
| (i) | Delta effect of +1% change in rate of salary increase | 1.17 | 0.99 |
| (ii) | Delta effect of -1% change in rate of salary increase | (1.07) | (0.90) |
| (i) | Delta effect of +1% change in rate of employee turnover | 0.10 | 0.13 |
| (ii) | Delta effect of -1% change in rate of employee turnover | (0.12) | (0.15) |

# Notes forming Part of Financial Statements

for the year ended March 31, 2022

## NOTE 49 : EMPLOYEE BENEFITS EXPENSE (Contd.)

**2 Usefulness and methodology adopted for sensitivity analysis**

Sensitivity analysis is an analysis which will give the movement in liability if the assumption were not proved to be true on different count. This only signifies the change in the liability if the difference between the assume and the actual is not following the parameters of the sensitivity analysis.

| Sr. No. | Particulars | As at March 31, 2022 (Funded) | As at March 31, 2021 (Funded) |
|---|---|---|---|
| **IX** | **The major categories of plan assets as a percentage of total** | | |
| | Insurer managed funds | 100% | 100% |
| **X** | **Actuarial assumptions** | | |
| 1 | Discount rate | 7.15% | 6.86% |
| 2 | Salary escalation | 5.00% | 4.00% |
| 3 | Mortality rate during employment | Indian Assured Lives Mortality (2006-08) | Indian Assured Lives Mortality (2006-08) |
| 4 | Mortality post retirement rate | N.A. | N.A. |
| 5 | Rate of employee turnover | 5.00% | 5.00% |
| 6 | Expected return on plan assets | 7.15% | 6.86% |

### c. Other long term employee benefits

The defined benefit obligations which are provided for but not funded :

₹ in Crores

| Sr. No. | Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|---|
| **1** | **Leave encashment** | | |
| | Current | 1.16 | 4.30 |
| | Non-current | 17.47 | 10.79 |

# Notes forming Part of Financial Statements

for the year ended March 31, 2022

## NOTE 50 : RELATED PARTY

**List of related parties:**

**Subsidiaries/Step down subsidiaries**

- Quick Investment (India) Limited
- Good Investment (India) Limited
- Indofil Bangladesh Industries Private Limited
- Indofil Costa Rica S.A.
- Indofil Industries (International) B.V.
- Indofil Industries (Netherlands) B.V.
- Indofil Industries DO Brasil LimitedA
- Indofil Philippines, Inc.
- PT Indofil Industries Indonesia
- Agrowin Bioscience S.r.l

**Other related parties in which directors have significant influence:**

- Godfrey Phillips India Limited
- H.M.A. Udyog Private Limited
- Modi Care Limited
- Beacon Travels Private Limited
- Bina Fashions N Food Private Limited
- Premium Merchants Limited
- Modi Rubber Limited
- KKM Management Centre Private Limited
- Modi Stratford Enterprises Management Private Limited
- Modi Innovative Education Society
- Colorbar Cosmetics Private Limited
- EGO Obsession
- Indo Reagens Polymer Additives Private Limited (with effect from August 03, 2021)
- Shanghai Baijin Chemical Limited (Co-venturer)

**Joint ventures**

- Indo Baijin Chemicals Private Limited
- Indo Reagens Polymer Additives Private Limited (up to August 03, 2021)

**Other related parties:**

- ICC Employee Provident Fund Trust

**Key management personnel (KMP)**

- Executive Director
- Dr. Bina Modi
- Ms. Charu Modi
- Dr. Atchutuni Rao

**Non-executive director**

- Mr. Samir Modi
- Ms. Aliya Modi
- Mr. Mahendra Naranji Thakkar
- Mr. Sunil  Kumar Alagh
- Mr. Sanjay Buch
- Mr. Lakshminarayanan Subramanian
- Mr. Anil Garg (UPSIDC) (upto September 9, 2020)
- Mr. Mayur Maheshwari (with effect from September 9, 2020)

**KMPs other than director**

- Mr. Rajinder Kumar Malhotra - Group CEO (upto April 20, 2020)
- Mr. Narendra C Rane - COO (with effect from April 20, 2020)
- Mr. Rajib Mukhopadhyay - Chief Financial Officer (up to April 29, 2022)
- Mr. Devang R Mehta - Company Secretary (up to June 04, 2022)
- Ms. Manju Ananad - Company Secretary (with effect from July 06, 2022)

₹ in Crores

| Particulars | Subsidiaries and Joint ventures | Key management personnel | Promoter group companies / entities in which key management personnel's relatives are interested | Other related parties | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|---|---|---|---|
| **RECEIVING OF SERVICES** | | | | | | |
| 1. HMA Udyog Private Limited | - | - | 0.07 | - | 0.07 | 0.06 |
| 2. Beacon Travels Private Limited | - | - | 1.60 | - | 1.60 | 0.61 |
| 3. Bina Fashions N Food Private Limited | - | - | 0.38 | - | 0.38 | 0.30 |
| 4. EGO Obsession | - | - | 0.29 | - | 0.29 | 0.13 |
| 5. Modi Care Limited | - | - | - | - | - | 0.02 |
| 6. Modi Stratford Enterprises Management Private Limited | - | - | 0.12 | - | 0.12 | 0.76 |
| 7. Indo-Reagens Polymer Additives Private Limited | 3.36 | - | - | - | 3.36 | 4.32 |
| 8. Godfrey Phillips India Limited | - | - | 0.10 | - | 0.10 | 0.17 |
| 9. Colorbar Cosmetics Private Limited | - | - | 0.01 | - | 0.01 | 0.06 |
| 10. KKM Management Center Private Limited | - | - | 1.80 | - | 1.80 | 1.95 |
| **Total** | **3.36** | **-** | **4.36** | **-** | **7.72** | **8.38** |

# Notes forming Part of Financial Statements

for the year ended March 31, 2022

## NOTE 50 : RELATED PARTY (Contd.)

₹ in Crores

| Particulars | Subsidiaries and Joint ventures | Key management personnel | Promoter group companies / entities in which key management personnel's relatives are interested | Other related parties | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|---|---|---|---|
| **Remuneration and Sitting fees paid to KMP's** | | | | | | |
| (A) Short-term employee benefits & Post -employment benefits (including commission)* | | | | | | |
| 1. Dr. Bina Modi (Chairman and Managing Director) | - | 17.09 | - | - | 17.09 | 13.84 |
| 2. Ms. Charu Modi (Executive Director) | - | 16.83 | - | - | 16.83 | 13.60 |
| 3. Dr. Atchutuni Rao (Whole time Director) | - | 1.16 | - | - | 1.16 | 1.04 |
| 4. Non-Executive Directors | - | 1.75 | - | - | 1.75 | 1.40 |
| 5. Mr. Rajib Mukhopadhyay (Chief Financial Officer. | - | 1.35 | - | - | 1.35 | 1.12 |
| 6. Mr. Devang Mehta (Company Secretary. | - | 0.83 | - | - | 0.83 | 0.74 |
| (B) Sitting fees | - | 0.49 | - | - | 0.49 | 0.53 |
| **Total** | | **39.50** | | | **39.50** | **32.26** |
| **PURCHASE OF GOODS** | | | | | | |
| 1. Indo Baijin Chemicals Private Limited | 166.16 | - | - | - | 166.16 | 111.43 |
| 2. Indo-Reagens Polymer Additives Private Limited | 0.02 | - | - | - | 0.02 | - |
| **Total** | **166.18** | **-** | **-** | **-** | **166.18** | **111.43** |
| **TRANSFER OF LICENSE FOR UTILISATION** | | | | | | |
| 1. Indo Baijin Chemicals Private Limited | - | - | - | - | - | 1.30 |
| **Total** | **-** | **-** | **-** | **-** | **-** | **1.30** |
| **SALE OF GOODS** | | | | | | |
| 1. Indofil Industries (Netherlands) B.V. | 73.48 | - | - | - | 73.48 | 204.80 |
| 2. Indofil Industries DO Brasil LimitedA | 105.91 | - | - | - | 105.91 | 46.55 |
| 3. Indofil Philippines, Inc. | 56.80 | - | - | - | 56.80 | 33.66 |
| 4. Indofil Bangladesh Industries Private Limited | 2.08 | - | - | - | 2.08 | 0.96 |
| 5. Indo Reagens Polymer Additives Private Limited | 0.42 | - | - | - | 0.42 | 0.15 |
| 6. Modi Care Limited | - | - | 4.13 | - | 4.13 | 7.47 |
| 7. Godfrey Phillips India Limited | - | - | - | - | - | 0.01 |
| **Total** | **238.70** | **-** | **4.13** | **-** | **242.83** | **293.60** |
| **RENT EXPENSE** | | | | | | |
| 1. Premium Merchants Limited | - | - | 0.07 | - | 0.07 | 0.08 |
| 2. Ms. Charu Modi | - | 0.11 | - | - | 0.11 | 0.09 |
| 3. Godfrey Phillips India Limited | - | - | 0.41 | - | 0.41 | |
| **Total** | **-** | **0.11** | **0.48** | **-** | **0.59** | **0.17** |
| **DIVIDEND PAID** | | | | | | |
| 1. Dr. Bina Modi | - | 0.34 | - | - | 0.34 | 0.19 |
| 2. Mr. Samir Modi | - | 0.02 | - | - | 0.02 | 0.01 |
| **Total** | **-** | **0.36** | **-** | **-** | **0.36** | **0.20** |
| **CONTRIBUTION TO EMPLOYEES BENEFIT TRUST** | | | | | | |
| 1.ICC Employee Provident Fund Trust | - | - | - | 13.84 | 13.84 | 13.18 |
| **Total** | **-** | **-** | **-** | **13.84** | **13.84** | **13.18** |
| **DIVIDEND INCOME** | | | | | | |
| 1. Indo Baijin Chemicals Private Limited | 8.73 | - | - | - | 8.73 | 6.55 |
| 2. Quick Investments (India) Limited | 2.75 | - | - | - | 2.75 | |
| 3. Good Investment (India) Limited | 5.61 | - | - | - | 5.61 | |
| **Total** | **17.09** | **-** | **-** | **-** | **17.09** | **6.55** |
| **RENT INCOME** | | | | | | |
| 1. Modi Rubber Limited | - | - | 0.06 | - | 0.06 | 0.06 |
| 2. Indo Reagens Polymer Additives Private Limited | 0.23 | - | - | - | 0.23 | 0.23 |

# Notes forming Part of Financial Statements

for the year ended March 31, 2022

## NOTE 50 : RELATED PARTY (Contd.)

₹ in Crores

| Particulars | Subsidiaries and Joint ventures | Key management personnel | Promoter group companies / entities in which key management personnel's relatives are interested | Other related parties | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|---|---|---|---|
| **Total** | **0.23** | **-** | **0.06** | **-** | **0.29** | **0.29** |
| **GUARANTEE COMMISSION INCOME** | | | | | | |
| 1. Indofil Industries (Netherlands) B.V. | 0.04 | - | - | - | 0.04 | 0.30 |
| 2. Indo Baijin Chemicals Private Limited | 0.44 | - | - | - | 0.44 | 0.48 |
| 3. Indofil Industries DO Brasil LimitedA | - | - | - | - | - | 0.25 |
| **Total** | **0.48** | **-** | **-** | **-** | **0.48** | **1.03** |
| **REIMBURSEMENT OF EXPENSES (RECEIVED)** | | | | | | |
| 1 Indo Baijin Chemicals Private Limited | 0.84 | - | - | - | 0.84 | 1.34 |
| 2. Indofil Industries (Netherland) B.V. | - | - | - | - | - | 0.19 |
| 3. Indo Reagens Polymer Additives Private Limited | 1.41 | - | - | - | 1.41 | 3.03 |
| 4. Indofil Industries DO Brasil LimitedA | - | - | - | - | - | 0.19 |
| **Total** | **2.25** | **-** | **-** | **-** | **2.25** | **4.75** |
| **CSR EXPENSES** | | | | | | |
| 1. Modi Innovative Education Society | - | - | 1.32 | - | 1.32 | - |
| **Total** | **-** | **-** | **1.32** | **-** | **1.32** | **-** |
| **INTEREST INCOME** | | | | | | |
| 1. Indo Reagens Polymer Additives Private Limited | - | - | - | - | - | 0.03 |
| **Total** | **-** | **-** | **-** | **-** | **-** | **0.03** |
| **ADVANCES RECEIVED CLOSING BALANCE** | | | | | | |
| 1 Agrowin Bioscience S.r.l. | 0.95 | - | - | - | 0.95 | - |
| **Total** | **0.95** | **-** | **-** | **-** | **0.95** | **-** |
| **SECURITY DEPOSIT PAID** | | | | | | |
| 1. Godfrey Phillips India Limited | - | - | 0.83 | - | 0.83 | - |
| **Total** | **-** | **-** | **0.83** | **-** | **0.83** | **-** |
| **GURANTEES GIVEN TO SUBSIDIARIES / JV's OUTSTANDING** | | | | | | |
| 1. Indo Baijin Chemicals Private Limited | 57.36 | - | - | - | 57.36 | 85.06 |
| 2. Indofil Industries (Netherland) B.V. | - | - | - | - | - | 9.74 |
| **Total** | **57.36** | **-** | **-** | **-** | **57.36** | **94.80** |
| **GURANTEES RECEIVED FROM CO-VENTURER** | | | | | | |
| 1. Shanghai Baijin Chemical Limited | 28.11 | - | - | - | 28.11 | 41.68 |
| **Total** | **28.11** | | | | **28.11** | **41.68** |
| **OUTSTANDING BALANCES** | | | | | | |
| **Receivables** | | | | | | |
| 1. Indofil Industries (Netherland) B.V. | 78.09 | - | - | - | 78.09 | 189.94 |
| 2. Indofil Industries DO Brasil LimitedA | 131.09 | - | - | - | 131.09 | 100.03 |
| 3. Indofil Philippines, Inc. | 25.78 | - | - | - | 25.78 | 17.40 |
| 4. Indofil Bangladesh Industries Private Limited | 2.77 | - | - | - | 2.77 | 2.87 |
| 5. Indo Reagens Polymer Additives Private Limited | 0.43 | - | - | - | 0.43 | 0.17 |
| 6. Agrowin Bioscience S.r.l. | - | - | - | - | - | 0.73 |
| 7. Modi Care Limited | - | - | - | - | - | 1.14 |
| 8. Modi Rubber Limited | - | - | 0.02 | - | 0.02 | 0.02 |
| **Total** | **238.16** | **-** | **0.02** | **-** | **238.18** | **312.30** |
| **Payables** | | | | | | |
| 1. Beacon Travels Private Limited | - | - | 0.08 | - | 0.08 | |
| 2. KKM Management Center Private Limited | - | - | 1.40 | - | 1.40 | 1.66 |
| 3. Indofil Industries (Netherlands) B.V. | 1.02 | - | - | - | 1.02 | 1.02 |

# Notes forming Part of Financial Statements

for the year ended March 31, 2022

## NOTE 50 : RELATED PARTY (Contd.)

₹ in Crores

| Particulars | Subsidiaries and Joint ventures | Key management personnel | Promoter group companies / entities in which key management personnel's relatives are interested | Other related parties | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|---|---|---|---|
| 4. Indo Baijin Chemicals Private Limited | 30.48 | - | - | - | 30.48 | 10.31 |
| 5. Indo Reagens Polymer Additives Private Limited | 3.80 | - | - | - | 3.80 | 1.74 |
| **Total** | **35.30** | **-** | **1.48** | **-** | **36.78** | **14.73** |
| **INVESTMENTS MADE DURING THE YEAR** | | | | | | |
| 1. Indofil Bangladesh Industries Private Limited | - | - | - | - | - | 3.98 |
| 2. Indofil Industries (International) B.V. | 35.00 | - | - | - | 35.00 | - |
| 3. Indo Reagens Polymer Additives Private Limited | (17.96) | - | - | - | (17.96) | - |
| 4. Indofil Industries (Netherland) B.V. | - | - | - | - | - | 86.14 |
| **Total** | **17.04** | **-** | **-** | **-** | **17.04** | **90.12** |
| **Remuneration payable to KMP** | - | 19.49 | - | - | 19.49 | 13.19 |
| Dr Bina Modi | - | 7.57 | - | - | 7.57 | 4.59 |
| Ms Charu Modi | - | 10.17 | - | - | 10.17 | 7.20 |
| Mr M N Thakkar | - | 0.25 | - | - | 0.25 | 0.20 |
| MS Aliya Modi | - | 0.25 | - | - | 0.25 | 0.20 |
| Mr Samir K Modi | - | 0.25 | - | - | 0.25 | 0.20 |
| Mr Sanjay Buch | - | 0.25 | - | - | 0.25 | 0.20 |
| Mr Subramanian Lakshminarayanan | - | 0.25 | - | - | 0.25 | 0.20 |
| Mr Sunil Alagh | - | 0.25 | - | - | 0.25 | 0.20 |
| UPSIDC Limited | - | 0.25 | - | - | 0.25 | 0.20 |
| **Total** | **-** | **19.49** | **-** | **-** | **19.49** | **13.19** |

### Terms and conditions of transactions with related parties

The sales to and purchases from 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 settlement occurs in cash. For the year ended March 31, 2022, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (March 31, 2021: Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

Notes:

i.) During the year, the parent Company has neither written off/written back nor made any provision against any debts/receivables/payables/advances of related parties, except as disclosed above.

ii) Related party relationships have been identified by the management and relied upon by the Auditors.

iii) Related party transactions have been disclosed on basis of value of transactions in term of the respective contracts

iv) Sale and purchase transactions among the related parties are in the ordinary course of business based on normal commercial terms, conditions, market rates and memorandum of understanding signed with the related parties. For the year ended March 31, 2022, the parent Company has not recorded any loss allowances for transactions between the related parties.

v) *This aforesaid amount does not includes amount in respect of gratuity and leave entitlement (both of which are determined by actuarially) as the same is not determinable.

# Notes forming Part of Financial Statements

for the year ended March 31, 2022

## NOTE 51 : Details of loans given, investments made and guarantees given covered under Section 186 (4) of the Companies Act, 2013:

Investments made and guarantees given by the Company outstanding as at March 31, 2022 and at March 31, 2021 are as below :

**Loans**

No loan is given by the Company in favour of corporates are outstanding as at March 31, 2022 and at March 31,2021.

**Investments**

Details required u/s 186 have been disclosed in Note 6 of the standalone financial statements.

**Guarantees**

All corporate guarantees are given by the Company in respect of loans :

₹ in Crores

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Indo-Baijin Chemicals Private Limited (net of counter guarantee) | 29.25 | 43.38 |
| Indofil Industries Netherlands B.V. | - | 9.74 |

All the above Corporate Guarantees are given for business purpose.

## Note 52 - FINANCIAL RATIOS

| Sr. No. | Particulars | For the year ended 31st March, 2022 | | | For the year ended 31st March, 2021 | Variance (%) | Reason for variance over 25% |
|---|---|---|---|---|---|---|---|
| | | Numerator | Denominator | Ratios | | | |
| 1 | Current ratio (in times) | Current assets | Current liabilities | 1.49 | 1.47 | 1% | NA |
| 2 | Debt-Equity ratio (in times) | Total borrowings | Net worth | 0.42 | 0.53 | -20% | Prepayment of loans through internal accruals |
| 3 | Debt service coverage ratio (in times) | Profit before tax, exceptional Items, depreciation, finance charges | Finance charges + long term borrowings scheduled principal repayments (excluding prepayments + refinancing) during the year | 2.03 | 1.32 | 54% | Due to prepayment of loans, borrowing cost has been reduced which impacted in improvement of debt service coverage ratio. |
| 4 | Return on equity ratio (%) | Net profit after tax | Average networth | 11.80% | 9.49% | 24% | Increase in sales revenue and comparatively reduction in cost. |
| 5 | Inventory turnover (no. of days) | Average inventory | Cost of materials consumed + purchase of stock in trade + change in inventories of finish goods, stock in trade and work in progress + power and fuel + job work charges + consumption of stores and spares + repairs and maintenance | 86 | 96 | -10% | NA |

# Notes forming Part of Financial Statements

for the year ended March 31, 2022

## Note 52 - FINANCIAL RATIOS (Contd.)

| Sr. No. | Particulars | For the year ended 31st March, 2022 | | | For the year ended 31st March, 2021 | Variance (%) | Reason for variance over 25% |
|---|---|---|---|---|---|---|---|
| | | Numerator | Denominator | Ratios | | | |
| 6 | Debtors turnover (no. of days) | Average trade receivables | Revenue from operations | 114 | 131 | -13% | NA |
| 7 | Trade Payables turnover (no. of days) | Cost of materials consumed + purchase of stock in trade + change in inventories of finish goods, stock in trade and work in progress | Average trade payables | 138 | 100 | 38% | Increase in trade credit cycle |
| 8 | Net capital turnover (in times) | Revenue from operation | Working Capital (Current assets - Current Liabilities) | 4.16 | 4.81 | -14% | NA |
| 9 | Net profit margin (%) | Net profit for the year | Revenue from operation | 6.58% | 5.63% | 17% | NA |
| 10 | Return on capital employed (%) | Profit before interest and taxes | Average capital employed | 13.76% | 16.31% | -16% | NA |
| 11 | Return on investment (%) | Profit generated on sale of investment | Weighted average cost of investment | 3.50% | 13.30% | -74% | High volatility in market during Covid-19. |

**Notes**

Networth = Equity + other Equity

Finance charges = Interest on long term loans and debentures

## Note 53 : Debt reconciliation statement in accordance with Ind AS 7 - Statement of Cash Flows

Ind AS 7 requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities and financial assets arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the Balance Sheet for liabilities and financial assets arising from financing activites, to meet the disclosure requirement.

₹ in Crores

| Particulars | As at April 1, 2021 | Cash flows | Non-cash changes | As at March 31, 2022 |
|---|---|---|---|---|
| Long-term borrowings | 278.46 | (8.77) | (93.93) | 175.76 |
| Short-term borrowings | 464.88 | (72.23) | 86.86 | 479.52 |
| Lease liabilities | 3.83 | (2.34) | 0.27 | 1.76 |

₹ in Crores

| Particulars | As at April 1, 2020 | Cash flows | Non-cash changes | As at March 31, 2021 |
|---|---|---|---|---|
| Long-term borrowings | 402.35 | (29.89) | (94.00) | 278.46 |
| Short-term borrowings | 678.12 | (320.41) | 107.16 | 464.88 |
| Non-convertible debentures | 75.00 | (75.00) | - | - |
| Lease liabilities | 5.82 | (2.40) | 0.41 | 3.83 |
| Deposits held as margin money | 0.33 | 0.33 | - | - |

# Notes forming Part of Financial Statements

for the year ended March 31, 2022

## NOTE 54 : Other Statutory Information

i) The Company does not have any benami property, where any proceeding has been initiated or pending against the Company for holding any benami property.

ii) The Company does not have any transactions with companies which are struck off except the followings.

| Name of the Company | Nature of transactions with Company | Balance outstanding (₹ in Crores) | |
|---|---|---|---|
| | | As at March 31, 2022 | As at March 31, 2021 |
| Steigen Crop Tech Private Limited | Sale of goods | * | * |

* Less than ₹1 lakh

iii) The Company does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period except satisfaction of charges towards term loan repaid on November 25, 2021 against which charge satisfied on July 11, 2022.

iv) The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.

v) The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shalla) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (ultimate beneficiaries) or b) provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries.

vi) The Company has not received any fund from any person(s) or entity(ies), including foreign entities (funding party) with the understanding (whether recorded in writing or otherwise) that the Company shall: a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the funding party (ultimate beneficiaries) or b) provide any guarantee, security or the like on behalf of the ultimate beneficiaries.

vii) The Company does not have any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961.

viii) The Company has complied with the number of layers prescribed under clause (87) of section 2 of the Act read with the Companies (Restriction on number of Layers) Rules, 2017.

ix) The quarterly returns or statements of current assets filed by the Company with banks or financial institutions are in agreement with the books of accounts.

x) The Company is not declared wilful defaulter by and bank or financial institution or lender during the year.

# Notes forming Part of Financial Statements

for the year ended March 31, 2022

**55** As per Ind AS 108 on "Operating Segments", segment information has been provided under the notes to consolidated financial statements.

**56** There was no material disruption due to The COVID-19 pandemic on operations of the Company. The Company has evaluated the impact of this pandemic on its business operations, liquidity, assets and financial position and based on management's review of current indicators and economic conditions, there is no material impact and adjustments required on its financial results as at March 31, 2022.

**57** The Company is yet to receive balance confirmations in respect of certain financial assets and financial liabilities. The Management does not expect any material difference affecting the current year's financial statements due to the same.

**58** The Code on Social Security, 2020 (the Code) received presidential assent on September 28, 2020. However, the date on which the Code will come into effect has not yet been notified. The Company will assess the impact of the Code on its books of account in the period(s) in which the provisions of the Code becomes effective.

**59** Figures in brackets indicate previous year's figures and have been regrouped/reclassified wherever necessary to conform to current years' classification

Signatures to notes 1 to 59

**For and on behalf of The Board of Directors**

**Dr. Bina Modi**
Chairman and Managing Director

**Charu Modi**
Executive Director

**Narendra Rane**
Chief Operating Officer

**Manju Anand**
Company Secretary

Place : Mumbai
Date: August 29, 2022

# Independent Auditor's Report

To the Members of

**Indofil Industries Limited**

## Opinion

We have audited the accompanying consolidated financial statements of **Indofil Industries Limited** ("the Parent Company"), subsidiaries and a joint venture (hereinafter to be referred as "the Group") which comprises of consolidated Balance Sheet as at March 31, 2022, the consolidated Statement of Profit & Loss (including other comprehensive income), the consolidated Statement of changes in equity and the consolidated Statement of cash flows for the year than ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information in which are included in the consolidated financial statements for the year ended on that date.

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 (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 Group as at March 31, 2022, its profit, other comprehensive income, changes in equity and its cash flows for the year ended on that date.

## Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the Rules made 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 obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

## Information Other than the Consolidated Financial Statements and auditor's report thereon

The Parent Company's Board of Directors is responsible for the preparation of other information. The Other information comprises the information included in the Board's Report including Annexures to the Board report but does not include the consolidated financial statement and our auditor's report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we required to report that fact. We have nothing to report in this regard.

## Responsibilities of Management for the Consolidated Financial Statements

The Parent Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance (including other comprehensive income), consolidated changes in equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Account) Rules, 2014.

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 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 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 Parent 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 respective company or to cease operations, or has no realistic alternative but to do so.

## 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 Group has adequate internal financial control system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

- 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 entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the entity 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 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 independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

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

We communicate with those charged with governance of the Parent Company 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.

## Other matters

- Opening balances have been considered based on the audited consolidated financial statements issued by the predecessor auditors whose report dated June 23, 2021 expressed an unmodified opinion on those statements.

- We did not audit the financial statements of nine subsidiary companies included in the consolidated financial statements, whose financial statements reflects total assets of Rs. 725.10 crores as at March 31, 2022, total revenue of Rs 336.92 crores and net profit of Rs 30.99 crores for the year ended March 31, 2022, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net profit of Rs. 22.82 crores for the year ended 31st March, 2022, as considered in the consolidated financial statements, in respect of a joint venture, whose financial statements have not been audited by us. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management, and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of subsidiaries, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, is based solely on the reports of the other auditors.

- We did not audit the financial statements of a foreign subsidiary company included in the consolidated financial statements, whose financial statements reflects total assets of Rs. 71.62 crores as at March 31, 2022, total revenue of Rs 70.81 crores and net profit of Rs 1.66 crores for the year ended March 31, 2022, as considered in the consolidated financial statements. This financial statements is management certified, and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of a subsidiary, and our report in terms of sub-sections (3) and (11) of section 143 of the Act, in so far as it relates to the aforesaid subsidiary, is based solely on the management certification.

Our opinion on the consolidated financial statements is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

## Report on Other Legal and Regulatory Requirements

1. As required by 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 maintained by the Group have been kept so far as it appears from our examination of those books and records.

   (c) The Consolidated Balance sheet, the Consolidated Statement of Profit & Loss (including other comprehensive income), Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows dealt with by this Report are in agreement with the books of account.

   (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Account) Rules, 2014.

   (e) On the basis of the written representations received from the directors of the Parent Company and its Indian subsidiaries as on 31st March, 2022 taken on record by the Board of Directors of the Parent Company and its Indian subsidiaries, none of the directors of the Group Company is disqualified as on 31st March, 2022 from being appointed as a director in terms of Section 164 (2) of the Act.

   (f) With respect to the adequacy of the internal financial controls over financial reporting of Parent Company and its Indian subsidiaries and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting; and

   (g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of Sec 197(16) of the Act, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Parent Company and its Indian subsidiaries to its directors during the year is in accordance with the provisions of Section 197 of the Act.

   (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us, in our opinion and to the best of our information and according to the explanations given to us:

      i. The Group has disclosed the impact of pending litigations on its financial performance in its consolidated financial statements. Refer Note No.-42 to the consolidated financial statements.

      ii. The Group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

      iii. There were no amounts which were required to be transferred, to the Investor Education and Protection Fund by the Parent Company.

      iv. a) The Management has represented that, to the best of its knowledge and belief, other than as disclosed in the notes to the accounts, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Group to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Group ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

      b) The Management has represented, that, to the best of its knowledge and belief, other than as disclosed in the notes to the accounts, no funds (which are material either individually or in the aggregate) have been received by the Company from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Group shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representation under sub clause (i) and (ii) of Rule 11(e) of The Companies (Audit and Auditors) Rules, 2014, as provided under (a) and (b) above, contains any material misstatement. Refer note 56 (iv) and (v) to the financial statements.

v. As stated in the note 46 (b) to the consolidated financial statements, the final dividend declared and paid during the year for the financial year 2020-21 is in accordance with the Section 123 of the Act and the final dividend amount proposed by the Board of Directors of the Parent Company for the financial year 2021-22, which is subject to the approval of members at the ensuing Annual General Meeting, is in accordance with the Section 123 of the Act.

2. With respect to the matters specified in paragraphs 3(xxi) and 4 of the Companies (Auditor's Report) Order, 2020 (the "Order"/ "CARO") issued by the Central Government in terms of Section 143(11) of the Act, to be included in the Auditor's report, according to the information and explanations given to us, and based on the CARO reports issued by us for the Parent Company and by the auditors of the Indian subsidiaries included in the consolidated financial statements of the Parent Company, to which reporting under CARO is applicable, we report that there are no qualifications or adverse remarks in these CARO reports except the following

| Name of the component | CIN | Nature of relationship | Clause number of CARO report | Remarks |
|---|---|---|---|---|
| Indofil Industries Limited | U24110MH1993PLC070713 | Parent Company | i(c) | Title deeds of certain immovable properties are in the process of being transferred in the name of the Company |
| Indofil Industries Limited | U24110MH1993PLC070713 | Parent Company | xiv(a) | Scope of internal audit needs to be expanded |

For **LODHA & COMPANY**
Chartered Accountants
Firm registration No. – 301051E

**R. P. Baradiya**
Partner
Membership No. 44101
UDIN:

Place: Mumbai
Date: August 28, 2022

# "ANNEXURE A"

**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 the Company as of and for the year ended 31st March, 2022, we have audited the internal financial controls over financial reporting of **Indofil Industries Limited** (hereinafter referred to as "the Parent Company" and its Indian subsidiaries collectively referred to as "the Group").

## Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Parent Company, its subsidiaries and a joint venture are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Group 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 (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective Group'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 Group'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") issued by the ICAI and the Standards on Auditing, issued by ICAI and deemed to be prescribed under Section 143 (10) of the Act, to the extent applicable to an audit of internal financial controls, 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 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 Group's internal financial controls system over financial reporting.

## Meaning of Internal Financial Controls Over Financial Reporting

A Group's internal financial control over financial reporting 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 Group's internal financial control over financial reporting 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 group; (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 group are being made only in accordance with authorizations of management and directors of the group; (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the group's assets that could have a material effect on the financial statements; and (4) also provide reasonable assurance by the internal auditors through their internal audit reports given to the organisation from time to time.

## Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, 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 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, to the best of our information and according to the explanations given to us subject to what is stated in para (xiv) of CARO 2020 report of the Parent company and also that the internal financial controls needs to be formally documented, the Group has, broadly, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2022, based on the internal control over financial reporting criteria established by the Company considering the essential component 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 **LODHA & COMPANY**
Chartered Accountants
Firm registration No. – 301051E

**R. P. Baradiya**
Partner
Membership No. 44101
UDIN:

Place: Mumbai
Date: August 28, 2022

# Consolidated Balance Sheet as at March 31, 2022

₹ in Crores

| Particulars | Note No. | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current Assets** | | | |
| Property, plant and equipment | 3A | 601.61 | 639.78 |
| Capital work-in-progress | 3B | 11.95 | 18.20 |
| Goodwill arising on consolidation | | 9.56 | 10.59 |
| Right-of-use assets | 4 | 20.86 | 38.03 |
| Other intangible assets | 5A | 135.96 | 151.78 |
| Intangible assets under development | 5B | 107.12 | 64.83 |
| Financial assets | | | |
| Investment in joint ventures | 6 | 99.02 | 85.86 |
| Other Investments | 6 | 687.75 | 624.30 |
| Loans | 7 | 0.15 | 0.16 |
| Other financial assets | 8 | 10.05 | 18.75 |
| Deferred tax assets (net) | 9 | 10.14 | 60.21 |
| Income tax assets (net) | 9 | 22.97 | 13.25 |
| Other non-current assets | 10 | 8.07 | 8.09 |
| **Total non-current assets** | | **1,725.20** | **1,733.83** |
| **Current assets** | | | |
| Inventories | 11 | 641.32 | 356.40 |
| Financial assets | | | |
| Investments | 12 | 112.72 | 51.10 |
| Trade receivables | 13 | 784.71 | 774.88 |
| Cash and cash equivalents | 14 | 412.58 | 243.11 |
| Other bank balances | 15 | 107.27 | 72.99 |
| Loans | 16 | 0.07 | 0.08 |
| Other financial assets | 17 | 6.70 | 5.91 |
| Other current assets | 18 | 53.56 | 90.00 |
| **Total current assets** | | **2,118.93** | **1,594.47** |
| Assets classified as held for sale | 6A | 0.36 | 18.96 |
| **TOTAL ASSETS** | | **3,844.49** | **3,347.26** |
| **EQUITY AND LIABILITIES** | | | |
| **Equity** | | | |
| Equity share capital | 19 | 21.35 | 21.35 |
| Other equity | 20 | 2,199.51 | 1,930.97 |
| Equity attributable to owners of the Parent company | | 2,220.86 | 1,952.32 |
| Non-controlling interests | 20 | 1.99 | 0.38 |
| **Total equity** | | **2,222.85** | **1,952.70** |
| **Liabilities** | | | |
| **Non-current liabilities** | | | |
| Financial liabilities | | | |
| Borrowings | 21 | 175.76 | 278.52 |
| Lease liabilities | 40 | 0.68 | 2.25 |
| Other financial liabilities | 22 | 14.74 | 16.82 |
| Deferred tax liabilities (net) | 9 | 25.61 | - |
| Provisions | 23 | 17.47 | 10.79 |
| **Total non-current liabilities** | | **234.26** | **308.38** |
| **Current liabilities** | | | |
| Financial liabilities | | | |
| Borrowings | 24 | 502.95 | 493.33 |
| Trade payables | 25 | | |
| Total outstanding dues of micro enterprises and small enterprises; and | | 5.81 | 1.41 |
| Total outstanding dues of creditors other than micro enterprises and small enterprises | | 812.69 | 504.55 |
| Lease liabilities | 40 | 1.57 | 2.29 |
| Other financial liabilities | 26 | 7.91 | 6.44 |
| Other current liabilities | 27 | 51.73 | 67.52 |
| Provisions | 28 | 3.31 | 8.63 |
| Current tax liabilities (net) | 9 | 1.40 | 2.01 |
| **Total current liabilities** | | **1,387.38** | **1,086.18** |
| **Total liabilities** | | **1,621.63** | **1,394.55** |
| **TOTAL EQUITY AND LIABILITIES** | | **3,844.49** | **3,347.26** |
| Significant accounting policies | 1 | | |
| Notes forming part of accounts | 2 to 60 | | |

The accompanying notes are an integral part of the Consolidated Financial statements

**For and on behalf of The Board of Directors**

As per our attached report of even date.
For **Lodha & Co.**
Chartered Accountants
Firm Reg. No. 301051E

**R. P. Baradiya**
Partner

Place: Mumbai
Date: August 29, 2022

**Dr. Bina Modi**
Chairman and Managing Director
DIN:00048606

**Narendra Rane**
Chief Operating Officer

**Charu Modi**
Executive Director
DIN:00029625

**Manju Anand**
Company Secretary
ACS:17215

Place : Mumbai
Date: August 29, 2022

# Consolidated Statement of Profit and Loss for the year ended March 31,2022

(₹ in Crores)

| Particulars | Notes | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|---|
| **INCOME** | | | |
| Revenue from operations | 29 | 2,795.09 | 2,428.95 |
| Other income | 30 | 75.03 | 11.88 |
| **Total income** | | **2,870.12** | **2,440.83** |
| **EXPENSES** | | | |
| Cost of materials consumed | 31 | 1,666.85 | 1,043.61 |
| Purchase of stock-in-trade | 32 | 234.09 | 105.15 |
| Changes in inventories of finished goods, work-in-progress and stock-in-trade | 33 | (261.92) | 119.40 |
| Employee benefits expense | 34 | 219.04 | 215.62 |
| Finance costs | 35 | 45.23 | 64.73 |
| Depreciation and amortisation expenses | 36 | 89.87 | 111.74 |
| Other expenses | 37 | 580.55 | 490.44 |
| **Total expenses** | | **2,573.72** | **2,150.70** |
| **Profit before exceptional items and tax** | | **296.41** | **290.14** |
| Less : Exceptional items | 38 | - | 149.54 |
| **Profit before tax for the year** | | **296.41** | **140.60** |
| **Tax expense** | 9 | | |
| Current tax | | 96.36 | 82.82 |
| Deferred tax | | (8.07) | 10.91 |
| (Excess)/ short provision of tax relating to earlier years | | 1.08 | (0.67) |
| **Total tax expense** | | **89.36** | **93.06** |
| **Profit after tax for the year** | | **207.04** | **47.54** |
| Share of Profit of joint ventures | | 13.33 | 19.40 |
| Income tax on above items | | (1.55) | - |
| | | **11.78** | **19.40** |
| **Profit for the year** | | **218.82** | **66.94** |
| **Other comprehensive income** | | | |
| **A. Items that will not be reclassified to profit or loss** | | | |
| Re-measurement gains/ (losses) on defined benefit obligation | | (1.46) | (1.28) |
| Fair Value changes of investments in equity instruments | | 63.50 | (15.30) |
| Income tax on above items | | (11.74) | 0.45 |
| **Total (A)** | | **50.30** | **(16.13)** |
| **B. Items that will be reclassified to profit or loss** | | | |
| Share of OCI of Joint Ventures | | - | (0.03) |
| The effective portion of gains on hedging instruments in a cash flow hedge | | 17.18 | 0.15 |
| Foreign Currency Translation Reserve (FCTR) | | 19.08 | (14.90) |
| Income Tax on above items | | (18.21) | (0.06) |
| **Total (B)** | | **18.05** | **(14.84)** |
| **Total other comprehensive income / (loss) for the year (A+B)** | | **68.35** | **(30.97)** |
| **Total comprehensive income for the year** | | **287.17** | **35.97** |
| **Total Profit for the year attributable to :** | | | |
| Owners of the Company | | 217.22 | 66.82 |
| Non-controlling interests | | 1.61 | 0.12 |
| | | **218.82** | **66.94** |
| **Other Comprehensive Income / (loss) for the year attributable to :** | | | |
| Owners of the Company | | 68.35 | (30.97) |
| Non-controlling interests | | - | - |
| | | **68.35** | **(30.97)** |
| **Total Comprehensive Income for the year attributable to :** | | | |
| Owners of the Company | | 285.56 | 35.85 |
| Non-controlling interests | | 1.61 | 0.12 |
| | | **287.17** | **35.97** |
| **Earnings per equity share of nominal value ₹10 each- basic and diluted** | 45 | 102.49 | 31.35 |
| Significant accounting policies | 1 | | |
| Notes forming part of accounts | 2 to 60 | | |

The accompanying notes are an integral part of the Consolidated Financial statements

**For and on behalf of The Board of Directors**

As per our attached report of even date.
For **Lodha & Co.**
Chartered Accountants
Firm Reg. No. 301051E

**R. P. Baradiya**
Partner

Place: Mumbai
Date: August 29, 2022

**Dr. Bina Modi**
Chairman and Managing Director
DIN:00048606

**Narendra Rane**
Chief Operating Officer

**Charu Modi**
Executive Director
DIN:00029625

**Manju Anand**
Company Secretary
ACS:17215

Place : Mumbai
Date: August 29, 2022

# Consolidated Statement of Cash Flows for the year ended March 31,2022

(₹ in Crores)

| Particulars | For the year ended March 31, 2022 | | For the year ended March 31, 2021 | |
|---|---|---|---|---|
| **A. Cash Flow from operating activities:** | | | | |
| **Profit before tax** | | 296.41 | | 140.60 |
| **Add / (Less):- Adjustments for non-cash / non-operating items:** | | | | |
| Depreciation and amortisation expenses | 89.87 | | 111.74 | |
| Finance costs | 45.23 | | 64.73 | |
| Interest income | (7.53) | | (6.34) | |
| Dividend income | (24.49) | | (0.21) | |
| Profit on sale of current investments | (3.39) | | (0.15) | |
| Profit on sale of investments in a joint venture | (0.76) | | - | |
| Credit balances/unclaimed liabilities/provisions written back | (11.24) | | - | |
| Profit on disposal/discard of property, plant and equipment (net) | (5.63) | | (0.93) | |
| Loss arising from financial instruments designated as fair value through profit or loss | 17.18 | | 0.15 | |
| Provision for doubtful debts, advances and security deposits | 4.18 | | (0.59) | |
| Provision for impairment / written off of intangible assets/ intangible asset under development " | - | | 149.54 | |
| Unrealized foreign exchange (gain) / loss | (9.57) | 93.87 | 20.21 | 338.14 |
| **Operating profit before changes in working capital** | | **390.28** | | **478.74** |
| **Adjustment for changes in working capital** | | | | |
| (Increase) / decrease in inventories | (284.92) | | 103.42 | |
| Increase in trade receivables | (9.29) | | (8.98) | |
| (Increase)/ decrease in other financial assets | (3.95) | | 10.08 | |
| (Increase)/ decrease in loans | 0.02 | | (8.61) | |
| (Increase)/ decrease in other current and non-current assets | 55.61 | | (11.85) | |
| Increase in trade payables | 323.12 | | 203.14 | |
| Increase/ (decrease) in other financial liabilities | (2.22) | | (4.63) | |
| Increase/ (decrease) in other current and non-current liabilities | (15.79) | | 55.62 | |
| Decrease in current and non-current provisions | (0.10) | 62.50 | (21.25) | 316.94 |
| **Cash generated from operations** | | **452.78** | | **795.68** |
| Less: Taxes paid (net of refund received) | | (55.52) | | (26.00) |
| **Net cash generated from operating activities (A)** | | **397.26** | | **769.69** |
| **B. Cash flow from investing activities:** | | | | |
| Payment for purchases of property, plant and equipment and intangible assets (including capital work in progress) " | (72.73) | | (74.64) | |
| Proceeds from sale of property, plant and equipment | 25.06 | | 1.86 | |
| Proceeds from investment in equity of a joint venture | 17.96 | | - | |
| Proceeds from sale of investment in preference shares | 2.50 | | - | |
| Payment for investment in mutual funds | 6.40 | | - | |
| Proceeds from sale of investment in mutual funds | (6.93) | | (0.65) | |
| Interest received | 6.89 | | 4.13 | |
| Proceeds from sale of current investments | 3.39 | | 0.15 | |
| Bank deposits not considered as cash and cash equivalents | (22.25) | | (65.56) | |
| Dividend income | 24.49 | | 0.21 | |
| **Net cash used in investing activities (B)** | | **(15.19)** | | **(134.50)** |

# Consolidated Statement of Cash Flows for the year ended March 31,2022

(₹ in Crores)

| Particulars | For the year ended March 31, 2022 | | For the year ended March 31, 2021 | |
|---|---|---|---|---|
| **C. Cash flow from financing activities:** | | | | |
| Repayment of non-current borrowings | (8.83) | | (50.02) | |
| Repayment of current borrowings (net) | (77.24) | | (406.04) | |
| Finance costs paid | (44.26) | | (65.84) | |
| Payment of principal portion of the lease liabilities | (2.28) | | (2.21) | |
| Payment of interest portion of the lease liabilities | (0.33) | | (0.60) | |
| Dividend paid | (18.02) | | (11.36) | |
| **Net cash used in financing activities (C)** | | **(150.96)** | | **(536.05)** |
| **Net increase in cash and cash equivalents (A+B+C)** | | **231.09** | | **99.13** |
| Add: Cash and cash equivalents at the beginning of the year | | 294.21 | | 195.08 |
| **Cash and cash equivalents at the end of the year (refer note 14)** | | **525.30** | | **294.21** |
| **Cash and cash equivalent includes** | | | | |
| Cash on hand | | 0.10 | | 0.09 |
| Bank balance | | | | |
| - In current account | | 278.63 | | 238.44 |
| - In deposit account | | 133.85 | | 4.58 |
| Current investments | | 112.72 | | 51.10 |
| **Total** | | **525.30** | | **294.21** |
| Significant accounting policies | 1 | | | |
| Notes forming part of accounts | 2 to 60 | | | |

The accompanying notes are an integral part of the Consolidated Financial statements

**For and on behalf of The Board of Directors**

As per our attached report of even date.
For **Lodha & Co.**
Chartered Accountants
Firm Reg. No. 301051E

**R. P. Baradiya**
Partner

Place: Mumbai
Date: August 29, 2022

**Dr. Bina Modi**
Chairman and Managing Director
DIN:00048606

**Narendra Rane**
Chief Operating Officer

**Charu Modi**
Executive Director
DIN:00029625

**Manju Anand**
Company Secretary
ACS:17215

Place : Mumbai
Date: August 29, 2022

# Consolidated Statement of Changes in Equity for the year ended March 31,2022

## A. Equity Share Capital

(₹ in Crores)

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Balance as at the beginning of the year (Refer Note 19) | 21.35 | 21.35 |
| Changes in Equity Share Capital due to prior period errors | - | - |
| **Restated balance at the beginning of the year** | **21.35** | **21.35** |
| Changes in Equity Share Capital during the year | - | - |
| **Balance as at the end of the year** | **21.35** | **21.35** |

## B. Other Equity

(₹ in Crores)

| Particulars | Reserves and Surplus | | | | | | | | | Items of Other Comprehensive Income | | | | | Non-controlling interest | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Capital Reserve | Capital Reserve on Consolidation | Securities Premium | Capital Redemption Reserve | Debenture Redemption Reserve | General Reserve | Special Economic Zone Re-investment Reserve | Special Reserve | Retained Earnings | Equity Instruments through Other Compre-hensive Income | Remeas-urement of defined benefits plan | Effective portion of gains and loss on hedging instruments in the Cash Flow Hedge Reserve | Foreign Currency Translation Reserve | Share of Other Compre-hensive Income in Joint Ventures | | |
| Balance as at April 1, 2020 | 0.01 | 6.30 | 108.04 | 5.08 | 7.50 | 51.70 | 50.00 | 15.88 | 1,389.80 | 327.39 | (16.88) | (34.01) | (5.35) | (0.04) | 0.27 | 1,905.68 |
| Changes in accounting policy or prior period errors | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Profit for the year | - | - | - | - | - | - | - | - | 66.94 | - | - | - | - | - | - | 66.94 |
| Profit attributable to non-controlling interest | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 0.11 | 0.11 |
| Transfer from Debenture Redemption Reserve | - | - | - | - | (7.50) | - | - | 0.27 | 7.50 | - | - | - | - | - | - | 0.27 |
| Transfer to / (from) SEZ Re-investment Reserve | - | - | - | - | - | - | (6.61) | - | 6.61 | - | - | - | - | - | - | - |
| Other Comprehensive Income | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| - Re-measurement gains / (losses) on Defined Benefit Plans | - | - | - | - | - | - | - | - | - | - | (0.83) | - | - | - | - | (0.83) |
| - Share of OCI of Joint Ventures | - | - | - | - | - | - | - | - | - | - | - | - | - | (0.03) | - | (0.03) |
| - Foreign Currency Translation Reserve (FCTR) | - | - | - | - | - | - | - | - | - | - | - | - | (14.90) | - | - | (14.90) |
| - Fair value changes of investment in Equity Instruments | - | - | - | - | - | - | - | - | - | (15.30) | - | - | - | - | - | (15.30) |
| - Loss on effective portion of Cash Flow Hedge | - | - | - | - | - | - | - | - | - | - | - | 0.09 | - | - | - | 0.09 |
| Dividends on Equity Shares | - | - | - | - | - | - | - | - | (10.68) | - | - | - | - | - | - | (10.68) |
| **Balance as at March 31, 2021** | **0.01** | **6.30** | **108.04** | **5.08** | **-** | **51.70** | **43.39** | **16.16** | **1,460.17** | **312.09** | **(17.71)** | **(33.92)** | **(20.25)** | **(0.07)** | **0.38** | **1,931.35** |
| **Balance as at April 1, 2021** | 0.01 | 6.30 | 108.04 | 5.08 | - | 51.70 | 43.39 | 16.16 | 1,460.17 | 312.09 | (17.71) | (33.92) | (20.25) | (0.07) | 0.38 | 1,931.35 |

# Consolidated Statement of Changes in Equity for the year ended March 31,2022

## B. Other Equity (Contd.)

(₹ in Crores)

| Particulars | Reserves and Surplus | | | | | | | | | Items of Other Comprehensive Income | | | | | Non-controlling interest | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Capital Reserve | Capital Reserve on Consolidation | Securities Premium | Capital Redemption Reserve | Debenture Redemption Reserve | General Reserve | Special Economic Zone Re-invenstment Reserve | Special Reserve | Retained Earnings | Equity Instruments through Other Compre-hensive Income | Remeas-urement of defined benefits plan | Effective portion of gains and loss on hedging instruments in the Cash Flow Hedge Reserve | Foreign Currency Translation Reserve | Share of Other Compre-hensive Income in Joint Ventures | | |
| Changes in accounting policy or prior period errors | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Profit for the year | - | - | - | - | - | - | - | - | 218.82 | - | - | - | - | - | - | 218.82 |
| Profit attributable to non-controlling interest | - | - | - | - | - | - | - | - | (1.61) | - | - | - | - | - | 1.61 | - |
| Transfer from Debenture Redemption Reserve | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Transfer to / (from) SEZ Re-investment Reserve | - | - | - | - | - | - | (4.15) | - | 4.15 | - | - | - | - | - | - | - |
| Transfer to / (from) Special Reserve | - | (3.22) | - | - | - | | - | 6.37 | (3.15) | - | - | - | - | - | - | - |
| Transfer to / (from) general reserve | - | (1.10) | - | - | - | 1.10 | - | - | - | - | - | - | - | - | - | - |
| Transfer to / (from) retained earnings | - | (1.98) | - | - | - | - | - | - | 1.98 | - | - | - | - | - | - | - |
| Other Comprehensive Income | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| - Re-measurement gains / (losses) on Defined Benefit Plans (net of taxes) | - | - | - | - | - | - | - | - | - | - | (8.56) | - | - | - | - | (8.56) |
| - Share of OCI of Joint Ventures (net of taxes) | - | - | - | - | - | - | - | - | - | - | - | - | - | 0.07 | - | 0.07 |
| - Foreign Currency Translation Reserve (FCTR) (net of taxes) | - | - | - | - | - | - | - | - | - | - | - | - | 19.08 | - | - | 19.08 |
| - Fair value changes of investment in Equity Instruments (net of taxes) | - | - | - | - | - | - | - | - | - | 58.86 | - | - | - | - | - | 58.86 |
| - Loss on effective portion of Cash Flow Hedge (net of taxes) | - | - | - | - | - | - | - | - | - | - | - | (1.04) | - | - | - | (1.04) |
| Dividends on Equity Shares | - | - | - | - | - | - | - | - | (17.08) | - | - | - | - | - | - | (17.08) |
| **Balance as at March 31, 2022** | **0.01** | **-** | **108.04** | **5.08** | **-** | **52.80** | **39.25** | **22.53** | **1,663.28** | **370.95** | **(26.28)** | **(34.95)** | **(1.17)** | **-** | **1.99** | **2,201.50** |

The accompanying notes are an integral part of the Consolidated Financial statements

**For and on behalf of The Board of Directors**

As per our attached report of even date.
For **Lodha & Co.**
Chartered Accountants
Firm Reg. No. 301051E

**R. P. Baradiya**
Partner

Place: Mumbai
Date: August 29, 2022

**Dr. Bina Modi**
Chairman and Managing Director
DIN:00048606

**Narendra Rane**
Chief Operating Officer

**Charu Modi**
Executive Director
DIN:00029625

**Manju Anand**
Company Secretary
ACS:17215

Place : Mumbai
Date: August 29, 2022

# Notes forming Part of Financial Statements

for the year ended March 31, 2022

## NOTE 1: GROUP INFORMATION

Indofil Industries Limited ('the Company') is a research led, fully integrated multi-product chemical company engaged in manufacturing and distribution of Agrochemicals and Specialty & Performance Chemicals.

The Company is a public limited company incorporated in India with its registered office at Kalpataru Square, 4th Floor, Kondivita Road, Off. Andheri Kurla Road, Andheri (East), Mumbai 400059, Maharashtra.

The Company, its Subsidiaries and its Joint Ventures (jointly referred to as the "Group" herein under) considered in these Consolidated Financial Statements ("CFS") are:

**a. Subsidiaries**

| Name of the Company | Country of Incorporation | Principal Activities | Proportion of Equity Interest (%) |
|---|---|---|---|
| Indofil Industries (Netherlands) B.V. | The Netherlands | Marketing & Distribution of Agrochemicals | 100% |
| Indofil Bangladesh Industries Pvt. Ltd. | Bangladesh | | 100% |
| Indofil Costa Rica S.A. | Costa Rica | | 100% |
| Indofil Industries DO Brasil Ltda. | Brazil | | 100% |
| Indofil Philippines, Inc | Philippines | | 100% |
| PT Indofil Industries Indonesia | Indonesia | | 100% |
| Agrowin Biosciences S.r.l | Italy | | 80% |
| Indofil Industries (International) B.V. | The Netherlands | Holding Company | 100% |
| Good Investment (India) Ltd. | India | Investment Company | 100% |
| Quick Investment (India) Ltd. | India | | 100% |
| **b. Joint Ventures** | | | |
| Indobaijin Chemicals Pvt. Ltd. | India | Manufacture, Marketing & Distribution of Chemicals | 51% |
| Indo Reagens Polymer Additives Pvt. Ltd. | India | | 49.90% till 2nd August 2021 & onwards 5% |

## NOTE 2: SIGNIFICANT ACCOUNTING POLIICES

### 2.1 Statement of Compliance

In accordance with the notification issued by the Ministry of Corporate Affairs, the Group has adopted Indian Accounting Standards (referred to as "Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended and notified under Section 133 of the Companies Act, 2013 ('the Act') and other relevant provision of the Act

The Consolidated Financial Statements for the year ended March 31, 2022 have been prepared in accordance with the Ind AS issued and effective as at the reporting date.

### 2.2 Basis of preparation

The financial statements of the Subsidiaries and the Joint Ventures used for consolidation are drawn/prepared for consolidation up to the same reporting date as the Company. The consolidated financial statements have been prepared on the following basis:

- The financial statements of subsidiary companies have been combined on line to line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra group balances, intra group transactions and the unrealised profits/losses in accordance with Ind AS 110 – "Consolidated Financial Statements"
- In case of foreign subsidiary companies, revenue and expense items are converted at the average exchange rate prevailing during the period. All assets and liabilities are converted at the exchange rate prevailing at the year end. All resulting exchange differences arising out of translation are accumulated in the Foreign Currency Translation Reserve in accordance with Ind AS 21 – "The Effects of Changes in Foreign Exchange Rates".
- The difference between the cost of investments in subsidiary companies over the respective assets and liabilities recorded at fair values at the time of acquisition of shares in the subsidiary companies are recognised in the consolidated financial statements as Goodwill or Capital Reserve, as the case may be.
- The investments in the Joint Ventures are accounted for using the Equity Method of accounting as laid down under Ind AS 28 – "Investment in Associates and Joint Ventures". The investments are initially recognised at

# Notes forming Part of Financial Statements

for the year ended March 31, 2022

cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the acquisition date. The unrealised profits/losses on transactions with the JV/associate company are eliminated by reducing the carrying amount of investments.

- Non-controlling interest represents that part of the total comprehensive income and net assets of subsidiaries attributable to interests which are not owned, directly or indirectly, by the Parent Company.These consolidated financial statements are presented in Indian Rupees (INR) and all amounts are rounded off to nearest Crores (INR '00,00,000) up to two decimals, except when otherwise indicated.

### 2.3 Use of Estimates and Judgments:

The preparation of the financial statements, in conformity with the recognition and measurement principles of Ind AS, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, revenues and expenses and disclosure of contingent liabilities at the date of the financial statements. Actual results could differ from those estimates. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Any revision to the accounting estimates is recognised prospectively.

Information about critical judgments in applying accounting policies, as well as estimates and assumptions that have the most significant effect on the carrying amounts of assets and liabilities within the next financial year are included in the following notes:

* Measurement of Defined Benefit Obligations – Note 48
* Measurement and likelihood of occurrence of provisions and contingencies – Notes 23, 28 and 42.
* Recognition of Deferred Tax Assets / (Liabilities) – Note 9
* Key Assumptions used in Fair Valuation Methods of Financial Assets – Note 48
* Impairment of Financial Assets (Trade Receivables) – Note 13
* Leases – Note 40

### 2.4 Classification of Assets and Liabilities

Assets and Liabilities are classified as "current" or "non–current", inter-alia, considering the normal operating cycle of the Group's operations being eight months and the expected realisation/settlement thereof within twelve months after the Balance Sheet date.

An asset is treated as "current" when :

- It is expected to be realised or intended to be sold or consumed in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as "non-current".

A liability is "current" when :

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as "non-current".

Deferred tax assets and liabilities are classified as "non-current" assets and liabilities.

### 2.5 Property, Plant and Equipment

Property, Plant and Equipment is recognised when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Property, Plant and Equipment are stated at cost of acquisition or construction including attributable borrowing cost till such assets are ready for intended use, less accumulated depreciation, impairment losses and credits received, if any.

Cost of acquisition for the aforesaid purpose comprises its purchase price, including import duties and other non-refundable taxes or levies and any directly attributable cost of bringing the asset to its working condition for its intended use, net of trade discounts, rebates and credits received, if any.

In case of new projects and substantial expansion of existing capacity, expenditure incurred including trial production expenses, net of revenue earned and attributable interest and financing costs, prior to commencement of commercial production are capitalised.

Freehold land is carried at historical cost less impairment loss, if any.

Depreciation is provided on a pro-rata basis as per useful lives prescribed by Schedule II of the Act on Straight Line Method on Plant and Machinery and on Written Down Value Method for others.

# Notes forming Part of Financial Statements

for the year ended March 31, 2022

Items of Plant Property and Equipment which has cost of Rs. 5,000 or less are depreciated fully in the year of purchase/ capitalisation.

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.

### 2.6 Capital Work-in-Progress

Items of Property, Plant and Equipment which are not ready for intended use on the date of Consolidated Balance Sheet are disclosed as Capital Work-in-progress. It is carried at cost, less accumulated impairment loss, if any. The items classified under Capital Work-in-progress are capitalised to the respective items of PPE on their completion and ready for intended use. Depreciation of these assets, on the same basis as other assets, commences when the assets are ready for their intended use.

### 2.7 Other Intangible Assets

Other Intangible assets are recognised only if it is probable that the future economic benefits that are attributable to that asset will flow to the group and the cost of the item can be measured reliably. Other Intangible Assets acquired separately are measured on initial recognition at cost. Subsequently, Other Intangible Assets are carried at cost less any accumulated amortisation and impairment losses.

The useful lives of intangible assets are assessed as either finite or indefinite. Finite – life Intangible Assets are amortised on a straight line basis over the period of their expected useful lives. Estimated useful lives by major class of finite – life Intangible assets are as follows

- 10 years in case of Patents and Know-How comprised in the Dithane Fungicide Business in certain countries in the European continent acquired under a Business Purchase Agreement;
- 7 years in case of other Intangible Assets.

The Intangible Assets in Indofil Industries (Netherlands) B.V. are amortised on Straight Line Method over a period of twenty years

### 2.8 Research and Development Cost

Revenue expenditure on Research and Development is charged off as expense in the year in which it is incurred under the respective natural heads of account. Expenditure resulting in creation of Capital Assets (Including Intangibles) is capitalised and depreciated / amortised accordingly.

### 2.9 Inventories

- Raw Materials and Packaging Materials – at weighted average cost or net realisable value whichever is lower.
- Work-in-progress ¬¬– at weighted average cost of raw material and conversion cost.
- Finished Goods – at weighted average cost basis or net realizable value whichever is lower.
- Stores and Spares – at weighted average cost or net realisable value whichever is lower.

### 2.10Financial instruments

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

#### Financial assets

- **Initial recognition and measurement**

  On initial recognition, a financial asset is recognised at fair value. In case of Financial Assets which are recognised at fair value through profit and loss (FVTPL), its transaction costs are recognised in the Statement of Profit and Loss, while in other cases, the transaction costs are attributed to the acquisition value of the financial asset.

- **Subsequent Measurement**

  Financial Assets are subsequently classified as measured at

  - Amortised cost
  - Fair Value through Profit and Loss (FVTPL)
  - Fair Value through Other Comprehensive Income (FVOCI)

  Financial Assets are not reclassified subsequent to their recognition, except in the period when the Company changes its business model for managing financial assets.

#### Financial Assets at Amortised Cost

Financial Assets are subsequently measured at amortised cost if these financial assets are held within a business whose objective is to hold these assets to collect contractual cash flows and the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

# Notes forming Part of Financial Statements

for the year ended March 31, 2022

Financial Assets at Fair Value through Other Comprehensive Income

Financial Assets are measured at Fair Value through Other Comprehensive Income if these financial assets are held within a business whose objective is achieved by both collecting contractual cash flows on specified dates that are solely payments of principal and interest on the principal amount outstanding and selling financial assets.

The Company has made an irrevocable election to present in Other Comprehensive Income, subsequent changes in the fair value of equity investments not held for trading.

#### Financial Assets at Fair Value through Profit and Loss

Financial Assets are measured at Fair Value through Profit and Loss unless it is measured at amortised cost or at Fair Value through Other Comprehensive Income on initial recognition.

#### Cash and Cash Equivalents

Cash and Cash Equivalent comprises of Balances with Bank and in hand as well as short-term and highly liquid investments with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

- **Derecognition**

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the contractual right to receive the cash flows from the asset.

#### Financial liabilities

- **Initial recognition and measurement**

On initial recognition, all financial liabilities are recognised at fair value and in case of loans and borrowings, net of directly attributable transaction costs.

- **Subsequent measurement**

Financial Liabilities are subsequently classified as measured at

- Amortised cost
- Fair Value through Profit and Loss (FVTPL)

Financial Liabilities are measured at amortised cost using the Effective Interest Rate (EIR) method. Financial Liabilities carried at fair value through profit and loss are measured at fair value with all changes in fair value recognised in the Statement of Profit and Loss.

- **Derecognition**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

- **Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

- **Financial guarantee contracts**

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less cumulative amortisation.

### 2.11 Hedge Accounting

Derivatives are initially recognised at fair value on the date when a derivative contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period. .The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Company designates certain derivatives as hedges of a particular risk associated with the cash flows of recognised assets and liabilities and highly probable forecast transactions (cash flow hedges).

The Company documents at the inception of the hedging transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Company also documents its assessment, both at hedge inception and on an ongoing basis, of whether the hedging instruments that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values of cash flows of hedged items.

The effective portion of changes in the fair value of hedging instrument that are designated and qualify as cash flow hedges is recognised in the Other Comprehensive Income (OCI) in Cash Flow Hedge Reserve within Equity, limited to the cumulative change in fair value of the hedged item on

# Notes forming Part of Financial Statements

for the year ended March 31, 2022

a present value basis from the inception of the hedge. The profit or loss relating to the ineffective portion is recognised immediately in profit or loss.

The Company uses its Foreign Currency Borrowings and Buyer's Credit as hedging instrument of its exposure to foreign exchange risk on its highly probable forecasted sales. Amounts recognised in OCI will be transferred to profit or loss when the hedged transaction affects profit or loss, such as when a forecast sale occurs.

### 2.12 Impairment of Non Financial Assets

If internal/external indications suggest that an asset of the Company may be impaired, the recoverable amount of asset/ cash generating unit is determined on the Balance Sheet date and if it is less than its carrying amount, the carrying amount of the asset/cash generating unit is reduced to the said recoverable amount.

The recoverable amount is measured as the higher of the fair value less cost of disposal and value in use of such assets/ cash generating unit, which is determined by the present value of the estimated future cash flows.

Assessment is also done at each Balance Sheet date as to whether there is any indication that an impairment loss recognised for an asset in prior accounting periods may no longer exist or may have decreased, basis the assessment, a reversal of an impairment loss for an asset is recognised in the Statement of Profit and Loss.

### 2.13 Provisions and Contingent Liabilities / Assets

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to a provision is presented in the Statement of Profit and Loss.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Contingent liability is disclosed in the case of:

- A present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation;
- A present obligation arising from past events, when no reliable estimate is possible;
- A present obligation arising from past events, unless the probability of outflow of resources is remote.

Contingent Assets are not recognised and are disclosed when inflow of economic benefits is probable.

Provisions, contingent liabilities and contingent assets are reviewed at each balance sheet date.

### 2.14Revenue from Contracts with Customers:

Revenue from contracts with customers for sale of goods is recognised when the Group satisfies performance obligation by transferring promised goods to the customer at an amount that reflects the consideration which the Group is expected to be entitled to in exchange for those goods. In case of the Group, performance obligations are satisfied at a point in time, i.e., when the customer obtains control of the asset.

Revenue is measured at the amount of transaction price, which is the fair value of the consideration received or receivable, stated net of discounts, returns and applicable Good and Service Tax. Transaction price is recognised based on the price specified in the contract, net of the estimated sales rebates, discounts and incentives. The rebates, discounts incentives and right of return are estimated and provided for, based on past experience. A refund liability is recognised for expected returns in relation to sales made, corresponding assets are recognised for the products expected to be returned.

#### Export Incentives

Income from Export Benefit Entitlement under the Duty Drawback Scheme / Merchandise Exports from India Scheme (MEIS) of the Government of India is recognised in the year in which the Revenue from related Export Sales is accounted for. Advance License Benefits on Exports are recognised in the year of utilisation of license.

#### Insurance claims

Insurance claims are accounted upon acceptance of claims.

#### Interest and Dividend income

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the applicable interest rates. Interest income is included under the head "Other Income" in the Statement of Profit and Loss.

Interest income is recognised using the effective interest method. When a loan and receivable is impaired, the Company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loan and receivables is recognised using the original effective interest rate.

# Notes forming Part of Financial Statements

for the year ended March 31, 2022

Dividend Income is recognised when the right to receive the payment is established. Incomes from investments are accounted on an accrual basis.

### Liability for sales return

Accruals for estimated product returns, which are based on historical experience of actual sales returns and adjustment on account of current market scenario is considered by Company to be reliable estimate of future sales returns.

## 2.15 Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. 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:

- The contracts involve the use of an identified asset – this may be specified explicitly or implicitly and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, the asset is not identified.
- The Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- The Group has the right to direct the use of the asset. The Group has the right when it has the right decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases, where the decision about how and for what purpose the asset is used is predetermined, the Group has the right to direct the use of the asset if either:
  - o The Group has the right to operate the asset; or
  - o The Group designed the asset in a way that predetermined how and for what purpose it will be used

### As a Lessee

The Group recognises a Right-of-Use (ROU) asset and a lease liability at the lease commencement date. The ROU asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payment made at or before the commencement date, plus any initial direct cost incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentive received.

The ROU asset which was recognised is subsequently amortised using the straight-line method and for ROU asset recognised on Leased Vehicles is subsequently depreciated on written-down value method, from the commencement date to the earlier of the end of the useful life of ROU asset or the end of the lease term. The estimated useful lives of ROU assets are determined on the same basis as those of Property, Plant and Equipment. In addition, ROU asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of 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.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the Company's incremental borrowing method. It is remeasured 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 the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of ROU asset, or is recorded in profit or loss if the carrying amount of ROU asset has been reduced to zero.

The Group presents ROU assets that meet the definition of investment property are presented under

# Notes forming Part of Financial Statements

for the year ended March 31, 2022

Investment Property, otherwise under "Property, Plant and Equipment" and lease liabilities under "Financial Liabilities" in the Balance Sheet.

Short-term leases and leases of low-value assets

The Group has elected not to recognise ROU assets and lease liabilities for short-term lease that have a lease term of 12 months or less and leases of low-value assets. The Group recognise the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

### As a Lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When and if the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease component, the Group applies Ind AS 115 to allocate the consideration in the contract.

The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'Other Income' in the Statement of Profit and Loss.

The accounting policies applicable to the Group as a lessor in the comparative period were not different from Ind AS 116. However, when the Company was an intermediate lessor the sub-leases were classified with reference to the underlying asset.

## 2.16 Employee Benefits

### Defined Contribution Plans

Group's contributions towards Defined Contribution Plans, paid/payable during the year, the extent applicable are recognised in the Statement of Profit and Loss.

### Defined Benefit Plans

Group's accrued liabilities towards Gratuity and Leave Encashment are determined on actuarial basis using the projected unit credit method for the period of service to build up the final obligation.

The present value of the said obligation is determined by discounting the estimated future cash outflows, using market yields of government bonds that have tenure approximating the tenures of the related liability.

The interest income / (expense) are calculated by applying the discount rate to the net defined benefit liability or asset. The net interest income / (expense) on the net defined benefit liability or asset is recognised in the Statement of Profit and Loss.

Service Cost (Both Current and Past) and Net Interest Expenses or Income is recognised as expenses in the Statement of Profit and Loss.

Any difference between the interest income on plan assets and the return actually achieved and any changes in the liabilities over the year due to changes in actuarial assumptions or experience adjustments within the plans are recognised immediately in Other Comprehensive Income and subsequently not reclassified to the Statement of Profit and Loss.

Gratuity and Superannuation Scheme are administered by Life Insurance Corporation of India to which contributions are made.

The Retirement Benefit Obligation recognised in the Balance Sheet represents the present value of the Defined Benefit Obligation reduced by the Fair Value of the Plan Assets.

## 2.17 Borrowing Costs

Borrowing costs that are attributable to the acquisition, construction, or production of a qualifying asset are capitalised as a part of the cost of such asset till such assets are ready for their intended use.

# Notes forming Part of Financial Statements

for the year ended March 31, 2022

A qualifying asset is an asset that necessarily requires a substantial period of time to get ready for its intended use or sale.

All other borrowing costs are recognised as expense in the Statement of Profit and Loss in the period in which they are incurred.

### 2.18 Taxes

Income Tax expenses comprise of Current Tax and Deferred Tax. It is recognised in the Statement of Profit and Loss except to the extent it relates to an item which is recognised directly in Equity or in Other Comprehensive Income, in which case, the same are recognised therein.

#### Current Income Tax

Provision for Current Tax is made on the basis of taxable income for the current year in accordance with the provisions of the applicable tax laws.

#### Deferred Tax

Deferred Tax is recognised in respect of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes.

A Deferred Tax Liability is recognised based on the expected realisation settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted, by the end of the reporting period. Deferred Tax Asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred Tax Assets and Deferred Tax Liabilities are reviewed at each reporting date.

Deferred Tax Assets include credit for Minimum Alternate Tax (MAT) is recognised in respect of liability under MAT provisions, based on expected tax liability under normal provision of the applicable tax laws during the period specified thereunder.

### 2.19 Earnings Per Share

Basic earnings per share is computed by dividing the net profits for the year attributable to the equity shareholders of the Company by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

### 2.20 Recent Accounting Pronouncements

The Ministry of Corporate Affairs (MCA) vide Notification dated 23rd March, 2022 has issued new Companies (Indian Accounting Standard) Amendment Rules, 2022. Major amendments notified in the notification are provided below:

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

(b) Ind AS 37 | Provisions, contingent liabilities and contingent assets – The amendment specifies that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract). The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2022, although early adoption is permitted.

(c) Ind AS 103 | Business combinations – The amendment adds a new exception in Ind AS 103 for liabilities and contingent liabilities.

(d) Ind AS 109 | Financial instruments – The amendment clarifies which fees an entity includes when it applies the '10%' test in assessing whether to derecognise a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

The amendments are extensive, and the Company will evaluate the same to give effect to those as required by law.

# Notes forming Part of Financial Statements

for the year ended March 31, 2022

## NOTE 3A : PROPERTY, PLANT AND EQUIPMENT

(₹ in Crores)

| Description of assets | Freehold land | Buildings | Plant and equipment | Furniture and fixtures | Vehicles | Office equipment | Computers | Road and culvert | Total |
|---|---|---|---|---|---|---|---|---|---|
| **I. Gross carrying amount** | | | | | | | | | |
| Balance as at April 01, 2020 | 1.77 | 353.66 | 587.27 | 9.29 | 21.13 | 15.47 | 11.20 | 11.85 | 1,011.64 |
| Additions during the year | - | 3.97 | 19.68 | 0.04 | - | 0.24 | 0.53 | - | 24.46 |
| Deletions during the year | - | (0.09) | (4.13) | (0.09) | (8.84) | (0.02) | - | - | (13.17) |
| Adjustments | - | - | - | - | - | - | (0.11) | - | (0.11) |
| **Balance as at March 31, 2021** | **1.77** | **357.54** | **602.82** | **9.24** | **12.29** | **15.69** | **11.62** | **11.85** | **1,022.82** |
| Additions during the year | - | 7.24 | 15.67 | 0.51 | 1.06 | 0.46 | 1.37 | - | 26.31 |
| Deletions during the year | - | | (3.37) | (0.10) | (1.28) | (0.14) | (0.06) | - | (4.95) |
| Adjustments | - | (0.07) | (0.04) | 0.05 | (0.01) | 0.02 | 0.03 | - | (0.02) |
| **Balance as at March 31, 2022** | **1.77** | **364.71** | **615.08** | **9.70** | **12.06** | **16.03** | **12.96** | **11.85** | **1,044.16** |
| **II. Accumulated depreciation** | | | | | | | | | |
| Balance as at April 1, 2020 | - | 103.76 | 169.14 | 6.85 | 15.58 | 12.41 | 9.72 | 6.34 | 323.80 |
| Depreciation during the year | - | 21.26 | 39.99 | 0.63 | 0.89 | 1.23 | 0.69 | 1.48 | 66.17 |
| Deletions during the year | - | (0.01) | - | (0.05) | (6.82) | (0.02) | (0.03) | - | (6.93) |
| **Balance as at March 31, 2021** | **-** | **125.01** | **209.13** | **7.43** | **9.65** | **13.62** | **10.38** | **7.82** | **383.04** |
| Depreciation during the year | - | 19.83 | 37.57 | 0.51 | 0.99 | 0.77 | 0.82 | 1.01 | 61.50 |
| Deletions during the year | - | | (0.56) | (0.06) | (1.30) | (0.13) | (0.06) | - | (2.11) |
| Adjustments | - | 0.02 | 0.01 | (0.01) | 0.07 | 0.01 | 0.02 | - | 0.12 |
| **Balance as at March 31, 2022** | **-** | **144.86** | **246.15** | **7.87** | **9.41** | **14.27** | **11.16** | **8.83** | **442.55** |
| **Net carrying amount as on March 31, 2022** | **1.77** | **219.85** | **368.93** | **1.83** | **2.65** | **1.76** | **1.80** | **3.02** | **601.61** |
| **Net carrying amount as on March 31, 2021** | **1.77** | **232.53** | **393.69** | **1.81** | **2.64** | **2.07** | **1.24** | **4.03** | **639.78** |

**Notes:**

1. Buildings includes cost of shares of face value of ₹ 1,350 (previous year ₹ 1,350)
2. Property at Sameer Vihar, Modi Nagar which was acquired by the Parent company under slump sale arrangement from Modipon Limited is in the process of being transferred in the name of the Parent company in local land records in due course. It is yielding rental income to the Parent company, and it is not recognised as an investment property due to the non-availability of reliable measurement of cost. The fair value of the said investment property based on the management estimate is ₹ 32.62 crores as at 31 March 2022.
3. Freehold land parcels located at Thane having carrying amount of ₹ 1.77 crores, which was acquired by the Parent company under slump sale arrangement from Modipon Limited, have been duly registered with Registrar. It is in possession and used for the operations of the Parent company, however, is in process of being transferred in the name of the Parent company in local 7/12 records.
4. Refer Note 21 and Note 24 for property, plant and equipment pledged agasinst borrowings.
5. Refer Note 43 for capital commitment.

# Notes forming Part of Financial Statements

for the year ended March 31, 2022

## NOTE 3B : CAPITAL WORK-IN-PROGRESS

(₹ in Crores)

| Description of assets | Buildings under construction | Plant and equipment under installation | Total |
|---|---|---|---|
| Balance as at April 01, 2020 | - | 12.32 | 12.32 |
| Additions during the year | 1.10 | 10.85 | 11.95 |
| Capitalised during the year | - | (6.07) | (6.07) |
| **Balance as at March 31, 2021** | **1.10** | **17.10** | **18.20** |
| Additions during the year | 1.35 | 8.74 | 10.09 |
| Capitalised during the year | - | (16.34) | (16.34) |
| **Balance as at March 31, 2022** | **2.45** | **9.50** | **11.95** |

**CWIP Ageing as on 31st March 2022**

₹ in Crores

| Particulars | Amount in CWIP for a period of | | | | |
|---|---|---|---|---|---|
| | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | Total |
| Projects in progress | 9.15 | 2.29 | 0.05 | 0.46 | 11.95 |
| Projects temporarily suspended | - | - | - | - | - |
| **Total** | **9.15** | **2.29** | **0.05** | **0.46** | **11.95** |

**CWIP Ageing as on 31st March 2021**

₹ in Crores

| Particulars | Amount in CWIP for a period of | | | | |
|---|---|---|---|---|---|
| | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | Total |
| Projects in progress | 11.33 | 4.92 | 1.32 | 0.63 | 18.20 |
| Projects temporarily suspended | - | - | - | - | - |
| **Total** | **11.33** | **4.92** | **1.32** | **0.63** | **18.20** |

**Details of CWIP whose completion is overdue or has exceeded its cost compared to its original plan**

For the year ended March 31, 2022

₹ in Crores

| Particulars | To be completed in | | | |
|---|---|---|---|---|
| | Less than 1 year | 1 to 2 years | 2 to 3 years | More then 3 years |
| MEE Filteration plant for ETP - 2 | 8.95 | - | - | - |
| QR Code Implementation | 0.67 | - | - | - |
| Others | 1.22 | - | - | - |
| **Total** | **10.84** | **-** | **-** | **-** |

**For the year ended March 31, 2021**

₹ in Crores

| Particulars | To be completed in | | | |
|---|---|---|---|---|
| | Less than 1 year | 1 to 2 years | 2-3 years | Total |
| MEE Filteration plant for ETP - 2 | - | 2.81 | - | - |
| QR code Implementation | - | 0.07 | - | - |
| Coal fire boiler for unit 3 | 6.64 | - | - | - |
| EBDC warehouse for unit 3 | 3.64 | - | - | - |
| Others | 1.67 | - | - | - |
| **Total** | **11.95** | **2.88** | **-** | **-** |

# Notes forming Part of Financial Statements

for the year ended March 31, 2022

## NOTE 4 : RIGHT-OF-USE ASSETS

Following are the changes in the carrying amount of right of use assets during the year ended March 31, 2022

(₹ in Crores)

| Particulars | Leasehold land | Factory Building | Vehicles | Total |
|---|---|---|---|---|
| **I. Carrying amount** | | | | |
| Balance as at April 01, 2020 | - | - | - | - |
| Transition to Ind AS 116 | 37.25 | 0.98 | 7.66 | 45.89 |
| Additions during the year | - | - | - | - |
| Deductions/adjustments during the year | - | - | (0.05) | (0.05) |
| **Balance as on March 31, 2021** | **37.25** | **0.98** | **7.61** | **45.84** |
| Additions during the year | 0.22 | - | - | 0.22 |
| Deductions/adjustments during the year | (16.34) | - | - | (16.34) |
| **Balance as on March 31, 2022** | **21.13** | **0.98** | **7.61** | **29.72** |
| **II. Accumulated amortisation** | | | | |
| Balance as at April 1, 2020 | 0.74 | 0.07 | 4.14 | 4.95 |
| Amortisation during the year | 0.73 | 0.26 | 1.87 | 2.86 |
| **Balance as on March 31, 2021** | **1.47** | **0.33** | **6.01** | **7.81** |
| Amortisation during the year | 0.73 | 0.23 | 0.85 | 1.81 |
| Deductions/adjustments during the year | (0.76) | (0.00) | - | (0.76) |
| **Balance as on March 31, 2022** | **1.44** | **0.56** | **6.86** | **8.86** |
| **Net carrying amount as on March 31, 2022** | **19.69** | **0.42** | **0.75** | **20.86** |
| **Net carrying amount as on March 31, 2021** | **35.78** | **0.65** | **1.59** | **38.03** |

## NOTE 5A : OTHER INTANGIBLE ASSETS

(₹ in Crores)

| Description of assets | Software | Product development | Total |
|---|---|---|---|
| **I. Gross carrying amount** | | | |
| Balance as at April 1, 2020 | 6.49 | 486.54 | 493.04 |
| Additions during the year | 0.23 | 10.27 | 10.50 |
| Deletions during the year | - | - | - |
| Adjustments during the year | (0.02) | (5.46) | (5.48) |
| **Balance as at March 31, 2021** | **6.70** | **491.35** | **498.05** |
| Additions during the year | 0.78 | 5.82 | 6.60 |
| Deletions during the year | - | - | - |
| Adjustments during the year | 0.03 | (0.57) | (0.54) |
| **Balance as at March 31, 2022** | **7.51** | **496.60** | **504.11** |
| **II. Accumulated amortisation** | | | |
| Balance as at April 1, 2020 | 2.12 | 187.41 | 189.53 |
| Amortization during the year | 0.89 | 41.82 | 42.71 |
| Withdrawal on disposal | 0.01 | - | 0.01 |
| Provision for Impairment | - | 114.02 | 114.02 |
| **Balance as at March 31, 2021** | **3.02** | **343.25** | **346.27** |
| Amortization during the year | 0.92 | 25.64 | 26.56 |
| Adjustments during the year | (0.01) | (4.67) | (4.68) |
| **Balance as at March 31, 2022** | **3.93** | **364.22** | **368.15** |
| **Net carrying amount as on March 31, 2022** | **3.58** | **132.38** | **135.96** |
| **Net carrying amount as on March 31, 2021** | **3.68** | **148.10** | **151.78** |

# Notes forming Part of Financial Statements

for the year ended March 31, 2022

## NOTE 5B : INTANGIBLE ASSETS UNDER DEVELOPMENT

(₹ in Crores)

| Particulars | Software | Products under development | Total |
|---|---|---|---|
| Balance as at April 01, 2020 | - | 72.94 | 72.94 |
| Additions during the year | - | 27.73 | 27.73 |
| Capitalised during the year | - | (0.32) | (0.32) |
| Provision for Impairment | - | (35.52) | (35.52) |
| Adjustments during the year | - | - | - |
| **Balance as at March 31, 2021** | **-** | **64.83** | **64.83** |
| Additions during the year | 5.80 | 43.63 | 49.43 |
| Capitalised during the year | - | (7.40) | (7.40) |
| Provision for Impairment | - | - | - |
| Adjustments during the year | | 0.26 | 0.26 |
| **Balance as at March 31, 2022** | **5.80** | **101.32** | **107.12** |

**Ageing of intangible assets under development as on March 31, 2022**

₹ in Crores

| Particulars | Amount of Intangible assets under development for a period of | | | | |
|---|---|---|---|---|---|
| | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | Total |
| Projects in progress | 48.00 | 25.08 | 26.19 | 7.85 | 107.12 |
| Projects temporarily suspended | - | - | - | - | - |
| **Total** | **48.00** | **25.08** | **26.19** | **7.85** | **107.12** |

**Ageing of intangible assets under development as on March 31, 2021**

₹ in Crores

| Particulars | Amount of Intangible assets under development for a period of | | | | |
|---|---|---|---|---|---|
| | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | Total |
| Projects in progress | 29.58 | 10.40 | 10.93 | 13.92 | 64.83 |
| Projects temporarily suspended | - | - | - | - | - |
| **Total** | **29.58** | **10.40** | **10.93** | **13.92** | **64.83** |

**Details of intangible assets under development, whose completion is overdue or has exceeded its cost compared to its original plan**

For the year ended March 31, 2022

₹ in Crores ₹ in Crores ₹ in Crores

| Particulars | To be completed in | | | |
|---|---|---|---|---|
| | Less than 1 year | 1 to 2 years | 2 to 3 years | More then 3 years |
| Software under development | 5.80 | - | - | - |
| Product under development | 14.05 | 8.78 | 8.98 | 9.42 |
| **Total** | **19.85** | **8.78** | **8.98** | **9.42** |

For the year ended March 31, 2021

₹ in Crores

| Particulars | To be completed in | | | |
|---|---|---|---|---|
| | Less than 1 year | 1 to 2 years | 2-3 years | More than 3 years |
| Product under development | 14.79 | 6.42 | 8.87 | 9.41 |
| **Total** | **14.79** | **6.42** | **8.87** | **9.41** |

# Notes forming Part of Financial Statements

for the year ended March 31, 2022

## NOTE 6 : FINANCIAL ASSETS - INVESTMENTS (NON - CURRENT)

(₹ in Crores)

| Particulars | As at March 31, 2022 | | As at March 31, 2021 | |
|---|---|---|---|---|
| | Nos. | ₹ in Crores | Nos. | ₹ in Crores |
| **Investments in equity instruments** | | | | |
| **Investments in equity share accounted for using equity method** | | | | |
| **Unquoted, Fully paid up** | | | | |
| **In Joint Ventures** | | | | |
| Indo Baijin Chemicals Private Limited | 4,366,096 | 99.02 | 4,366,096 | 84.93 |
| (Face value - ₹ 100 each) | | | | |
| Indo Reagens Polymer Additives Private Limited (Refer Note 6A) | - | - | 19,960,000 | 19.89 |
| (Face value - ₹ 10 each) | | | | |
| Less: Investment held for sale | - | - | 18,962,000 | (18.96) |
| **Investments at fair value through other comprehensive income** | | | | |
| **Quoted, Fully paid up** | | | | |
| Modi Rubber Limited | 215,311 | 1.45 | 215,311 | 2.01 |
| (Face value - ₹ 10 each) | | | | |
| Godfrey Philips India Limited | 6,545,020 | 661.18 | 6,545,020 | 599.56 |
| (Face value - ₹ 2 each) | | | | |
| **Unquoted, Fully paid up** | | | | |
| The Cosmos Co-Op. Bank Limited | 14,250 | 0.89 | 14,250 | 0.87 |
| (Face value - ₹ 100 each) | | | | |
| KKM Management Centre Private Limited | 338,100 | 1.11 | 338,100 | 1.09 |
| (Face value - ₹ 10 each) | | | | |
| Grace Breeding Nitrogen Fixation Technologies Limited | 10,848 | 10.68 | 10,848 | 10.68 |
| (Face value - NIS 0.01 each) | | | | |
| Modi Spinning and Weaving Mills Co.Limited | 75,631 | 0.08 | 75,631 | 0.08 |
| (Face value - ₹ 10 each) | | | | |
| Less : Provision for diminution in value of investment | | (0.08) | | (0.08) |
| Modi Industries Limited | 5,580 | 0.01 | 5,580 | 0.01 |
| (Face value - ₹ 10 each) | | | | |
| Less : Provision for diminution in value of investment | | (0.01) | | (0.01) |
| KKM Management Centre Middle East (FZE) | 192 | 0.65 | 192 | 0.73 |
| (Face value - AED 1000 each) | | | | |
| Investments in ITACA | 30,000 | 0.63 | 30,000 | 0.63 |
| (Face value - Euro 1 each) | | | | |
| International Research Park Laboratories | 50,000 | 0.05 | 50,000 | 0.05 |
| (Face value - ₹ 10 each) | | | | |
| Beacon Travels Private Limited | 4,500 | 0.52 | 4,500 | 0.53 |
| (Face value - ₹ 10 each) | | | | |
| Agache Associates Limited | 6,250 | 0.01 | 6,250 | 0.01 |
| (Face value - ₹ 10 each) | | | | |
| Less : Provision for diminution in value of investment | | (0.01) | | (0.01) |
| Indo Reagens Polymer Additives Private Limited | - | 2.00 | - | - |
| (Face value - ₹ 10 each) | | | | |
| **Investments carried at fair value through profit or loss (FVTPL)** | | | | |
| **Investment in preference shares** | | | | |
| **Others** | | | | |
| **Unquoted** | | | | |
| Modi Spinning & Weaving Mills Co. Limited | 165 | 0.00 | 165 | - |
| (Face value - ₹ 100 each) | | | | |
| Less : Provision for diminution in value of investment | - | - | - | - |
| Premium Tradelinks Private Limited | 956,000 | 0.96 | 956,000 | 0.96 |
| (Face value - ₹ 10 each) | | | | |
| Modi Care Limited | - | - | 2,500,000 | 2.50 |
| (Face value - ₹ 10 each) | | | | |
| Less : Provision for diminution in value of investment | - | - | - | (2.50) |
| **Investments in debentures** | | | | |
| Modi Industries Limited | 328 | 0.01 | 328 | 0.01 |
| (Face value - ₹ 200 each) | | | | |
| Less : Provision for diminution in value of investment | | (0.01) | | (0.01) |
| **Investments in units of mutual funds - debt instrument (unquoted, Fully paid up)** | | | | |

# Notes forming Part of Financial Statements

for the year ended March 31, 2022

## NOTE 6 : FINANCIAL ASSETS - INVESTMENTS (NON - CURRENT) (Contd.)

(₹ in Crores)

| Particulars | As at March 31, 2022 | | As at March 31, 2021 | |
|---|---|---|---|---|
| | Nos. | ₹ in Crores | Nos. | ₹ in Crores |
| ABSL enhanced arbitrage fund | - | - | 1,376,667 | 1.53 |
| (Face value - ₹ 10 each) | | | | |
| Aditya Birla sun life arbitrage fund- growth direct plan | 703,392 | 1.60 | - | - |
| (Face value - ₹ 10 each) | | | | |
| ICICI Prudential equity arbitrage fund | 687,114 | 1.07 | 681,169 | 1.02 |
| (Face value - ₹ 10 each) | | | | |
| Aditya Birla sun life enhanced arbitrage fund | - | - | 2,060,770 | 2.30 |
| (Face value - ₹ 10 each) | | | | |
| ABSL Arbitrage fund- growth direct plan | 1,052,926 | 2.39 | - | - |
| (Face value - ₹ 10 each) | | | | |
| DSP Arbitrage fund direct growth | 2,053,303 | 2.56 | - | - |
| (Face value - ₹ 10 each) | | | | |
| DSP Black rock equity- saving fund | - | - | 1,789,926 | 2.34 |
| (Face value - ₹ 10 each) | | | | |
| **TOTAL** | | **786.76** | | **710.16** |
| **Aggregate Amount of quoted investments and market value thereof** | | **662.63** | | **601.56** |
| **Aggregate amount of unquoted investments** | | **124.23** | | **111.20** |
| **Aggregate amount of impairment in value of unquoted investments** | | **(0.10)** | | **(2.60)** |

## NOTE 6A : NON-CURRENT ASSETS HELD FOR SALE

₹ in Crores

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Investments in equity shares of Indo Reagens Polymer Additives Private Limited -NIL (Previous year-No. of equity shares 1,89,62,000 of ₹ 10 each) | - | 18.96 |
| Plant and equipment - held for sale | 0.36 | - |
| **TOTAL** | **0.36** | **18.96** |

## NOTE 7 : FINANCIAL ASSETS - LOANS (NON-CURRENT)

₹ in Crores

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| **Unsecured, considered good** | | |
| Loans to employees | 0.15 | 0.16 |
| **TOTAL** | **0.15** | **0.16** |

## NOTE 8 : FINANCIAL ASSETS - OTHERS (NON-CURRENT)

₹ in Crores

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| **Unsecured, considered good** | | |
| Forward contracts receivable (Refer 8.1) | 1.07 | 1.14 |
| Fixed deposits maturing after 12 months (Refer 8.2) | 0.06 | 10.67 |
| Security deposits | 8.92 | 6.94 |
| **TOTAL** | **10.05** | **18.75** |

**8.1** The Parent company has entered into foreign exchange forward contracts with the intention of hedging foreign exchange risk of expected sales and purchases, these contracts are not designated as hedge and are measured at fair value through profit or loss. Derivative instruments at fair value through profit or loss reflect the change in fair value of those foreign exchange forward contracts that are not designated in hedge relationships, but are, nevertheless, intended to reduce the level of foreign currency risk for expected sales and purchases.

**8.2** Fixed deposits amounting to ₹ 0.06 crore are under lien for Agriculture product registration (previous year ₹ 0.36 crores were under lien for Agriculture product registration) .

# Notes forming Part of Financial Statements

for the year ended March 31, 2022

## NOTE 9 : INCOME TAXES

### a. Current tax assets and liabilities

₹ in Crores

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| **Current tax assets** | | |
| Advance income tax (net of provision for taxation) | 22.97 | 13.25 |
| **TOTAL** | **22.97** | **13.25** |
| **Current tax liabilities** | | |
| Provision for tax (net of advance income tax) | 1.40 | 2.01 |
| **TOTAL** | **1.40** | **2.01** |

### b. Components of income tax expense / (income)

₹ in Crores

| Particulars | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|
| **Income tax recognised in the statement of profit and loss** | | |
| **Current tax:** | | |
| Current tax | 96.36 | 82.82 |
| (Excess)/short provision of earlier years | 1.08 | (0.67) |
| Deferred tax | (8.07) | 10.91 |
| **TOTAL** | **89.36** | **93.06** |

₹ in Crores

| Particulars | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|
| **Deferred tax related to items recognised in other comprehensive income** | | |
| Effective portion of gains and loss on designated portion of hedging instruments in a cash flow hedge | (18.22) | (0.05) |
| Re-measurement gains/(losses) on defined benefit plans | (7.10) | 0.45 |
| Equity Instruments through Other Comprehensive Income | (4.63) | - |
| **TOTAL** | **(29.96)** | **0.39** |

### c. Reconciliation of effective tax rate

The reconciliation between the statutory income tax rate applicable to the Group and the effective income tax rate of the Group is as follows:

₹ in Crores

| Particulars | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|
| **Profit before tax** | 296.41 | 140.60 |
| **Statutory tax rate** | 34.94% | 34.94% |
| Expected income tax expense at statutory tax rate | 103.58 | 49.13 |
| Amounts not allowable under Income tax | 1.73 | 2.15 |
| Tax effects of non taxable income | (5.07) | (3.32) |
| Items with respect to differential tax rates (includes indexation impact) | (2.12) | - |
| (Excess)/ short provision of earlier years | 1.08 | (0.67) |
| Others | (9.82) | 45.80 |
| **Tax expense** | **89.36** | **93.06** |

# Notes forming Part of Financial Statements

for the year ended March 31, 2022

## NOTE 9 : INCOME TAXES (Contd.)

**d. Movement during the year**

₹ in Crores

| Particulars | Balance as at April 1, 2021 | Recognised in Statement of profit and loss | Recognised in other comprehensive income | Utilisation of MAT credit | Others | Balance as at March 31, 2022 |
|---|---|---|---|---|---|---|
| Property, plant and equipment and other intangible assets | (42.55) | (8.66) | - | - | - | (51.20) |
| Provision for doubtful debts, advances and deposits | 14.98 | (3.78) | - | - | - | 11.20 |
| Payment under voluntary retirement scheme | 5.37 | (2.21) | - | - | - | 3.16 |
| Expenses allowed in the year of payment | 5.54 | 1.37 | - | - | - | 6.91 |
| Fair value changes of current investment through profit and loss | (0.30) | (0.36) | - | - | - | (0.66) |
| Equity instruments through Other Comprehensive Income | - | - | (4.63) | - | - | (4.63) |
| Defined benefit obligations | 7.10 | - | (7.10) | - | - | - |
| Effective portion of gains and loss on designated portion of hedging instruments cash flow hedge | 18.22 | - | (18.22) | - | - | (0.00) |
| MAT credit entitlement | 52.56 | 14.35 | - | (48.01) | - | 18.91 |
| Undistributed profit of joint ventures | (14.79) | 8.34 | - | - | - | (6.45) |
| Business losses and unabsorbed depreciation of subsidiary | 14.07 | (0.01) | - | - | (4.23) | 9.83 |
| Undistributed profit of subsidiaries | - | (2.53) | - | - | - | (2.53) |
| **TOTAL** | **60.21** | **6.52** | **(29.96)** | **(48.01)** | **(4.23)** | **(15.46)** |

₹ in Crores

| Particulars | Balance as at April 1, 2020 | Recognised in Statement of profit and loss | Recognised in other comprehensive income | Utilisation of MAT credit | Others | Balance as at March 31, 2021 |
|---|---|---|---|---|---|---|
| Property, plant and equipment and other intangible assets | (54.34) | 11.85 | - | (0.06) | - | (42.55) |
| Fair Value changes of current investment through Profit and Loss | 0.05 | (0.34) | - | - | - | (0.30) |
| Provision for doubtful debts, advances and deposits | 18.36 | (3.38) | - | - | - | 14.98 |
| Expenses allowed in the year of payment | 14.00 | (8.35) | - | (0.11) | - | 5.54 |
| Payment under Voluntary Retirement Scheme | 8.79 | (3.42) | - | - | - | 5.37 |
| Defined benefit obligations | 6.66 | - | 0.45 | - | - | 7.10 |
| Effective portion of gains and loss on designated portion of hedging instruments in a cash flow hedge | 18.28 | - | (0.05) | - | - | 18.22 |
| MAT Credit Entitlement | 104.50 | (9.16) | - | (42.77) | - | 52.56 |
| Business losses and unabsorbed depreciation of subsidiary | - | 14.16 | - | (0.09) | - | 14.07 |
| Undistributed profit of joint ventures | (2.53) | (12.27) | - | - | - | (14.79) |
| **TOTAL** | **113.77** | **(10.91)** | **0.39** | **(43.04)** | **-** | **60.21** |

# Notes forming Part of Financial Statements

for the year ended March 31, 2022

## NOTE 10 : OTHER NON-CURRENT ASSETS

₹ in Crores

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| **Unsecured, considered good** | | |
| Capital advances | 4.22 | 3.11 |
| Prepaid expenses | 0.04 | - |
| Balances with government authorities | 3.81 | 4.98 |
| **TOTAL** | **8.07** | **8.09** |

## NOTE 11 : INVENTORIES (At lower of cost and net realisable value)

₹ in Crores

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Raw materials | 91.12 | 68.68 |
| Raw materials-in-transit | 13.04 | 10.70 |
| Work-in-progress | 0.90 | 10.26 |
| Finished goods | 358.64 | 197.53 |
| Finished goods-in-transit | 90.64 | 11.56 |
| Stock-in-trade | 50.00 | 18.91 |
| Stores and spares | 12.96 | 13.61 |
| Packing materials | 24.03 | 25.16 |
| **TOTAL** | **641.32** | **356.40** |

1. Value of inventories above is stated after write down by ₹ 20.44 crores (previous year Nil) to net realisable value (mainly on account of slow / non-moving / obsolete etc). These were recognised as an expense during the year and included in changes in inventories of finished goods, work in progress and stock in trade.

2. Certain inventories have been pledged as security against certain bank borrowings availed by the Parent company, details relating to which have been described in Notes 21 and 24.

## NOTE 12 : FINANCIAL ASSETS - INVESTMENTS (CURRENT)

(₹ in Crores)

| Particulars | As at March 31, 2022 | | As at March 31, 2021 | |
|---|---|---|---|---|
| | Nos. | ₹ in Crores | Nos. | ₹ in Crores |
| **Investments carried at fair value through profit or loss (FVTPL)** | | | | |
| **Investments in units of mutual funds- debt instrument (Quoted, Fully paid up)** | | | | |
| Franklin india ultra short bond fund | 17,605 | 0.06 | 360,036 | 1.07 |
| (Face value - ₹ 10 each) | | | | |
| UTI money market fund - regular - growth | 41,148 | 10.15 | - | - |
| (Face value - ₹ 1,000 each) | | | | |
| HDFC liquid fund - growth | - | - | 7,637 | 3.07 |
| (Face value - ₹ 1,000 each) | | | | |
| ICICI prudential liquid fund - regular - growth | - | - | 370,723 | 11.23 |
| (Face value - ₹ 100 each) | | | | |
| Kotak savings fund - regular - growth | 9,999,500 | 10.01 | 3,039,225 | 10.25 |
| (Face value - ₹ 10 each) | | | | |
| Aditya birla sun life savings fund - regular - growth | 378,408 | 16.66 | 193,605 | 8.18 |
| (Face value - ₹ 100 each) | | | | |
| Tata money market fund - regular - growth | 64,538 | 24.43 | 19,022 | 6.13 |
| (Face value - ₹ 1,000 each) | | | | |

# Notes forming Part of Financial Statements

for the year ended March 31, 2022

## NOTE 12 : FINANCIAL ASSETS - INVESTMENTS (CURRENT) (Contd.)

(₹ in Crores)

| Particulars | As at March 31, 2022 | | As at March 31, 2021 | |
|---|---|---|---|---|
| | Nos. | ₹ in Crores | Nos. | ₹ in Crores |
| HDFC ultra short term fund - regular - growth | - | - | 6,092,004 | 7.22 |
| (Face value - ₹ 10 each) | | | | |
| DSP overnight fund - regular - growth | 222,109 | 25.22 | - | - |
| (Face value - ₹ 1,000 each) | | | | |
| Axis overnight fund - regular - growth | 224,803 | 25.22 | - | - |
| (Face value - ₹ 1,000 each) | | | | |
| Aditya birla sun life liquid fund - regular - growth | - | - | 93,244 | 3.07 |
| (Face value - ₹ 100 each) | | | | |
| Union balanced advantage - regular - growth | 377,200 | 0.56 | 377,200 | 0.53 |
| (Face value - ₹ 10 each) | | | | |
| Union large cap fund - regular - growth | 249,990 | 0.41 | 249,990 | 0.34 |
| (Face value - ₹ 10 each) | | | | |
| **TOTAL** | | **112.72** | | **51.10** |
| **Aggregate amount of quoted investment and market value thereof** | | **112.72** | | **51.10** |
| **Aggregate amount of unquoted investments** | | **-** | | **-** |
| **Aggregate amount of impairment in value of unquoted investments** | | **-** | | **-** |

## NOTE 13 : FINANCIAL ASSETS - TRADE RECEIVABLES

**(Unsecured unless otherwise stated)**

(₹ in Crores)

| Particulars | As at March 31, 2022 | | As at March 31, 2021 | |
|---|---|---|---|---|
| Considered good – secured | | 7.46 | | 14.50 |
| Considered good – unsecured | | | | |
| Considered good – unsecured | 777.25 | | 760.38 | |
| Trade receivables – credit impaired | 43.78 | | 50.85 | |
| | 821.03 | | 811.23 | |
| Add: Allowance for bad and doubtful debts | (43.78) | 777.25 | (50.85) | 760.38 |
| **TOTAL** | | **784.71** | | **774.88** |

**Notes:**

1. The credit period ranges from 30 days to 270 days for customers.
2. Trade receivables considered secured are secured against security deposit taken by the Group.
3. No trade or other receivable is due from directors or other officers of the Group either severally or jointly with any other person. Nor any trade or other receivable is due from firms or private companies respectively in which any director is a partner, a director or a member.
4. Movement in the amount of credit impaired on trade receivables:

₹ in Crores

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Balance at the beginning of the year | 50.85 | 51.33 |
| Add: Allowance for bad and doubtful debts | 2.35 | 0.32 |
| Less: Bad debts written off | (9.42) | (0.80) |
| **Balance at the end of the year** | **43.78** | **50.85** |

# Notes forming Part of Financial Statements

for the year ended March 31, 2022

## NOTE 13 : FINANCIAL ASSETS - TRADE RECEIVABLES (Contd.)

**Ageing for trade receivables from the due date of payment for each of the category as at 31st March, 2022**

(₹ in Crores)

| Particulars | Outstanding for following periods from due date of payment | | | | | | |
|---|---|---|---|---|---|---|---|
| | Not Due | Less than 6 months | 6 months to 1 year | 1-2 years | 2-3 years | more than 3 years | Total |
| Undisputed trade receivables - considered good | 5.05 | 690.38 | 52.76 | 35.28 | 0.80 | 2.30 | 786.57 |
| Undisputed trade receivables - considered doubtful | - | 0.05 | 0.06 | 0.05 | 0.32 | 10.26 | 10.74 |
| Disputed trade receivables - considered good | - | - | - | - | - | - | - |
| Disputed trade receivables - considered doubtful | - | 0.03 | 0.02 | 0.05 | 0.13 | 30.95 | 31.18 |
| Less: Provision against doubtful debt | - | (0.12) | (0.08) | (2.37) | (0.32) | (40.89) | (43.78) |
| **TOTAL (A)** | **5.05** | **690.34** | **52.76** | **33.01** | **0.93** | **2.62** | **784.71** |
| **Unbilled receivables (B)** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| **TOTAL [(A) - (B)]** | **5.05** | **690.34** | **52.76** | **33.01** | **0.93** | **2.62** | **784.71** |

**Ageing for trade receivables from the due date of payment for each of the category as at 31st March, 2021**

₹ in Crores

| Particulars | Outstanding for following periods from due date of payment | | | | | | |
|---|---|---|---|---|---|---|---|
| | Not Due | Less than 6 months | 6 months to 1 year | 1-2 years | 2-3 years | more than 3 years | Total |
| Undisputed trade receivables - considered good | 63.15 | 608.93 | 58.71 | 4.58 | 29.51 | 9.72 | 774.60 |
| Undisputed trade receivables - considered doubtful | - | - | - | 2.93 | 2.26 | 18.45 | 23.64 |
| Disputed trade receivables - considered good | - | - | - | - | - | - | - |
| Disputed trade receivables - considered doubtful | - | - | 0.34 | 0.13 | 0.42 | 26.60 | 27.49 |
| Less: Provision against doubtful debt | - | - | (0.59) | (3.26) | (2.49) | (44.51) | (50.85) |
| **TOTAL (A)** | **63.15** | **608.93** | **58.46** | **4.38** | **29.70** | **10.26** | **774.88** |
| **Unbilled receivables (B)** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| **TOTAL [(A) - (B)]** | **63.15** | **608.93** | **58.46** | **4.38** | **29.70** | **10.26** | **774.88** |

## NOTE 14 : FINANCIAL ASSETS - CASH AND CASH EQUIVALENTS

₹ in Crores

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Balances with banks | 278.63 | 238.44 |
| Cash on hand | 0.10 | 0.09 |
| Fixed deposits with maturity of less than 3 months | 133.85 | 4.58 |
| **TOTAL** | **412.58** | **243.11** |

# Notes forming Part of Financial Statements

for the year ended March 31, 2022

## NOTE 15 : FINANCIAL ASSETS - OTHER BANK BALANCES

₹ in Crores

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Earmarked balances in current accounts | 3.21 | 1.80 |
| Fixed deposits lien with banks having maturity less than 12 months (Refer note below) | 0.08 | 9.07 |
| Fixed deposits with maturity of 3 to 12 months | 103.98 | 62.12 |
| **TOTAL** | **107.27** | **72.99** |

Includes FD's lien against bank guarantees for ₹ 3.63 crores (previous year ₹1.43 crores) , against borrowings ₹ 8.03 crores (previous year ₹ 7.64 crores) and against agro product registrations for ₹ 0.06 crores (previous year Nil).

## NOTE 16 : FINANCIAL ASSETS - LOANS

₹ in Crores

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| **Unsecured, considered good** | | |
| Loans to employees | 0.07 | 0.08 |
| **TOTAL** | **0.07** | **0.08** |

## NOTE 17 : FINANCIAL ASSETS - OTHERS (CURRENT)

₹ in Crores

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| **Unsecured, considered good unless otherwise stated** | | |
| Interest and other receivable | 3.65 | 3.01 |
| Forward contracts receivable (Refer 17.1) | 1.97 | 1.11 |
| Security deposits considered good - unsecured | 1.08 | 1.79 |
| Security deposits - doubtful | 0.49 | - |
| | 1.57 | 1.79 |
| Less: Provision for doubtful security deposits | (0.49) | - |
| | 1.08 | 1.79 |
| **TOTAL** | **6.70** | **5.91** |

17.1 The Parent company has entered into foreign exchange forward contracts with the intention of hedging foreign exchange risk of expected sales and purchases, these contracts are not designated as hedge and are measured at fair value through profit or loss. Derivative instruments at fair value through profit or loss reflect the change in fair value of those foreign exchange forward contracts that are not designated in hedge relationships, but are, nevertheless, intended to reduce the level of foreign currency risk for expected sales and purchases.

## NOTE 18 : OTHER CURRENT ASSETS

₹ in Crores

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| **Unsecured, considered good unless otherwise stated** | | |
| Advances to suppliers - considered good | 7.55 | 27.16 |
| Advances to suppliers - doubtful | 2.53 | 1.46 |
| | 10.08 | 28.62 |
| Less: Provision for doubtful advances | (2.53) | (1.46) |
| | **7.55** | **27.16** |
| Employee advances | 1.52 | 2.10 |
| Prepaid expenses | 6.92 | 4.69 |
| Export incentive receivables | 3.81 | 1.34 |
| Balances with government authorities | 33.76 | 54.71 |
| **TOTAL** | **53.56** | **90.00** |

# Notes forming Part of Financial Statements

for the year ended March 31, 2022

## NOTE 19 : EQUITY SHARE CAPITAL

₹ in Crores

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| **Authorised** | | |
| 4,40,00,000 (4,40,00,000) equity shares of ₹ 10 par value | 44.00 | 44.00 |
| 6,00,000 (6,00,000) 6% non-cumulative redeemable | 6.00 | 6.00 |
| Preference Shares of ₹ 100 par value | | |
| **TOTAL AUTHORISED SHARE CAPITAL** | **50.00** | **50.00** |
| **Issued, subscribed and paid up** | | |
| 2,06,62,400 (2,06,62,400) equity shares ₹ 10 par value fully paid up | 20.66 | 20.66 |
| 22,95,822 (22,95,822) equity shares of ₹ 10 par value, ₹ 3 called up | 0.69 | 0.69 |
| **ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL** | **21.35** | **21.35** |

a. **Reconciliation of the number of shares outstanding :**

Fully paid up shares:

| Particulars | As at March 31, 2022 | | As at March 31, 2021 | |
|---|---|---|---|---|
| | No. of Shares | ₹ in Crores | No. of Shares | ₹ in Crores |
| Shares at the beginning of the year | 20,662,400 | 20.66 | 20,662,400 | 20.66 |
| Changes during the year | - | - | - | - |
| **Shares at the end of the year** | **20,662,400** | **20.66** | **20,662,400** | **20.66** |

Partly paid up shares:

| Particulars | As at March 31, 2022 | | As at March 31, 2021 | |
|---|---|---|---|---|
| | No. of Shares | ₹ in Crores | No. of Shares | ₹ in Crores |
| Shares at the beginning of the year | 2,295,822 | 0.69 | 2,295,822 | 0.69 |
| Changes during the year | - | - | - | - |
| **Shares at the end of the year** | **2,295,822** | **0.69** | **2,295,822** | **0.69** |

**b. Terms and rights attached to equity shares**

1. Equity shares have a par value of ₹ 10. Equity Shares entitle the holder to participate in dividends, and to share in the proceeds of winding up of the Parent company in proportion to the number of and amounts paid on the shares held after distribution of all preferential amounts.

2. Every holder of equity shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

3. The Parent company declares and pays dividend in Indian Rupees. The dividend, if any, proposed by the Board of Directors of the Parent company is subject to the approval of the shareholders in the Annual General meeting, except in case of interim dividend.

c. **Shareholders holding more than 5% shares in the Parent company :**

| Name of the Shareholder | As at March 31, 2022 | | As at March 31, 2021 | |
|---|---|---|---|---|
| | No. of Shares | % | No. of Shares | % |
| K.K.Modi Investment and Financial Services Private Limited | 10,273,073 | 44.75% | 10,273,073 | 44.75% |
| APMS Investment Fund Limited (FII) | 1,635,822 | 7.13% | 1,635,822 | 7.13% |
| U.P. State Industrial Development Corporation Limited | 2,169,956 | 9.45% | 2,169,956 | 9.45% |
| Rajputana Developers Limited | 1,916,666 | 8.35% | 1,916,666 | 8.35% |

# Notes forming Part of Financial Statements

for the year ended March 31, 2022

## NOTE 19 : EQUITY SHARE CAPITAL (Contd.)

**d. No. of shares held by promoters of the Parent company :**

Fully paid up shares:

| Name of the Promoter | As at March 31, 2022 | | As at March 31, 2021 | | % Change during the year |
|---|---|---|---|---|---|
| | No. of Shares | % | No. of Shares | % | |
| Dr. Bina Modi | 407,213 | 1.77% | 407,213 | 1.77% | 0.00% |
| Mr. Lalit K Modi | 10,455 | 0.05% | 10,455 | 0.05% | 0.00% |
| Mr. Samir K Modi | 23,189 | 0.10% | 23,189 | 0.10% | 0.00% |
| Mr. Ruchir Modi | 7,841 | 0.03% | 7,841 | 0.03% | 0.00% |
| K.K.Modi Investment & Financial Services Private Limited | 9,064,059 | 39.48% | 9,064,059 | 39.48% | 0.00% |
| Rajputana Developers Limited | 1,837,500 | 8.00% | 1,837,500 | 8.00% | 0.00% |
| Premium Merchants Limited | 418,284 | 1.82% | 418,284 | 1.82% | 0.00% |
| Kaushambi Industries Private Limited | 3,216 | 0.01% | 3,216 | 0.01% | 0.00% |
| HMA Udyog Private Limited | 135,000 | 0.59% | 135,000 | 0.59% | 0.00% |
| Indofil Trusts | 745,350 | 3.25% | 745,350 | 3.25% | 0.00% |

Partly paid up shares:

| Name of the Promoter | As at March 31, 2022 | | As at March 31, 2021 | | % Change during the year |
|---|---|---|---|---|---|
| | No. of Shares | % | No. of Shares | % | |
| Dr. Bina Modi | 48,744 | 0.21% | 45,244 | 0.20% | 0.01% |
| Mr. Samir K Modi | 2,576 | 0.01% | 2,576 | 0.01% | 0.00% |
| Mr. Ruchir Modi | 2,032 | 0.01% | 2,032 | 0.01% | 0.00% |
| K.K.Modi Investment & Financial Services Private Limited | 1,209,014 | 5.27% | 1,209,014 | 5.27% | 0.00% |
| Rajputana Developers Limited | 79,166 | 0.34% | 79,166 | 0.34% | 0.00% |
| Premium Merchants Limited | 46,476 | 0.20% | 46,476 | 0.20% | 0.00% |
| Kaushambi Industries Private Limited | 455 | 0.00% | 455 | 0.00% | 0.00% |
| Super Investment (India) Limited | 125,000 | 0.54% | 125,000 | 0.54% | 0.00% |
| Indofil Trusts | 101,405 | 0.44% | 101,405 | 0.44% | 0.00% |

## NOTE 20 : OTHER EQUITY

₹ in Crores

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| **Capital reserve** | | |
| Opening balance | 0.01 | 0.01 |
| Add/ less: changes during the year | - | - |
| **Closing balance** | **0.01** | **0.01** |
| **Capital Reserve on Consolidation** | | |
| Opening Balance | 6.30 | 6.30 |
| Less: Transfer to/(from) Special Reserve | (3.22) | - |
| Less: Transfer to/(from) general reserve | (1.10) | - |
| Less: Transfer to/(from) retained earnings | (1.98) | - |
| **Closing Balance** | **-** | **6.30** |

# Notes forming Part of Financial Statements

for the year ended March 31, 2022

## NOTE 20 : OTHER EQUITY (Contd.)

₹ in Crores

| Particulars | As at March 31, 2022 | | As at March 31, 2021 | |
|---|---|---|---|---|
| **Securities premium** | | | | |
| Opening balance | | 108.04 | | 108.04 |
| Add/ less: changes during the year | | - | | - |
| **Closing balance** | | **108.04** | | **108.04** |
| **Capital redemption reserve** | | | | |
| Opening balance | | 5.08 | | 5.08 |
| Add/ less: changes during the year | | - | | - |
| **Closing balance** | | **5.08** | | **5.08** |
| **Debenture redemption reserve** | | | | |
| Opening balance | | - | | 7.50 |
| Less: transferred from/(to) retained earnings | | - | | (7.50) |
| **Closing balance** | | **-** | | **-** |
| **General reserve** | | | | |
| Opening balance | | 51.70 | | 51.70 |
| Add/ less: changes during the year | | 1.10 | | - |
| **Closing balance** | | **52.80** | | **51.70** |
| **Special economic zone re-investment reserve** | | | | |
| Opening balance | | 43.39 | | 50.00 |
| Add/ less: changes during the year | | (4.15) | | (6.61) |
| **Closing balance** | | **39.25** | | **43.39** |
| **Special Reserve** | | | | |
| Opening Balance | | 16.15 | | 15.88 |
| Add: Transferred to/(from) capital reserve on consolidation | | 3.22 | | - |
| Add: Transferred to/(from) retained earnings | | 3.15 | | 0.26 |
| **Closing Balance** | | **22.52** | | **16.15** |
| **Retained earnings** | | | | |
| Opening balance | | 1,460.17 | | 1,389.80 |
| Add: Profit for the year | 218.82 | | 66.94 | |
| Less: Transferred from debenture redemption reserve | - | | 7.50 | |
| Less: Transferred to/(from) special reserve | (3.15) | | - | |
| Less: Transferred to/(from) capital reserve on consolidation | 1.98 | | - | |
| Less: Transferred to/(from) special economic zone re-investment reserve | 4.15 | | 6.61 | |
| Less: Non-controlling interest | (1.61) | | - | |
| Less: Dividends on shares paid during the year | (17.08) | 203.11 | (10.68) | 70.37 |
| **Closing balance** | | **1,663.28** | | **1,460.17** |
| **Foreign Currency Translation Reserve** | | | | |
| Opening Balance | | (20.25) | | (5.35) |
| Add/ Less: Changes during the year | | 19.08 | | (14.90) |
| **Closing Balance** | | **(1.17)** | | **(20.25)** |
| **Share of Other Comprehensive Income in Joint Ventures** | | | | |
| Opening Balance | | (0.07) | | (0.04) |
| Add/ Less: Changes during the year | | 0.07 | | (0.03) |
| **Closing Balance** | | **-** | | **(0.07)** |
| **Equity instruments through other comprehensive income (OCI)** | | | | |
| Opening balance | | 312.09 | | 327.39 |
| Add/ Less: Fair value changes of investments in equity instruments | | 58.86 | | (15.30) |
| **Closing balance** | | **370.95** | | **312.09** |
| **Remeasurement of defined benefits plan** | | | | |
| Opening balance | | (17.71) | | (16.88) |
| Less: Remeasurement of defined benefits plan | | (8.56) | | (0.83) |
| **Closing balance** | | **(26.28)** | | **(17.71)** |

# Notes forming Part of Financial Statements

for the year ended March 31, 2022

## NOTE 20 : OTHER EQUITY (Contd.)

₹ in Crores

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| **The effective portion of gains and loss on hedging instruments** | | |
| Opening balance | (33.92) | (34.01) |
| Add/ Less: Gains / (losses) on hedging instruments in a cash flow hedge (net of taxes) | (1.04) | 0.09 |
| **Closing balance** | **(34.95)** | **(33.92)** |
| **Non-controlling interest** | | |
| Opening Balance | 0.38 | 0.27 |
| Add/ Less: Profit for the year | 1.61 | 0.11 |
| **Closing Balance** | **1.99** | **0.38** |
| **TOTAL** | **2,201.50** | **1,931.35** |

**Nature and purpose of the reserves**

a. **Capital reserve**

Capital reserve was created on account of forfeiture of share capital in earlier years.

b. **Securities premium**

Securities premium was created when shares are issue at premium. The Parent company may utilise the securities premium as per the requirements of the Companies Act, 2013.

c. **Capital redemption reserve**

Capital redemption reserve was created due to redemption of preference share capital in earlier years as per the requirement of the Companies Act, 2013.

d. **Debenture redemption reserve**

Debenture redemption reserve was created for repayment of non-convertible Debentures. Non-convertible debentures repaid fully during the year ended 31st March 2021, hence remaining balance has been transferred to retained earnings.

e. **General reserve**

The Group has transferred a portion of net profits of the Group before declaring dividends to general reserve pursuant to the earlier provision of the Companies Act, 1956. Mandatory transfer to general reserve, is not required under the Companies Act, 2013.

f. **Special economic zone re-investment reserve**

The special economic zone re-investment reserve is created out of the profits of eligible SEZ unit in terms of the provision of Section 10AA(1)(ii) of the Income Tax Act, 1961. The reserve will be utilised by the SEZ unit for acquiring new assets for purpose of its business as per the terms of Section 10AA(1)(ii) of the Income Tax Act, 1961.

g. **Special reserve**

Special Reserve created by transfer from Surplus of Statement of Profit & Loss in terms of Section 45-IC of the Reserve Bank of India Act, 1934.

h. **Retained earnings**

Retained earnings are the profits that the Group has earned till date, less any transfer to general reserve, dividends or other distributions paid to shareholders.

# Notes forming Part of Financial Statements

for the year ended March 31, 2022

## NOTE 20 : OTHER EQUITY (Contd.)

### i. Equity instruments through other comprehensive income

The fair value change of the equity instruments measured at fair value through other comprehensive income is recognised and reflected under equity instruments through other comprehensive income. On disposal, the cumulative fair value changes on the said instruments are reclassified to retained earnings.

### j. The effective portion of gains and loss on hedging instruments

The effective portion of gains and losses on hedging instruments represents the cumulative effective portion of gains or losses arising on changes in fair value of designated portion of hedging instruments entered into for cash flow hedges. Such gains or losses will be reclassified to statement of profit and loss in the period in which the underlying hedged transaction occurs.

### k. Foreign currency translation reserve

The exchange difference arising from the transaction of financial statements of foreign operations with functional currency other than Indian Rupee is recognised in other comprehensive income and is presented within equity in the Foreign currency translation reserve.

## NOTE 21 : FINANCIAL LIABILITIES (NON-CURRENT BORROWINGS)

₹ in Crores

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| a. Foreign currency term loans | 267.68 | 395.83 |
| | **267.68** | **395.83** |
| Less : Current maturities of long-term borrowings (refer Note 24) | 91.36 | 114.76 |
| Less: Unamortised upfront fees | 0.56 | 2.55 |
| **TOTAL** | **175.76** | **278.52** |

**Terms of repayment**

| No. | Maturity period from date of balance sheet | 0 - 1 year (current) | 1 - 2 years | 2 - 3 years | 3 - 5 years | Total |
|---|---|---|---|---|---|---|
| | **Foreign currency term loans** | | | | | |
| 1 | **IndusInd Bank Limited** | | | | | |
| | March 31, 2022 | 19.32 | 19.32 | 19.32 | 9.67 | 67.63 |
| | March 31, 2021 | 12.46 | 19.32 | 19.32 | 33.49 | 84.59 |
| | Security | Secured by first ranking charge on the Andheri office property and second pari passu charge on present and future current assets of the Parent company. | | | | |
| | Interest rate | 3.25% p.a. (Previous year 3.25% p.a.) payable monthly | | | | |
| 2 | **The South Indian Bank Limited** | | | | | |
| | March 31, 2022 | - | - | - | - | - |
| | March 31, 2021 | 3.24 | 4.17 | - | - | 7.41 |
| | Security | Secured by first pari passu charge on the present and future, movable and immovable property, plant and equipments and right of use leased land of the Parent company (except those assets which have been specifically financed) and second pari passu charge on present and future current assets of the Parent company. | | | | |
| | Interest rate | NA p.a. (Previous year 4% p.a.) payable monthly | | | | |

# Notes forming Part of Financial Statements

for the year ended March 31, 2022

## NOTE 21 : FINANCIAL LIABILITIES (NON-CURRENT BORROWINGS) (Contd.)

| No. | Maturity period from date of balance sheet | 0 - 1 year (current) | 1 - 2 years | 2 - 3 years | 3 - 5 years | Total |
|---|---|---|---|---|---|---|
| 3 | **DBS Bank India Limited** | | | | | |
| | March 31, 2022 | 8.72 | - | - | - | 8.72 |
| | March 31, 2021 | 8.77 | 8.88 | - | - | 17.65 |
| | Security | Secured by first pari passu charge on the present and future, movable and immovable property, plant and equipments and right of use leased land of the Parent company (except those assets which have been specifically financed) and second pari passu charge on present and future current assets of the Parent company. | | | | |
| | Interest rate | 3.18% p.a. (Previous year 3.18% p.a.) payable monthly | | | | |
| 4 | **Union Bank of India** | | | | | |
| | March 31, 2022 | 20.43 | 20.43 | 20.43 | 19.16 | 80.45 |
| | March 31, 2021 | 20.80 | 20.80 | 20.80 | 36.42 | 98.82 |
| | Security | Secured by first ranking pari passu charge on the EBDC plant at Dahej and second pari passu charge on present and future current assets of the Parent company. | | | | |
| | Interest rate | 3.25% p.a. (Previous year 3.25% p.a.) payable monthly | | | | |
| 5 | **Syndicate Bank** | | | | | |
| | March 31, 2022 | 20.43 | 20.43 | 20.43 | 19.16 | 80.45 |
| | March 31, 2021 | 20.80 | 20.80 | 20.80 | 36.42 | 98.82 |
| | Security | Secured by first ranking pari passu charge on the EBDC plant at Dahej and second pari passu charge on present and future current assets of the Parent company. | | | | |
| | Interest rate | 3.25% p.a. (Previous year 3.25% p.a.) payable monthly | | | | |
| 6 | **Export-Import Bank of India** | | | | | |
| | March 31, 2022 | 5.11 | - | - | - | 5.11 |
| | March 31, 2021 | 13.75 | 6.72 | - | - | 20.47 |
| | Security | Secured by first pari passu charge on movable and immovable property, plant and equipments of the SPC plant Dahej and second pari passu charge on present and future current assets of the Parent company. | | | | |
| | Interest rate | 3.25% p.a. (Previous year 3.25% p.a.) payable monthly | | | | |
| 7 | **RBL Bank Limited** | | | | | |
| | March 31, 2022 | - | - | - | - | - |
| | March 31, 2021 | 8.38 | 6.29 | - | - | 14.67 |
| | Security | Secured by first pari passu charge on the present and future, movable and immovable property, plant and equipments and right of use leased land of the Parent company (except those assets which have been specifically financed) and second pari passu charge on present and future current assets of the Parent company. | | | | |
| | Interest rate | NA p.a. (Previous year 3.25% p.a.) payable monthly | | | | |
| 8 | **IndusInd Bank Limited** | | | | | |
| | March 31, 2022 | 10.62 | 7.97 | - | - | 18.59 |
| | March 31, 2021 | 9.83 | 10.82 | 9.10 | - | 29.75 |
| | Security | Secured by first pari passu charge on the present and future movable and immovable property, plant and equipments of the Parent company (except those assets which have been specifically financed) and second pari passu charge on present and future current assets of the Parent company inter se the Working Capital Lenders. | | | | |
| | Interest rate | 3.25% p.a. (Previous year 3.25% p.a.) payable monthly | | | | |

# Notes forming Part of Financial Statements

for the year ended March 31, 2022

## NOTE 21 : FINANCIAL LIABILITIES (NON-CURRENT BORROWINGS) (Contd.)

| No. | Maturity period from date of balance sheet | 0 - 1 year (current) | 1 - 2 years | 2 - 3 years | 3 - 5 years | Total |
|---|---|---|---|---|---|---|
| 9 | **DBS Bank India Limited** | | | | | |
| | March 31, 2022 | 6.72 | - | - | - | 6.72 |
| | March 31, 2021 | 6.85 | 6.85 | - | - | 13.70 |
| | Security | Secured by first pari passu charge on the present and future Property, Plant and Equipments of the Parent company (except those assets which have been specifically financed) and second pari passu charge on present and future current assets of the Parent company inter se the Working Capital Lenders. | | | | |
| | Interest rate | 3.50% p.a. (Previous year 3.50% p.a.) payable monthly | | | | |
| 10 | **BPI Family saving bank** | | | | | |
| | March 31, 2022 | - | - | - | - | - |
| | March 31, 2021 | 0.06 | - | - | - | 0.06 |
| | Security | Secured by first ranking pari passu charge on specified assets (Vehicles) of Indofil Philippines Inc ( The Subsidiary) | | | | |
| | Interest rate | NA p.a. (Previous year 10.23% p.a.) payable monthly | | | | |
| 11 | **Export-Import Bank of India** | | | | | |
| | March 31, 2022 | - | - | - | - | - |
| | March 31, 2021 | 9.89 | - | - | - | 9.89 |
| | Security | Secured by an unconditional and irrevocable SBLC of USD 11 mn (or euivalent Euro) for the entire tenur to be issued by Export -Import bank of India, Mumbai in favor of Export-Import bank of India, London branch. | | | | |
| | Interest rate | NA p.a. (Previous year 3.25 % p.a.) payable monthly | | | | |

### A. Current maturity

1. Amounts falling due within one year in respect of all the above loans from March 31, 2022 have been grouped under "Current maturities of long term debts '' under Note 24.

## NOTE 22 : FINANCIAL LIABILITIES - OTHERS (NON-CURRENT)

₹ in Crores

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Security deposits received from customers | 14.05 | 15.80 |
| Financial guarantee obligations | 0.69 | 1.02 |
| **TOTAL** | **14.74** | **16.82** |

## NOTE 23 : PROVISIONS (NON-CURRENT)

₹ in Crores

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| **Provision for employee benefits (refer note 49)** | | |
| Compensated absences | 17.47 | 10.79 |
| **TOTAL** | **17.47** | **10.79** |

# Notes forming Part of Financial Statements

for the year ended March 31, 2022

## NOTE 24 : FINANCIAL LIABILITIES - BORROWINGS-CURRENT

₹ in Crores

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| **Current maturities of long-term borrowings (refer note 21)** | 91.36 | 114.76 |
| Less: Unamortised upfront fees | 0.44 | 0.55 |
| | **90.92** | **114.21** |
| **Current borrowings from banks (refer note 24.1 to 24.2)** | | |
| Working capital loans | 412.03 | 379.12 |
| **TOTAL** | **502.95** | **493.33** |

24.1 Working capital loans of the Parent company amounting ₹ 388.60 crores (previous year ₹ 360.56 crores) secured by first pari passu charge, by way of hypothecation of Parent company's current assets and other movable assets and second pari passu charge on the Parent company's property, plant and equipments, both, present and future, inter se the term lenders.

24.2 Working capital loans of Agrowin Biosciences s.r.l.(The Sudsidiary) amounting ₹ 23.43 crores (previous year ₹ 18.56 crores) secured by first pari passu charge, by way of hypothecation of respective Company's current assets and other movable assets.

24.3 Interest rate on above current borrowings are ranging from 2% to 11.50% p.a. (previous year from 2.5% to 11.50% p.a.).

## NOTE 25 : FINANCIAL LIABILITIES - TRADE PAYABLES

₹ in Crores

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Total outstanding dues of micro enterprises and small enterprises | 5.81 | 1.41 |
| Total outstanding dues of creditors other than micro enterprises and small enterprises | 812.69 | 504.55 |
| **TOTAL** | **818.50** | **505.96** |
| **Additional disclosure in respect of dues to micro, small, medium enterprises** | | |
| i. Principal amount remaining unpaid | 5.79 | 1.41 |
| ii. Interest accrued on the above amount and remaining unpaid | 0.02 | 0.00 |
| iii. Payment made to suppliers (other than interest) beyond the appointed day during the year | - | - |
| iv. Interest paid in terms of Section 16 of the Micro, small and medium enterprises development Act, 2006, along with the amount of the payment made to the suppliers beyond the appointed day | - | - |
| v. Interest due and payable for payments already made | - | - |
| vi. Interest accrued and remaining unpaid | - | - |
| vii. Amount of further interest remaining due and payable even in succeeding years | - | - |

The above information has been determined to the extent such parties could be identified on the basis of information available with the Company regarding the status of suppliers under the MSME.

**Ageing for trade payables from the due date of payment for each of the category as at 31st March, 2022**

(₹ in Crores)

| Particulars | Outstanding for Following periods from due date of payment | | | | | |
|---|---|---|---|---|---|---|
| | Not Due | Less Than 1 Year | 1-2 years | 2-3 years | more then 3 year | Total |
| (i) MSME | 2.10 | 3.69 | - | - | - | 5.79 |
| (ii) Others | 407.75 | 212.92 | 45.57 | 0.04 | 2.11 | 668.39 |
| (iii) Disputed dues -MSME | - | - | - | - | - | - |
| (iv) Disputed dues - Others | - | - | - | - | - | - |
| **Subtotal** | **409.85** | **216.61** | **45.57** | **0.04** | **2.11** | **674.18** |
| **Unbilled** | **144.32** | **-** | **-** | **-** | **-** | **144.32** |
| **Total** | **554.17** | **216.61** | **45.57** | **0.04** | **2.11** | **818.50** |

# Notes forming Part of Financial Statements

for the year ended March 31, 2022

## NOTE 25 : FINANCIAL LIABILITIES - TRADE PAYABLES (Contd.)

**Ageing for trade payables from the due date of payment for each of the category as at 31st March, 2021**

₹ in Crores

| Particulars | Outstanding for Following periods from due date of payment | | | | | |
|---|---|---|---|---|---|---|
| | Not Due | Less Than 1 Year | 1-2 years | 2-3 years | more then 3 year | Total |
| (i) MSME | 1.39 | 0.02 | - | - | - | 1.41 |
| (ii) Others | 225.58 | 156.46 | 20.31 | 0.31 | - | 402.66 |
| (iii) Disputed dues -MSME | - | - | - | - | - | - |
| (iv) Disputed dues - Others | - | - | - | - | - | - |
| **Subtotal** | **226.97** | **156.48** | **20.31** | **0.31** | **-** | **404.06** |
| **Unbilled** | **101.89** | **-** | **-** | **-** | **-** | **101.89** |
| **Total** | **328.86** | **156.48** | **20.31** | **0.31** | **-** | **505.96** |

## NOTE 26 : FINANCIAL LIABILITIES - OTHERS (CURRENT)

₹ in Crores

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Interest accrued but not due on borrowings | 1.68 | 1.05 |
| Financial guarantee obligations | 0.35 | 0.48 |
| Unpaid dividend (refer 26.1) | 0.87 | 1.80 |
| Payable for capital goods and services | 5.01 | 3.11 |
| **TOTAL** | **7.91** | **6.44** |

26.1 There is no amount due and outstanding to be credited to Investor Education and Protection Fund.

## NOTE 27 : OTHER CURRENT LIABILITIES

₹ in Crores

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Advances from customers | 41.75 | 58.83 |
| Statutory dues payable | 9.98 | 8.69 |
| **TOTAL** | **51.73** | **67.52** |

## NOTE 28 : PROVISIONS (CURRENT)

₹ in Crores

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| **Provision for employee benefits (refer note 49)** | | |
| Compensated absences | 1.16 | 4.30 |
| Gratuity | 2.15 | 4.33 |
| **TOTAL** | **3.31** | **8.63** |

# Notes forming Part of Financial Statements

for the year ended March 31, 2022

## NOTE 29 : REVENUE FROM OPERATIONS

(₹ in Crores)

| Particulars | Year ended March 31, 2022 | | Year ended March 31, 2021 | |
|---|---|---|---|---|
| **Sale of products*** | | | | |
| Agrochemical | 2,294.09 | | 2,144.94 | |
| Innovative solutions chemicals | 482.63 | 2,776.72 | 271.78 | 2,416.72 |
| **Other operating revenue:** | | | | |
| Export incentives and entitlements | | 15.56 | | 10.57 |
| Scrap sales | | 1.63 | | 1.00 |
| Miscellaneous income | | 1.18 | | 0.66 |
| **TOTAL** | | **2,795.09** | | **2,428.95** |

* Refer note 39

## NOTE 30 : OTHER INCOME

(₹ in Crores)

| Particulars | Year ended March 31, 2022 | | Year ended March 31, 2021 | |
|---|---|---|---|---|
| **Interest income** | | | | |
| On bank deposits | 4.87 | | 4.44 | |
| On customers overdues | 2.41 | | - | |
| On others | 0.26 | 7.54 | 1.90 | 6.34 |
| **Dividend income** | | 24.49 | | 0.21 |
| Profit on sale of current investments measured at fair value through profit and loss (FVTPL) | | 2.36 | | 0.15 |
| Profit on sale of investments in joint venture measured at fair value through profit and loss (FVTPL) | | 0.76 | | - |
| Gain on financial assets measured at fair value through profit or loss | | 1.03 | | 1.80 |
| **Other non-operating income:** | | | | |
| Guarantee commission | 0.44 | | 0.48 | |
| Rent | 0.30 | | 0.30 | |
| Insurance claims received | 0.21 | | 0.27 | |
| Credit balances/unclaimed liabilities/provisions written back | 11.24 | | 0.59 | |
| Others | 0.25 | 12.45 | 0.81 | 2.45 |
| **Other Gains** | | | | |
| Net gain on foreign currency transactions and translation | 20.78 | | - | |
| Profit on disposal/discard of property, plant and equipment (net) | 5.63 | 26.41 | 0.93 | 0.93 |
| **TOTAL** | | **75.03** | | **11.88** |

## NOTE 31 : COST OF MATERIALS CONSUMED

₹ in Crores

| Particulars | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|
| Raw materials consumed | | |
| Opening stock | 79.37 | 65.78 |
| Add : Purchases | 1,570.50 | 964.04 |
| Less : Closing stock | 104.16 | 79.37 |
| Raw materials consumed | 1,545.71 | 950.45 |
| Packing materials consumed | 121.14 | 93.16 |
| **TOTAL** | **1,666.85** | **1,043.61** |

# Notes forming Part of Financial Statements

for the year ended March 31, 2022

## NOTE 32 : PURCHASES OF STOCK-IN-TRADE

₹ in Crores

| Particulars | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|
| Purchases of stock-in-trade | 234.09 | 105.15 |
| **TOTAL** | **234.09** | **105.15** |

## NOTE 33 : CHANGES IN INVENTORIES OF FINISHED GOODS, STOCK-IN-TRADE AND WORK-IN-PROGRESS

(₹ in Crores)

| Particulars | Year ended March 31, 2022 | | Year ended March 31, 2021 | |
|---|---|---|---|---|
| **Opening Stock :** | | | | |
| Finished goods | 209.09 | | 310.32 | |
| Work-in-progress | 10.26 | | 10.26 | |
| Stock-in-trade | 18.91 | 238.26 | 37.08 | 357.66 |
| **Less : Closing stock :** | | | | |
| Finished goods | 449.28 | | 209.09 | |
| Work-in-progress | 0.90 | | 10.26 | |
| Stock-in-trade | 50.00 | 500.18 | 18.91 | 238.26 |
| **NET CHANGE IN INVENTORIES** | | **(261.92)** | | **119.40** |

## NOTE 34 : EMPLOYEE BENEFITS EXPENSE

₹ in Crores

| Particulars | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|
| Salaries and wages | 189.53 | 185.89 |
| Contribution to provident and other funds | 12.14 | 12.46 |
| Staff welfare expense | 17.37 | 17.27 |
| **TOTAL** | **219.04** | **215.62** |

## NOTE 35 : FINANCE COSTS

₹ in Crores

| Particulars | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|
| **Interest expense on** | | |
| Non-convertible debentures | - | 2.56 |
| Long-term borrowings | 15.02 | 19.21 |
| Short-term borrowings | 20.45 | 30.76 |
| Lease liabilities (refer note 40) | 0.33 | 0.54 |
| Security deposits from customers | 0.40 | 0.62 |
| Others | 0.22 | 2.14 |
| **Other borrowing costs** | 8.81 | 8.90 |
| **TOTAL** | **45.23** | **64.73** |

## NOTE 36 : DEPRECIATION AND AMORTISATION EXPENSES

₹ in Crores

| Particulars | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|
| Depreciation on property, plant and equipment | 61.50 | 66.17 |
| Amortisation on right-of-use assets | 1.81 | 2.86 |
| Amortisation on intangible assets | 26.56 | 42.71 |
| **TOTAL** | **89.87** | **111.74** |

# Notes forming Part of Financial Statements

for the year ended March 31, 2022

## NOTE 37 : OTHER EXPENSES

(₹ in Crores)

| Particulars | Year ended March 31, 2022 | | Year ended March 31, 2021 | |
|---|---|---|---|---|
| Consumption of stores and spares | | 16.69 | | 15.40 |
| Power and fuel | | 101.87 | | 71.08 |
| Job work charges | | 58.26 | | 68.83 |
| Lease Rent / hire charges (refer note 40) | | 7.93 | | 8.52 |
| Repairs and maintenance : | | | | |
| - Buildings | 1.07 | | 1.52 | |
| - Plant and equipment | 13.21 | | 14.46 | |
| - Others | 11.03 | 25.31 | 9.13 | 25.11 |
| Insurance | | 6.26 | | 6.65 |
| Rates and taxes (previous year includes ₹ 8.99 crores relating to indirect tax) | | 4.35 | | 10.87 |
| Legal and professional fees | | 20.55 | | 36.61 |
| Net loss on foreign currency transactions and translation | | - | | 17.58 |
| Advertisement, publicity and sales promotion | | 80.69 | | 58.26 |
| Freight and forwarding charges | | 192.00 | | 116.37 |
| Provision for doubtful debts, advances and security deposits | | 4.17 | | - |
| Bad debts written off | 9.42 | | 0.80 | |
| Less: Provision there against | (9.42) | - | (0.80) | - |
| Travelling and conveyance | | 19.81 | | 14.07 |
| Payment to auditors : | | | | |
| - Audit fees | 0.47 | | 0.59 | |
| - Taxation | - | | 0.11 | |
| - Certification charges and others | - | | 0.06 | |
| - Reimbursement of expenses | 0.05 | 0.52 | 0.01 | 0.77 |
| Director's sitting fees | - | 0.49 | | 0.53 |
| Director's commission | | 1.75 | | 1.40 |
| Corporate social responsibility (refer note 44) | | 3.47 | | 4.14 |
| Pollution control expenses | | 10.56 | | 9.09 |
| Miscellaneous expenses | | 25.88 | | 25.16 |
| **TOTAL** | | **580.55** | | **490.44** |

## NOTE 38 : EXCEPTIONAL ITEMS

₹ in Crores

| Particulars | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|
| Provision for impairment on intangible assets (refer note 38.1) | - | 114.02 |
| Write off - Intangibles assets under development (refer note 38.1) | - | 35.52 |
| **TOTAL** | **-** | **149.54** |

38.1 The Group has large product portfolio of Mancozeb products and formulations from manufacturing knowhow to brands, registration which gives access to various markets. In this connection, the Group has recognised Intangible Assets relating to Mancozeb (Products Registrations, Trademarks etc.) with the carrying amount of ₹ 288.65 crores (Cost of ₹ 438.74 crores as capitalised less ₹ 150.09 crores as amortised) as on March 31, 2021.

The European Union (EU) Commission, in its order dated December 14, 2020 took a decision not to renew the Mancozeb related registrations, and a short transition period was allowed against which the Group has already sought interim relief and filed appeal before European courts. Since the decision would impact the business of the Group in European countries, on the basis of impairment testing, it was assessed that the recoverable amount of the intangible assets related to active substance Mancozeb in EU is less than its carrying amount as on March 31, 2021. In fact, the possibility of having any sum as recoverable could be remote and hence, the Group has made an impairment provision for such related intangible assets to the extent of its carrying amount of ₹ 114.02 crores.

# Notes forming Part of Financial Statements

for the year ended March 31, 2022

## NOTE 38 : EXCEPTIONAL ITEMS (Contd.)

Further, the Group has incurred expenditure of ₹ 35.52 crores upto March 31, 2021 on certain items of registration, etc. for Mancozeb in EU which are under development and till the time its process is completed the same have been reflected as Intangible Assets under development; however, the consequent to non-renewal of approval of the active substance Mancozeb in EU, the Group has written off such expenditure reflected as Intangibles assets under development.

The above mentioned provision for impairment of ₹ 114.02 crores and write off of Intangibles assets under development of ₹ 35.52 crores, considering the nature and the materiality of amount involved, the same have been reflected as Exceptional Items in the Statement of Profit and Loss.

## NOTE 39 : IND AS 115 – REVENUE FROM CONTRACTS WITH CUSTOMERS

The Group recongnises revenue when control over the promised goods and services is transferred to the customer at an amount that reftects the consideration to which the Group expects to be entitled in exchange for those goods or services.

₹ in Crores

| Particulars | For the year ended March 31, 2022 | For the year ended March 31, 2021 |
|---|---|---|
| Revenue from contracts with customers - sale of products | 2,776.72 | 2,416.72 |
| Other operating revenue | 18.37 | 12.23 |
| **Total revenue from operations** | **2,795.09** | **2,428.95** |
| India | | |
| 1) Agrochemical division | 1,171.68 | 1,060.01 |
| 2) Innovative solutions chemicals division | 443.52 | 254.97 |
| Outside India | | |
| 1) Agrochemical division | 1,140.05 | 1,096.78 |
| 2) Innovative solutions chemicals division | 39.84 | 17.19 |
| **Total revenue from operations** | **2,795.09** | **2,428.95** |
| Timing of revenue recognition | | |
| At a point in time | 2,795.09 | 2,428.95 |
| Total revenue from operations | 2,795.09 | 2,428.95 |

**Contract balances**

₹ in Crores

| Particulars | For the year ended March 31, 2022 | For the year ended March 31, 2021 |
|---|---|---|
| Trade receivables ( Refer note 13) | 784.71 | 774.88 |
| **Contract liabilities** | | |
| Advance from customers ( Refer note 27) | 41.75 | 58.83 |

**Refund liabilities:**

₹ in Crores

| Particulars | For the year ended March 31, 2022 | For the year ended March 31, 2021 |
|---|---|---|
| Arising from volume rebates and discounts netted in trade receivables (Refer note 13) | 198.45 | 176.07 |

# Notes forming Part of Financial Statements

for the year ended March 31, 2022

## NOTE 40 : Ind AS 116 on "Leases"

### 1.1 Disclosures pursuant to Ind AS 116 :

As a Lessee :

**A. Break-up of current and non-current lease liabilities :**

₹ in Crores

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Current lease liabilities | 1.57 | 2.29 |
| Non-current lease liabilities | 0.68 | 2.25 |
| **TOTAL** | **2.25** | **4.54** |

**B. Movement in lease liabilities during the year :**

₹ in Crores

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Balance at the beginning of the year | 4.54 | 6.75 |
| Transition to Ind AS 116 | - | - |
| Additions | - | - |
| Finance costs accrued | 0.33 | 0.54 |
| Deletions | - | (0.05) |
| Payment of lease liabilities | (2.62) | (2.70) |
| **Balance at the end of the year** | **2.25** | **4.54** |

C. The aggregate interest expense amounting to ₹ 0.33 crores (March 31, 2021 ₹ 0.54 crores) on Lease Liabilities is disclosed separately under Note 35 on "Finance Costs".

**D. Breakup of the contractual maturities of Lease Liabilities on an undiscounted basis :**

₹ in Crores

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Less than one year | 1.78 | 2.66 |
| One to five years | 0.83 | 2.52 |
| More than five years | - | - |
| **TOTAL** | **2.61** | **5.18** |

E. The Group does not face a liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

F. Amounts recognised in the Statement of Profit and Loss for the year :

₹ in Crores

| Particulars | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|
| Amortisation charge on right-of-use assets | 1.82 | 2.86 |
| Interest expense on lease liabilities | 0.33 | 0.54 |
| Expense relating to short-term leases | 0.51 | 0.06 |
| Expense relating to leases of low value assets (excluding short-term leases) | 7.41 | 8.94 |
| Gain on termination of Leases | - | 0.02 |

# Notes forming Part of Financial Statements

for the year ended March 31, 2022

## NOTE 40 : Ind AS 116 on "Leases" (Contd.)

G. Total cash outflow for leases from financing activities is recognised in the statement of cash flows for the year ended March 31, 2022 is ₹ 2.62 crores(₹ 2.70 crores for the year ended March 31, 2021).

**As a Lessor :**

A. Details regarding the contractual maturities of lease payments to be received, on assets given on an operating lease on an undiscounted basis :

₹ in Crores

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Less than one year | 0.33 | 0.27 |
| One to five years | 0.21 | 0.48 |
| More than five years | - | - |
| **TOTAL** | **0.54** | **0.75** |

B. Lease Income recognised in the statement of profit and loss for the year ended March 31, 2022 is ₹ 0.30 crores (March 31, 2021 ₹ 0.30 crores) is disclosed under Note 30 on "Other Income".

## NOTE 41 : HEDGING ACTIVITIES AND DERIVATIVES

**Foreign Currency Risk**

The Parent company follows hedge accounting in respect of non-derivative financial liabilities (i.e. borrowings) designated as hedging instruments in cash flow hedges for forecast sales in USD and Euro. These forecast transactions are highly probable.

Carrying value and maturity of foreign currency borrowings designated as hedging instruments are given below:

**Hedging Instrument**

| Particulars | As at March 31, 2022 | | | Maturity Date |
|---|---|---|---|---|
| | Amount outstanding in foreign currency (EUR in Crores) | Amount outstanding in foreign currency (USD) | Amount outstanding in local currency (₹ in Crores) | |
| Foreign currency term loans | 3.18 | - | 267.68 | April 2022 to June 2026 |
| **TOTAL** | **3.18** | **-** | **267.68** | |

**Hedging Instrument**

| Particulars | As at March 31, 2021 | | | Maturity Date |
|---|---|---|---|---|
| | Amount outstanding in foreign currency (EUR in Crores) | Amount outstanding in foreign currency (USD) | Amount outstanding in local currency (₹ in Crores) | |
| Foreign currency term loans | 4.41 | - | 378.47 | April 2021 to June 2026 |
| **TOTAL** | **4.41** | **-** | **378.47** | |

# Notes forming Part of Financial Statements

for the year ended March 31, 2022

## NOTE 41 : HEDGING ACTIVITIES AND DERIVATIVES (Contd.)

The terms of the hedging instrument match the terms of the expected highly probable forecast transactions. Cash flow hedge reserves recycled to statement of profit and loss during the year is amounting to ₹ Nil (March 31, 2021 ₹ 4.57 crores) on account of buyer's credit & ₹ 9.71 crores (March 31, 2021 ₹ 12.22 crores) on account of Term Loans.

The cash flow hedges of the expected future sales during the year ended March 31, 2022 were assessed to be highly effective and a unrealised gain of ₹ 17.17 crores, with a deferred tax asset of ₹ 6 crores relating to the hedging instruments, is reflected under other comprehensive income (OCI) (March 31, 2021, unrealised gain of ₹ 0.15 crores, with a deferred tax asset of ₹ 0.05 crores).

Cash flow hedge balance as on March 31, 2022 and March 31, 2021 was ₹ 34.96 crores and ₹ 52.12 crores respectively. The amounts retained in OCI at March 31, 2022 and March 31, 2021 are expected to mature and affect the statement of profit and loss of future years as follows:-

₹ in Crores

| Financial Year | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| 2021-2022 | - | 12.14 |
| 2022-2023 | 12.09 | 14.03 |
| 2023-2024 | 8.09 | 9.21 |
| 2024-2025 | 7.92 | 9.02 |
| 2025-2026 | 6.85 | 7.72 |
| **TOTAL** | **34.95** | **52.12** |

## NOTE 42 : CONTINGENT LIABILITIES

**(To the extent not provided for)**

### 42.1.Disputed tax matters (including interest upto the date of demand) :

₹ in Crores

| Statute | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Disputed sales tax matters | 13.73 | 3.67 |
| Disputed service tax matters | 0.99 | 0.99 |
| Disputed entry tax matters | 0.46 | 0.25 |
| Disputed excise matters | 0.36 | 0.36 |
| Disputed Income tax matters | 13.47 | - |
| **TOTAL** | **29.01** | **5.27** |

### 42.2. Guarantees executed in favour of corporate

₹ in Crores

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Guarantees executed on behalf of: | | |
| Indo Baijin Chemicals Private Limited | 57.36 | 85.06 |
| Less: Counter guarantees received from : | | |
| Shanghai Baijin Chemical Limited (co-venturer) | (28.11) | (41.68) |
| **Net Guarantees executed in favour of corporate** | **29.25** | **43.38** |
| *Refer note: 50, related party transactions | | |

# Notes forming Part of Financial Statements

for the year ended March 31, 2022

## NOTE 42 : CONTINGENT LIABILITIES (Contd.)

42.3. Consequent to termination of the contract by the Indofil Chemicals Company (erstwhile Modipon Limited), a toll manufacturer (Polson Limited) filed a Civil suit bearing No.378/1997 before District Judge, Kolhapur, now transferred to Commercial Court, Kolhapur numbered as Spl. C.S.No.1/2016, against the Parent company claiming ₹ 3.15 crores allegedly on account of items purchased and loss of profits. However, the Parent company had refuted the claim and made a counterclaim of ₹ 4.76 crores against the said toll manufacturer in respect of the cost of machinery, cost of raw materials, yield losses, loss of market, etc. Considering the merits of the matter, the Management is of the view that the claim of the toll manufacturer could be rejected as against the Parent company's counterclaim and will be adjusted/accounted for in the year of final settlement/receipt. The final outcome would not have any material impact on the consolidated financial statements.

42.4. MSC Mediterranean Shipping Company SA & MSC (Agency) India Private Limited has filed a commercial dispute suit bearing No.1032/2021 before District Legal Services Authority, Surat, against Indofil Industries Limited (IIL) as a Mediation for USD 82,583.42 + 6% interest for Alleged losses caused to the Applicant due to mis-declaration of the quantity of goods exported by IIL through them. There was a theft happened enroute loading at Hazira Port, Gujarat leading to short quantity. Out of 59,520 kgs shipped only 43,040 kgs arrived at Port of Destination, i.e., Peru. However Indofil Industries Limited (The Parent company) has nominated Transporter Indtrans Container Lines who engaged Hind Carrier Private Limited, for transporting the goods to the Hazira Port. The FIR was filed by Indtrans Container Lines against Hind Carrier Private Limited for theft and investigations are on at Surat. It was actually a matter of theft which cannot be claimed from IIL. The case is therefore, pretty strong for IIL. The final outcome would not have any material impact on the consolidated financial statements.

### 42.5. Other money for which the Group is contingently liable

Though a review petition filed against the decision of the Hon'ble Supreme Court of India in February, 2019 on Provident Fund (PF) on inclusion of allowances for the purpose of PF Contribution has been set aside, there are interpretative challenges, mainly for estimating the amount and applicability of the decision retrospectively. Pending any direction in this regard from the Employees Provident Fund Organisation, the impact for past periods, if any, is considered to the effect that it is only possible but not probable that outflow of economic resources will be required. The Group will continue to monitor and evaluate its position and act, as clarity emerges.

42.6. The Income Tax Department had searched the office premises of the Parent company in February 2021 in connection with search carried out by them under Section 132 of the Income Tax act, 1961 on a promoter of the Parent company. The tax officials have taken custody of certain records of the Parent company and recorded statements of some of the Parent company officials. Post Balance sheet date i.e., March 31, 2022, notice to comply with provisions of Section 153C of the Income-tax Act, 1961 for four years have been received which has been appropriately complied with.

42.7. The Group has reviewed all its pending litigations and proceedings and has made adequate provisions, wherever required and disclosed the contingent liabilities, wherever applicable, in its financial statements. The Group does not expect the outcome of these proceedings to have a material impact on its Consolidated financial statements.

## NOTE 43 : CAPITAL COMMITMENTS

₹ in Crores

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Estimated amount of contracts remaining to be executed on capital account and not provided for | 47.15 | 8.34 |
| Less: Advances paid | (4.22) | (3.11) |
| **Net capital commitments** | **42.93** | **5.23** |

# Notes forming Part of Financial Statements

for the year ended March 31, 2022

## NOTE 44 : CORPORATE SOCIAL RESPONSIBILITY

₹ in Crores

| Particulars | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|
| i) Gross amount required to be spent by the Parent company during the year | 7.22 | 4.14 |
| ii) Amount spent during the year on | | |
| Construction / acquisition of any property, plant and equipment | - | - |
| Purpose other than above (Refer 44.1) | 1.42 | 0.38 |
| **Total Paid during the year** | **1.42** | **0.38** |
| iii) The amount of shortfall at the end of the year required to be spent by the Parent company during the year | 3.47 | 3.76 |
| iv) The total of previous year shortfall amounts | 2.33 | - |
| The nature of CSR activities taken by the Parent company are as under: | | |
| a. Modi Innovative Education Society- for establishing an university in the state of Chhattisgarh | | |
| b. Bharuch Citizen Council trust | | |
| Total amount unspent if any | 5.80 | 3.76 |
| **TOTAL** | **7.22** | **4.14** |

### Details of related party transactions

44.1 Total amount spent during the year includes CSR contribution done of ₹ 1.33 crores (previous year ₹ NIL) to Modi Innovative Education Society which is in the process of establishing an university in the state of Chhattisgarh.

### Other Disclosures

44.2 The Parent company has made provision for unspent CSR expenses of ₹ 3.47 crores for year ended March 31, 2022 and subsequent to the year end the said amount has been transferred to specified bank account pursuant to the provisions of Companies Act, 2013 (March 31, 2021 ₹ 3.76 crores).

44.3 Amount spent during the year includes ₹ 1.42 crores pertaining to the year ended March 31, 2021(previous year ₹ 0.27 crores pertaining to year ended March 31, 2020).

## NOTE 45 : EARNINGS PER SHARE

₹ in Crores

| Particulars | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|
| Profit after tax (₹ in Crores) | 218.82 | 66.94 |
| Weighted average number of equity shares of the Parent company (In Nos.) | 2.14 | 2.14 |
| Nominal value of equity Shares (In ₹) | 10.00 | 10.00 |
| **Basic and diluted earnings per share (In ₹)** | **102.49** | **31.35** |

## NOTE 46 : CAPITAL RISK MANAGEMENT

**(a) Risk management**

The Group's objectives when managing capital are to

(i) Safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders

(ii) Maintain an optimal capital structure to reduce the cost of capital

(iii) Support the corporate strategy and meet shareholder expectations

The policy of the Group is to borrow through banks / financial institutions supported by committed borrowing facilities to meet anticipated funding requirements. The capital structure is governed by policies approved by the Board of Directors of the Parent company and is monitored by various metrics. Funding requirements are reviewed periodically with any debt issuances.

# Notes forming Part of Financial Statements

for the year ended March 31, 2022

## NOTE 46 : CAPITAL RISK MANAGEMENT (Contd.)

The following table summarises the capital of the Company:

₹ in Crores

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Long term borrowings | 175.76 | 278.52 |
| Current maturities of long term debts | 91.36 | 114.76 |
| Short term borrowings | 412.03 | 379.12 |
| Less: Cash and cash equivalent | 412.58 | 243.11 |
| Less: Other bank balances other than unspent CSR account and unclaimed dividend account | 104.06 | 71.18 |
| **Net debt / (cash)** | **162.51** | **458.11** |
| **Total equity** | **2,222.85** | **1,952.70** |
| **Capital gearing ratio** | **0.07** | **0.23** |

i. Equity includes all capital and reserves of the Group that are managed as capital.

ii. Debt is defined as long and short term borrowings (excluding derivatives and financial guarantee contracts), as described in notes 21 and 24.

The Group has taken appropriate steps in order to maintain, or if necessary adjust, its capital structure.

**(b) Dividends**

The Parent company follows the policy of dividend for every financial year as may be decided by Board considering financial performance of the Parent company and other internal and external factors enumerated in the Parent company's dividend policy.

The Board of Directors of the Parent company, in its meeting on 29th August 2022, have proposed a final dividend of ₹ 4 per equity share (40 % on equity share of ₹ 10 each) for the year ended March 31, 2022. The proposal is subject to the approval of shareholders at the ensuing Annual General Meeting and if approved would result in a cash outflow of ₹ 8.54 Crores

## NOTE 47 : FINANCIAL RISK MANAGEMENT AND POLICIES

The Group's activities exposes it to a variety of financial risks: market risks, credit risks and liquidity risks. The Group's focus is to foresee the unpredictability of financial markets and seek to minimise potential adverse effects on its financial performance. The Group has an established Risk Management Policy towards risk identification, analysis & prioritisation of risks, development of risk mitigation plans & reporting on the risk environment of the respective business segments in the Group. A Risk Management Committee (RMC) is formed which comprises of the Executive Management which reports to the Audit Committee of the Directors.

The Group’s principal financial liabilities, other than derivatives, comprise loans and borrowings, trade and other payables, and financial guarantee contracts. The main purpose of these financial liabilities is to finance the Group’s operations and to provide guarantees to support its operations. The Group’s principal financial assets include investments, loans, trade and other receivables, and cash and cash equivalents that derive directly from its operations.

**a. Management of market risks**

The Company's size and operation results in it being exposed to the following market risks that arise from its use of financial instruments

i. Foreign currency exchange risk

ii. Interest rate risk

iii. Price risk

The above risks may affect the Group's income and expenses, or the value of its financial instruments. The Group's exposure to and management of these risks are explained below:

# Notes forming Part of Financial Statements

for the year ended March 31, 2022

## NOTE 47 : FINANCIAL RISK MANAGEMENT AND POLICIES (Contd.)

### i. Foreign currency exchange risk

The Group's functional currency is Indian Rupees (INR). The Group has foreign currency trade payables and receivables and is therefore exposed to foreign exchange risk. Volatility in exchange rates affects the Group's revenue from exports markets and the costs of imports, primarily in relation to sale of goods and term loan with respect to the EURO. Adverse movements in the exchange rate between the Rupee and the relevant foreign currency results in increase in the Group's overall debt position in Rupee terms without the Group having incurred additional debt. In order to minimise adverse effects on the financial performance of the Group, derivative financial instruments, such as foreign exchange forward contracts are entered to hedge foreign currency exchange risk. All hedging activities are carried out in accordance with the Group's internal Forex Risk Management Policy, as approved by the management, and in accordance with the applicable regulations where the Group operates. The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

**Foreign currency risk exposure**

The Group's exposure to foreign currency risk at the end of the reporting period :

| Particulars | As at March 31, 2022 | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | USD | INR | EURO | INR | BRL | INR | PHP | INR | BDT | INR | MMK | INR |
| **Financial assets** | | | | | | | | | | | | |
| Trade receivables | 5.22 | 395.61 | 0.73 | 61.36 | 3.10 | 49.24 | 1.64 | 2.41 | - | - | - | - |
| Balances with Banks | 1.52 | 115.44 | 1.06 | 89.33 | 0.52 | 8.22 | 1.17 | 1.72 | 1.22 | 1.07 | 0.60 | 0.03 |
| **Derivative assets** | | | | | | | | | | | | |
| Foreign exchange forward contracts | (1.85) | (139.84) | (0.20) | (16.67) | - | - | - | - | - | - | - | - |
| **Open exposure to foreign currency (assets)** | **4.90** | **371.21** | **1.59** | **134.02** | **3.62** | **57.46** | **2.81** | **4.13** | **1.22** | **1.07** | **0.60** | **0.03** |
| **Financial liability** | | | | | | | | | | | | |
| **Foreign currency loan** | | | | | | | | | | | | |
| Current borrowings | 1.58 | 119.80 | - | - | - | - | - | - | - | - | - | - |
| Non current borrowings | - | - | 3.18 | 267.68 | - | - | - | - | - | - | - | - |
| Pre-shipment credit in foreign currency | 0.20 | 15.16 | - | - | - | - | - | - | - | - | - | - |
| Trade payables | 1.09 | 82.81 | 0.58 | 48.86 | 0.14 | 2.24 | 0.29 | 0.43 | 0.28 | 0.25 | - | - |
| **Open exposure to foreign currency (liability)** | **(2.87)** | **(217.77)** | **(3.76)** | **(316.54)** | **(0.14)** | **(2.24)** | **(0.29)** | **(0.43)** | **(0.28)** | **(0.25)** | **-** | **-** |
| **Net open exposure to foreign currency** | **2.02** | **153.44** | **(2.17)** | **(182.52)** | **3.48** | **55.22** | **2.52** | **3.70** | **0.94** | **0.82** | **0.60** | **0.03** |

| Particulars | As at March 31, 2021 | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | USD | INR | EURO | INR | BRL | INR | PHP | INR | BDT | INR | MMK | INR |
| **Financial assets** | | | | | | | | | | | | |
| Trade receivables | 4.52 | 332.19 | 2.19 | 188.55 | 0.09 | 1.20 | 0.18 | 0.27 | - | - | - | - |
| Balances with Banks | 1.25 | 91.69 | 0.66 | 56.46 | 1.37 | 17.75 | 2.31 | 3.48 | 4.79 | 4.14 | 0.60 | 0.03 |
| Debt service reserve account balance | 0.04 | 2.56 | - | - | | | | | | | | |
| **Derivative assets** | | | | | | | | | | | | |
| Foreign exchange forward contracts | (1.14) | (83.35) | (0.52) | (44.93) | - | - | - | - | - | - | - | - |
| **Open exposure to foreign currency (assets)** | **4.67** | **343.09** | **2.33** | **200.08** | **1.46** | **18.95** | **2.49** | **3.75** | **4.79** | **4.14** | **0.60** | **0.03** |
| **Financial liability** | | | | | | | | | | | | |
| **Foreign currency loan** | | | | | | | | | | | | |
| Current borrowings | 0.77 | 56.14 | 0.50 | 42.98 | - | - | - | - | - | - | - | - |
| Non current borrowings | - | - | 4.50 | 385.88 | - | - | - | - | - | - | - | - |
| Pre-shipment credit in foreign currency | 0.15 | 10.97 | 0.20 | 17.15 | - | - | - | - | - | - | - | - |
| Trade payables | 0.72 | 52.58 | 0.49 | 42.52 | 0.06 | 0.84 | 0.07 | 0.10 | 0.01 | 0.01 | - | - |
| **Open exposure to foreign currency (liability)** | **(1.64)** | **(119.69)** | **(5.69)** | **(488.53)** | **(0.06)** | **(0.84)** | **(0.07)** | **(0.10)** | **(0.01)** | **(0.01)** | **-** | **-** |
| **Net open exposure to foreign currency** | **3.03** | **223.40** | **(3.34)** | **(288.45)** | **1.40** | **18.11** | **2.42** | **3.65** | **4.78** | **4.13** | **0.60** | **0.03** |

Note :The Parent company has entered into Cash flow hedging for EURO term loan and it hedge all foreign currency EURO term loan and USD buyers credit against the forecasted sale transactions in the respective currency.

# Notes forming Part of Financial Statements

for the year ended March 31, 2022

## NOTE 47 : FINANCIAL RISK MANAGEMENT AND POLICIES (Contd.)

(₹ in Crores)

| Currency | As at March 31, 2022 | | | As at March 31, 2021 | | |
|---|---|---|---|---|---|---|
| | No of contracts | Amounts in foreign currency | Amount in ₹ | No of contracts | Amounts in foreign currency | Amount in ₹ |
| Foreign currency forwards - Sell | | | | | | |
| USD | 39 | 1.85 | 139.84 | 46 | 1.14 | 83.35 |
| EURO | 9 | 0.20 | 16.67 | 29 | 0.52 | 44.93 |

### Sensitivity

The sensitivity of profit and loss before tax to change in the exchange rate arises mainly from foreign currency denominated financial instruments :

(₹ in Crores)

| Particulars | As at March 31, 2022 | | As at March 31, 2021 | |
|---|---|---|---|---|
| | 5% Strengthening | 5% Weakening | 5% Strengthening | 5% Weakening |
| USD | 7.67 | (7.67) | 11.17 | (11.17) |
| EURO | (9.13) | 9.13 | (14.42) | 14.42 |
| BRL | 2.76 | (2.76) | 0.91 | (0.91) |

### ii. Interest rate risk

Interest rate risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of the changes in market interest rates. The Group is exposed to interest rate risk because funds are borrowed at both fixed rates and floating rates. The Group's fixed rate borrowings are carried at amortised cost. They are therefore not subject to interest rate risk as defined in Ind AS 107 on "Financial Instruments : Disclosures", since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

₹ in Crores

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Fixed rate borrowings | 678.70 | 771.85 |
| **Total borrowings** | **678.70** | **771.85** |

### Sensitivity:

Statement of profit and loss is sensitive to increase/(decrease) of interest expense from borrowings as a result of changes in interest rates. If, the interest rates had been 100 basis points higher/lower and all other variable rate borrowings, the Group's profit before tax for the year ended March 31, 2022 would increase/(decrease) by ₹ NIL (March 31, 2021 would increase/(decrease) by ₹ NIL).

### iii. Price risk

The Group is exposed to equity price risk arising from equity investments. Equity investments were held for strategic rather than trading purposes. The Group does not actively trade in these investments. The Group invests in mutual funds.

**Sensitivity:**

A 5% increase in prices would have led to approximately and additional NIL gain in the statement of profit and loss. A 5% decrease in prices would have led to an equal but opposite effect.

# Notes forming Part of Financial Statements

for the year ended March 31, 2022

## NOTE 47 : FINANCIAL RISK MANAGEMENT AND POLICIES (Contd.)

**b. Credit risk**

Credit Risk is the risk of financial loss to the Group if a customer or a counter party fails to meet its contractual obligation.

### Trade receivables and Other financial assets

Concentration of credit risk with respect to trade receivables are limited, due to Group's customer base being large and diverse. All trade receivables and other financial assets are reviewed and assessed for default on monthly basis. Our historical experience of collecting all receivables is that their credit risk is low.

The Group's maximum exposure to credit risk as at March 31, 2022 and as at March 31, 2021 is the carrying value of each class of financial asset.

**c. Liquidity risk**

Liquidity risk is the risk that the Group will face in meeting its obligation associated with its financial liabilities. The Group's approach in managing liquidity is to ensure that it will have sufficient funds to meet its liabilities when due without incurring unacceptable losses. The Group regularly monitors the rolling forecast to ensure it has sufficient cash on an ongoing basis to meet operational needs. Any short term surplus cash generated, over and above the amount required for working capital management and other operational requirements is retained as cash and cash Equivalents (to the extent required) and any excess is invested in any highly marketable equity instruments to optimise cash returns on investments while ensuring sufficient liquidity to meet its liabilities.

(₹ in Crores)

| Particulars | As at March 31, 2022 | | As at March 31, 2021 | |
|---|---|---|---|---|
| | Less than 12 months | More than 12 months | Less than 12 months | More than 12 months |
| Non current borrowings | - | 175.76 | - | 278.52 |
| Security deposits | - | 14.05 | - | 15.80 |
| Current borrowings | 502.95 | - | 493.33 | - |
| Trade payables | 818.50 | - | 505.96 | - |
| Lease liabilities | 1.57 | 0.68 | 2.29 | 2.25 |
| Other financial liabilities | 7.91 | 0.69 | 6.44 | 1.02 |
| **TOTAL** | **1,330.93** | **191.18** | **1,008.02** | **297.59** |

**d. Collateral**

The Group has pledged its non-current as well as current assets to a consortium of lenders as collateral towards borrowings by the Group. Refer Note 21 and 24 for the detailed terms and conditions of the collaterals pledged.

## NOTE 48 : FINANCIAL INSTRUMENTS - CLASSIFICATION AND FAIR VALUE MEASUREMEN

**a. Financial assets and liabilities**

The carrying value of financial instruments by categories is as follows:

₹ in Crores

| Particulars | As at 31 March 2022 | | | | |
|---|---|---|---|---|---|
| | Amortised cost | Fair value through other comprehensive income | Fair value through profit and loss | Total carrying value | Total fair value |
| **Financial assets** | | | | | |
| Investments in mutual funds | - | - | 120.33 | 120.33 | 120.33 |
| Investment in preference shares | 0.96 | - | - | 0.96 | - |
| Investments in equity shares | 99.02 | 679.14 | - | 778.16 | - |
| Forward contracts receivable | - | - | 3.04 | 3.04 | 3.04 |

# Notes forming Part of Financial Statements

for the year ended March 31, 2022

## NOTE 48 : FINANCIAL INSTRUMENTS - CLASSIFICATION AND FAIR VALUE MEASUREMEN (Contd.)

₹ in Crores

| Particulars | As at 31 March 2022 | | | | |
|---|---|---|---|---|---|
| | Amortised cost | Fair value through other comprehensive income | Fair value through profit and loss | Total carrying value | Total fair value |
| Loans | 0.22 | - | - | 0.22 | - |
| Trade receivables | 784.71 | - | - | 784.71 | - |
| Cash and cash equivalents | 412.58 | - | - | 412.58 | - |
| Other bank balances | 107.27 | - | - | 107.27 | - |
| Other financial assets | 13.70 | - | - | 13.70 | - |
| **Total** | **1,418.46** | **679.14** | **123.37** | **2,220.97** | **123.37** |
| **Financial Liabilities** | | | | | |
| Financial guarantee obligations | - | - | 1.04 | 1.04 | 1.04 |
| Term loans (Net of unamortized upfront fees) | 266.68 | - | - | 266.68 | - |
| Borrowings | 412.02 | - | - | 412.02 | - |
| Trade payables | 818.50 | - | - | 818.50 | - |
| Lease liabilities | 2.25 | - | - | 2.25 | - |
| Other financial liabilities | 21.61 | - | - | 21.61 | - |
| **Total** | **1,521.06** | **-** | **1.04** | **1,522.10** | **1.04** |

₹ in Crores

| Particulars | As at 31 March 2021 | | | | |
|---|---|---|---|---|---|
| | Amortised cost | Fair value through other comprehensive income | Fair value through profit and loss | Total carrying value | Total fair value |
| **Financial assets** | | | | | |
| Investments in mutual funds | - | - | 58.29 | 58.29 | 58.29 |
| Investment in preference shares | 0.96 | - | - | 0.96 | - |
| Investments in equity shares | 85.87 | 616.15 | - | 702.02 | - |
| Forward contracts receivable | - | - | 2.25 | 2.25 | 2.25 |
| Loans | 0.24 | - | - | 0.24 | - |
| Trade receivables | 774.88 | - | - | 774.88 | - |
| Cash and cash equivalents | 243.11 | - | - | 243.11 | - |
| Other bank balances | 72.99 | - | - | 72.99 | - |
| Other financial assets | 22.40 | - | - | 22.40 | - |
| **Total** | **1,200.45** | **616.15** | **60.54** | **1,877.14** | **60.54** |
| **Financial Liabilities** | | | | | |
| Financial guarantee obligations | - | - | 1.51 | 1.51 | 1.51 |
| Term loans (Net of unamortized upfront fees) | 392.73 | - | - | 392.73 | - |
| Borrowings | 379.12 | - | - | 379.12 | - |
| Trade payables | 505.96 | - | - | 505.96 | - |
| Lease liabilities | 4.54 | - | - | 4.54 | - |
| Other financial liabilities | 21.76 | - | - | 21.76 | - |
| **Total** | **1,304.11** | **-** | **1.51** | **1,305.62** | **1.51** |

Carrying amounts of loans, trade receivables, cash and cash equivalents, bank balances other than cash and cash equivalents, other financial assets, trade payables and other financial liabilities as at March 31, 2022 and March 31, 2021 approximate the fair value because those are short-term in nature.

# Notes forming Part of Financial Statements

for the year ended March 31, 2022

## NOTE 48 : FINANCIAL INSTRUMENTS - CLASSIFICATION AND FAIR VALUE MEASUREMEN (Contd.)

**b. Fair value hierarchy**

The fair value of financial instruments as referred to in Note (a) above have been classified into three categories depending on the inputs used in the valuation technique. The hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and lowest priority to unobservable inputs (Level 3 measurements).

**Level 1** - Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

**Level 2** - Inputs are other than quoted prices included in Level 1 that are observable for the assets or liabilities, either directly or indirectly.

**Level 3** - Inputs are not based on observable market data (unobservable inputs).

The financial instruments included in Level 2 of fair value hierarchy have been valued using quotes available for similar assets and liabilities in the active market.

The financial instruments included in Level 3 of fair value hierarchy have been valued using whole or in part using a valuation model based on assumptions as described below:

Fair value of investment in unquoted equity shares is determined based on the net asset value of the investee company as on the balance sheet date.

Fair value of the financial guarantee obligation is determined through a discounted cash flow model using weighted average borrowing rate as the discount rate.

For assets and liabilities which are measured at fair value as at the balance sheet date, the classification of fair value calculations by category is summarised below :

₹ in Crores

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| **Financial assets** | | |
| **Level 1** | | |
| Investments in quoted equity shares | 761.68 | 686.50 |
| Investments in units of mutual funds | 120.33 | 58.29 |
| **Level 2** | | |
| Derivative financial assets | 3.04 | 4.02 |
| **Level 3** | | |
| Investments in unquoted equity & preference shares | 17.48 | 15.54 |
| **TOTAL** | **902.53** | **764.36** |
| **Financial liabilities** | | |
| **Level 3** | | |
| Financial guarantee obligations | 1.04 | 1.51 |
| **TOTAL** | **1.04** | **1.51** |

**Description of significant unobservable input used in fair value measurement categorised within level 3 of fair value hierarchy**

| Particulars | Significant unobservable input | Sensitivity of input to fair value measurement |
|---|---|---|
| Investments in unquoted equity shares | Fair value of net assets | 5% increase in forecasted fair value will increase the value of investment by ₹ 0.87 crores (₹ 0.78 crores as at March 31, 2021) and 5% decrease will have an equal but opposite effect. |

# Notes forming Part of Financial Statements

for the year ended March 31, 2022

## NOTE 48 : FINANCIAL INSTRUMENTS - CLASSIFICATION AND FAIR VALUE MEASUREMEN (Contd.)

| Particulars | Significant unobservable input | Sensitivity of input to fair value measurement |
|---|---|---|
| Financial guarantee obligations | Discount rate 5.51% | 1 % increase in discount rate will have loss of ₹ 0.01 crores (₹ 0.01 crores as at March 31, 2021) and 1% decrease in discount rate will have an equal but opposite effect. |

**c. Reconciliation of level 3 fair value measurement**

₹ in Crores

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| **Opening balance of level 3 financial assets / (liabilities)** | 14.03 | 14.08 |
| **Add / (Less): changes during the year** | | |
| Guarantee commission recognised | 0.44 | 0.48 |
| Fair valuation gain / (loss) on investments in unquoted equity instruments through other comprehensive income (OCI) | 1.94 | (0.47) |
| Fair valuation gain / (loss) on financial guarantee obligation | 0.02 | (0.06) |
| **Closing balance of level 3 financial assets / (liabilities)** | **16.43** | **14.03** |

## NOTE 49 : EMPLOYEE BENEFITS EXPENSE

**a. Defined contribution plans**

### Superannuation fund

The Parent company has a superannuation plan for the benefit of some of its employees. Employees who are members of the defined benefit superannuation plan are entitled to benefits depending on the years of service and salary drawn. Separate irrevocable trusts are maintained for employees covered and entitled to benefits. The contributions are recognised as an expense and included in his monthly Cost-to-Company. Once this contribution is incurred the Group does not have any further obligations beyond this contribution. Superannuation Fund to which contributions are made is administered by Life Insurance Corporation of India.

### Other contribution funds

Retirement benefit in the form of provident fund, Employee State Insurance Corporation (ESIC), Pension Fund and Maharashtra Labour Welfare Fund (MLWF) are defined contribution schemes. The Parent company has no obligation, other than the contribution payable to these funds/ schemes. The Parent company recognises contribution payable to such schemes as an expense, when an employee renders the related service.

The Parent company has recognised the following amounts in the statement of profit and loss under contribution to provident and other funds as under:

₹ in Crores

| Particulars | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|
| Employer's contribution to employees' provident fund | 6.37 | 6.02 |
| Employer's contribution to employees' pension fund | 1.30 | 1.32 |
| Employer's contribution to superannuation fund | 1.85 | 2.02 |
| Employer's contribution to ESIC | - | 0.01 |
| Employer's contribution to MLWF | 0.00 | 0.00 |
| **TOTAL** | **9.52** | **9.37** |

# Notes forming Part of Financial Statements

for the year ended March 31, 2022

## NOTE 49 : EMPLOYEE BENEFITS EXPENSE (Contd.)

**b. Defined benefit plans**

### Retirement Gratuity

Gratuity is administered under the Group Gratuity Cash Accumulation (GGCA) Plan of Life Insurance Corporation of India to which the contributions are made. The Group accounts for the liability for gratuity benefits payable in the future based on an actuarial valuation.

Summary of the components of net benefit expenses recognised in the statement of profit and loss and the funded status and amounts recognised in the balance sheet for the respective plans:

₹ in Crores

| Sr. No. | Particulars | As at March 31, 2022 (Funded) | As at March 31, 2021 (Funded) |
|---|---|---|---|
| **I** | **Change in present value of defined benefit obligation during the year** | | |
| 1 | Present value of defined benefit obligation at the beginning of the year | 20.74 | 31.70 |
| 2 | Interest cost | 1.42 | 2.16 |
| 3 | Current service cost | 1.65 | 1.61 |
| 4 | Past service cost - non-vested benefit incurred during the period | - | - |
| 5 | Past service cost - vested benefit incurred during the period | - | - |
| 6 | Liability transferred in/ acquisitions | - | - |
| 7 | (Liability transferred out / divestment) | - | - |
| 8 | (Gains)/ losses on curtailment | - | - |
| 9 | Liabilities extinguished on settlement | - | - |
| 10 | Benefits paid directly by the employer | - | - |
| 11 | Benefits paid from the fund | (3.21) | (15.80) |
| 12 | The effect of changes in foreign exchange rates | - | - |
| 13 | Actuarial changes arising from changes in demographic assumptions | (0.01) | - |
| 14 | Actuarial changes arising from changes in financial assumptions | 0.78 | (0.03) |
| 15 | Actuarial changes arising from changes in experience adjustments | 0.62 | 1.09 |
| **16** | **Present value of defined benefit obligation at the end of the year** | **21.98** | **20.74** |

₹ in Crores

| Sr. No. | Particulars | As at March 31, 2022 (Funded) | As at March 31, 2021 (Funded) |
|---|---|---|---|
| **II** | **Change in fair value of plan assets during the year** | | |
| 1 | Fair value of plan assets at the beginning of the year | 16.41 | 10.48 |
| 2 | Interest Income | 1.13 | 0.72 |
| 3 | Contributions paid by the employer | 5.58 | 21.23 |
| 4 | Expected contributions by the employees | - | - |
| 5 | Assets transferred in/ acquisitions | - | - |
| 6 | Assets transferred out / divestments | - | - |
| 7 | Benefits paid from the fund | (3.21) | (15.80) |
| 8 | Assets distributed on settlements | - | - |
| 9 | Effects of asset ceiling | - | - |
| 10 | The effect of changes in foreign exchange rates | - | - |
| 11 | Return on plan assets excluding interest income | (0.07) | (0.21) |
| **12** | **Fair value of plan assets at the end of the year** | **19.83** | **16.41** |

# Notes forming Part of Financial Statements

for the year ended March 31, 2022

## NOTE 49 : EMPLOYEE BENEFITS EXPENSE (Contd.)

₹ in Crores

| Sr. No. | Particulars | As at March 31, 2022 (Funded) | As at March 31, 2021 (Funded) |
|---|---|---|---|
| **III** | **Net asset / (liability) recognised in the balance sheet** | | |
| 1 | Present value of defined benefit obligation at the end of the year | (21.98) | (20.74) |
| 2 | Fair value of plan assets at the end of the year | 19.83 | 16.41 |
| 3 | Funded status [surplus/ (deficit)] | (2.15) | (4.33) |
| **4** | **Net asset / (liability) recognised in the balance sheet** | **(2.16)** | **(4.32)** |

₹ in Crores

| Sr. No. | Particulars | Year ended March 31, 2022 (Funded) | Year ended March 31, 2021 (Funded) |
|---|---|---|---|
| **IV** | **Net interest cost for the year** | | |
| 1 | Present value of benefit obligation at the beginning of the period | 20.74 | 31.70 |
| 2 | Fair value of plan assets at the beginning of the period | (16.41) | (10.48) |
| **3** | **Net liability/(asset) at the beginning** | **4.33** | **21.22** |
| 4 | Interest cost | 1.42 | 2.16 |
| 5 | Interest income | (1.12) | (0.72) |
| **6** | **Net interest cost for the year** | **0.30** | **1.44** |

₹ in Crores

| Sr. No. | Particulars | Year ended March 31, 2022 (Funded) | Year ended March 31, 2021 (Funded) |
|---|---|---|---|
| **V** | **Expenses recognised in the statement of profit and loss for the year** | | |
| 1 | Current service cost | 1.64 | 1.61 |
| 2 | Interest cost on benefit obligation (net) | 0.30 | 1.44 |
| 3 | Past service cost - non-vested benefit recognised during the year | - | - |
| 4 | Past service cost - vested benefit recognised during the year | - | - |
| 5 | Expected contributions by the employees | - | - |
| 6 | (Gains)/losses on curtailments and settlements | - | - |
| 7 | Net effect of changes in foreign exchange rates | - | - |
| **8** | **Total expenses included in employee benefits expense** | **1.94** | **3.05** |

₹ in Crores

| Sr. No. | Particulars | Year ended March 31, 2022 (Funded) | Year ended March 31, 2021 (Funded) |
|---|---|---|---|
| **VI** | **Recognised in other comprehensive income for the year** | | |
| 1 | Actuarial changes arising from changes in demographic assumptions | (0.00) | - |
| 2 | Actuarial changes arising from changes in financial assumptions | 0.78 | (0.02) |
| 3 | Actuarial changes arising from changes in experience adjustments | 0.62 | 1.09 |
| 4 | Return on plan assets excluding interest income | 0.07 | 0.21 |
| 5 | Change in asset ceiling | - | - |
| **6** | **Recognised in other comprehensive income** | **1.47** | **1.28** |

# Notes forming Part of Financial Statements

for the year ended March 31, 2022

## NOTE 49 : EMPLOYEE BENEFITS EXPENSE (Contd.)

₹ in Crores

| Sr. No. | Particulars | As at March 31, 2022 (Funded) | As at March 31, 2021 (Funded) |
|---|---|---|---|
| **VII** | **Cash flow projection: From the fund** | | |
| 1 | Within the next 12 months (next annual reporting period) | 2.59 | 5.68 |
| 2 | 2nd following year | 2.30 | 1.58 |
| 3 | 3rd following year | 3.34 | 1.68 |
| 4 | 4th following year | 3.11 | 2.45 |
| 5 | 5th following year | 1.95 | 2.70 |
| 6 | Sum of years 6 to 10 | 10.59 | 7.34 |
| 7 | Sum of years 11 and above | 10.33 | 9.04 |

The average duration of the defined benefit plan obligation as at March 31, 2022 is 5 years (March 31, 2021: 5 years).

₹ in Crores

| Sr. No. | Particulars | As at March 31, 2022 (Funded) | As at March 31, 2021 (Funded) |
|---|---|---|---|
| **VIII** | **Quantitative sensitivity analysis for significant assumption** | | |
| | **Projected benefit obligation on current assumptions** | 21.98 | 20.74 |
| (i) | Delta effect of +1% change in rate of discounting | (1.04) | (0.87) |
| (ii) | Delta effect of -1% change in rate of discounting | 1.16 | 0.97 |
| (i) | Delta effect of +1% change in rate of salary increase | 1.17 | 0.99 |
| (ii) | Delta effect of -1% change in rate of salary increase | (1.07) | (0.90) |
| (i) | Delta effect of +1% change in rate of employee turnover | 0.10 | 0.13 |
| (ii) | Delta effect of -1% change in rate of employee turnover | (0.12) | (0.15) |

**2 Usefulness and methodology adopted for sensitivity analysis**

Sensitivity analysis is an analysis which will give the movement in liability if the assumption were not proved to be true on different count. This only signifies the change in the liability if the difference between the assume and the actual is not following the parameters of the sensitivity analysis.

| Sr. No. | Particulars | As at March 31, 2022 (Funded) | As at March 31, 2021 (Funded) |
|---|---|---|---|
| **IX** | **The major categories of plan assets as a percentage of total** | | |
| | Insurer managed funds | 100% | 100% |
| **X** | **Actuarial assumptions** | | |
| 1 | Discount rate | 7.15% | 6.86% |
| 2 | Salary escalation | 5.00% | 4.00% |
| 3 | Mortality rate during employment | Indian Assured Lives Mortality (2006-08) | Indian Assured Lives Mortality (2006-08) |
| 4 | Mortality post retirement rate | N.A. | N.A. |
| 5 | Rate of employee turnover | 5.00% | 5.00% |
| 6 | Expected return on plan assets | 7.15% | 6.86% |

**c. Other long term employee benefits**

The defined benefit obligations which are provided for but not funded :

₹ in Crores

| Sr. No. | Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|---|
| **1** | **Compensated absences** | | |
| | Current | 1.16 | 4.30 |
| | Non-current | 17.47 | 10.79 |

# Notes forming Part of Financial Statements

for the year ended March 31, 2022

## NOTE 50 : RELATED PARTY

| Name of related parties having transactions during the year and description of relationship : | Key management personnel (KMP) |
|---|---|
| **Joint ventures (extent of holding)** | **Executive Director** |
| Indo Baijin Chemicals Private Limited | Dr. Bina Modi |
| Indo Reagens Polymer Additives Private Limited (up to August 03, 2021) | Ms. Charu Modi |
| **Other related parties in which directors have significant influence:** | Dr. Atchutuni Rao |
| Godfrey Phillips India Limited | Mr. Daniel Fontes Dias |
| H.M.A. Udyog Private Limited | Mr. Pankaj Amrit Patil |
| Modi Care Limited | Mr. Narendra Sagrolikar |
| Beacon Travels Private Limited | Mr. Ashrant Bhartia (with effect from January 1, 2021) |
| Bina Fashions N Food Private Limited | Mr. Abhisek Das |
| Premium Merchants Limited | **Non-executive director** |
| Modi Rubber Limited | Mr. Samir Modi |
| KKM Management Centre Private Limited | Ms. Aliya Modi |
| Modi Stratford Enterprises Management Private Limited | Mr. Mahendra Naranji Thakkar |
| Modi Innovative Education Society | Mr. Sunil Kumar Alagh |
| Colorbar Cosmetics Private Limited | Mr. Sanjay Buch |
| EGO Obsession | Mr. Lakshminarayanan Subramanian |
| Indo Reagens Polymer Additives Private Limited (with effect from August 03, 2021) | Mr. Anil Garg (UPSIDC) (upto September 9, 2020) |
| Shanghai Baijin Chemical Limited (Co-venturer) | Mr. Mayur Maheshwari (with effect from September 9, 2020) |
| Modi Industries Limited | **KMPs other than director** |
| Premium Tradelink Private Limited | Mr. Rajinder Kumar Malhotra - Group CEO (upto April 20, 2020) |
| Modi Spinning and Weaving Mills Co Limited | Mr. Narendra C Rane - COO (with effect from April 20, 2020) |
| International Research Park Laboratories Limited | Mr. Rajib Mukhopadhyay - Chief Financial Officer (up to April 29, 2022) |
| Rajputana Infrastucture Corporate Limited | Mr. Devang R Mehta - Company Secretary (up to June 04, 2022) |
| Modicare Limited | Ms. Manju Anand - Company Secretary (with effect from July 06, 2022) |
| **Other related parties:** | |
| ICC Employee Provident Fund Trust | |

### RELATED PARTY TRANSACTIONS

₹ in Crores

| Particulars | Subsidiaries and Joint ventures | Key management personnel | Promoter group companies / entities in which key management personnel's relatives are interested | Other related parties | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|---|---|---|---|
| **RECEIVING OF SERVICES** | | | | | | |
| 1. HMA Udyog Private Limited | - | - | 0.07 | - | 0.07 | 0.06 |
| 2. Beacon Travels Private Limited | - | - | 1.60 | - | 1.60 | 0.61 |
| 3. Bina Fashions N Food Private Limited | - | - | 0.38 | - | 0.38 | 0.30 |
| 4. EGO Obsession | - | - | 0.29 | - | 0.29 | 0.13 |
| 5. Modi Care Limited | - | - | - | - | - | 0.02 |
| 6. Modi Stratford Enterprises Management Private Limited | - | - | 0.12 | - | 0.12 | 0.76 |
| 7. Indo-Reagens Polymer Additives Private Limited | 3.36 | - | - | - | 3.36 | 4.32 |
| 8. Godfrey Phillips India Limited | - | - | 0.10 | - | 0.10 | 0.17 |
| 9. Colorbar Cosmetics Private Limited | - | - | 0.01 | - | 0.01 | 0.06 |
| 10. KKM Management Center Private Limited | - | - | 1.80 | - | 1.80 | 1.95 |
| **Total** | **3.36** | **-** | **4.37** | **-** | **7.73** | **8.38** |

# Notes forming Part of Financial Statements

for the year ended March 31, 2022

## NOTE 50 : RELATED PARTY (Contd.)

₹ in Crores

| Particulars | Subsidiaries and Joint ventures | Key management personnel | Promoter group companies / entities in which key management personnel's relatives are interested | Other related parties | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|---|---|---|---|
| **REMUNERATION AND SITTING FEES PAID TO KMP'S** | | | | | | |
| (A) Short-term employee benefits & Post -employment benefits (including commission)* | | | | | | |
| 1. Dr. Bina Modi (Chairman and Managing Director) | - | 17.09 | - | - | 17.09 | 13.84 |
| 2. Ms. Charu Modi (Executive Director) | - | 16.83 | - | - | 16.83 | 13.60 |
| 3. Dr. Atchutuni Rao (Whole time Director) | - | 1.16 | - | - | 1.16 | 1.04 |
| 4. Non-Executive Directors | | | | | | |
| Mr M N Thakkar | - | 0.25 | - | - | 0.25 | 0.20 |
| MS Aliya Modi | - | 0.25 | - | - | 0.25 | 0.20 |
| Mr Samir K Modi | - | 0.25 | - | - | 0.25 | 0.20 |
| Mr Sanjay Buch | - | 0.25 | - | - | 0.25 | 0.20 |
| Mr Subramanian Lakshminarayanan | - | 0.25 | - | - | 0.25 | 0.20 |
| Mr Sunil Alagh | - | 0.25 | - | - | 0.25 | 0.20 |
| UPSIDC Limited | - | 0.25 | - | - | 0.25 | 0.20 |
| 5. Mr. Rajib Mukhopadhyay (Chief Financial Officer. | - | 1.35 | - | - | 1.35 | 1.12 |
| 6. Mr. Devang Mehta (Company Secretary. | - | 0.83 | - | - | 0.83 | 0.74 |
| (B) Sitting fees | | | | | | |
| Mr M N Thakkar | - | 0.11 | - | - | 0.11 | 0.12 |
| MS Aliya Modi | - | 0.03 | - | - | 0.03 | 0.04 |
| Mr Samir K Modi | - | 0.02 | - | - | 0.02 | 0.05 |
| Mr Sanjay Buch | - | 0.11 | - | - | 0.11 | 0.11 |
| Mr Subramanian Lakshminarayanan | - | 0.09 | - | - | 0.09 | 0.09 |
| Mr Sunil Alagh | - | 0.12 | - | - | 0.12 | 0.12 |
| UPSIDC Limited | - | 0.02 | - | - | 0.02 | 0.03 |
| **Total** | **-** | **39.50** | **-** | **-** | **39.50** | **32.27** |
| **PURCHASE OF GOODS** | | | | | | |
| 1. Indo Baijin Chemicals Private Limited | 166.16 | - | - | - | 166.16 | 111.43 |
| 2. Indo-Reagens Polymer Additives Private Limited | 0.02 | - | - | - | 0.02 | - |
| **Total** | **166.18** | **-** | **-** | **-** | **166.18** | **111.43** |
| **TRANSFER OF LICENSE FOR UTILISATION TO** | | | | | | |
| 1. Indo Baijin Chemicals Private Limited | - | - | - | - | - | 1.30 |
| **Total** | - | - | - | - | - | **1.30** |
| **SALE OF GOODS** | | | | | | |
| 1. Indo Reagens Polymer Additives Private Limited | 0.42 | - | - | - | 0.42 | 0.15 |
| 2. Modi Care Limited | - | - | 4.13 | - | 4.13 | 7.47 |
| 3. Godfrey Phillips India Limited | - | - | - | - | - | 0.01 |
| **Total** | **0.42** | **-** | **4.13** | **-** | **4.55** | **7.63** |
| **RENT EXPENSE** | | | | | | |
| 1. Premium Merchants Limited | - | - | 0.07 | - | 0.07 | 0.08 |
| 2. Ms. Charu Modi | - | 0.11 | - | - | 0.11 | 0.09 |
| 3. Godfrey Phillips India Limited | - | - | 0.41 | - | 0.41 | - |
| **Total** | **-** | **0.11** | **0.48** | **-** | **0.59** | **0.17** |
| **DIVIDEND PAID** | | | | | | |
| 1. Dr. Bina Modi | - | 0.34 | - | - | 0.34 | 0.19 |
| 2. Mr. Samir Modi | - | 0.02 | - | - | 0.02 | 0.01 |
| **Total** | **-** | **0.36** | **-** | **-** | **0.36** | **0.20** |
| **CONTRIBUTION TO EMPLOYEES BENEFIT TRUST** | | | | | | |
| 1. ICC Employee Provident Fund Trust | - | - | - | 13.84 | 13.84 | 13.18 |
| **Total** | **-** | **-** | **-** | **13.84** | **13.84** | **13.18** |

# Notes forming Part of Financial Statements

for the year ended March 31, 2022

## NOTE 50 : RELATED PARTY (Contd.)

₹ in Crores

| Particulars | Subsidiaries and Joint ventures | Key management personnel | Promoter group companies / entities in which key management personnel's relatives are interested | Other related parties | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|---|---|---|---|
| **DIVIDEND INCOME** | | | | | | |
| 1. Indo Baijin Chemicals Private Limited | 8.73 | - | - | - | 8.73 | 6.55 |
| 2. Godfrey Phillips India Limited | - | - | - | 15.71 | 15.71 | - |
| **Total** | **8.73** | **-** | **-** | **15.71** | **24.44** | **6.55** |
| **RENT INCOME** | | | | | | |
| 1. Modi Rubber Limited | - | - | 0.06 | - | 0.06 | 0.06 |
| 2. Indo Reagens Polymer Additives Private Limited | 0.23 | - | - | - | 0.23 | 0.23 |
| **Total** | **0.23** | **-** | **0.06** | **-** | **0.29** | **0.29** |
| **GUARANTEE COMMISSION INCOME** | | | | | | |
| 1. Indo Baijin Chemicals Private Limited | 0.44 | - | - | - | 0.44 | 0.48 |
| **Total** | **0.44** | **-** | **-** | **-** | **0.44** | **0.48** |
| **REIMBURSEMENT OF EXPENSES (RECEIVED)** | | | | | | |
| 1. Indo Baijin Chemicals Private Limited | 0.84 | - | - | - | 0.84 | 1.34 |
| 2. Indo Reagens Polymer Additives Private Limited | 1.41 | - | - | - | 1.41 | 3.03 |
| **Total** | **2.25** | **-** | **-** | **-** | **2.25** | **4.37** |
| **CSR EXPENSES** | | | | | | |
| 1. Modi Innovative Education Society | - | - | 1.32 | - | 1.32 | - |
| **Total** | **-** | **-** | **1.32** | **-** | **1.32** | **-** |
| **INTEREST INCOME** | | | | | | |
| 1. Indo Reagens Polymer Additives Private Limited | - | - | - | - | - | 0.03 |
| **Total** | **-** | **-** | **-** | **-** | **-** | **0.03** |
| **INTEREST RECEIVED** | | | | | | |
| 1. Rajputana Infrastructure Corporation Limited | - | - | - | - | - | 0.03 |
| **Total** | **-** | **-** | **-** | **-** | **-** | **0.03** |
| **INTER CORPORATE DEPOSIT GIVEN** | | | | | | |
| 1. Rajputana Infrastructure Corporation Limited | - | - | - | - | - | 3.00 |
| **Total** | **-** | **-** | **-** | **-** | **-** | **3.00** |
| **REFUND OF INTER CORPORATE DEPOSIT** | | | | | | |
| 1. Rajputana Infrastructure Corporation Limited | - | - | - | - | - | 3.00 |
| **Total** | **-** | **-** | **-** | **-** | **-** | **3.00** |
| **SECURITY DEPOSIT PAID** | | | | | | |
| 1. Godfrey Phillips India Limited | - | - | 0.83 | - | 0.83 | - |
| **Total** | **-** | **-** | **0.83** | **-** | **0.83** | **-** |
| **PROVISION AGAINST PREFERENCE SHARES WRITTEN BACK** | | | | | | |
| 1. Modi Care Limited | - | - | - | 2.50 | 2.50 | - |
| **Total** | **-** | **-** | **-** | **2.50** | **2.50** | **-** |
| **GURANTEES GIVEN TO JV's (to the extent of loan outstanding)** | | | | | | |
| 1. Indo Baijin Chemicals Private Limited | 57.36 | - | - | - | 57.36 | 85.06 |
| **Total** | **57.36** | **-** | **-** | **-** | **57.36** | **85.06** |
| **GURANTEES RECEIVED FROM CO-VENTURER** | | | | | | |
| 1. Shanghai Baijin Chemical Limited | 28.11 | - | - | - | 28.11 | 41.68 |
| **Total** | **28.11** | **-** | **-** | **-** | **28.11** | **41.68** |
| **OUTSTANDING BALANCES** | | | | | | |
| **Receivables** | | | | | | |
| 1. Indo Reagens Polymer Additives Private Limited | 0.43 | - | - | - | 0.43 | 0.17 |
| 2. Modi Care Limited | - | - | - | - | - | 1.14 |
| 3. Modi Rubber Limited | - | - | 0.02 | - | 0.02 | 0.02 |
| **Total** | **0.43** | **-** | **0.02** | **-** | **0.45** | **1.33** |
| **Payables** | | | | | | |
| 1. Beacon Travels Private Limited | - | - | 0.08 | - | 0.08 | |
| 2. KKM Management Center Private Limited | - | - | 1.40 | - | 1.40 | 1.66 |

# Notes forming Part of Financial Statements

for the year ended March 31, 2022

## NOTE 50 : RELATED PARTY (Contd.)

₹ in Crores

| Particulars | Subsidiaries and Joint ventures | Key management personnel | Promoter group companies / entities in which key management personnel's relatives are interested | Other related parties | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|---|---|---|---|
| 3. Indo Baijin Chemicals Private Limited | 30.48 | - | - | - | 30.48 | 10.31 |
| 4. Indo Reagens Polymer Additives Private Limited | 3.80 | - | - | - | 3.80 | 1.74 |
| **Total** | **34.28** | **-** | **1.48** | **-** | **35.76** | **13.71** |
| **INVESTMENTS MADE DURING THE YEAR** | | | | | | |
| 1. Indo Reagens Polymer Additives Private Limited | (17.96) | - | - | - | (17.96) | - |
| **Total** | **(17.96)** | **-** | **-** | **-** | **(17.96)** | **-** |
| **INVESTMENT HELD** | | | | | | |
| 1. Modi industries Limited | - | - | - | 0.02 | 0.02 | 0.02 |
| 2. Godfrey Phillips India Limited | - | - | - | 63.62 | 63.62 | 63.62 |
| 3. Premium Tradelinks private Limited | - | - | - | 0.95 | 0.95 | 0.95 |
| 4. Modi Spinning and Weaving Mils Co Limited | - | - | - | 0.08 | 0.08 | 0.08 |
| 5. International research park laboratories Limited | - | - | - | 0.05 | 0.05 | 0.05 |
| 6. Beacon Travels Private Limited | - | - | - | 0.01 | 0.01 | 0.01 |
| 7. Modi Rubber Limited | - | - | - | 0.00 | 0.00 | 0.00 |
| 8. Modicare Limited | - | - | - | - | - | 2.5 |
| **Total** | **-** | **-** | **-** | **64.73** | **64.73** | **67.23** |
| **Remuneration payable to KMP** | | | | | | |
| Dr Bina Modi | - | 7.57 | - | - | 7.57 | 4.59 |
| Ms Charu Modi | - | 10.17 | - | - | 10.17 | 7.20 |
| Mr M N Thakkar | - | 0.25 | - | - | 0.25 | 0.20 |
| MS Aliya Modi | - | 0.25 | - | - | 0.25 | 0.20 |
| Mr Samir K Modi | - | 0.25 | - | - | 0.25 | 0.20 |
| Mr Sanjay Buch | - | 0.25 | - | - | 0.25 | 0.20 |
| Mr Subramanian Lakshminarayanan | - | 0.25 | - | - | 0.25 | 0.20 |
| Mr Sunil Alagh | - | 0.25 | - | - | 0.25 | 0.20 |
| UPSIDC Limited | - | 0.25 | - | - | 0.25 | 0.20 |
| **Total** | **-** | **19.49** | **-** | **-** | **19.49** | **13.19** |

### Terms and conditions of transactions with related parties

The sales to and purchases from 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 settlement occurs in cash. For the year ended March 31, 2022, the Group has not recorded any impairment of receivables relating to amounts owed by related parties (March 31, 2021: Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

Notes:

i) During the year, the Group has neither written off/written back nor made any provision against any debts/receivables/payables/ advances of related parties, except as disclosed above.

ii) Related party relationships have been identified by the management and relied upon by the Auditors.

iii) Related party transactions have been disclosed on basis of value of transactions in term of the respective contracts.

iv) Sale and purchase transactions among the related parties are in the ordinary course of business based on normal commercial terms, conditions, market rates and memorandum of understanding signed with the related parties. For the year ended March 31, 2022, the Group has not recorded any loss allowances for transactions between the related parties.

v) *This aforesaid amount does not includes amount in respect of gratuity and compensated absenses (both of which are determined by actuarially) as the same is not determinable.

# Notes forming Part of Financial Statements

for the year ended March 31, 2022

## NOTE 51 : Details of loans given, investments made and guarantees given by the Parent company and its Indian Subsidiaries covered under section 186 (4) of the Companies Act, 2013:

Investments made and guarantees given by the Parent company and its Indian Subsidiaries outstanding as at March 31, 2022 and at March 31, 2021 are as below :

### Loans

No loan is given by the Parent company and its Indian Subsidiaries in favour of corporates are outstanding as at March 31, 2022 and at March 31,2021.

### Investments

Details required u/s 186 have been disclosed in Note 6 of the consolidated financial statements.

### Guarantees

All corporate guarantees are given by the Parent company in respect of loans :

₹ in Crores

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Indo-Baijin Chemicals Private Limited (net of counter guarantee) | 29.25 | 43.38 |

All the above Corporate Guarantees are given for business purpose.

## NOTE 52 : ADDITIONAL INFORMATION, AS REQUIRED UNDER SCHEDULE III TO THE COMPANIES ACT, 2013, OF ENTERPRISE CONSOLIDATED AS SUBSIDIARIES / ASSOCIATES

₹ in Crores

| Particulars | FY 2021-22 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Net Assets (Total Assets minus Total Liabilities) | | Share in Profit and Loss | | Share in Other Comprehensive Income | | Share in Total Comprehensive Income | |
| | As % of Consolidated Net Assets | Amount | As % of Profit and Loss | Amount | As % of Consolidated Other Comprehensive Income | Amount | As % of Consolidated Comprehensive Income | Amount |
| **Parent** | | | | | | | | |
| Indofil Industries Ltd. | 70.43% | 1,564.05 | 80.36% | 175.84 | 190.28% | 130.06 | 106.52% | 305.90 |
| **Subsidiaries** | | | | | | | | |
| Indian | | | | | | | | |
| Quick Investment (India) Ltd. | 1.50% | 33.24 | 2.36% | 5.17 | -30.80% | (21.05) | -5.53% | (15.88) |
| Good Investment (India) Ltd. | 3.60% | 80.02 | 4.83% | 10.57 | -59.36% | (40.57) | -10.45% | (30.01) |
| **Foreign** | | | | | | | | |
| Indofil Bangladesh Industries Pvt. Ltd. | 0.27% | 6.04 | -2.17% | (4.75) | 0.00% | - | -1.65% | (4.75) |
| Indofil –Costa Rica S.A. | 0.00% | - | 0.00% | - | 0.00% | - | 0.00% | - |
| Indofil Industries (Netherland) B.V. | 8.52% | 189.23 | 2.37% | 5.18 | -0.05% | (0.03) | 1.79% | 5.15 |
| Indofil Industries International | 5.32% | 118.04 | -0.96% | (2.11) | -0.05% | (0.03) | -0.75% | (2.14) |
| Indofil Industries DO Brasil Ltda | 2.15% | 47.64 | 1.16% | 2.54 | -0.05% | (0.03) | 0.87% | 2.51 |
| Indofil Phillipines, Inc. | 0.91% | 20.32 | 4.60% | 10.07 | 0.00% | - | 3.51% | 10.07 |
| Agrowin Bioscience S.r.l. (80%) | 0.45% | 9.93 | 0.78% | 1.70 | 0.00% | - | 0.59% | 1.70 |
| **Joint Ventures (as per Equity Method)** | | | | | | | | |
| Indian | | | | | | | | |
| Indo Baijin Chemicals Pvt. Ltd. | 4.46% | 99.02 | 10.43% | 22.82 | 0.00% | - | 7.95% | 22.82 |
| Indo Reagens Polymer Additives Private Limited | 0.00% | - | 0.00% | - | 0.00% | - | 0.00% | - |
| Inter company elimination | 2.40% | 53.34 | -3.75% | (8.21) | 0.01% | 0.01 | -2.86% | (8.20) |
| **Total** | **100.00%** | **2,220.87** | **100.00%** | **218.82** | **100.00%** | **68.35** | **100.00%** | **287.17** |

# Notes forming Part of Financial Statements

for the year ended March 31, 2022

## NOTE 52 : ADDITIONAL INFORMATION, AS REQUIRED UNDER SCHEDULE III TO THE COMPANIES ACT, 2013, OF ENTERPRISE CONSOLIDATED AS SUBSIDIARIES / ASSOCIATES (Contd.)

₹ in Crores

| Particulars | FY 2020-21 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Net Assets (Total Assets minus Total Liabilities) | | Share in Profit and Loss | | Share in Other Comprehensive Income | | Share in Total Comprehensive Income | |
| | As % of Consolidated Net Assets | Amount | As % of Profit and Loss | Amount | As % of Consolidated Other Comprehensive Income | Amount | As % of Consolidated Comprehensive Income | Amount |
| **Parent** | | | | | | | | |
| Indofil Industries Ltd. | 72.52% | 1,415.75 | 192.34% | 128.75 | 45.75% | (14.17) | 318.52% | 114.58 |
| **Subsidiaries** | | | | | | | | |
| Indian | | | | | | | | |
| Quick Investment (India) Ltd. | 1.58% | 30.82 | 0.63% | 0.42 | 17.69% | (5.48) | -14.05% | (5.06) |
| Good Investment (India) Ltd. | 3.84% | 75.06 | 1.33% | 0.89 | 34.03% | (10.54) | -26.84% | (9.65) |
| **Foreign** | | | | | | | | |
| Indofil Bangladesh Industries Pvt. Ltd. | 0.53% | 10.37 | -6.56% | (4.39) | 0.00% | - | -12.21% | (4.39) |
| Indofil –Costa Rica S.A. | 0.00% | - | 0.00% | - | 0.00% | - | 0.00% | - |
| Indofil Industries (Netherland) B.V. | 9.65% | 188.32 | -64.74% | (43.34) | 0.82% | (0.25) | -121.18% | (43.59) |
| Indofil Industries International | 4.48% | 87.40 | -0.61% | (0.41) | 0.82% | (0.25) | -1.84% | (0.66) |
| Indofil Industries DO Brasil Ltda | 0.43% | 8.36 | -22.15% | (14.82) | 0.82% | (0.25) | -41.91% | (15.08) |
| Indofil Phillipines, Inc. | 0.48% | 9.37 | 5.61% | 3.75 | 0.00% | - | 10.43% | 3.75 |
| Agrowin Bioscience S.r.l. (80%) | 0.43% | 8.46 | 0.91% | 0.61 | 0.00% | - | 1.69% | 0.61 |
| **Joint Ventures (as per Equity Method)** | | | | | | | | |
| Indian | | | | | | | | |
| Indo Baijin Chemicals Pvt. Ltd. | 4.35% | 84.93 | 27.82% | 18.62 | 0.00% | - | 51.76% | 18.62 |
| Indo Reagens Polymer Additives Private Limited | 1.02% | 19.89 | 0.61% | 0.41 | 0.11% | (0.03) | 1.04% | 0.37 |
| Inter company elimination | 0.70% | 13.58 | -35.18% | (23.55) | -0.03% | 0.01 | -65.43% | (23.54) |
| **Total** | **100.00%** | **1,952.32** | **100%** | **66.94** | **100%** | **(30.97)** | **100%** | **35.97** |

## NOTE 53: Disclosure pursuant to Ind AS 7 :

Ind AS 7 requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities and financial assets arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the Balance Sheet for liabilities and financial assets arising from financing activites, to meet the disclosure requirement.

₹ in Crores

| Particulars | As at April 1, 2021 | Cash flows | Non-cash changes | As at March 31, 2022 |
|---|---|---|---|---|
| Long-term borrowings | 278.52 | (8.83) | (93.93) | 175.76 |
| Short-term borrowings | 493.33 | (77.24) | 86.86 | 502.95 |
| Lease liabilities | 4.54 | (2.61) | 0.32 | 2.25 |

₹ in Crores

| Particulars | As at April 1, 2020 | Cash flows | Non-cash changes | As at March 31, 2021 |
|---|---|---|---|---|
| Long-term borrowings | 422.48 | (50.02) | (93.94) | 278.52 |
| Short-term borrowings | 717.27 | (331.04) | 107.10 | 493.33 |
| Non-convertible debentures | 75.00 | (75.00) | - | - |
| Lease liabilities | 6.75 | (2.81) | 0.61 | 4.54 |
| Deposits held as margin money | 0.33 | 0.33 | - | - |

# Notes forming Part of Financial Statements

for the year ended March 31, 2022

## NOTE 54 : SUMARISED FINANCIAL INFORMATION FOR JOINT VENTURES

The Group has a 51% (LY 51%) equity interest in Indo Baijin Chemicals Private Limited and a 49.9% (LY 49.9%) stake till 2nd August 2021 in Indo Reagens Polymer Additives Private Limited . The Group's interest in these Joint Ventures is accounted for in the consolidated financial statements, using the Equity Method prescribed under "Ind AS 28 - Investment in Associates and Joint Ventures". Summarised financial information of the Joint Ventures, based on it's financial statements and reconciliation with the carrying amount of the investment in consolidated financial statements are set out below:

**Indo Baijin Chemicals Private Limited**

### A. Summarised Balance Sheet :

₹ in Crores

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Current assets | 117.10 | 91.18 |
| Non-current assets | 204.51 | 224.51 |
| Current liabilities | 74.92 | 81.21 |
| Non-current liabilities | 52.53 | 67.95 |
| **Equity** | **194.16** | **166.53** |
| **Carrying amount of investment** | **99.02** | **84.93** |

### B. Summarised Statement of Profit and Loss:

₹ in Crores

| Particulars | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|
| Revenue | 343.94 | 232.58 |
| Cost of material consumed | 214.85 | 111.98 |
| Employee benefits expense | 14.71 | 13.91 |
| Depreciation and amortisation expense | 20.19 | 20.42 |
| Finance costs | 5.04 | 6.74 |
| Other expenses | 23.58 | 24.49 |
| Profit before tax | 65.58 | 55.04 |
| Less : Income tax expense | 20.83 | 18.53 |
| Profit for the year | 44.75 | 36.51 |
| Other comprehensive income | - | - |
| Total comprehensive income for the year | 44.75 | 36.51 |
| Group's share of profit for the year | 22.82 | 18.62 |
| Group's share of other comprehensive income | - | - |

**Indo Reagens Polymer Additives Private Limited (44.90 % stake sold as on August 02, 2021)**

### A. Summarised Balance Sheet :

₹ in Crores

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|
| Current assets | - | 36.22 |
| Non-current assets | - | 71.49 |
| Current liabilities | - | 27.37 |
| Non-current liabilities | - | 40.35 |
| **Equity** | **-** | **40.00** |
| **Carrying amount of investment** | **-** | **19.89** |

# Notes forming Part of Financial Statements

for the year ended March 31, 2022

## NOTE 54 : SUMARISED FINANCIAL INFORMATION FOR JOINT VENTURES (Contd.)

**Indo Reagens Polymer Additives Private Limited (44.90 % stake sold as on August 02, 2021)**

### B. Summarised Statement of Profit and Loss:

₹ in Crores

| Particulars | Year ended March 31, 2022 | Year ended March 31, 2021 |
|---|---|---|
| Revenue | - | 26.58 |
| Cost of material consumed | - | 17.95 |
| Employee benefits expense | - | 4.07 |
| Depreciation and amortisation | - | 0.12 |
| Other expenses | - | 3.34 |
| Profit before tax | - | 1.10 |
| Less : Income tax expense | - | 0.31 |
| Profit for the year | - | 0.79 |
| Other comprehensive income | - | (0.07) |
| Total comprehensive income for the year | - | 0.72 |
| Group's share of profit for the year | - | 0.40 |
| Group's share of other comprehensive income | - | (0.03) |

## NOTE 55: SEGMENT REPORTING

₹ in Crores

| A | Primary Segment (by Business Segment) | Year ended March 31, 2022 | | | | Year ended March 31, 2021 | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | Agrochemicals | Innovative solutions chemicals | Others | Total | Agrochemicals | Innovative solutions chemicals | Others | Total |
| a. | **Revenue :** | | | | | | | | |
| | External sales | 2,311.73 | 483.36 | - | 2,795.09 | 2,156.79 | 272.15 | - | 2,428.95 |
| | Inter segment sales revenue | - | - | - | - | - | - | - | - |
| | **Total Revenue** | **2,311.73** | **483.36** | **-** | **2,795.09** | **2,156.79** | **272.15** | **-** | **2,428.95** |
| b. | **Result :** | | | | | | | | |
| | Segment result | 272.22 | 36.87 | 17.79 | 326.88 | 170.42 | 30.26 | 1.82 | 202.50 |
| | Unallocable corporate expenses | | | | - | | | | - |
| | Unallocable corporate income | | | | 14.76 | | | | 2.83 |
| | Profit before interest and tax | | | | 341.64 | | | | 205.33 |
| | Less : Finance cost | | | | 45.23 | | | | 64.73 |
| | **Profit before tax** | | | | **296.41** | | | | **140.60** |
| | Provision for tax & deferred taxes | | | | 99.26 | | | | 93.06 |
| | **Profit after tax** | | | | **197.15** | | | | **47.54** |
| | Share of profit (Loss) of joint venture | | | | 21.67 | | | | 19.40 |
| | **Profit for the year** | | | | **218.82** | | | | **66.94** |

**c. Other Information :**

₹ in Crores

| | Particulars | As at March 31, 2022 | | | | As at March 31, 2021 | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | Agrochemicals | Innovative solutions chemicals | Others | Total | Agrochemicals | Innovative solutions chemicals | Others | Total |
| | **Segment Assets** | 3,396.36 | 243.63 | 113.26 | 3,753.25 | 2,875.28 | 216.65 | 103.39 | 3,195.32 |
| | Unallocable Assets | | | | 91.24 | | | | 151.94 |
| | **Total Assets** | | | | **3,844.49** | | | | **3,347.26** |
| | **Segment Liabilities** | 1,271.52 | 148.74 | 0.01 | 1,420.27 | 976.62 | 130.97 | 0.01 | 1,107.59 |
| | Unallocable Liabilities | | | | 201.37 | | | | 286.97 |
| | **Total Liabilities** | | | | **1,621.64** | | | | **1,394.56** |
| | Net worth | | | | 2,222.85 | | | | 1,952.70 |
| | **Total Equity and Liability** | | | | **3,844.49** | | | | **3,347.26** |

# Notes forming Part of Financial Statements

for the year ended March 31, 2022

## NOTE 55: SEGMENT REPORTING (Contd.)

| B | Secondary Segment Information (by Geographic Segments) | Year ended March 31, 2022 | | | Year ended March 31, 2021 | | |
|---|---|---|---|---|---|---|---|
| | | Domestic | Export | Total | Domestic | Export | Total |
| | **Revenues** | | | | | | |
| | Agrochemicals | 1,171.68 | 1,140.05 | 2,311.73 | 1,060.01 | 1,096.78 | 2,156.79 |
| | Innovative solutions chemicals | 443.52 | 39.84 | 483.36 | 254.97 | 17.19 | 272.16 |
| | **Total** | **1615.20** | **1179.89** | **2,795.09** | **1,314.98** | **1,113.97** | **2,428.95** |

## NOTE 56 : Other Statutory Information

i) The Parent company and its Indian subsidiaries does not have any benami property, where any proceeding has been initiated or pending against the Parent company and its Indian subsidiaries for holding any benami property.

ii) The Parent company and its Indian subsidiaries does not have any transactions with companies which are struck off except the followings.

₹ in Crores

| Particulars | Nature of transactions with Company | Balance outstanding | |
|---|---|---|---|
| | | As at March 31, 2022 | As at March 31, 2021 |
| Steigen Crop Tech Private Limited | Sale of goods | * | * |

* Less than ₹ 1 lakh

iii) The Parent company and its Indian subsidiaries has not traded or invested in Crypto currency or Virtual Currency during the financial year.

iv) The Parent company and its Indian subsidiaries has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Parent company and its Indian subsidiaries (ultimate beneficiaries) or b) provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries.

v) The Parent company and its Indian subsidiaries has not received any fund from any person(s) or entity(ies), including foreign entities (funding party) with the understanding (whether recorded in writing or otherwise) that the Parent company and its Indian subsidiaries shall: a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the funding party (ultimate beneficiaries) or b) provide any guarantee, security or the like on behalf of the ultimate beneficiaries.

vi) The Parent company and its Indian subsidiaries does not have any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961.

vii) The Parent company and its Indian subsidiaries has complied with the number of layers prescribed under clause (87) of Section 2 of the Act read with the Companies (Restriction on number of Layers) Rules, 2017.

viii) The quarterly returns or statements of current assets filed by the Parent company and its Indian subsidiaries with banks or financial institutions are in agreement with the books of accounts.

ix) The Parent company and its Indian subsidiaries is not declared willful defaulter by any bank or financial institution or lender during the year.

# Notes forming Part of Financial Statements

for the year ended March 31, 2022

**57** There was no material disruption due to The COVID-19 pandemic on operations of the Group. The Group has evaluated the impact of this pandemic on its business operations, liquidity, assets and financial position and based on management's review of current indicators and economic conditions, there is no material impact and adjustment required on its consolidated financial result as at March 31, 2022.

**58** The Group is yet to receive balance confirmations in respect of certains financial assets and financial liabilities. The management does not expect any material diffrence affecting the current years's financial statements due to the same

**59** The Code on Social Security, 2020 (the Code) received presidential assent on September 28, 2020. However, the date on which the Code will come into effect has not yet been notified. The Group will assess the impact of the Code on its books of account in the period(s) in which the provisions of the Code becomes effective.

**60** Figures in brackets indicate previous year's figures and have been regrouped/reclassified wherever necessary to conform to current years' classification.

**Signatures to notes** **1 to 60**

**For and on behalf of The Board of Directors**

**Dr. Bina Modi**
Chairman and Managing Director
DIN:00048606

**Charu Modi**
Executive Director
DIN:00029625

**Narendra Rane**
Chief Operating Officer

**Manju Anand**
Company Secretary
ACS:17215

Place : Mumbai
Date: August 29, 2022

# Notes

## Disclaimer

Some information in this report may contain forward-looking statements which include statements regarding Company's expected financial position and results of operations, business plans and prospects etc. and are generally identified by forward-looking words such as "believe," "plan," "anticipate," "continue," "estimate," "expect," "may," "will" or other similar words. Forward-looking statements are dependent on assumptions or basis underlying such statements. We have chosen these assumptions or basis in good faith, and we believe that they are reasonable in all material respects. However, we caution that actual results, performances or achievements could differ materially from those expressed or implied in such forward-looking statements. We undertake no obligation to update or revise any forwardlooking statement, whether as a result of new information, future events, or otherwise.

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