



Ref. No: HSCL / Stock-Ex/2021-22/43

Date: 02/09/2021

E-mail: monika@himadri.com

Ref: Listing Code: 500184 (Equity) BSE Limited Department of Corporate Services P. J. Towers, 25 th Floor, Dalal Street, Mumbai- 400 001	Ref: Listing Code: HSCL National Stock Exchange of India Ltd Exchange Plaza, C-1, Block-G Bandra Kurla Complex, Bandra (E) Mumbai- 400 051

Sub: Notice of 33rd Annual General Meeting (AGM) and Annual Report for the financial year 2020-21

Dear Sir/Madam,

Pursuant to Regulation 30 read with Part A (Para A) of Schedule III and Regulation 34(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are enclosing herewith a copy of Annual Report of the Company for the financial year 2020-21 along with notice of the 33rd Annual General Meeting (AGM) to be held on Wednesday, 29 September 2021 at 11:30 a.m. (IST) through Video Conferencing ("VC")/Other Audio-Visual Means ("OAVM").

The said Notice and Annual Report for the financial year 2020-21 is being sent only through e-mails to the shareholders of the Company at their registered e-mail addresses and the same has also been uploaded on the website of the Company at www.himadri.com

You are requested to kindly take the same on record.

Thanking you.

Yours faithfully,

Enclosed: a/a

For Himadri Speciality Chemical Ltd

Monika Sengupta
Company Secretary
ACS: 29322

Himadri Speciality Chemical Ltd

(Formerly known as Himadri Chemicals & Industries Limited) CIN: L27106WB1987PLC042756
Regd. Office: 23A, Netaji Subhas Road, 8th Floor, Kolkata – 700 001, India
Corp. Office: 8, India Exchange Place, 2nd Floor, Kolkata – 700 001, India
Tel: 91-33-2230-9953, 2230-4363, Fax: 91-33-2230-9051, Website: www.himadri.com



Himadri Speciality Chemical Ltd

CIN: L27106WB1987PLC042756

Regd. Office: 23A, Netaji Subhas Road, 8th Floor, Suite No. 15, Kolkata – 700 001

Corp. Office: 8, India Exchange Place, 2nd Floor, Kolkata- 700 001

Email: investors@himadri.com; Website: www.himadri.com; Ph: 033 22309953

Notice to the Members

NOTICE is hereby given that the 33rd Annual General Meeting (AGM) of the Members of Himadri Speciality Chemical Ltd will be held on **Wednesday, the 29 September 2021 at 11:30 a.m. (IST) through Video Conferencing (“VC”)/ Other Audio-Visual Means (“OAVM”)** to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Standalone Financial Statements and Audited Consolidated Financial Statements of the Company for the financial year ended 31 March 2021 together with the report of the Board of Directors and Auditors thereon.
2. To declare dividend of ₹ 0.15 (15%) per equity share of face value of ₹ 1 each for the financial year ended 31 March 2021.
3. To appoint a Director in place of Mr. Anurag Choudhary (DIN: 00173934), who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Mr. Amit Choudhary (DIN: 00152358), who retires by rotation and being eligible offers himself for re-appointment.

SPECIAL BUSINESS:

5. **To ratify remuneration of Cost Auditor and to consider and, if thought fit, to pass, the following resolution as an Ordinary Resolution:**

“RESOLVED THAT pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 (“the Act”) read with the rules framed thereunder and other applicable laws, (including any statutory modification(s) or re-enactment thereof, for the time being in force), and based on the recommendation of the Audit Committee and approval of the Board of Directors of the Company, the remuneration of ₹ 40,000/- (Rupees Forty Thousand only) plus

applicable taxes and reimbursement of actual travel and out of pocket expenses incurred in connection with the cost audit, payable to Mr. Sambhu Banerjee, Cost Auditor (Membership No. 9780), who has been appointed by the Board of Directors as the Cost Auditor for conducting the audit of the Cost Accounting Records as required to be maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014 for the financial year ending 31 March 2022, be and is hereby ratified;

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

6. **To appoint Mr. Girish Paman Vanvari (DIN: 07376482) as an Independent Director and to consider and, if thought fit, to pass, the following resolution as an Ordinary Resolution:**

“RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152, 160 read with Schedule IV and all other applicable provisions, if any, of the Companies Act, 2013 (“the Act”) and the rules framed thereunder and Regulation 16(1) (b) and Regulation 17 and all other applicable provisions, of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”) and other applicable laws (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), Mr. Girish Paman Vanvari (DIN: 07376482), who was appointed as an Additional Director

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in the capacity of Independent Director of the Company with effect from 22 June 2021 and who holds office up to the date of this Annual General Meeting in terms of Section 161 of the Act and who has submitted the necessary declaration to the effect that he meets the criteria for independence as prescribed in the Act and Listing Regulations and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Act, proposing his candidature for the office of director, be and is hereby appointed as an Independent Director of the Company, for the first term, not liable to retire by rotation, for a period of 5 (five) consecutive years with effect from 22 June 2021;

RESOLVED FURTHER THAT the Board of Directors and the Company Secretary of the Company be and are hereby severally authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this Resolution."

7. To re-appoint Mr. Santosh Kumar Agrawala (DIN: 00364962) as an Independent Director and to consider and, if thought fit, to pass, the following as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 149, 152, 160 read with Schedule IV and all other applicable provisions, if any, of the Companies Act, 2013 ("the Act") and the rules framed thereunder and Regulation 16(1)(b) and Regulation 17 and all other applicable provisions, if any, of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") and other applicable laws, including any statutory modification(s) or re-enactment(s) thereof, for the time being in force, Mr. Santosh Kumar Agrawala (DIN: 00364962), who was appointed as an Independent Director of the Company at the Annual General Meeting held on 22 September 2017 and whose present term shall expire on 13 November 2021, and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Act, proposing his candidature for the office of director, and being eligible, be and is

hereby re-appointed as an Independent Director of the Company, not liable to retire by rotation, for the second term of 5 (five) consecutive years with effect from 14 November 2021.

RESOLVED FURTHER THAT the Board of Directors and the Company Secretary of the Company be and are hereby severally authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

8. To appoint Mr. Gopal Ajay Malpani (DIN: 02043728) as an Independent Director and to consider and, if thought fit, to pass, the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152, 160 read with Schedule IV and all other applicable provisions, if any, of the Companies Act, 2013 ("the Act") and the rules framed thereunder and Regulation 16(1)(b) and Regulation 17 and all other applicable provisions, if any, of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") and other applicable laws (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), Mr. Gopal Ajay Malpani (DIN: 02043728), who was appointed as an Additional Director in the capacity of Independent Director of the Company with effect from 13 August 2021 and who holds office up to the date of this Annual General Meeting in terms of Section 161 of the Act and who has submitted the necessary declaration to the effect that he meets the criteria for independence as prescribed in the Act and Listing Regulations and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Act, proposing his candidature for the office of director, be and is hereby appointed as an Independent Director of the Company, for the first term, not liable to retire by rotation, for a period of 5 (five) consecutive years with effect from 13 August 2021;

RESOLVED FURTHER THAT the Board of Directors and the Company Secretary of the

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Company be and are hereby severally authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

9. To ratify and approve the remuneration of Mr. Bankey Lal Choudhary (DIN: 00173792), Whole-Time Director for the period of his tenure i.e from 01 April 2020 to 31 March 2024 and to consider and, if thought fit, to pass the following resolution as a Special Resolution:

“**RESOLVED THAT** further to the resolution passed by the Members at the 31st AGM of the Company according their consent to the re-appointment of Mr. Bankey Lal Choudhary (DIN: 00173792) as Managing Director for the period from 1 April 2019 to 14 August 2019 and Whole-Time Director for the period from 14 August 2019 to 31 March 2024 for an aggregate period not exceeding five years, at a remuneration and on the terms & conditions mentioned therein, and pursuant to the provisions of Sections 197, 198 read with Section II of Part II of Schedule V and other applicable provisions, if any, of the Companies Act, 2013 (“the Act”) and rules made thereunder and Regulation 17(6)(e) and other applicable provisions, if any, of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, (“Listing Regulations”) and other applicable laws, including any statutory modification(s) or re-enactment(s) thereof for the time being in force, and the Articles of Association of the Company and pursuant to the recommendation of the Nomination and Remuneration Committee and the approval of Audit Committee and Board of Directors, the consent of the Members of the Company be and is hereby accorded to ratify and approve the payment of the remuneration to Mr. Bankey Lal Choudhary as the Whole-Time Director of the Company on the terms and conditions as set out in the Explanatory Statement for the period from 1 April 2020 to 31 March 2024;

RESOLVED FURTHER THAT notwithstanding the profits in any financial year, the Company shall pay the remuneration as mentioned in Explanatory Statement as the minimum remuneration;

RESOLVED FURTHER THAT the Board of Directors of the Company (hereinafter referred to as “the Board”, which term shall deemed to include any committee of the Board constituted to exercise its powers, including the powers conferred by this Resolution) be and is hereby authorised to alter and vary the terms and conditions including remuneration of said Mr. Bankey Lal Choudhary in such manner as may be agreed by the Board and Mr. Bankey Lal Choudhary, subject to the limits as specified under Schedule V of the Act including any statutory modification(s) or re-enactments thereof;

RESOLVED FURTHER THAT the Board of Directors and the Company Secretary of the Company be and are hereby severally authorized to do all such acts, deeds and things and take all steps as may be deemed necessary, proper or expedient to give effect to this resolution;

RESOLVED FURTHER THAT all actions taken by the Board in connection with any matter referred to or contemplated in the foregoing resolution are hereby approved, ratified and confirmed in all respects.”

10. To ratify and approve the remuneration of Mr. Anurag Choudhary (DIN: 00173934), Managing Director & CEO for the period of his tenure i.e from 01 April 2020 to 13 August 2024 and to consider and, if thought fit, to pass the following resolution as a Special Resolution:

“**RESOLVED THAT** further to the resolution passed by the Members at the 31st AGM of the Company according their consent to the appointment of Mr. Anurag Choudhary (DIN: 00173934), as Managing Director & CEO for a period of 5 (Five) years commencing from 14 August 2019, at a remuneration and on the terms & conditions mentioned therein, and pursuant to the provisions of Sections 197, 198 read with Section II of Part II of Schedule V and other applicable provisions, if any, of the Companies Act, 2013 (“the Act”) and rules made thereunder and Regulation 17(6)(e) and other applicable provisions, if any, of SEBI (Listing Obligations and Disclosure Requirements)

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Regulations, 2015, ("Listing Regulations") and other applicable laws, including any statutory modification(s) or re-enactment(s) thereof for the time being in force, and the Articles of Association of the Company and pursuant to the recommendation of the Nomination and Remuneration Committee and the approval of Audit Committee and Board of Directors, the consent of the Members of the Company be and is hereby accorded to ratify and approve the payment of the remuneration to Mr. Anurag Choudhary as the Managing Director & CEO of the Company on the terms and conditions as set out in the Explanatory Statement for the period from 1 April 2020 to 13 August 2024;

RESOLVED FURTHER THAT notwithstanding the profits in any financial year, the Company shall pay the remuneration as mentioned in Explanatory Statement as the minimum remuneration;

RESOLVED FURTHER THAT the Board of Directors of the Company (hereinafter referred to as "the Board", which term shall deemed to include any committee of the Board constituted to exercise its powers, including the powers conferred by this Resolution) be and is hereby authorised to alter and vary the terms and conditions including remuneration of said Mr. Anurag Choudhary in such manner as may be agreed by the Board and Mr. Anurag Choudhary, subject to the limits as specified under Schedule V of the Act including any statutory modification(s) or re-enactments thereof;

RESOLVED FURTHER THAT the Board of Directors and the Company Secretary of the Company be and are hereby severally authorized to do all such acts, deeds and things and take all steps as may be deemed necessary, proper or expedient to give effect to this resolution;

RESOLVED FURTHER THAT all actions taken by the Board in connection with any matter referred to or contemplated in the foregoing resolution are hereby approved, ratified and confirmed in all respects."

11. To ratify and approve the remuneration of Mr. Amit Choudhary (DIN: 00152358), Whole-Time Director for the period of his tenure i.e from 01 April 2020 to 13 August 2024 and to consider and, if thought fit, to pass the following resolution as a Special Resolution:

"RESOLVED THAT further to the resolution passed by the Members at the 31st AGM of the Company according their consent to the appointment of Mr. Amit Choudhary (DIN: 00152358), as Whole-Time Director for a period of 5 (Five) years commencing from 14 August 2019, at a remuneration and on the terms & conditions mentioned therein, and pursuant to the provisions of Sections 197, 198 read with Section II of Part II of Schedule V and other applicable provisions, if any, of the Companies Act, 2013 ("the Act") and rules made thereunder and Regulation 17(6)(e) and other applicable provisions, if any, of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, ("Listing Regulations") and other applicable laws, including any statutory modification(s) or re-enactment(s) thereof for the time being in force, and the Articles of Association of the Company and pursuant to the recommendation of the Nomination and Remuneration Committee and the approval of Audit Committee and Board of Directors, the consent of the Members of the Company be and is hereby accorded to ratify and approve the payment of the remuneration to Mr. Amit Choudhary as the Whole-Time Director of the Company on the terms and conditions as set out in the Explanatory Statement for the period from 1 April 2020 to 13 August 2024;

RESOLVED FURTHER THAT notwithstanding the profits in any financial year, the Company shall pay the remuneration as mentioned in Explanatory Statement as the minimum remuneration;

RESOLVED FURTHER THAT the Board of Directors of the Company (hereinafter referred to as "the Board", which term shall deemed to include any committee of the Board constituted to exercise its powers, including the powers conferred by this Resolution) be and is hereby

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authorised to alter and vary the terms and conditions including remuneration of said Mr. Amit Choudhary in such manner as may be agreed by the Board and Mr. Amit Choudhary, subject to the limits as specified under Schedule V of the Act including any statutory modification(s) or re-enactments thereof;

RESOLVED FURTHER THAT the Board of Directors and the Company Secretary of the Company be and are hereby severally authorized to do all such acts, deeds and things and take all steps as may be deemed necessary, proper or expedient to give effect to this resolution;

RESOLVED FURTHER THAT all actions taken by the Board in connection with any matter referred to or contemplated in the foregoing resolution are hereby approved, ratified and confirmed in all respects.”

12. To ratify and approve the remuneration of Mr. Tushar Choudhary (DIN: 00174003), Whole-Time Director for the period of his tenure i.e from 01 April 2020 to 13 August 2024 and to consider and, if thought fit, to pass the following resolution as a Special Resolution:

“**RESOLVED THAT** further to the resolution passed by the Members at the 31st AGM of the Company according their consent to the appointment of Mr. Tushar Choudhary (DIN: 00174003), as Whole-Time Director for a period of 5 (Five) years commencing from 14 August 2019, at a remuneration and on the terms & conditions mentioned therein, and pursuant to the provisions of Sections 197, 198 read with Section II of Part II of Schedule V and other applicable provisions, if any, of the Companies Act, 2013 (“the Act”) and rules made thereunder and Regulation 17(6)(e) and other applicable provisions, if any, of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, (“Listing Regulations”) and other applicable laws, including any statutory modification(s)

or re-enactment(s) thereof for the time being in force, and the Articles of Association of the Company and pursuant to the recommendation of the Nomination and Remuneration Committee and the approval of Audit Committee and Board of Directors, the consent of the Members of the Company be and is hereby accorded to ratify and approve the payment of the remuneration to Mr. Tushar Choudhary as the Whole-Time Director of the Company on the terms and conditions as set out in the Explanatory Statement for the period from 1 April 2020 to 13 August 2024;

RESOLVED FURTHER THAT notwithstanding the profits in any financial year, the Company shall pay the remuneration as mentioned in Explanatory Statement as the minimum remuneration;

RESOLVED FURTHER THAT the Board of Directors of the Company (hereinafter referred to as “the Board”, which term shall deemed to include any committee of the Board constituted to exercise its powers, including the powers conferred by this Resolution) be and is hereby authorised to alter and vary the terms and conditions including remuneration of said Mr. Tushar Choudhary in such manner as may be agreed by the Board and Mr. Tushar Choudhary, subject to the limits as specified under Schedule V of the Act including any statutory modification(s) or re-enactments thereof;

RESOLVED FURTHER THAT the Board of Directors and the Company Secretary of the Company be and are hereby severally authorized to do all such acts, deeds and things and take all steps as may be deemed necessary, proper or expedient to give effect to this resolution;

RESOLVED FURTHER THAT all actions taken by the Board in connection with any matter referred to or contemplated in the foregoing resolution are hereby approved, ratified and confirmed in all respects.”

By Order of the Board

Sd/-

Monika Saraswat
Company Secretary
ACS: 29322

Place: Kolkata
Date: 13 August 2021

Notice (Contd.)

Notes:

1. An Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, ("the Act") setting out material facts relating to Special Business under item no 5 to 12 of the notice to be transacted at the 33rd AGM is annexed hereto. The recommendation of the Board of Directors of the Company (the "Board") in terms of Regulation 17(11) of the Listing Regulations is also provided in the said Statement.
2. In view of the continuing COVID-19 pandemic, the Ministry of Corporate Affairs (the "MCA") vide its General Circulars No. 14/2020, No. 17/2020 and No. 20/2020 dated April 8, 2020, April 13, 2020 and May 5, 2020 respectively and by General Circular No. 02/2021 dated January 13, 2021 and other applicable circulars, (hereinafter, collectively referred as the "MCA Circulars") read with the SEBI Circulars No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 and No. SEBI/HO/CFD/CMD2/CIR/P/2021/11 dated May 12, 2020 and January 15, 2021 respectively and other applicable circulars (hereinafter, collectively referred as the "SEBI Circulars") has allowed companies to conduct their annual general meetings through Video Conferencing ("VC") or Other Audio Visual Means ("OAVM"), which does not require physical presence of the Members, Directors, Auditors and other persons at common venue, in view of this, the 33rd AGM of the Company is being conducted through VC / OAVM facility. The deemed venue for the 33rd AGM shall be the Corporate Office of the Company situated at Ruby House, 8 India Exchange Place, 2nd Floor, Kolkata - 700 001. Hence Members can attend and participate in the AGM through VC/OAVM only. The detailed procedure for participating in the meeting through VC / OAVM is annexed herewith in note no. 29.
3. The 33rd AGM of the Company is being convened through VC/OAVM in compliance with the applicable provisions of the Act read with all the applicable MCA and SEBI Circulars.
4. Pursuant to the provisions of Section 108 of the Act read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended), Regulation 44 of the Listing Regulations, Secretarial Standards on General Meeting (SS-2) issued by the Institute of Company Secretaries of India and the MCA Circulars, the Company is providing facility of remote e-voting to its Members in respect of the business to be transacted at the AGM and facility for those Members participating in the AGM to cast vote through e-Voting system during 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. NSDL will be providing facility for voting through remote e-voting, for participation in the 33rd AGM through VC/ OAVM facility and e-Voting during the 33rd AGM. The instructions and other information relating to e-voting are given in the notice under note no 29.
5. In terms of the MCA Circulars, since the physical attendance of Members has been dispensed with, there is no requirement for the appointment of proxies. Accordingly, the facility to appoint proxies to attend and cast vote for the Members is not available for this AGM. However, in pursuance of Section 113 of the Act, and rules made thereunder, the Body Corporates Members are entitled to appoint their authorised representatives to attend the AGM through VC/OAVM and participate and cast their votes through remote e-voting and e-voting during the 33rd AGM of the Company.
6. Institutional / Corporate Shareholders (i.e. other than individuals, HUF, NRI, etc.) are required to send a scanned copy (PDF/ JPG Format) of its Board or governing body Resolution/Authorization etc., with attested specimen signature of the duly authorized signatory(ies) authorizing its representative to attend the AGM through VC / OAVM on its behalf and to vote through remote e-voting

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and e-voting during AGM, to the Scrutinizer by email through its registered email address to csrajarshi@gmail.com with a copy marked to monika@himadri.com and evoting@nsdl.co.in.

7. The quorum for the Annual General Meeting, as provided in Section 103 of the Act, is thirty members (including a duly authorized representative of a body corporate) and the members present in the meeting through VC/OAVM shall be counted for the purpose of quorum pursuant to MCA Circular dated 13 January 2021 read with 05 May 2020 and other applicable circulars.
8. The Register of Members and Share Transfer Books of the Company shall remain closed from the 23 September 2021 to 29 September 2021 (both days inclusive) for the purpose of the AGM and payment of dividend.

9. Dispatch of Annual Report through E-mail

In accordance with the MCA Circulars and SEBI Circular, the Notice of the 33rd AGM along with the Annual Report of the Company for the financial year ended 31 March 2021 are being sent only through electronic mode (e-mail)

to those Members whose email addresses are registered with the Company or the Registrar and Share Transfer Agent (the "RTA") or with their respective Depository Participant/s (DPs).

Members may note that the Notice and Annual Report for the financial year ended 31 March 2021 is also available on the Company's website www.himadri.com, websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively and the AGM Notice is also available on the website of NSDL (Agency for providing the Remote e-voting facility) at www.evoting.nsdl.com.

We urge the shareholders for registration and/ or updation of their email id, Permanent Account Number (PAN) and bank mandate with the Company to ensure receipt of Annual Report, dividend and/or any other consideration and other communication timely, faster and easier and more importantly avoids fraudulent encashment of warrants.

Accordingly, to update the details with the Company, the following procedure may be followed:

Updating/ Registration	Procedure
Email Id & PAN	Physical Holding: An email requesting for updation/ registration of email id with a copy of PAN card and mentioning folio number may be send to the Company's email id at investors@himadri.com or, Company's Registrar and Share Transfer Agent email id at skcdilip@gmail.com
	Demat Holding: Update the email id / PAN through your Depository Participant. The Company had availed the service provided by NSDL to update email id of shareholders who has demat account with NSDL but has not yet updated email id, by sending SMS to those shareholders to update their email id.
Bank Mandate	Physical Holding: An email requesting for updation/ registration of Bank Mandate with a copy of PAN card, cancelled cheque with name printed on cheque, copy of share certificate or any letter received from Company or dividend warrant where folio number is mentioned may be send to the Company's email id at investors@himadri.com or, Company's Registrar and Share Transfer Agent email id at skcdilip@gmail.com
	Demat Holding: Update the Bank mandate through your Depository Participant

The Company has also issued public notice dated 16 July 2021 urging the shareholders for registration and/ or updation of their email id, Permanent Account Number (PAN) and bank mandate with the Company to ensure receipt of Annual Report, dividend and/or any other consideration and other communication timely, faster and easier and more importantly avoids fraudulent encashment of warrants.

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10. Members of the Company has approved the appointment of M/s. B S R & Co. LLP, Chartered Accountants, (Firm registration no. 101248W/W-100022) as the Statutory Auditors at the 29th Annual General Meeting of the Company held on 22 September 2017 for another term of five years which is valid till 34th Annual General Meeting of the Company, subject to the ratification of appointment by members at every Annual General meeting. In view of the Companies (Amendment) Act, 2017, the ratification of appointment of Statutory Auditors at every AGM has been done away, therefore the necessary resolution seeking consent of the members for ratification of appointment of statutory auditors has not been placed before the shareholders at this AGM.
11. Members may please note that in view of the proviso to Regulation 40(1) of the Listing Regulations, securities of listed companies can be transferred only in dematerialised form (DEMAT) with effect from 1 April 2019, except in case of request received for transmission or transposition of securities. Dematerialisation of shares would help to eliminate risks associated with Physical Shares. In this regard, SEBI has clarified by a Press Release No. 12/2019 dated March 27, 2019, that the said amendments do not prohibit an investor from holding the shares in physical mode and the investor has the option of holding shares in physical mode even after April 1, 2019. However, any investor who is desirous of transferring shares (which are held in physical mode) after April 1, 2019 can do so only after the shares are dematerialized.
12. The Dividend on shares, if declared, will be paid, subject to deduction of tax at source, as applicable, in respect of shares held in electronic form, to those persons whose names appear as beneficial owners in the statement(s) furnished by the Depositories as on the close of the market day prior to start of book closure and in respect of shares held in physical form, to those Shareholders whose names appear on the Company's register of members after giving effect to all valid transmission / transposition request lodged with the Company before the start of date of book closure. The Securities and Exchange Board of India has made it mandatory for all companies to use the bank account details furnished by the Depositories for payment of dividend through Electronic Clearing Service (ECS) to investors wherever ECS and bank details are available. In the absence of ECS facilities, the Company will print the bank account details, if available, on the payment instrument for distribution of dividend. In the event the Company is unable to pay the dividend to any Member directly in their bank accounts through Electronic Clearing Service or any other means, due to non-registration of the Electronic Bank Mandate, the Company shall dispatch the Bankers' cheques/ demand draft/ dividend warrant to such Member, as soon as possible. The Company will not entertain any direct request from Members holding shares in electronic mode for deletion of/change in such bank account details.
13. Pursuant to the Finance Act 2020, dividend income will be taxable in the hands of shareholders w.e.f. 1 April 2020 and the Company is required to deduct tax at source from dividend paid to shareholders at the prescribed rates. For the prescribed rates for various categories, the shareholders are requested to refer to the Finance Act, 2020 and amendments thereof. The shareholders are requested to update their PAN with the Company/ Registrar & Share Transfer Agent (in case of shares held in physical mode) and depositories (in case of shares held in demat mode).
 - A Resident individual shareholder with PAN and who is not liable to pay income tax can submit a yearly declaration in Form No. 15G/15H, to avail the benefit of non-deduction of tax at source by email to "skcdivit@gmail.com" or

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“investors@himadri.com”. Shareholders are requested to note that in case their PAN is not registered, the tax will be deducted at a higher rate of 20%. However, in case of individuals, TDS would not apply if the aggregate of total dividend distributed to them during financial year 2021-22 does not exceed ₹ 5,000/-.

- Non-resident shareholders can avail beneficial rates under tax treaty between India and their country of residence, subject to providing necessary documents i.e. Self-attested Copy of the Permanent Account Number (PAN Card), if any, allotted by the Indian authorities; Self-attested copy of Tax Residency Certificate (TRC) valid as on the AGM date obtained from the tax authorities of the country of which the shareholder is resident; Self-declaration in Form 10F. Self-declaration confirming not having a Permanent Establishment in India and eligibility to Tax Treaty benefit by sending an email to “skcdivit@gmail.com” or “investors@himadri.com”. TDS shall be recovered at 20% (plus applicable surcharge and cess) if any of the above-mentioned documents are not provided.

The details of TDS rate for each category of shareholders and necessary format of declarations is also available at the website of the Company at <https://www.himadri.com/pdf/tds-on-dividend-payment-during-the-financial-year-2020-21.pdf>.

14. Transfer of Unclaimed Dividend and Shares to IEPF

Members are hereby informed that pursuant to Section 124(6) of the Act, read with Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 and all other applicable provisions, circulars and amendments thereto, the equity shares of the Company in respect of which dividends remained unclaimed or unpaid for seven consecutive

years or more, are required to be transferred by the Company to the Investor Education and protection Fund (IEPF) as established by the Central Government in terms of Section 125(1) of the Act. Accordingly, the Company, during the year ended 31 March 2021 has transferred 178,354 equity shares of the face value of ₹ 1/- each to the demat account of Investor Education and Protection Fund pertaining to the financial year 2012-13, on which the dividends remained unpaid or unclaimed for seven consecutive years. The details of such Members and shares transferred for the financial year 2012-13 are uploaded on Company's website at www.himadri.com under Investor Section.

Pursuant to the provisions of Section 124 of the Act, read with Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 and the relevant circulars and amendments thereto ('IEPF Rules') the amount of dividend remaining unpaid or unclaimed for a period of seven years from the date of transfer to the unpaid dividend account, is required to be transferred to the Investor Education and Protection Fund (IEPF), constituted by the Central Government. Accordingly, the Company, during the year ended 31 March 2021 has transferred the amount of unpaid/unclaimed dividend aggregating to ₹ 5,27,295/- being the unpaid and unclaimed dividend amount pertaining to the dividend for the financial year 2012-13.

Members are hereby informed that the dividend for the financial year ended 31 March 2014 declared at the Annual General Meeting held on 24 September 2014, is also due to be transferred to IEPF Authority on **30 October 2021**, after expiry of the period of seven years. The details of those Members who have not claimed dividend for consecutive period of seven years or more and the relevant details of shares due to be transferred to the IEPF Authority, is available on Company's website at www.himadri.com under

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Investor Section. If valid claim is not received from the concerned Members on or before **29 October 2021**, the Company shall take necessary steps towards transfer of those shares to the IEPF Authority. The Company has given public notice on 28 July 2021 published in English language "Financial Express" and also one in Bengali Newspaper "Sukhabar", and also one in Hindi Newspaper "Jansatta" as well as individual notice was given to the concerned Members informing them that their shares are liable to be transferred to IEPF Authority.

The amount of unpaid dividend for the year ended 31 March 2014 and onwards is lying in separate banking accounts for the respective years. Members who have not claimed dividend for the year ended 31 March 2014 and onwards, if any has been provided an opportunity to claim such dividend by sending a letter under their signature along with one cancelled cheque/Bank details, claiming the amount of unpaid dividend, so as to reach with the Company's Registrar & Share Transfer Agent, M/s S.K. Infosolutions Pvt. Ltd, D/42, Katju Nagar Colony, Ground Floor, Near South City Mall, PO & PS - Jadavpur, Kolkata - 700 032.

The unclaimed dividend and the unclaimed shares, after transferred to IEPF Authority can be claimed back from the IEPF Authority by filing the web based e-Form IEPF-5 online. Ms. Monika Saraswat, Company Secretary & Compliance Officer is the Nodal Officer of the Company for the purpose of verification of such claims. It was further clarified that in case any dividend is paid or claimed for any year during said period of seven consecutive years, the shares shall not be transferred to IEPF.

15. Bank Mandate for Dividend or Electronic Clearance Services (ECS)

In order to protect the investors from fraudulent encashment of the dividend warrants, the Members holding shares in physical form are requested to intimate the Company under

signature of the Sole/ First joint holder, the following details which will be used by the Company for payment of dividend:

- a. Name of Sole / First joint holder and folio no.
- b. Particulars of bank account viz:
 - Name of the bank, branch, and bank code
 - Complete address of the bank with Pin Code
 - Account type, whether Savings or Current
 - Bank account number allotted by the bank
 - MICR (Magnetic Ink Character Recognition)
 - IFSC (Indian Financial System Code),

Shareholders holding shares in physical form are requested to send their NECS Mandate Form in the format available on Company's website www.himadri.com, duly filled in to be sent to the Company's Registrar & Share Transfer Agent, M/s S. K. Infosolutions Pvt. Ltd., D/42, Katju Nagar Colony, Ground Floor, Near South City Mall, PO & PS - Jadavpur, Kolkata - 700 032, email: skcdilip@gmail.com and in case equity shares are held in electronic form, the NECS Mandate form is required to be sent to the concerned Depository Participants (DPs) directly.

The Securities & Exchange Board of India (SEBI) has made it mandatory for all Companies to use the Bank account details furnished by the Depositories for the remittance of Dividend through Electronic Clearing Services (ECS) to investors where the Bank details are available, therefore, Members are requested to give instructions regarding Bank Account in which they wish to receive dividend directly through their Depository Participants (DPs). The Members holding shares in DEMAT mode may send the requisite details to their DPs and in case of physical shareholding, the bank details are to

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be provided to the Registrar & Share Transfer Agent.

Further SEBI vide circular dated 20 April 2018 has also mandated to obtain account details along with cancelled cheque to update the securities holder's data. The original cancelled cheque shall bear the name of the securities holder failing which securities holder shall submit copy of bank passbook /statement attested by the bank. The RTA shall then update the bank details in its records after due verification. The unpaid dividend shall be paid via electronic bank transfer. In cases where either the bank details such as MICR (Magnetic Ink Character Recognition), IFSC (Indian Financial System Code), etc. that are required for making electronic payment, are not available or the electronic payment instructions have failed or have been rejected by the bank, the issuer companies or their RTA may ask the banker to make payment through physical instrument such as banker's cheque or demand draft or dividend warrant to such securities holder incorporating their bank account details.

The Company has sent reminders to those shareholders, whose bank details are not available with the Registrar & Share Transfer Agent, requesting them to send the required details to enable the Company for payment of Dividend. The Company before processing the request for payment of Unclaimed / Unpaid Dividend, has been in practice of obtaining necessary particulars of Bank Account of the Payee.

16. SEBI has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their Demat accounts. Members holding shares in physical form can submit their PAN to the Company or its Registrar and Share Transfer Agent.
17. As per the provisions of Section 72 of the Act the facility for making nomination is available for the Members in respect of the shares held by them. Members who have not yet registered their nomination are requested to register the same by submitting Form No. SH-13. The said form can be downloaded from the Company's website, www.himadri.com. Members are requested to submit the said details to their DPs in case the shares are held by them in electronic form and to the Registrar and Share Transfer Agent in case the shares are held in physical form.
18. Members who hold shares in physical form in multiple folios in identical names or joint names in the same order of names are requested to send the share certificates to the Company's RTA for consolidation into single folio.
19. Members are requested to intimate about change in their name, postal address, email address, telephone/ mobile numbers, Permanent Account Number (PAN), mandates, nominations, power of attorney, bank details such as, name of the bank and branch details, bank account number, MICR code, IFSC code, etc., to the Company's Registrar and Share Transfer Agent, M/s S K Infosolutions Pvt. Ltd., D/42, Katju Nagar Colony, Ground Floor, Near South City Mall, PO & PS - Jadavpur, Kolkata - 700 032 through email at skcdilip@gmail.com in case the shares are held in physical form and to the Depository Participants (DPs) in case of shares held in electronic form.
20. Non-resident Indian Members are requested to inform Company's Registrar and Share Transfer Agent, M/s S. K. Infosolutions Pvt. Ltd., D/42, Katju Nagar Colony, Ground Floor, Near South City Mall, PO & PS - Jadavpur, Kolkata - 700 032 , email: skcdilip@gmail.com, immediately of
 - (a) Change in their residential status on return to India for permanent settlement.
 - (b) Particulars of their bank account maintained in India with complete name, branch, account type, account number and address of the bank with pin code number, if not furnished earlier.

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21. The Board has appointed Mr. Rajarshi Ghosh, Practising Company Secretary (ACS: 17717), as the scrutinizer to scrutinize the remote e-voting process and also e-voting during the AGM in a fair and transparent manner. The Scrutinizer shall after the conclusion of e-voting at the 33rd AGM, first download the votes cast at the AGM and thereafter unblock the votes cast through remote e-voting system and shall make a consolidated Scrutinizer's Report.
22. The result declared along with the Scrutinizer's Report shall be placed on the Company's website www.himadri.com immediately after declaration. The Company shall simultaneously forward the results to National Stock Exchange of India Limited and BSE Limited, where the shares of the Company are listed.
23. Recorded transcript of the Meeting shall be uploaded on the website of the Company and the same shall also be maintained in safe custody of the Company.
24. The scanned copies of the relevant documents referred to in the accompanying notice/ explanatory statement will be made available at www.himadri.com for inspection by the Members at the AGM, up to the date of this AGM.
During the AGM, the scanned copy of Register of Directors and Key Managerial Personnel and their Shareholding maintained under Section 170 of the Act, the Register of Contracts or arrangements in which Directors are interested under Section 189 of the Act, the Certificate from Auditors of the Company certifying that the ESOP Schemes of the Company are being implemented in accordance with the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and the Memorandum and Articles of Association of the Company shall be available for inspection upon login to NSDL e-voting system at <https://www.evoting.nsdl.com>.
25. To support the 'Green Initiative', the Members who have not registered their e-mail addresses are requested to register the same with the Company's Registrar and Share Transfer Agent/ Depositories for receiving all communications

including Annual Reports, Notices, Circulars etc. from the Company electronically.

26. Ms. Monika Saraswat, Company Secretary and Compliance Officer of the Company shall be responsible for addressing all the grievances in relation to this AGM including e-voting. The Members may contact at the following address:
Name: Ms. Monika Saraswat
Designation: Company Secretary and Compliance Officer
Corporate Office: 8, India Exchange Place, 2nd Floor, Kolkata-700001
Email id: monika@himadri.com;
Phone No.: 033-2230 9953
27. Details as required under Regulation 36(3) of the Listing Regulations and Revised Secretarial Standards on General Meeting (SS-2) with respect to Directors seeking appointment / re-appointment at ensuing AGM is given in the Annexure- III to this Notice.
28. Since the AGM will be held through VC / OAVM facility, the Attendance slip and Route Map are not annexed to this Notice.
29. **Conduct of AGM through Video Conferencing (VC)/ Other Audio-Visual Means (OAVM) facility.**

A. INSTRUCTIONS FOR MEMBERS FOR ATTENDING THE AGM THROUGH VC/OAVM ARE AS UNDER:

- i. The Members are requested to join the 33rd Annual General Meeting (AGM) through VC/ OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting i.e 11:30 a.m. (IST) by clicking on the link <https://www.evoting.nsdl.com> under Members login, where the EVEN of the Company will be displayed, by using the Remote e-Voting credentials and the same shall be kept open throughout the meeting and are also requested to follow the procedure mentioned in these notes.
- ii. The facility of participation at the AGM through VC/OAVM will be made available for 1000 members on first come first

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served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.

- iii. In line with the Ministry of Corporate Affairs (MCA) Circular No. 02/2021 dated 13 January 2021 along with 17/2020 dated 13 April 2020, the Notice calling the 33rd AGM has been uploaded on the website of the Company at www.himadri.com. The Notice can also be accessed from the websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively and the AGM Notice is also available on the website of NSDL (agency for providing the Remote e-Voting facility) i.e. www.evoting.nsdl.com.
- iv. Members will be provided with a facility to attend the AGM through VC/OAVM through the NSDL e-Voting system. Members may access the same at <https://www.evoting.nsdl.com> under shareholders/members login by using the remote e-voting credentials. The link for VC/OAVM will be available in shareholder/members 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. Further members can also use the OTP based login for logging into the e-Voting system of NSDL.
- v. Members who would like to express their views or ask questions during the 33rd AGM of the Company will be required to register themselves as a speaker

by sending e-mail to the Company Secretary & Compliance Officer at himadriagm2021@himadri.com from their registered e-mail address mentioning their name, DP ID and Client ID number/folio number, email id, mobile number. Only those members who have registered themselves as speaker by 4 p.m. (IST) on Friday, 24 September 2021 will be able to speak at the meeting.

Further, Members who would like to have their questions/queries responded to during the AGM are requested to send such questions/queries in advance within the aforesaid date and time, by following the similar process as stated above.

- vi. Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.
- vii. When a pre-registered speaker is invited to speak at the meeting, but he / she does not respond, the next speaker will be invited to speak. Accordingly, all speakers are requested to get connected to a device with a video/camera along with good internet speed. Please note that Members connecting from mobile devices or tablets or through laptops etc 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.
- viii. Members desiring any information regarding the Financial Statements of the Company to be placed at the AGM are requested to write to the Company through email on himadriagm2021@himadri.com latest by 4 p.m. (IST) on Friday, 24 September 2021 so as to enable the management to keep the information readily available at the meeting.
- ix. Shareholders who would like to express their views/have questions may send their questions in advance mentioning their name,

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demat account number/folio number, email id, mobile number at himadriagm2021@himadri.com. The same will be replied by the Company suitably.

- x. The Company reserves the right to restrict the number of questions and number of speakers, as appropriate, for smooth conduct of the AGM.
- xi. In addition, the facility for voting through electronic voting system shall also be made available during the AGM. Members attending the AGM who have not cast their vote by remote e-voting shall be eligible to cast their vote through e-voting during the AGM. Members who have voted through remote e-voting shall be eligible to attend the AGM, however, they shall not be eligible to vote at the meeting. After the Members participating through VC/OAVM Facility, eligible and interested to cast votes, have cast their votes, the e-Voting will be closed with the formal announcement of the closure of the 33rd AGM of the Company.
 - a. Institutional Investors who are Members of the Company, are encouraged to attend and vote in the 33rd AGM of the Company through VC/OAVM Facility.
 - b. Members who need assistance before or during the AGM with use of technology, can:
 - Send a request at evoting@nsdl.co.in or use Toll free no.: 1800-222-990;

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

- i. The remote e-voting period shall begin at **09:00 a.m. on 25 September 2021 and ends at 5.00 p.m. on 28 September 2021.** During this period Members of the Company,

holding shares either in physical form or in dematerialized form, as on the **cut-off date i.e. 22 September 2021**, may cast their vote electronically. A person who is not a member as on the cut-off date should treat this Notice for information purpose only. The remote e-voting module shall be disabled by NSDL for voting thereafter and the facility shall forthwith be blocked.

- ii. The voting rights of Members shall be in proportion to their shares of the paid-up equity share capital of the Company as on the **cut-off date i.e. 22 September 2021**. Members are eligible to cast vote electronically only if they are holding shares either in physical form or demat form as on that date. Any person, who acquires shares of the Company and becomes Member of the Company after dispatch of the notice and holding shares as of the **cut-off date i.e. 22 September 2021**, may obtain the login ID and password by sending a request at evoting@nsdl.co.in.

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

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

Step 1: Access to NSDL e-Voting system

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

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

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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.	- 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. - If the user is not registered for IDeAS e-Services, option to register is available at https://eservices.nsdl.com. Select "Register Online for IDeAS" Portal or click at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp - 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.
Individual Shareholders holding securities in demat mode with CDSL	- Existing users who have opted for Easi / Easiest, they can login through their user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are https://web.cdslindia.com/myeasi/home/login or www.cdslindia.com and click on New System Myeasi. - After successful login of Easi/Easiest the user will be also able to see the E Voting Menu. The Menu will have links of e-Voting service provider i.e. NSDL. Click on NSDL to cast your vote. - If the user is not registered for Easi/Easiest, option to register is available at https://web.cdslindia.com/myeasi/Registration/EasiRegistration - 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.

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

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

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

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

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

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

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

4. Your User ID details are given below :

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

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

- a) If you are already registered for e-Voting, then you can use 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.

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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**.
- 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.
- 7. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.
- 8. Now, you will have to click on "Login" button.
- 9. After you click on the "Login" button, Home page of e-Voting will open.

Step 2: Cast your vote electronically and join Annual 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.

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 the Company's email id at investors@himadri.com or, Company's Registrar and Share Transfer Agent email id at skcdilip@gmail.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 the Company's email id

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at investors@himadri.com or, Company's Registrar and Share Transfer Agent email id at skcdilip@gmail.com. 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.in for procuring user id and password for e-voting by providing above mentioned documents.
4. In terms of SEBI circular dated 9 December 2020, on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are required to update their mobile number and email ID correctly in their demat account in order to access e-Voting facility.

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

1. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for remote e-voting.
2. Only those Members/ shareholders, who will be present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system in the AGM.
3. Members who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.
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 AGM shall be the same person mentioned for Remote e-voting.

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

1. Member will be provided with a facility to attend the AGM through VC/OAVM through

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

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.

General Guidelines for shareholders

1. 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.
2. 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 at evoting@nsdl.co.in

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EXPLANATORY STATEMENT

[Pursuant to Section 102 of the Companies Act, 2013]

Item No. 5

The Board of Directors of the Company, on the recommendation of the Audit Committee has considered and approved the appointment of Mr. Sambhu Banerjee, Cost Accountant, (Membership No.9780) as the Cost Auditor of the Company to audit the Cost Accounting Records as required to be maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014 for the financial year 2021-22 at a remuneration of ₹ 40,000/- (Rupees Forty Thousand only) per annum plus GST as applicable and reimbursement of actual travel and out of pocket expenses.

Pursuant to Section 148(3) of the Act, read with Rule 14 of the Companies (Audit and Auditors) Rules, 2014, the remuneration, as approved by the Board of Directors of the Company on the recommendation of the Audit Committee, is required to be ratified by the Members of the Company. Accordingly, the consent of the Members is being sought for passing an Ordinary Resolution as set out under Item No. 5 of the Notice for ratification of the remuneration payable to the Cost Auditor for the financial year ending 31 March 2022.

None of the Directors and Key Managerial Personnel of the Company or their relatives is concerned or interested, financially or otherwise, in the resolution as set at Item no. 5.

The Board recommends passing of the Resolution as set out under Item No. 5 of the Notice for approval by the Members of the Company as an ordinary resolution.

Item No. 6

Mr. Girish Paman Vanvari (DIN: 07376482) was appointed as an Additional Director in the category of Independent Director with effect from 22 June 2021 by the Board at its meeting held on 22 June 2021 on the recommendation of the Nomination & Remuneration Committee, subject to the approval of the Shareholders.

Pursuant to the provisions of Section 161 of the Act, read with Article 93 of the Articles of Association of the Company, Mr. Vanvari will hold office upto the date of ensuing Annual General Meeting. Mr. Vanvari

has given his consent to act as an Independent Director of the Company, and he has also submitted necessary declarations to the effect that he meets the criteria for independence as prescribed in Section 149(6) and other applicable provisions of the Act and Regulation 16(1)(b) and other applicable provisions of Listing Regulations.

In terms of Regulation 25(8) of the Listing Regulations, he has confirmed that he is not aware of any circumstance or situation which exists or may be reasonably anticipated that could impair or impact his ability to discharge his duties. In the opinion of the Board, he fulfils the condition specified in the Act and rules framed thereunder and the Listing Regulations, for being appointed as an Independent Director and he is independent of the management of the Company.

The Company has also received a declaration to the effect that Mr. Vanvari is not disqualified from being appointed as a Director in terms of Section 164 of the Act and he is not debarred from holding the office of Director by virtue of SEBI Order or any other authority, pursuant to BSE circular dated 20 June 2018.

The Company has received a notice in writing under the provisions of Section 160 of the Act from a member proposing his candidature for the office of Director, for a period of five consecutive years with effect from 22 June 2021.

Mr. Vanvari is a Chartered Accountant by profession and has been a rank holder across all levels. He completed his Bachelor's in Commerce from University of Mumbai. With over 27 years of consulting experience. He is the Founder of Transaction Square - a Tax, Regulatory and Business Advisory Firm.

A fervent champion of ethical tax practice and professional integrity in the Global Tax Eco-system, Mr. Vanvari had a 13-year stint with KPMG and had been the National Leader for Tax at KPMG India. He has been responsible for establishing and building the M&A Tax Business of KPMG India over the last decade. He has built an exclusive legacy of work in the M&A deals and restructuring transactions for some of the biggest deals in the industry. Prior to KPMG, he was at Arthur Andersen for over a decade.

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Mr. Vanvari brings forth vast experience in the tax and regulatory regime which helps him provide practical insights across industries. His fundamental approach of delivering a 'conceptualization to execution' advice has led to decisions which have stood the test of times and authorities. He is a regular conference host, presenter and moderator at various tax conferences and seminars. He has been regularly featured in a number of international and Indian media outlets, newspapers and business magazines. His experience includes advising on many of the largest M&A deals and restructuring transactions in India on a year-to-year basis. Furthermore, he has worked with many large multinationals and Indian promoter companies in advising them on various tax and regulatory issues. In addition, he helped devise market-entry strategies for a number of multinational corporations (MNCs) looking to integrate with India's complex tax landscape. He has advised various companies across sectors such as manufacturing, infrastructure, telecom, IT, energy and natural resources, financial services, auto, pharmaceutical, chemicals, FMCG, etc. Further, he has advised companies across industries.

The Board considers that Mr. Vanvari is a person of integrity and has relevant experience and expertise to be appointed as Independent Director of the Company, for the aforesaid term and his association with the Company as an Independent Director would be beneficial to the Company. The Board, based upon his declaration of Independence, is of opinion that he fulfils the conditions specified in the Act and the Rules made thereunder and Listing Regulations for the appointment as an Independent Director and also confirmed that he has complied with Rule 6 (1) and (2) of the Companies (Appointment and Qualification of Directors) Rules, 2014 regarding inclusion of his name in data bank for Independent Directors maintained by the Indian Institute of Corporate Affairs.

Mr. Vanvari will be entitled to receive remuneration by way of sitting fees for attending each meeting of the Board and Committees thereof and /or for any other services whatsoever as may be decided by the Board from time to time, and reimbursement of expenses for participating in the Board and other meetings.

A Copy of draft letter of appointment of Mr. Vanvari as an Independent Director setting out the detailed terms and conditions would be available for inspection by Members at the website of the Company i.e., www.himadri.com until the date of the ensuing Annual General Meeting.

Except Mr. Vanvari, being the appointee, none of the Directors or Key Managerial Personnel of the Company or their relatives is concerned or interested, financially or otherwise, in the resolution.

The Board recommends passing of the Resolution as set out under Item No. 6 of this Notice for approval by the Members of the Company as an ordinary resolution.

Brief Profile of Mr. Vanvari, pursuant to para 1.2.5 of SS-2 ("Revised Secretarial Standard on General Meetings"), Regulation 36(3) of the SEBI Listing Regulations and other applicable provisions, is annexed as **Annexure-III** to the explanatory statement.

Item No. 7

The members of the Company had appointed Mr. Santosh Kumar Agrawala (DIN: 00364962) as an Independent Director of the Company for a term of five years at the Annual General Meeting held on 22 September 2017. He will complete his present term on 13 November 2021 ("first term") and eligible to be re-appointed as such for a second term of five years. The Nomination & Remuneration Committee, on the basis of his performance evaluation, has recommended the re-appointment of Mr. Santosh Kumar Agrawala (DIN: 00364962) as an Independent Director of the Company for a second consecutive term of 5 (five) years.

Mr. Agrawala has given his consent to act as an Independent Director of the Company, and he has also submitted necessary declarations to the effect that he meets the criteria for independence as prescribed in Section 149(6) and other applicable provisions of the Act and Regulation 16(1)(b) and other applicable provisions of Listing Regulations.

In terms of Regulation 25(8) of the Listing Regulations, he has confirmed that he is not aware of any circumstance or situation which exists or may be reasonably anticipated that could impair or impact

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his ability to discharge his duties. In the opinion of the Board, he fulfils the condition specified in the Act and rules framed thereunder and the Listing Regulations, for being appointed as an Independent Director and he is independent of the management of the Company.

The Company has also received a declaration to the effect that Mr. Agrawala is not disqualified from being appointed as a Director in terms of Section 164 of the Act and he is not debarred from holding the office of Director by virtue of SEBI Order or any other authority, pursuant to BSE circular dated 20 June 2018.

The Company has received a notice in writing under the provisions of Section 160 of the Act, from a member proposing his candidature for the Office of Director, for a period of five consecutive years with effect from 14 November 2021.

The Board of Directors at its meeting held on 13 August 2021, based on the performance evaluation and as per the recommendation of the Nomination & Remuneration Committee and in view of his educational background and experience and considering his contributions for the growth and development of the Company, has proposed re-appointment of Mr. Agrawala as an Independent Director of the Company, not liable to retire by rotation, for a second consecutive term of five years on the Board of your Company. The Board is of opinion that continued association of Mr. Agrawala as Independent Director would be beneficial for the further growth and development of the business of the Company.

The Board, based upon his declaration of Independence, is of opinion that he fulfils the conditions specified in the Act and the Rules made thereunder and Listing Regulations for the appointment as an Independent Director and also confirmed that he has complied with Rule 6 (1) and (2) of the Companies (Appointment and Qualification of Directors) Rules, 2014 regarding inclusion of his name in data bank for Independent Directors maintained by the Indian Institute of Corporate Affairs.

Mr. Agrawala will be entitled to receive remuneration by way of sitting fees for attending each meeting of the Board and Committees thereof and /or for any

other services whatsoever as may be decided by the Board from time to time, and reimbursement of expenses for participating in the Board and other meetings.

A Copy of draft letter of appointment of Mr. Agrawala as an Independent Director setting out the detailed terms and conditions would be available for inspection by Members at the website of the Company i.e., www.himadri.com until the date of the ensuing Annual General Meeting.

Except Mr. Agrawala, being the appointee, none of the Directors or Key Managerial Personnel of the Company or their relatives is concerned or interested, financially or otherwise, in the resolution.

The Board recommends passing of the Resolution as set out under Item No. 7 of this Notice for approval by the Members of the Company as a Special resolution.

Brief Profile of Mr. Agrawala, pursuant to para 1.2.5 of SS-2 ("Revised Secretarial Standard on General Meetings"), Regulation 36(3) of the SEBI Listing Regulations and other applicable provisions, is annexed as **Annexure-III** to the explanatory statement.

Item No. 8

Mr. Gopal Ajay Malpani (DIN: 02043728) was appointed as an Additional Director in the category of Independent Director with effect from 13 August 2021 by the Board at its meeting held on 13 August 2021 on the recommendation of the Nomination & Remuneration Committee, subject to the approval of the Shareholders.

Pursuant to the provisions of Section 161 of the Act, read with Article 93 of the Articles of Association of the Company, Mr. Malpani will hold office upto the date of ensuing Annual General Meeting. Mr. Malpani has given his consent to act as an Independent Director of the Company, and he has also submitted necessary declarations to the effect that he meets the criteria for independence as prescribed in Section 149(6) and other applicable provisions of the Act and Regulation 16(1)(b) and other applicable provisions of Listing Regulations.

In terms of Regulation 25(8) of the Listing Regulations, he has confirmed that he is not aware of any circumstance or situation which exists or may be

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reasonably anticipated that could impair or impact his ability to discharge his duties. In the opinion of the Board, he fulfils the condition specified in the Act, rules framed thereunder and the Listing Regulations, for being appointed as an Independent Director and he is independent of the management of the Company.

The Company has also received a declaration to the effect that Mr. Malpani is not disqualified from being appointed as a Director in terms of Section 164 of the Act and he is not debarred from holding the office of Director by virtue of SEBI Order or any other authority, pursuant to BSE circular dated 20 June 2018.

The Company has received a notice in writing under the provisions of Section 160 of the Act, from a member proposing his candidature for the office of Director, for a period of five consecutive years with effect from 13 August 2021.

Mr. Gopal Ajay Malpani, aged about 40 years is LL.B, C.A., B.Com and M.B.L. (National Law School of India University, Bangalore). He is an Advocate in Practice for more than 15 years rendering advisory services on various matters, mainly pertaining to corporate laws and stamp duty on mergers, amalgamation, restructuring and acquisition, Stamp duty laws and financial due diligence. His Core specializations are in corporate laws, advisory on Business set up, Business acquisition, Due diligence for Business acquisition/property acquisition, property laws, applicability and impact of stamp duty on transaction and restructuring, due diligence and advisory on financial statements and accounting.

The Board considers that Mr. Malpani is a person of integrity and has relevant experience and expertise to be appointed as Independent Director of the Company, for the aforesaid term and his association with the Company as an Independent Director would be beneficial to the Company. The Board, based upon his declaration of Independence, is of opinion that he fulfils the conditions specified in the Act and the Rules made thereunder and Listing Regulations for the appointment as an Independent Director and also confirmed that he has complied with Rule 6 (1) and (2) of the Companies (Appointment and Qualification of

Directors) Rules, 2014 regarding inclusion of his name in data bank for Independent Directors maintained by the Indian Institute of Corporate Affairs.

Mr. Malpani will be entitled to receive remuneration by way of sitting fees for attending each meeting of the Board and Committees thereof and /or for any other services whatsoever as may be decided by the Board from time to time, and reimbursement of expenses for participating in the Board and other meetings.

A Copy of draft letter of appointment of Mr. Malpani as an Independent Director setting out the detailed terms and conditions would be available for inspection by Members at the website of the Company i.e., www.himadri.com until the date of the ensuing Annual General Meeting.

Except Mr. Malpani, being the appointee, none of the Directors or Key Managerial Personnel of the Company or their relatives is concerned or interested, financially or otherwise, in the resolution.

The Board recommends passing of the Resolution as set out under Item No. 8 of this Notice for approval by the Members of the Company as an ordinary resolution.

Brief Profile of Mr. Malpani, pursuant to para 1.2.5 of SS-2 ("Revised Secretarial Standard on General Meetings"), Regulation 36(3) of the SEBI Listing Regulations and other applicable provisions, is annexed as **Annexure-III** to the explanatory statement.

Item Nos. 9 to 12

The Members of the Company at the 31st Annual General Meeting (AGM) of the Company held on 25 September 2019, passed special resolutions and approved the appointment and remuneration of Mr. Bankey Lal Choudhary, (DIN: 00173792), as Whole-Time Director, Mr. Anurag Choudhary (DIN: 00173934) as Managing Director & CEO, Mr. Amit Choudhary (DIN: 00152358) as Whole-Time Director and Mr. Tushar Choudhary (DIN: 00174003) as Whole-Time Director of the Company being liable to retirement by rotation. This approval included payment of remuneration to the said executive directors in case of inadequacy of profits or losses. While all other disclosures as required under Section 197 of the Act read with Schedule V to the Act were

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provided in the explanatory statement to the said AGM notice, the General Information as required under clause (iv) of last proviso to Section II of Part II of Schedule V to the Act was inadvertently missed in explanatory statement. The said disclosure is being provided herein under.

The Board at its' meeting held on 28 May 2019, and upon recommendation of the Nomination and Remuneration Committee, had approved the re-appointment of Mr. Bankey Lal Choudhary as Managing Director. Further the Board of Directors at its' meeting held on 14 August 2019, had appointed him as Whole-Time Director with effect from 14 August 2019, for a period of five years, subject to approval of the Shareholders. The Board had also designated him as an Executive Chairman in the said meeting. However, the Board of Directors at its meeting held on 22 June 2021 inter-alia has considered and approved that the Board shall elect a non-executive director who is not related to Managing Director & CEO or

the Promoter of the Company i.e., the chairperson of each board meeting shall be elected at the respective meeting from amongst the Independent Directors. Hence there will be no regular Chairman of the Board for the time being until appointment of regular Chairman/ Chairperson by the Board. Accordingly, Mr. Bankey Lal Choudhary (DIN: 00173792), an Executive Director, ceased to be the Chairman with effect from 22 June 2021 and continues to be the Whole-Time Director till 31 March 2024.

Mr. Anurag Choudhary was appointed as Managing Director & CEO of the Company for a period of 5 (Five) years with effect from 14 August 2019 to 13 August 2024. Mr. Amit Choudhary and Mr. Tushar Choudhary were appointed as Whole-Time Directors of the Company for a period of 5 (Five) years with effect from 14 August 2019 to 13 August 2024.

The Company had been making consistent adequate profit for the last two immediately preceding Financial Years as per table below:

Financial Year	Revenue from operations (Standalone) (₹ in Lakhs)	Revenue from operations (Consolidated) (₹ in Lakhs)	Profit Before Tax (Standalone) (₹ in Lakhs)	Profit Before Tax (Consolidated) (₹ in Lakhs)	Profit After Tax (Standalone) (₹ in Lakhs)	Profit After Tax (Consolidated) (₹ in Lakhs)
2018-19	237,661.90	242,238.66	44,929.44	46,213.77	31,139.20	32,423.55
2019-20	180,349.85	180,580.03	6,976.24	19,414.52	8,097.65	20,535.91

During the financial year 2020-2021, the Company achieved total revenue from operations of ₹167,945.80 lakhs for the year ended 31 March 2021 as against ₹180,349.85 lakhs for the year ended 31 March 2020 representing a decrease of 6.88% because of decrease in average realization. Sales realization was impacted due to market competitiveness. During the financial year 2020-21, the Company earned a profit after tax of ₹ 4,667.17 lakhs as compared to ₹ 8,097.65 lakhs in the previous year.

Thus, on account of the above reasons the Company had inadequate profits in the financial year 2020-21 for the purpose of managerial remuneration in terms of Section 197 of the Act.

In view of the above, the payment of the managerial remuneration to the managerial personnel for their remaining tenure may fall within the purview of Section II of Part II of Schedule V of the Act (as amended).

Accordingly, on recommendation of the Nomination and Remuneration Committee the Board of Directors at its Meeting held on 13 August 2021 decided to approach the Members of the Company seeking their approval by way of special resolutions to the remuneration payable to the aforesaid managerial personnel for their remaining tenure in the event of loss or inadequacy of profits including remuneration paid for the financial year 2020-21. This approval is also taken in light of the information added in the explanatory statement and as an approval under Regulation 17(6)(e) of Listing Regulations.

The details of remuneration of the aforesaid Managerial Personnel are given in **Annexure-I**. The information pursuant to Schedule V of the Act, as amended, are given in **Annexure-II** forming part of this Notice.

Details as required under Regulation 36(3) of the Listing Regulations and Revised Secretarial Standard

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on General Meeting (SS-2) with respect to Directors seeking appointment / re-appointment at ensuing AGM is given in the **Annexure- III** to this Notice.

The Directors, therefore, recommend the Resolution no 9-12 to be passed as a Special Resolution by the Members.

The Company has not committed any default in payment of dues to any bank or public financial institution or any other secured creditors before the date of appointment of such managerial person(s). The Company has not issued any Non-Convertible Debentures.

Except Mr. Bankey Lal Choudhary, Mr. Shyam Sundar Choudhary, Mr. Vijay Kumar Choudhary, Mr. Tushar Choudhary and their relatives none of the directors or Key Managerial Personnel of the Company or their relatives are concerned or interested, financial or otherwise, in the aforesaid resolutions no 9 except to the extent of their shareholding, if any, in the Company.

Except Mr. Anurag Choudhary, Mr. Shyam Sundar Choudhary, Mr. Amit Choudhary and their relatives none of the directors or Key Managerial Personnel of the Company or their relatives are concerned or interested, financial or otherwise, in the aforesaid resolutions no 10 except to the extent of their shareholding, if any, in the Company.

Except Mr. Amit Choudhary, Mr. Shyam Sundar Choudhary, Mr. Anurag Choudhary and their relatives none of the directors or Key Managerial Personnel of the Company or their relatives are concerned or interested, financial or otherwise, in the aforesaid resolutions no 11 except to the extent of their shareholding, if any, in the Company.

Except Mr. Tushar Choudhary, Mr. Bankey Lal Choudhary and their relatives none of the directors or Key Managerial Personnel of the Company or their relatives are concerned or interested, financial or otherwise, in the aforesaid resolutions no 12 except to the extent of their shareholding, if any, in the Company.

Annexure-I

(a) Mr. Bankey Lal Choudhary, (DIN: 00173792), Whole-Time Director

Remuneration

In terms of the provisions of Schedule V read with Section 196 & 197 of the Act and subject to approval of the Company in general meeting, the Whole-Time Director shall be paid the following remuneration.

- i) Salary
₹ 2,00,00,000/- per annum (Rupees Two Crore only)
- ii) Perquisites:
In addition to above, the Whole-Time Director shall be entitled to the following perquisites subject to a maximum amount equal to the annual salary with an option to receive the perquisites or any lawful combination as mutually agreed between him and the Board.

a) Housing

- i) The expenditure by the Company on hiring un-furnished accommodation will be subject to a ceiling of sixty percent of the salary, over and above ten per cent shall be payable by the Whole-Time Director.

Or

- ii) In case the accommodation is owned by the Company, ten per cent of the salary shall be deducted by the Company.

Or

- iii) In case no accommodation is provided by the Company, the Whole-Time Director shall be entitled to house rent allowance subject to the ceiling as specified above.

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- b) The expenditure incurred by the Company on gas, electricity, water and furnishings, etc, shall be valued as per the Income Tax Rules, 1962. This shall, be however, subject to a ceiling of ten percent of the salary.
- c) Reimbursement of Medical Expenses/ Medical Insurance coverage premium incurred for self and his family subject to a ceiling of one months' salary in a year or five month's salary over a period of five years.
- d) Leave Travel Assistance for self and his family once in a year incurred in accordance with the rules specified by the Company.
- e) Fees of club subject to a maximum of two clubs. This will not include admission and life member ship fee.
- f) Personal accident insurance, group health insurance, group saving linked insurance and life insurance coverage for self / family as may be fixed by the Board from time to time.
- g) Contribution to Provident Fund and Superannuation Fund or NPS or Annuity Fund will not be included in computation of the ceiling on perquisites, to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.
- h) Earned Leave on full pay and allowance as per the Rules of the Company but not exceeding one month's salary for every eleven months of service. Encashment of leave at the end of the tenure as per the rules of the Company and the same will not be included in computation of the ceiling on perquisites.
- i) Provision of Company car for use of Company's business and telephone at residence will not be considered as perquisites. Personal long distance calls on telephone and use of car for private purpose shall be billed by the Company to Whole-Time Director.

Notwithstanding anything contained herein, in the event of any loss, absence or inadequacy of profits in any financial year, during the term of office of the Whole-Time Director, the remuneration by way of salary and perquisites etc., as specified here in, shall be the minimum remuneration as prescribed under Section II of Part II of Schedule V of the Act.

Provided that the aggregate of salary, and perquisites in any one financial year shall not exceed the limits prescribed under Section 196, 197 and other applicable provisions of the Act read with Schedule V to the said Act, as may be amended from time to time and any other applicable laws, including any statutory modification(s) or re-enactment(s) thereof, for the time being in force.

(b) Mr. Anurag Choudhary (DIN: 00173934), Managing Director & CEO

Remuneration

In terms of the provisions of Schedule V read with Section 196 & 197 of the Act and subject to approval of the Company in general meeting, the Managing Director & CEO shall be paid the following remuneration.

- i) Salary
₹ 2,50,00,000/- per annum (Rupees Two Crore fifty lakhs only)
- ii) Perquisites:
In addition to above, the Managing Director shall be entitled to the following perquisites subject to a maximum amount equal to the annual salary with an option to receive the perquisites or any lawful combination as mutually agreed between him and the Board.
 - a) Housing
 - i) The expenditure by the Company on hiring un-furnished accommodation will be subject to a ceiling of sixty percent of the salary, over and above ten per cent shall be payable by the Managing Director.

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Or

- ii) In case the accommodation is owned by the Company, ten per cent of the salary shall be deducted by the Company.

Or

- iii) In case no accommodation is provided by the Company, the Managing Director shall be entitled to house rent allowance subject to the ceiling as specified above.
- b) The expenditure incurred by the Company on gas, electricity, water and furnishings, etc, shall be valued as per the Income Tax Rules, 1962. This shall, be however, subject to a ceiling of ten percent of the salary.
- c) Reimbursement of Medical Expenses/ Medical Insurance coverage premium incurred for self and his family subject to a ceiling of one months' salary in a year or five month's salary over a period of five years.
- d) Leave Travel Assistance for self and his family once in a year incurred in accordance with the rules specified by the Company.
- e) Fees of club subject to a maximum of two clubs. This will not include admission and life member ship fee.
- f) Personal accident insurance, group health insurance, group saving linked insurance and life insurance coverage for self / family as may be fixed by the Board from time to time.
- g) Contribution to Provident Fund and Superannuation Fund or NPS or Annuity Fund will not be included in computation of the ceiling on perquisites, to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.
- h) Earned Leave on full pay and allowance as per the Rules of the Company but not

exceeding one month's salary for every eleven months of service. Encashment of leave at the end of the tenure as per the rules of the Company and the same will not be included in computation of the ceiling on perquisites.

- i) Provision of Company car for use of Company's business and telephone at residence will not be considered as perquisites. Personal long distance calls on telephone and use of car for private purpose shall be billed by the Company to Managing Director.

Notwithstanding anything contained herein, in the event of any loss, absence or inadequacy of profits in any financial year, during the term of office of the Managing Director, the remuneration by way of salary and perquisites etc., as specified here in, shall be the minimum remuneration as prescribed under Section II of Part II of Schedule V of the Act.

Provided that the aggregate of salary, and perquisites in any one financial year shall not exceed the limits prescribed under Section 196, 197 and other applicable provisions of the Act read with Schedule V to the said Act, as may be amended from time to time and any other applicable laws, including any statutory modification(s) or re-enactment(s) thereof, for the time being in force.

(c) Mr. Amit Choudhary (DIN: 00152358), Whole-Time Director

Remuneration

In terms of the provisions of Schedule V read with Section 196 & 197 of the Act and subject to approval of the Company in general meeting, the Whole-Time Director shall be paid the following remuneration.

- i) Salary
₹ 2,00,00,000/- per annum (Rupees Two Crore only)
- ii) Perquisites:
In addition to above, the Whole-Time Director shall be entitled to the following

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perquisites subject to a maximum amount equal to the annual salary with an option to receive the perquisites or any lawful combination as mutually agreed between him and the Board.

a) Housing

- i) The expenditure by the Company on hiring un-furnished accommodation will be subject to a ceiling of sixty percent of the salary, over and above ten per cent shall be payable by the Whole-Time Director.

Or

- ii) In case the accommodation is owned by the Company, ten per cent of the salary shall be deducted by the Company.

Or

- iii) In case no accommodation is provided by the Company, the Whole-time Director shall be entitled to house rent allowance subject to the ceiling as specified above.

- b) The expenditure incurred by the Company on gas, electricity, water and furnishings, etc, shall be valued as per the Income Tax Rules, 1962. This shall, be however, subject to a ceiling of ten percent of the salary.
- c) Reimbursement of Medical Expenses/ Medical Insurance coverage premium incurred for self and his family subject to a ceiling of one months' salary in a year or five month's salary over a period of five years.
- d) Leave Travel Assistance for self and his family once in a year incurred in accordance with the rules specified by the Company.
- e) Fees of club subject to a maximum of two clubs. This will not include admission and life member ship fee.

- f) Personal accident insurance, group health insurance, group saving linked insurance and life insurance coverage for self / family as may be fixed by the Board from time to time.

- g) Contribution to Provident Fund and Superannuation Fund or NPS or Annuity Fund will not be included in computation of the ceiling on perquisites, to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.

- h) Earned Leave on full pay and allowance as per the Rules of the Company but not exceeding one month's salary for every eleven months of service. Encashment of leave at the end of the tenure as per the rules of the Company and the same will not be included in computation of the ceiling on perquisites.

- i) Provision of Company car for use of Company's business and telephone at residence will not be considered as perquisites. Personal long distance calls on telephone and use of car for private purpose shall be billed by the Company to Whole-Time Director.

Notwithstanding anything contained herein, in the event of any loss, absence or inadequacy of profits in any financial year, during the term of office of the Whole-Time Director, the remuneration by way of salary and perquisites etc., as specified here in, shall be the minimum remuneration as prescribed under Section II of Part II of Schedule V of the Act.

Provided that the aggregate of salary, and perquisites in any one financial year shall not exceed the limits prescribed under Section 196, 197 and other applicable provisions of the Act read with Schedule V to the said Act, as may be amended from time to time and any other applicable laws, including any statutory modification(s) or re-enactment(s) thereof, for the time being in force.

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(d) Mr. Tushar Choudhary (DIN: 00174003), Whole-Time Director

Remuneration

In terms of the provisions of Schedule V read with Section 196 & 197 of the Act and subject to approval of the Company in general meeting, the Whole-Time Director shall be paid the following remuneration.

i) Salary

₹ 2,00,00,000/- per annum (Rupees Two Crore only)

ii) Perquisites:

In addition to above, the Whole-Time Director shall be entitled to the following perquisites subject to a maximum amount equal to the annual salary with an option to receive the perquisites or any lawful combination as mutually agreed between him and the Board.

a) Housing

- i) The expenditure by the Company on hiring un-furnished accommodation will be subject to a ceiling of sixty percent of the salary, over and above ten per cent shall be payable by the Whole-Time Director.

Or

- ii) In case the accommodation is owned by the Company, ten per cent of the salary shall be deducted by the Company.

Or

- iii) In case no accommodation is provided by the Company, the Whole-Time Director shall be entitled to house rent allowance subject to the ceiling as specified above.

- b) The expenditure incurred by the Company on gas, electricity, water and furnishings, etc, shall be valued as per the Income Tax Rules, 1962. This shall,

be however, subject to a ceiling of ten percent of the salary.

- c) Reimbursement of Medical Expenses/ Medical Insurance coverage premium incurred for self and his family subject to a ceiling of one months' salary in a year or five month's salary over a period of five years.
- d) Leave Travel Assistance for self and his family once in a year incurred in accordance with the rules specified by the Company.
- e) Fees of club subject to a maximum of two clubs. This will not include admission and life member ship fee.
- f) Personal accident insurance, group health insurance, group saving linked insurance and life insurance coverage for self / family as may be fixed by the Board from time to time.
- g) Contribution to Provident Fund and Superannuation Fund or NPS or or Annuity Fund will not be included in computation of the ceiling on perquisites, to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.
- h) Earned Leave on full pay and allowance as per the Rules of the Company but not exceeding one month's salary for every eleven months of service. Encashment of leave at the end of the tenure as per the rules of the Company and the same will not be included in computation of the ceiling on perquisites.
- i) Provision of Company car for use of Company's business and telephone at residence will not be considered as perquisites. Personal long distance calls on telephone and use of car for private purpose shall be billed by the Company to Whole-Time Director.

Notwithstanding anything contained herein, in the event of any loss, absence or inadequacy of profits in any financial year, during the

Notice (Contd.)

term of office of the Whole-Time Director, the remuneration by way of salary and perquisites etc., as specified here in, shall be the minimum remuneration as prescribed under Section II of Part II of Schedule V of the Act.

Provided that the aggregate of salary, and perquisites in any one financial year shall not

exceed the limits prescribed under Section 196, 197 and other applicable provisions of the Act read with Schedule V to the said Act, as may be amended from time to time and any other applicable laws, including any statutory modification(s) or re-enactment(s) thereof, for the time being in force.

Annexure-II

STATEMENT PURSUANT TO PROVISIONS OF SCHEDULE V OF THE COMPANIES ACT, 2013 WITH RESPECT TO ITEM NO. 9 to 12 OF THE NOTICE AND THE SECURITIES AND EXCHANGE BOARD OF INDIA (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015, AS THE CASE MAY BE:

I. General Information

i. Nature of industry

The Company is engaged in the business of Speciality chemicals, and Carbon black.

ii. Date or expected date of commencement of commercial production

The Company was incorporated in 1987 and has already commenced commercial production since long.

iii. In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus : Not applicable

iv. Financial performance based on given indicators:

	(₹ in Lakhs)		
For the Financial Year	2020-21	2019-20	2018-19
Revenues	167,945.80	180,349.85	237,661.90
Net Profit/ (Loss) before Tax	6,396.68	6,976.24	44,929.44
Net Profit/ (Loss) after Tax	4,667.17	8,097.65	31,139.20
Paid up Equity Share Capital	4,189.65	4,188.08	4,185.79
Earnings Per Share (₹)	1.11	1.93	7.44
Dividend %	15%	15%	15%

v. Foreign investments or collaborations, if any:

BC India Investments holds 48,178,860 (11.50%) share in the Company as on 31 March 2021. Further, they have divested 2.98% shareholding and accordingly holds 35,678,860 (8.52%) share as on the date of this notice of AGM.



Notice (Contd.)

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II. Information about the Appointee

Sl. No.	Particulars	Mr. Bankey Lal Choudhary	Mr. Anurag Choudhary	Mr. Amit Choudhary	Mr. Tushar Choudhary
1	Background details	He is an Executive Director (Promoter) of the Company since its incorporation. He is a commerce graduate. An Industrialist with experience of more than 44 years in area of chemicals business. He has been associated with Company since its incorporation.	Mr. Anurag Choudhary is the Managing Director and CEO (Promoter) of the Company. He has been looking after the overall affairs and operations of the Company under the supervision and control of the Board of Directors. He is a commerce graduate. He joined Himadri as part of Management in 1992 and promoted to the post of CEO in 2006 and leading to integrated specialty carbon corporation in India. He has led the Company's transformation from a coal tar pitch manufacturing Company to one of the world's most extensive value chains in the carbon segment. Under his leadership the Group has achieved market leadership in its key products and expanded into new products and markets like special pitch for use in long range warhead missiles, specialty carbon black, lithium-ion battery material, construction chemicals, etc. He has a firm belief that true value stems from innovation. Himadri today has a very strong R&D cell recognized by the Government of India with global expertise which powers its growth through innovations in products, processes, and technology. He started with a vision of creating largest integrated specialty carbon complex in the world. Towards this end, the group constantly forward integrated into value-added products creating value from every element of its key raw material - coal tar, thereby creating a one-of-its-kind specialty carbon complex globally. His vision and relentless focus on execution has led to Himadri achieving leadership position in most of its product categories.	Mr. Amit Choudhary is an Executive Director (Promoter) of the Company. He is a commerce graduate and is responsible for the project expansions and implementation activities of the Group. Under his supervision, there has been multifold capacity expansion across all businesses. He also mentors the Human Resource function of the Group in building a proud Himadrian team.	Mr. Tushar Choudhary, is an Executive Director (Promoter) of the Company. An Alumnus of Harvard Business School and he is responsible for the entire gamut of operational & technical development, infrastructure creation and process improvement activities of all the businesses. His approach of maintaining sustainability in Operations has made the Company a carbon positive Carbon Corporation along with enviable zero discharge status across all the geographic locations.
2	Past remuneration	₹ 2.00 Crore annually plus perquisites	₹ 2.50 Crore annually plus perquisites	₹ 2.00 Crore annually plus perquisites	₹ 2.00 Crore annually plus perquisites
3	Recognition or awards	None	Yes	None	None
4	Job profile and his suitability	Please see (1) above	Please see (1) above	Please see (1) above	Please see (1) above

Notice (Contd.)

Sl. No.	Particulars	Mr. Bankey Lal Choudhary	Mr. Anurag Choudhary	Mr. Amit Choudhary	Mr. Tushar Choudhary
5	Remuneration proposed	Remuneration paid/ payable is as per the resolution approved by Members of the Company in their 31 st AGM. He draws remuneration from the Company only in the capacity of being the Whole-Time Director.	Remuneration paid/ payable is as per the resolution approved by Members of the Company in their 31 st AGM. He draws remuneration from the Company only in the capacity of being the Whole-Time Director.	Remuneration paid/ payable is as per the resolution approved by Members of the Company in their 31 st AGM. He draws remuneration from the Company only in the capacity of being the Whole-Time Director.	Remuneration paid/ payable is as per the resolution approved by Members of the Company in their 31 st AGM. He draws remuneration from the Company only in the capacity of being the Whole-Time Director.
6	Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person (in case of expatriates the relevant details would be with respect to the country of his origin)	The remuneration proposed, is reasonably in line with the remuneration in similar sized companies in the same segment of business.	The remuneration proposed, is reasonably in line with the remuneration in similar sized companies in the same segment of business.	The remuneration proposed, is reasonably in line with the remuneration in similar sized companies in the same segment of business.	The remuneration proposed, is reasonably in line with the remuneration in similar sized companies in the same segment of business.
7	Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any.	Mr. Bankey Lal Choudhary holds 1,484,280 equity shares in the Company as on the date of this Notice. Apart from receiving remuneration as stated above and dividend as a Member of the Company in respect of his shareholding, Mr. Choudhary does not have any other pecuniary relationship with the Company.	Mr. Anurag Choudhary does not hold any equity shares in the Company as on the date of this Notice. Apart from receiving remuneration as stated above and dividend as a Member of the Company in respect of his shareholding, Mr. Choudhary does not have any other pecuniary relationship with the Company.	Mr. Amit Choudhary does not hold any equity shares in the Company as on the date of this Notice. Apart from receiving remuneration as stated above and dividend as a Member of the Company in respect of his shareholding, Mr. Choudhary does not have any other pecuniary relationship with the Company.	Mr. Tushar Choudhary holds 1,484,280 equity shares in the Company as on the date of this Notice. Apart from receiving remuneration as stated above and dividend as a Member of the Company in respect of his shareholding, Mr. Choudhary does not have any other pecuniary relationship with the Company.
8	Relationship with other Directors & KMP	Mr. Vijay Kumar Choudhary, Whole-Time Director - Brother Mr. Shyam Sundar Choudhary, Whole-Time Director - Brother Mr. Tushar Choudhary- Whole-Time Director- Son	Mr. Shyam Sundar Choudhary, Whole-Time Director - Father Mr. Amit Choudhary, Whole-Time Director - Brother	Mr. Shyam Sundar Choudhary, Whole-Time Director - Father Mr. Anurag Choudhary, Managing Director & CEO- Brother	Mr. Bankey Lal Choudhary- Whole-Time Director Father



Notice (Contd.)

III. Other Information

i. Reasons of loss or inadequate profits:

The Company achieved total Revenue from Operations of ₹ 167,945.80 lakhs for the year ended 31 March 2021 as against ₹ 180,349.85 lakhs for the year ended 31 March 2020 representing a decrease of 6.88% because of decrease in average realization. The earnings before interest, taxes, depreciation, and amortization ('EBITDA') for the year, excluding the effect of foreign exchange fluctuation loss/ (gain) and other income was ₹ 12,757.21 lakhs as compared to ₹ 29,807.14 lakhs for the previous year. EBITDA for the year decreased by 57.20% due to decrease in average realisation. Sales realization was impacted due to market competitiveness. During the financial year 2020-21, the Company earned a profit after tax of ₹ 4,667.17 lakhs as compared to ₹ 8,097.65 lakhs in the previous year.

ii. Steps taken during the year for improvement:

The Company has actively taken strategic and operational measures to improve the performance of the Company. The Company has streamlined various processes which has improved the efficiency of the operations. Along with these and other measures taken by the Company and with

improvement in business sentiments, the Company is confident of improving its performance and profitability in the coming years. The Company has taken steps of cost rationalization which will help the Company in reducing its cost.

iii. Expected increase in productivity and profits in measurable terms:

The Cost rationalisation efforts undertaken by the Company will help the Company to reduce cost of the Company and improve its profitability matrix. The Company has taken appropriate steps to ensure improvement in profitability in future which is subject to improvement in economic scenario and market condition. The performance of the Company has been affected due to various external factors. It would therefore, be inappropriate to quantify in measurable terms the likely increase in productivity and profits, which will take place as a result of the steps taken by the Company. The Company expects a better performance in all measurable parameters in the coming years in view of the various measures taken by the Company to improve its performance.

IV. Disclosures

The required disclosures pursuant to Schedule V to the Act are given in the Explanatory Statement hereinbefore and in the Corporate Governance Report which is annexed to the Board's Report.

Notice (Contd.)

Annexure-III

Details of the Directors seeking appointment / re-appointment at the ensuing Annual General Meeting pursuant to para 1.2.5 of revised SS-2 and Regulation 36(3) of the Listing Regulations

	(1)	(2)	(3)	(4)
Name of Director	Mr. Girish Paman Vanvari	Mr. Santosh Kumar Agrawala	Mr. Gopal Ajay Malpani	Mr. Bankey Lal Choudhary
DIN	07376482	00364962	02043728	00173792
Date of Birth / Age	10-04-1972 (49 years)	19-03-1955 (66 years)	25-08-1981 (40 Years)	06-05-1953 (68 years)
Date of first appointment on the Board	22-06-2021	14-11-2016	13-08-2021	28-07-1987
Qualifications	FCA, B.Com	B.Com(Hons), AASN, FCMA, FCS	LLB, CA, B.Com, M.B.L. (National Law School of India University, Bangalore)	B.Com
Experience (approx.)	27 years	37 Years	15 years	44 years
Nature of Expertise and Brief resume.	He has over 27 years of consulting experience and he is the Founder of Transaction Square, Tax, Regulatory and Business Advisory Firm. Prior to his entrepreneurial venture, Mr. Girish had a 13 year stint with KPMG wherein he was the National Leader for Tax at KPMG India. Prior to KPMG, Mr. Girish Paman Vanvari was at Arthur Andersen for over a decade	Mr. Santosh Kumar Agrawala, aged about 66 years, B.Com (Hons), AASM, FCMA, FCS having experience of more than 37 years in the field of Company Law, Secretarial, SEBI Laws, Finance and Accounts, HR and Administration etc. He has served as a Company Secretary in public listed Company Balrampur Chini Mills Limited for a period of about 21 years and also in Birla Organisation for about 14 years including as Company Secretary of Birla cotton spg. and Wvg. Mills Ltd and Bharat sugar Mills Ltd. He was also associated with the Institute of Company Secretaries of India (ICSI) as central council member (2015 to 2018), Member of Disciplinary Committee for 4 years (2015 to 2018), Member of Secretarial Standard Board for 2 years (2010 & 2011), Chairman - Editorial Advisory Board of the Journal CHARTERED SECRETARY for 2 years (2017 & 2018) and Chairman of EIRC of the ICSI in 2000. He was also associated with FICCI as a member of Corporate Law and Taxation sub-Committee and with CII as a member, Corporate Governance Task force.	Mr. Gopal Ajay Malpani, aged about 40 years is LL.B, C.A., B.Com and M.B.L. (National Law School of India University, Bangalore). He is an Advocate in Practice for more than 15 years rendering advisory services on various matters, mainly pertaining to corporate laws and stamp duty on mergers, amalgamation, restructuring and acquisition, Stamp duty laws and financial due diligence. His Core specializations are in corporate laws, advisory on Business set up, Business acquisition, Due diligence for Business acquisition/ property acquisition, property laws, applicability, and impact of stamp duty on transaction and restructuring, due diligence and advisory on financial statements and accounting.	Same as mentioned in Annexure II above.
Terms and conditions of appointment or re-appointment	Proposed to be appointed as an Independent Director for a period of five years not liable to retire by rotation.	Proposed to be re-appointed as an Independent Director for a further period of five years not liable to retire by rotation	Proposed to be appointed as an Independent Director for a period of five years not liable to retire by rotation.	As per the resolution approved by Members of the Company in their 31 st AGM and the agreement executed by the Company and Mr. Bankey Lal Choudhary in this regard and also as per the Explanatory Statement mentioned above.

Name of Director	(1) Mr. Girish Paman Vanvari	(2) Mr. Santosh Kumar Agrawala	(3) Mr. Gopal Ajay Malpani	(4) Mr. Bankey Lal Choudhary
Details of remuneration sought to be paid	Eligible to receive sitting Fees as per the terms and conditions for the appointment of the independent directors of the Company.	Eligible to receive sitting fees as per the terms and conditions for the appointment of the independent directors of the Company.	Eligible to receive sitting Fees as per the terms and conditions for the appointment of the independent directors of the Company.	As per the resolution approved by Members of the Company in their 31 st AGM and the agreement executed by the Company and Mr. Bankey Lal Choudhary in this regard and also as per the Explanatory Statement mentioned above.
Remuneration last drawn	NA	₹ 4.86 Lakhs as sitting fee in the FY 2020-21	NA	₹ 200.68 Lakhs
Number of Board Meetings attended during the financial year 2020-21	NA	8/8	NA	7/8
Relationship with other Directors & KMP	NIL	NIL	NIL	1. Mr. Shyam Sundar Choudhary - Brother 2. Mr. Vijay Kumar Choudhary - Brother 3. Mr. Tushar Choudhary - Son
No. of shares held including the shareholding as Non-executive Director (₹ 1/- each)	NIL	NIL	NIL	1,484,280 (0.35%)
Directorship in other Companies	Aurobindo Pharma Ltd, Tarsons Products Ltd, Rategain Travel Technologies Ltd; Kolte-Patil Developers Ltd	Ganges Infotech Pvt Ltd, Himadri Credit & Finance Ltd	Legal Talky Real Estates Pvt Ltd, Mrigasya Infrabuild Pvt Ltd, Legal Talky India Pvt Ltd, Gori Estates and Advisors Pvt Ltd, Madhur Investment Pvt Ltd	Sri Agro Himghar Ltd, Himadri Power Ltd, Himadri Credit & Finance Ltd, Motovolt Mobility Pvt Ltd.
Chairman/ Member of the committee of Board of other Companies	Aurobindo Pharma Ltd : Audit Committee (Chairman), Risk Management Committee (Chairman), Nomination & Remuneration Committee (Member), Stakeholders Committee (Member), CSR Committee (Member)	Himadri Credit & Finance Ltd: Nomination & Remuneration Committee (Chairman), Audit Committee (Chairman)	NIL	Himadri Credit & Finance Ltd: Audit Committee (Member)
Names of listed entities in which the person also holds the directorship and the membership of Committees of the board;	Directorship of the Board: Aurobindo Pharma Ltd; Kolte-Patil Developers Limited Membership of the committees of the board: Aurobindo Pharma Ltd : Audit Committee, Risk Management Committee, Nomination & Remuneration Committee, Stakeholders Committee, CSR Committee	Directorship of the Board: Himadri Credit & Finance Ltd Membership of the committees of the Board: Himadri Credit & Finance Ltd: Nomination & Remuneration Committee, Audit Committee	NIL	Directorship of the Board: Himadri Credit & Finance Ltd Membership of the committees of the Board: Himadri Credit & Finance Ltd: Audit Committee

Notice (Contd.)

Name of Director		(5)	(6)	(7)
DIN	Mr. Anurag Choudhary	Mr. Anurag Choudhary	Mr. Amit Choudhary	Mr. Tushar Choudhary
Date of Birth / Age	00173934	00152358	00174003	00174003
Date of first appointment on the Board	03.08.1972 (49 years)	22.11.1975 (46 Years)	05.04.1974 (45 years)	05.04.1974 (45 years)
Qualifications	14-08-2019	14-08-2019	14-08-2019	14-08-2019
Experience (approx.)	B. Com (Hons)	B. Com (Hons)	B. Com (Hons)	B. Com (Hons)
Nature of Expertise and Brief resume.	30 years	22 years	22 years	22 years
Terms and conditions of appointment or re-appointment	Same as mentioned in Annexure II above	Same as mentioned in Annexure II above	Same as mentioned in Annexure II above	Same as mentioned in Annexure II above
	As per the resolution approved by Members of the Company in their 31 st AGM and the agreement executed by the Company and Mr. Anurag Choudhary in this regard and also as per the Explanatory Statement mentioned above.	As per the resolution approved by Members of the Company in their 31 st AGM and the agreement executed by the Company and Mr. Amit Choudhary in this regard and also as per the Explanatory Statement mentioned above.	As per the resolution approved by Members of the Company in their 31 st AGM and the agreement executed by the Company and Mr. Tushar Choudhary in this regard and also as per the Explanatory Statement mentioned above.	As per the resolution approved by Members of the Company in their 31 st AGM and the agreement executed by the Company and Mr. Tushar Choudhary in this regard and also as per the Explanatory Statement mentioned above.
Details of remuneration sought to be paid	As per the resolution approved by Members of the Company in their 31 st AGM and the agreement executed by the Company and Mr. Anurag Choudhary in this regard and also as per the Explanatory Statement mentioned above.	As per the resolution approved by Members of the Company in their 31 st AGM and the agreement executed by the Company and Mr. Anurag Choudhary in this regard and also as per the Explanatory Statement mentioned above.	As per the resolution approved by Members of the Company in their 31 st AGM and the agreement executed by the Company and Mr. Anurag Choudhary in this regard and also as per the Explanatory Statement mentioned above.	As per the resolution approved by Members of the Company in their 31 st AGM and the agreement executed by the Company and Mr. Anurag Choudhary in this regard and also as per the Explanatory Statement mentioned above.
Remuneration last drawn	₹ 250.68 Lakhs	₹ 200.61 Lakhs	₹ 200.61 Lakhs	₹ 200.61 Lakhs
Number of Board Meetings attended during the financial year 2020-21	8 / 8	7 / 8	8 / 8	8 / 8
Relationship with other Directors & KMP	Mr. Shyam Sundar Choudhary-Father Mr. Amit Choudhary- Brother	Mr. Shyam Sundar Choudhary-Father Mr. Anurag Choudhary- Brother	Mr. Shyam Sundar Choudhary-Father Mr. Anurag Choudhary- Brother	Mr. Bankey Lal Choudhary - Father
No. of shares held (₹ 1/- each)	NIL	NIL	NIL	1,484,280 (0.35%)

Name of Director	(5)	(6)	(7)
Directorship in other Companies	Mr. Anurag Choudhary AAT Techno Info Ltd, Raghu Management Pvt Ltd, Raghupati Consultants Pvt Ltd, Salasar Management Ltd, Sampoorna Merchandise Pvt Ltd, Himadri Credit & Finance Ltd, Himadri E-Carbon Ltd, Next Generation Condominiums Pvt Ltd, Himadri Real Estate Pvt Ltd, Pujita Merchandise Pvt Ltd, Perfect Hi-Rise Pvt Ltd, Anatahan Infrastructure Pvt Ltd, Peaklevel Infrastructure Pvt Ltd, Modern Hi-Rise Pvt Ltd, Himadri Industries Pvt Ltd, Sri Agro Himghar Ltd	Mr. Amit Choudhary Rameshwar Consultants Pvt Ltd, Salasar Management Ltd, Himadri E-Carbon Ltd, Padmavati Estates Pvt Ltd, Perfect Hi-Rise Pvt Ltd, Swarnalekha Developers Pvt Ltd, Sri Siromani Dealers Pvt Ltd, Next Generation Condominiums Pvt Ltd, Himadri Real Estate Pvt Ltd, Trimurti Merchandise Pvt Ltd, Bluemoon Realcon Pvt Ltd, Hemaprabha Developers Pvt Ltd, Aat Techno-Info Ltd, Modern Hi-Rise Pvt Ltd, Himadri Industries Pvt Ltd, Himadri Ujjwal Motors Pvt Ltd (Under Process Of Striking Off)	Mr. Tushar Choudhary Next Generation Traders Pvt Ltd, Himadri Credit & Finance Ltd, Padmavati Estates Pvt Ltd, Gopal Management Pvt Ltd, Himadri E-Carbon Limited, Salasar Management Ltd, Sitaram Management Pvt Ltd, Trimurti Merchandise Pvt Ltd, Modern Hi-Rise Pvt Ltd, Swarnalekha Developers Pvt Ltd, Aat Techno-Info Ltd, Sampoorna Merchandise Pvt Ltd, Himadri Real Estate Pvt Ltd, Lotus Villa Pvt Ltd, Himadri United Motors Pvt Ltd, Himadri Ujjwal Motors Pvt Ltd (Under Process Of Striking Off), Himadri Industries Pvt Ltd, Motovolt Mobility Pvt Ltd
Names of listed entities in which the person also holds the directorship and the membership of Committees of the board;	Directorship of the Board: Himadri Credit & Finance Ltd Membership of the committees of the Board: Himadri Credit & Finance Ltd: Nomination & Remuneration Committee	NIL	Directorship of the Board: Himadri Credit & Finance Ltd

By Order of the Board

Sd/-
Monika Saraswat
Company Secretary
ACS: 29322

Place: Kolkata
Date: 13 August 2021

WORKING
SUSTAINABLY
PROGRESSING
RESPONSIBLY

ACROSS THE PAGES

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Investor Information

CIN

L27106WB1987PLC042756

BSE Code

500184

NSE Symbol

HSCL

Bloomberg Code

HCI IN

Dividend Declared

₹ 0.15 per share



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



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



WORKING SUSTAINABLY PROGRESSING RESPONSIBLY

Sustainability is the future. It is what assures us of a safer tomorrow and a world that cares for and caters to everyone's needs. It is the way of ensuring sufficiency for the generations today, tomorrow and forever.

At Himadri, sustainability forms the energy and purpose of our conduct. It is what guides our goals. It is a medium through which we strive to empower the world with key innovations. Our ability to bring sustainable solutions to the market is an absolute expectation of our customers, shareholders, employees and communities. But even before that, it is a basic tenet that drives us as an aware organisation.

As a Company serving various end markets, operating worldwide, sustainability forms the framework of all our business goals and objectives. If you ask us, it is as much about being responsible as being prepared and agile. Last year, amid the unprecedented challenges thrown by the Covid-19 pandemic, we prudently took measures to safeguard ourselves and remained resilient. We responded to our short-term needs by adjusting our costs and investments. We strictly controlled our working capital backed by our solid balance sheet and a high level of liquidity.

But it did not stop there. We chose to focus on our people and their safety beyond business and cared for the people who mattered the most, our community. We believe it is important to work sustainably to care for the environment we work within. However, a true sustainable approach is one that also helps us progress responsibly by caring for the people we work with.

This year, our theme 'Working Sustainability. Progressing Responsibly.' focuses on what we do in our business and what we do for the people who run our business. It is more about how we do than what we do.

A SIGNIFICANT MARKET LEADER AND PLAYER

Himadri Speciality Chemical Limited ('Himadri' or 'The Company' or 'We') is a leading Carbon corporation and the flagship of Himadri Group, headquartered in Kolkata since 1987. Today, with its unique vertical integration, the Company has earned itself an established brand name with a proven solid track record in the speciality chemicals business. Himadri's superior quality products – Coal Tar Pitch, Carbon Black, Naphthalene and Refined Naphthalene, SNF, and Speciality Oils, among others – serve specific purposes across diverse industries.

As a leading speciality chemical conglomerate, we place our customers' needs at the core of our business. We strive to cater to and meet the specific requirements of our customers with utmost sincerity. This approach has enabled us to leverage our brand name, built over decades, and be known as one of the most innovative players with a rich legacy in the speciality chemicals business.

We have diversified our product basket through active forward integration through the years, including Advanced Carbon Material and other value-added speciality products. But even as we grow, sustainability forms a vital part of who we are and how we grow our business. Our 9 'Zero-Discharge' world-class manufacturing facilities spread across India & China testify to our dedication towards sustainability. As an integral part of our everything we do, we ensure our innovation team is aligned with the blueprint of our sustainability roadmap.

Industries we Serve

STEEL

PLASTICS

ALUMINIUM

**INFRASTRUCTURE
DEVELOPMENT**

AUTOMOTIVE



MISSION

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



VISION

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



VALUES

Integrity

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

Excellence

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

Safety

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

Sustainability

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



WORKING CONSISTENTLY. PROGRESSING STEADILY.

Our steady progress over the years, despite the adversities, is a testimony to our consistent efforts put into achieving excellence.

We aspire to be a premier innovation-driven Speciality Chemical company. Our businesses serve attractive end markets supported by global trends, addressing vital human needs. We invent and refine the advanced materials and ingredients fundamental to developing essential products and solutions. Our global scale, trusted brand, and unique product portfolio, make us the partner of choice for leading companies worldwide.

HIGHLIGHTS OF THE YEAR:

Commenced Commercialisation of
Speciality Carbon Black

60,000

MTPA

CAPACITY

IN-HOUSE FUNDING OF CAPEX PLANS

to Prevent Substantial
Impact on Debt

SPECIALITY CARBON BLACK &
ADVANCE CARBON MATERIALS

20,000

MTPA

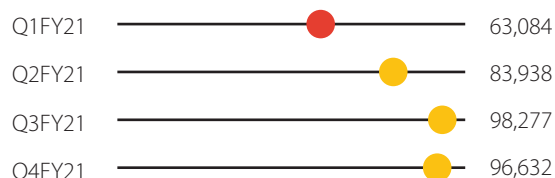
UPCOMING ADVANCE CARBON
MATERIALS PROJECT

MOST INTEGRATED

SPECIALITY CARBON
CORPORATION GLOBALLY

Consistent Sales Volumes

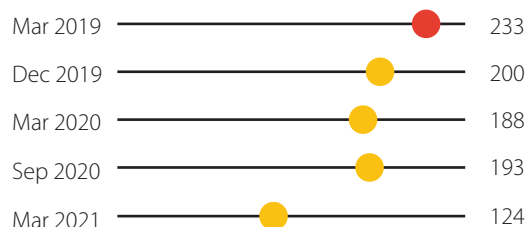
MTPA



Strengthening Balance Sheet

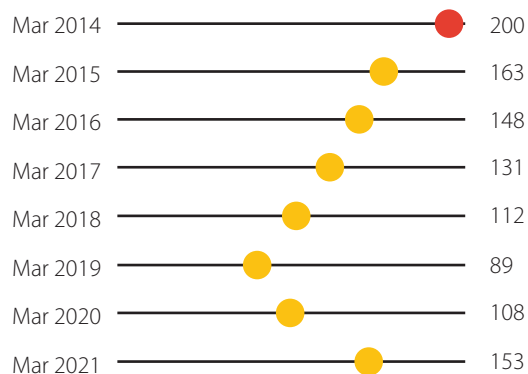
Long Term Borrowings

₹ in Cr



Improving Operating Efficiencies

Working Capital Days



CREDIT RATINGS REAFFIRMED

Long Term Bank Facilities



₹ **143.36** CRORES

CARE AA-; NEGATIVE

(Double A minus;
Outlook: Negative)



₹ **145.03** CRORES

ICRA AA-; NEGATIVE

(Double A minus;
Outlook: Negative)

Long Term Bank/
Short Term Bank Facilities



₹ **1,625** CRORES

CARE AA-; NEGATIVE/
CARE A1+

(Double A minus; Outlook:
Negative/A One Plus)



₹ **1,670.83** CRORES

ICRA AA-; NEGATIVE/
ICRA A1+

(Double A minus; Outlook:
Negative/A One Plus)

Commercial Paper



₹ **300** CRORES

CARE A1+

(A One Plus)



₹ **300** CRORES

ICRA A1+

(A One Plus)

Reaffirmed

WORKING DISTINCTIVELY. PROGRESSING EFFICIENTLY.

Our innovative and dedicated R&D capabilities have enabled us to achieve business acumen, making it an inseparable part of our identity today.

We are progressing by consistently focussing on fulfilling our commitment to customers. Our constant emphasis is on reimagining how we can help solve our customers' everyday challenges using our products. Our business line offers specialised products specifically tailored to address megatrends like climate change and circular economy. And to achieve this, we rely on our exceptional R&D capabilities to offer the best-in-class solutions.



R&D: OUR PROWESS

At Himadri, we believe the largest positive impact, as an innovation leader, is rooted in our experience and ability to deploy solutions that catalyse a more sustainable world. Our R&D team is actively engaged in developing environment-friendly processes and products recognised by customers worldwide. Backed by highly qualified and dynamic professionals, we are developing solutions that are impactful and sustainable.

Our R&D team follows a path that best describes our passion and proven expertise in science and innovation. It is a testimony to how we create sustainable solutions for the complex challenges facing our world. Over the course of our long history, we have repeatedly proven that the most valuable and enduring business outcomes are the ones that are beneficial to society and keep the planet thriving.

Our products have great demand in the near future and possess tremendous potential to elevate our confidence going ahead. This same confidence helped us offset the current hiccups caused by the economic slowdown and Covid-19. Thus, reinforcing our belief to emerge as a strong player with a long-standing vision in Speciality Chemical space.

Our Products

**ADVANCE CARBON MATERIAL -
SPECIALITY CARBON BLACK -
SULPHONATED NAPHTHALENE
FORMALDEHYDE**

**JETEX | ONYX |
ELECTRA | KLAREX**

BRANDS LAUNCHED IN SCB

**HIMFLOWCRETE |
HIMADRI ADDITIVES**

BRANDS LAUNCHED IN PCE

42

RESEARCHERS

MANUFACTURING FACILITIES: OUR LIFELINE

Himadri has spread its geographic presence with 9 'Zero-Discharge' world-class manufacturing facilities across India and China. We are committed to maintaining our leadership position in the core products. Parallely, we are also focussing on and developing the market for our value-added products. Our strong and experienced R&D team (situated at Mahistikry, Hooghly, West Bengal) with global experts on board, is recognised by the Government of India.

WORKING SUSTAINABLY. PROGRESSING THROUGH VALUE CREATION.

Today's world faces numerous serious challenges, such as climate change and the various problems arising from population growth. Chemical technology has tremendous potential to solve a wide range of social issues. Through our product R&D, we are consciously focussing on developing sustainable products that meet the customers changing needs in the most balanced manner. This way, we touch lives by transitioning from a traditional one-way linear economy to a circular economy. We intend to work and progress sustainably while creating value for our customers and stakeholders.

OUR PRODUCTS



COAL TAR PITCH



**NAPHTHALENE
AND REFINED
NAPHTHALENE**



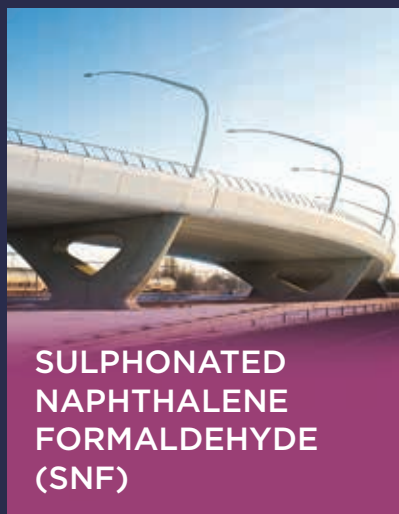
CARBON BLACK



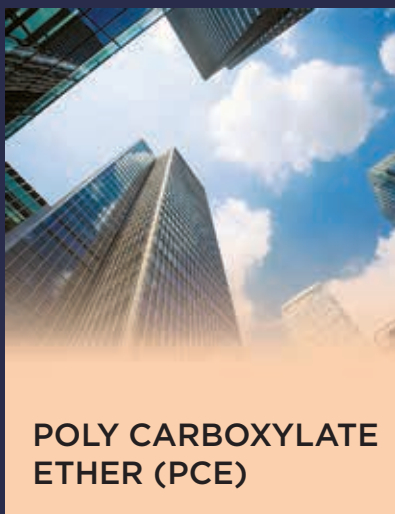
**SPECIALITY
CARBON BLACK**



**ADVANCE CARBON
MATERIAL**



**SULPHONATED
NAPHTHALENE
FORMALDEHYDE
(SNF)**



**POLY CARBOXYLATE
ETHER (PCE)**



SPECIALITY OILS

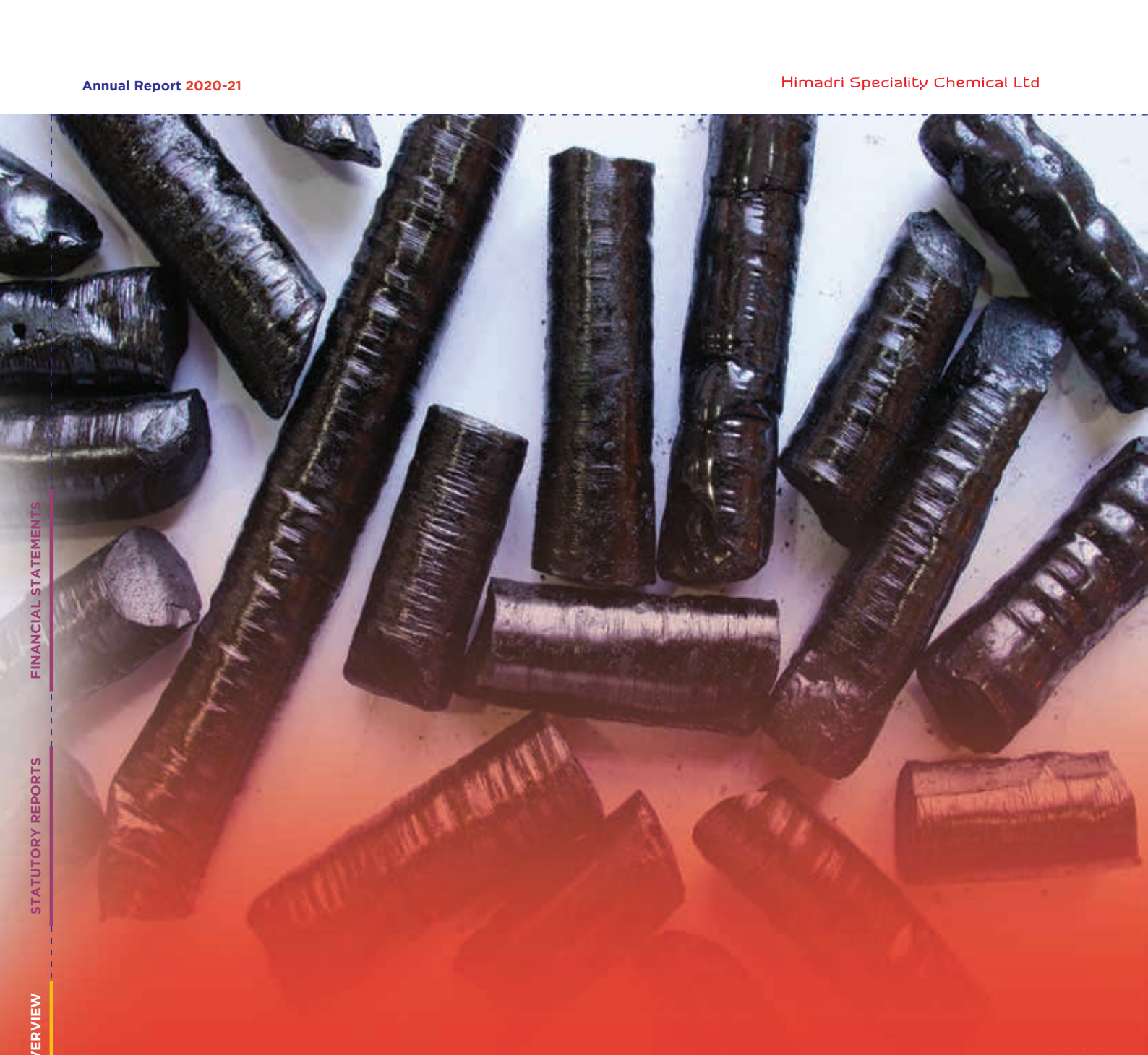
PLACES WHERE OUR PRODUCTS TOUCH LIVES

IN INDUSTRIES

- Paints, Plastic & Fibre
- Aluminium
- Steel
- Anti Corrosive Material
- Automobiles
- Graphite Electrodes
- Infrastructure
- Defence
- Construction Chemical
- Wood Preservative Oils
- Power
- Specialised Products

IN DAILY LIVES

- Ink for Newspapers and Other Printable Material
- Tyres in Automobiles
- Lithium-ion Batteries in Mobile Phones
- Lithium-ion Batteries in Electric Vehicles
- Aluminium Products
- Paints & Coatings
- Plastics
- Fibre
- Wires & Cables
- Textiles



COAL TAR PITCH

Sustainability, as a matter of survival, can instrument enormous changes. It can be a medium of progression and purpose.

Coal Tar Pitch (CTP) is the preferred material used as a binder for manufacturing Aluminium Anode and Graphite Electrode. It helps increasing strength, density, and electrical conductance, which results in more durable and superior grades of Electrodes.

We are the largest Indian Coal Tar Pitch manufacturer in India. We are approved suppliers to the major global and Indian Aluminium and Graphite manufacturers and have also developed and supplied special grade of Coal Tar Pitch to the defence industry.



WHAT DIFFERENTIATES HIMADRI

- Pioneers of Zero QI pitch manufacturing in India
- Strict quality adherence procedures for tailor-made pitch
- One of the largest global manufacturers of all kinds of pitch
- Strict DCS-controlled automated production conditions ensuring consistent high quality
- Zero discharge sustainable plants in a sensitive industry making Himadri ready for the future

KEY GROWTH ENABLERS

- Growing global demand for aluminium
- Need for light and durable metal in automobile industry
- Emergence of Electric Vehicles
- Rise in Government's infrastructure projects
- Rise in housing and construction
- Growth in transport segment
- High investment in renewable energies
- Rise in adoption of Electric Arc Furnace

500,000

TONNES/ANNUM

COAL TAR DISTILLATION

Sustainability is a hope and a promise for a safer tomorrow.

For years, the two words, 'environment-friendly' and 'chemicals', have typically not gone together. But this mindset is gradually changing as industry leaders growingly place sustainability at par with profit. At Himadri, we are actively playing our role and responsibly adding sustainability to our purpose.

FOR PRODUCING EVERY **1,000 KG** OF ALUMINIUM, THE INDUSTRY DEMANDS A **100 KG** OF CTP. SIMILARLY, TO PRODUCE A **1,000 KG** OF GRAPHITE, A **440 KG** OF CTP IS DEMANDED.



CARBON BLACK

Carbon black is essential for strengthening tyres and other rubber products. It is also used as a pigment for plastics and inks and imparts conductivity to materials.

Himadri is well placed to enjoy a rich position in manufacturing high-quality Carbon Black. We have access to superior, consistent, and customised raw material feed from an in-house distillation unit. Over the years, we have leveraged technology to adapt to the changing needs of tomorrow. Our endeavour is to create value for customers consistently. To achieve this, we wisely and consistently invest in intellectual capital like R&D and innovation.



RECENT BRAND LAUNCHES

VIRTEX CARBON BLACKS

Premium Carbon Blacks for ultra-high-performance tyres offering a range of reinforcement solutions to optimise performance for specific formulations.

End-user industry: **Tyre**

120,000

TONNES/ANNUM

CARBON BLACK CAPACITY

WHAT DIFFERENTIATES HIMADRI

- Focus on technology and R&D
- Impressive and high-quality product portfolio
- In-house developed technology
- In-house distilled feedstock
- Strong and extensive customer base

Sustainability is the course correction we need to rectify the increasing and looming challenge of limited resources.

Today, business success and social progress are interwoven with each other. At Himadri, our efforts and strategies are guided by the intent of seamlessly aligning natural forces with our business goals.

KEY GROWTH ENABLERS:

The growing demand for:



Passenger Vehicles



Commercial Vehicles



2 & 3-Wheelers



Growing clout of Indian Automobile and Tyre Industry in the Global Market



Growth in Rubber Chemicals



SPECIALITY CARBON BLACK

Speciality Carbon Black is a high-performance chemical. It caters to niche applications in plastics (food and non-food grade), fibre, coatings, and inks, among others. They are commonly used in inks, paints, plastics master batches, wire, and cable, among others.

As one of the frontrunners of innovation in the industry, Himadri has, for long, envisaged the need for increasing end-user applications with growing population. To meet this demand, we are constantly reinventing the conventional ways through our innovative and quality-focussed products.

The range of Speciality Carbon Black we develop is more dynamic in nature and finds its application across niche industry segments of plastics (food and non-food grade), fibre, coatings, and inks, among others.

RECENT BRAND LAUNCHES

JETEX CARBON BLACKS

Clean Carbon Blacks delivering reliable color and UV performance across applications while meeting the necessary regulatory requirements around pipe, food contact, and other key applications

ONYX CARBON BLACKS

Premium Carbon Blacks enabling customers to meet the strict performance requirements, for highly demanding applications where color is critical, without affecting the underlying properties of the polymer.

ELECTRA CARBON BLACKS

Clean Carbon Blacks with low sulfur, low ionics, low physical grit that enable end-user to produce products with long lifetimes protecting against electro-static damage.

KLAREX CARBON BLACKS

Clean Carbon Blacks with very low grit and high pellet quality for easy of dispersion, lower defects, and high processability lower.

End-user industry: **Plastics, Paints & Coatings, Inks, and Fibre**



60,000

TONNES/ANNUM

CAPACITY

WHAT DIFFERENTIATES HIMADRI

- Focus on technology and R&D
- High-quality product portfolio
- In-house distilled feedstock
- Strong customer base

Today, sustainability is synonymous with progress.

Businesses must act as thought leaders in bringing about a change where sustainability is not seen as a business option. Rather, it must be viewed as the only way of conducting it. At Himadri, we emphasise being responsible. We realise and understand that the key to a safer future is in one word: Sustainability!

KEY GROWTH ENABLERS:

- Growing need for differentiated products which require customised feed material
- Rising need for better hygienic packaging
- Increasing usage of plastics across the lifespan



ADVANCE CARBON MATERIAL

Advance Carbon Material is a high-quality anode material used for Lithium-ion (Li-ion) batteries. These batteries power Electric Vehicles (EVs), consumer devices like Smartphones, and Energy Storage devices.

Sustainability is integral to our business strategy at Himadri. We believe our approach serves as a motivational force for our employees and differentiates us. We manufacture premium quality Advance Carbon Material used extensively as Anode material for Lithium-ion batteries. This is in line with our principle of climate actions. It has helped us become the pioneers and only Indian producers to produce the Lithium-ion battery Anode material in India commercially. We produce both, natural and synthetic variants of Graphite as well as Silicon composites.

WHAT DIFFERENTIATES HIMADRI

- Custom manufacturing technology
- Tailor-made material for high electrode density
- Excellent electrical conductivity
- High capacity and high-power material

End-user industry: **Electronics and Electric Vehicle**



FIRST PRODUCER

OF ADVANCE CARBON MATERIAL IN INDIA

FORWARD INTEGRATION

FROM COAL TAR TO ADVANCE CARBON MATERIAL

Sustainability is future-inclusive. It is a perfectly balanced way of meeting today's needs while also preserving for tomorrow.

The growing awareness about sustainability calls for more responsible conduct from businesses worldwide. It is about thriving today to meet your goals in a future-safe manner. At Himadri, we aspire to reach our destination and turn our goals into realities while keeping environmental safety at the forefront. For us, success without responsibility is as good as being stagnant.

KEY GROWTH ENABLERS:

- Rising sale of Electric Vehicles
- Growing sale of electronic gadgets
- Huge export opportunity with upcoming Lithium-ion giga factories



NAPHTHALENE

Naphthalene is an aromatic hydrocarbon found in Coal Tar. It is a white solid that evaporates easily and is naturally found in fossil fuels. The super-refined grade of Naphthalene finds application in dyes and intermediates and Moth balls. It is also widely used in textile industries and also acts as a disinfectant and repellent for many harmful insects that decay cloths and fabrics.

We develop numerous new products every year and are committed to sustainable innovation that creates value for our customers. Our state-of-the-art technology ensures multistage refining to produce chemically treated Naphthalene Oil. Stringent monitoring and quality testing by our highly skilled and experienced team make it possible to achieve the target quality consistently.



WHAT DIFFERENTIATES HIMADRI

- Avante-garde technology used for production
- In-house distillation from Naphthalene oil
- Stringent quality adherence
- Super white refined quality

End-user industry: **Textile, Dyes and intermediates, and SNF**

Sustainability helps maintain an environment under which people and the plant can co-exist in complete harmony.

Businesses today are thinking of ways to create an economic architecture that works better for both the people and the planet in the longer run. At Himadri, we constantly strive to use the power of our R&D capabilities and use it in the most efficient way to grow more sustainable each day.

KEY GROWTH ENABLERS:

- Strong demand from the textiles, leather, and inks industries
- Packaging and printing industry



SULPHONATED NAPHTHALENE FORMALDEHYDE & POLYCARBOXYLATE ETHER

Sulphonated Naphthalene Formaldehyde (SNF) is derived from Naphthalene. It finds application in Concrete, Agro, Rubber and Gypsum Board manufacturing. It improves workability and increases compressive strength in concrete.

We also manufacture the next generation of dispersing agent called Polycarboxylate ether (PCE). It is composed of methoxy – Polyethylene glycol copolymer (side chain) grafted with methacrylic acid and copolymer (main Chain).

We continuously invest in the innovation of materials with an intent to propel performance in next-generation products. We emphasise cutting-edge research on processing methods to eliminate possible impurities. Himadri manufactures SNF using a highly modernised production system under the guidance of our proficient technical team. Our products are highly effective in water reducing and dispersing and act as a super plasticiser for concrete in construction.



WHAT DIFFERENTIATES HIMADRI

- Ultra-modern production system
- One of the largest SNF and PCE manufacturer in India
- Finds application in Concrete, Agro, Rubber and Gypsum Board manufacturing
- Exported to Asia-Pacific, South Asia, Middle East

End-user industry: **Construction and Infrastructure**

68,000

TONNES/ANNUM

CAPACITY

KEY GROWTH ENABLERS:

- Government's push to boost infrastructure development across nation
- Generous monsoons and normal agricultural activities



INTERACTION WITH THE MANAGING DIRECTOR & CEO

Anurag Choudhary



“

As we complete this Annual Report, the world is in the midst of the Covid-19 pandemic – an unprecedented health, social and economic crisis. Normal life has vanished during these uncertain times. And yet, once the shock has worn off, life must go on, we must adapt to these extraordinary circumstances and weather the storm with humility. We must also look to the future and stay on track. Like many other groups, Himadri took widespread and immediate action in response to the crisis. We have had the full support of our employees, who have demonstrated incredible professionalism and commitment. Their health and safety is our priority, and we took action so that we could continue our activities to serve our clients and supply essential products to strategic sectors. In these new conditions, we have been guided by our sense of solidarity and responsibility. At the same time, our entrepreneurial spirit, agility, expertise and, most importantly, our unwavering confidence in the future, continue to drive us forward.

”

HOW HAS 2020-21 CASTED ITS SHADOW ON THE INDUSTRY AND WHAT IS YOUR TAKE?

Against the backdrop of a challenging macro environment, the slowdown of operations severely impacted the momentum of the entire industry. The diminishing demand from the automobile industry had a cascading effect on the entire busy chain. Various associated industries, for instance tyre and rubber manufacturing plants worldwide, had to be shut down, as the pandemic raged on. The industry's recovery took a hit and the growth prospects derailed due to tepid consumer sentiment and disrupted supply channels. However, towards the second half of the year, the scenario improved significantly. Manufacturing plants started opening up in a phased manner and consumer sentiment improved which helped create new opportunities across the value chain. Our diversified product portfolio helped us sail through this tough times as we continued to serve the essential industries of the economy. Apart from cost rationalisation initiatives, improved and progressive sales, growing share of value-added products and improved efficiency across all functions supported our comeback journey.

HOW HAS THE COMPANY PERFORMED AS COMPARED TO LAST YEAR AND HOW IS HIMADRI PLACED FOR THE FUTURE?

On business front, we ended FY2020-21 on a good note by marginally increasing our volumes by 7% to 3.4 lakh tonnes compared to FY2019-20. The profitability got impacted due to pricing pressure and market competitiveness. The business is progressively getting back to normal as the domestic and international operating environment improves gradually, though pressure on margin remains. Over the years we have built robust multi-business entity which holds us in good stead. Strategic innovations across businesses, backed by strong R&D team have helped the Company effectively face such external uncertainties. We remain confident of our growth potential and business opportunities that each of our business segment has and are very optimistic about our growth story.

WHAT WERE THE KEY DEVELOPMENTS OF SCB BUSINESS?

As we know SCB has a great potential and our plans are aligned with the same. The decisions that we take are backed by the response that we get from the market. The pandemic did cast its shadow in this business segment but could not hold us back. The commercialisation of SCB was a big milestone and we continued to achieve great breakthroughs in this business. Leveraging our R&D capabilities, we launched few grades in and are awaiting response from our customers for the same. Like I said earlier, a thorough analysis will be made and premise that the launches of newer grades will take place in coming years.

DOES THE COMPANY HAVE A SUSTAINABLE ROADMAP AND HOW DOES IT PLAN TO BE THE FRONTRUNNER?

We remain committed to a sustained reduction in emissions, waste and carbon footprint, while improving sustainability and our People-Planet-Profit priorities. Our people are driving our success with their rich industry experience, supported by the time-honoured tradition of integrity and ethical practices. Even during the toughest of times, our frontline personnel maintained

plants and kept them operations-ready, which empowered us to kick-start as soon as lock down measures were partially relaxed. Given the nature of our business, we are aware of the immense responsibility we have towards society and the environment we work within. This is why we follow a sustainable model of development. A point of pride for us is the recognition given to us by the International Finance Corporation (IFC) for excellence in Environmental Leadership.

HOW IS THE COMPANY POISED TO DERIVE BETTER MARGINS?

At the operational level, we performed considerably well, given the fact we had to write down inventory. The topline was the most affected owing to the disruption. However, we managed to bring back the momentum in sales. Going forward, we are optimistic about the cost rationalisation decision we took during the year and the on-hold capex plans will help us achieve better margins. The external relationships with suppliers and clients will act as a catalyst in deriving these goals.



PERFORMANCE

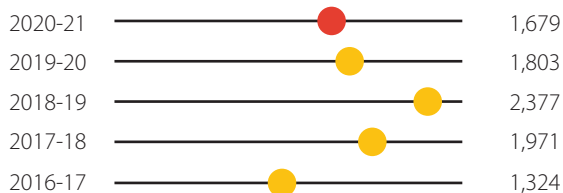
EBITDA: Earnings before interest, tax, depreciation, amortisation and foreign exchange fluctuation gain/ (loss)

PAT: Profit after tax

EPS: Earnings per share

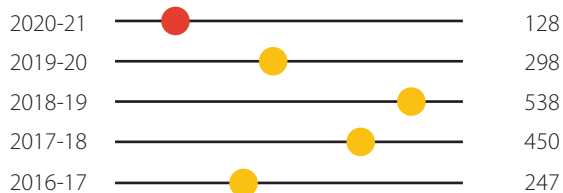
Net Revenue from Operations

₹ in Cr



EBITDA

₹ in Cr



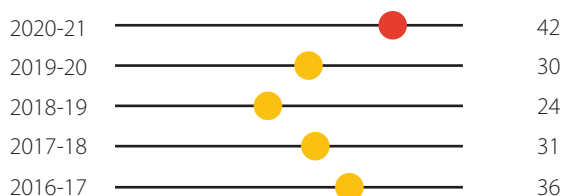
PAT

₹ in Cr



Net Working Capital

% of Net Sales



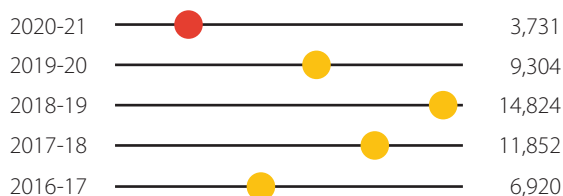
EPS

₹



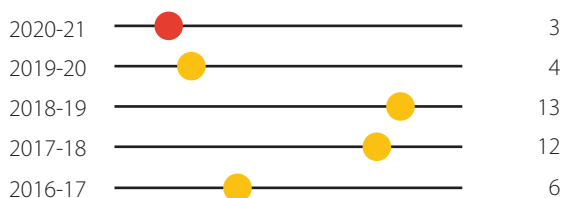
EBITDA/MT

₹



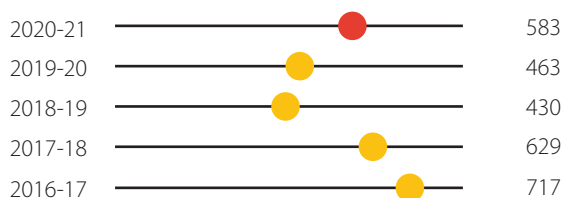
Net Profit Margin

%

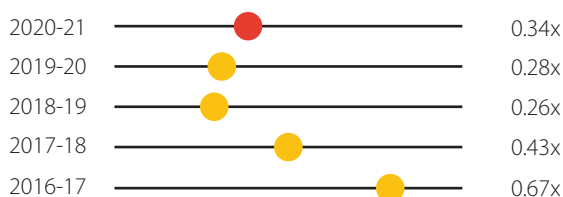


Net Debt

₹ in Cr

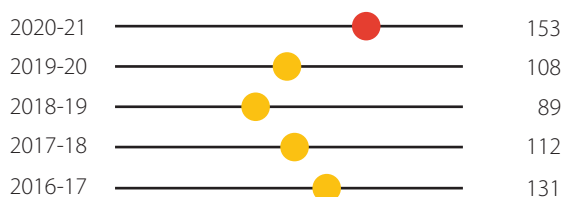


Debt:Equity



Working Capital Cycle

No. of Days



MANAGEMENT DISCUSSION AND ANALYSIS

COMPANY OVERVIEW

Established in 1987, Himadri Speciality Chemical Ltd is one of India's largest integrated speciality Carbon companies. Over the years, the Company has undergone massive transformation from a Coal Tar Pitch manufacturing company to being one of the world's most extensive value chains in the Carbon segment. The Company is a market leader and a significant player in multiple product segments like Coal Tar Pitch, Carbon Black, Naphthalene, SNF, PCE and Speciality Oils, among others. The Company has diversified its product portfolio using the power of forward integration. This has empowered the Company to develop Advance Carbon Material and other value-added speciality products. Headquartered in Kolkata, the Company has nine state-of-the-art and 'Zero Discharge' manufacturing facilities across India and China.

Himadri boasts of a strong and experienced R&D team, comprising global experts. Situated at

Mahistikry, West Bengal, the lab is recognised by the Government of India. Over the years, the Company has garnered strong expertise to continuously innovate its products and processes. This expertise has helped achieve high efficiency levels through optimum usage of resources.

Himadri has established itself as a global Carbon conglomerate, optimally leveraging its robust research base to build a powerful product portfolio. The Company is the largest producer of Coal Tar Pitch and Naphthalene in India and the third largest producer of Carbon Black. It is also among the largest producers of Sulphonated Naphthalene Formaldehyde (SNF) and PCE in India. The Company's proven technological prowess assists it in gaining a sturdy traction, thereby reinforcing its position in the Speciality Black and Advance Carbon Material.





ECONOMIC OVERVIEW

Global

The Covid-19 pandemic took a severe toll on the global economic activity in H1:2020. Global demand plunged following a very sharp compression in consumption and a collapse in investment and international commodity prices. Propelled by massive policy support by both governments and central banks, however, major economies recorded a sequential pick-up in Q3:2020. Even as intensification of containment measures in response to a strong resurgence of Covid-19 infections across various countries posed downside risks, progress with vaccines and inoculation drives lifted expectations and reduced uncertainty on the global economic outlook, as reflected in improvement in global economic projections for 2020 by the International Monetary Fund in January 2021 and April 2021 (contraction of 3.5% and 3.3%, respectively) With demand conditions normalising alongside easing of supply and mobility disruptions in an environment of sustained policy support, a faster economic recovery is expected in 2021.

Indian

India joined the global economy in an unprecedented contraction in 2020-21, dragged down by the Covid-19 pandemic. Headline inflation was elevated for most part of the year led by supply chain disruptions due to the pandemic and spikes in key food prices. Inflation, however, moderated subsequently due to seasonal easing in food prices since December 2020, albeit with an upside push from adverse base effects during February-March 2021. Monetary and credit conditions remained expansionary and financial market conditions eased considerably on the back of abundant liquidity. Public finances were impacted by a cyclical slowdown in revenues, which was exacerbated by Covid-19, while pandemic-induced fiscal measures pushed up expenditure. On the external front, the sizeable contraction in imports relative to exports, under deep recessionary conditions, led to a current account surplus; along with robust net capital inflows, this led to a large build-up of foreign exchange reserves.

OUTLOOK

The year 2021 commenced with both hope and fear - several parts of the world are locking down and bracing against new waves of infections and speedily communicable mutations. Going forward, the outlook for India's external sector will continue to be determined by pandemic's impact on demand and supply side dynamics, globally and in India. The thrust in the budget on easy access to certain raw materials augurs well for export recovery. Waning terms of trade gains in view of rising global crude oil prices and subdued flows of remittances may pose downside risks. However, the improvement in terms of external vulnerability indicators, adequate level of foreign exchange reserves and sound domestic macroeconomic fundamentals would help the economy withstand spill overs of global adverse macro-financial shocks. Global financial conditions remain easy but can alter rapidly. Various reform measures undertaken by the Government have the potential to keep the external sector sustainable.

PRODUCT PORTFOLIO

Coal Tar Pitch (CTP)

OVERVIEW AND INDUSTRY DEVELOPMENT

CTP is mainly used as a binder for the production of Carbon Anodes essential for aluminium smelting. An important variation of CTP also serves for

impregnation of Graphite Electrodes employed by electric arc furnaces in steel production. It is a complex chemical obtained through distillation which also finds its application as a base for Paint & Coatings.

A large amount of the Coal Tar Pitch produced across the world is used to manufacture Carbon Electrodes. Its sustainability and economic feasibility as a binder makes it the best raw material for Carbon Electrodes that are used to produce Aluminium. And the rising demand for Aluminium is the biggest driver of the global Coal Tar Pitch market.

The number of infrastructure projects are increasing every year, especially in developing economies. At the same time, stringent regulations on vehicle emissions have paved way for light-weight automobile components. Aluminium with its light weight property is considered as one of the best materials for automobile components. The same property keeps aluminium in demand in the aerospace industry. The affordability of air travel has grown over the years, resulting in demand for more aircrafts. This is expected to support growth of the global Coal Tar Pitch market in the near term.

Steel is also an important material required in infrastructure projects. Manufacturers across the world have shifted from conventional method to EAF steel manufacturing that requires Graphite Electrodes. The stable growth of the steel industry is expected to drive the global coal tar pitch market.



OUR EDGE

ALUMINIUM GRADE PITCH

- It's a specially produced pitch derived from controlled distillation of coal tar
- Used to make pre-baked anode material for manufacturing aluminium

BINDER FOR GRAPHITE INDUSTRY

- Used as a binding agent to manufacture high quality electrodes for producing graphite

IMPREGNATED PITCH

- Carbon and Graphite Electrodes are impregnated with special types of pitch to increase strength and density Impregnation pitch or Zero QI (Quinolene Insoluble) pitch
- Used for smooth penetration in micro pores of electrodes for decreasing porosity and to increase strength and electrical conductance, resulting in more durable and best performing Graphite Electrodes
- Also used for UHP grade electrodes and some niche applications in defence

MESOPHASE PITCH

- Synthesised from pure Coal Tar
- Used to make high technology products, such as carbon fibres, binders for Lithium-ion batteries, among others

SPECIAL PITCHES

- Used as raw material for refractories, carbon composites, carbon paste, paints/ ultramarine blue and water proofing, among others
- Used in defence in long range warhead missiles
- Completely customised to meet the end-user industry specifications

QUICK FACTS

$$\frac{100 \text{ KG}}{\text{CTP}} = \frac{1 \text{ TONNE}}{\text{ALUMINIUM}}$$

$$\frac{440 \text{ KG}}{\text{CTP}} = \frac{1 \text{ TONNE}}{\text{GRAPHITE}}$$

APPROX.

$$\frac{1.7-1.9 \text{ KG}}{\text{GRAPHITE ELECTRODE}} = \frac{1 \text{ TONNE}}{\text{STEEL}}$$

HIMADRI ENJOYS THE STATUS OF BEING ONE OF THE FEW GLOBAL PRODUCERS OF SPECIAL GRADE ZERO QI IMPREGNATED PITCH.

HIMADRI CATERS TO AROUND TWO-THIRDS OF DEMAND FOR INDIAN GRAPHITE AND ALUMINUM INDUSTRIES

HIMADRI SUPPLIES UP TO 95% OF COAL TAR PITCH REQUIREMENTS OF CERTAIN SMELTERS



Application Industry

ALUMINIUM INDUSTRY

Aluminium is a material with a wide range of applications, e.g. vehicles, construction, packaging industry, and electronic production among other household appliances. The global demand for primary aluminium in 2020 was at approximately 65 million tonnes, whereas the overall aluminium demand was at approximately 84.5 million tonnes. The long-term demand for aluminium in India and the subcontinent will remain robust backed by increased industrial activity and Government focus on infrastructure sector in the country. Several Government initiatives like Make in India and Smart Cities project are expected to increase investment in the country. India's government is investing over US\$1 billion in its 'Make in India' initiative. The aluminium consumption rise in India is inevitable with these initiatives lined up in the country, which is in line with India's five-trillion-dollar economy vision. There is a huge potential for increasing aluminium usage in India in building and construction, automotive and packaging industries.

Further, the demand for automobiles has seen an exponential growth over the years on the back of rising household disposable income along with the increasing need amongst individuals for various means of transport. But, over the years, owing to high vehicular emission, stringent norms have been developed by nations across the globe as a measure to reduce the pollution from vehicles on road. One such important measures taken by the government of nations worldwide is the reduction of the overall curb weight of the vehicle, for which, there is an upsurge in demand for lightweight metals, such as aluminium by the vehicle manufacturers. The steady growth observed in the automobile industry and the increasing production of automobiles around the world is thereby anticipated to drive the demand for aluminium, which in turn will require metal manufacturers to produce aluminium in greater quantity, thereby benefitting the growth of the Coal Tar Pitch market.

(Source: www.alcircle.com)

GRAPHITE INDUSTRY

Graphite Electrode is used in Electric Arc Furnace-based steel mills for conducting current to melt scrap iron and steel and is a consumable for the steel industry. The principal manufacturers are based in USA, Europe, India, China, Malaysia and Japan. Graphite Electrode demand is primarily linked with the global production of steel in Electric Arc Furnaces which is one of the two basic methods for steel production: Blast Furnace (BF); and Electric Arc Furnace (EAF). According to the World Steel Association (WSA), EAFs account for 42%, i.e. 416 million metric tonnes (MT) of global crude steel production (excluding China) in 2018. With average production increase of 3.5% per year between 1984 and 2011, EAF steel-making was the fastest-growing segment of the steel sector, based on WSA data.

Several nations around the world have imposed stringent norms to regulate the process of melting materials, for instance, furnaces that are used in the production of metals, such as steel. As such, manufacturers using furnaces worldwide have shifted to Electric Arc Furnace (EAF), which uses Graphite Electrodes to melt the materials provided inside the furnace. Graphite Electrodes are made by the utilisation of a binder-grade Coal Tar Pitch (CTP)

and calcined needle coke, followed by impregnation-grade CTP. The upsurge in demand for Graphite Electrodes worldwide and the rising consumption of CTPs for the manufacturing of Graphite Electrodes is thereby anticipated to drive the growth of the global Coal Tar Pitch (CTP) market in the upcoming years.

HIMADRI HAS THE LARGEST MARKET SHARE IN THE DOMESTIC CTP MARKET. WHAT MAKES THIS POSSIBLE?

- Sustainable operations, with zero-discharge facilities and world-class environmental norms
- Proximity to high quality Coal Tar sources
- Strong logistical edge in transporting CTP (that needs to be maintained at -250°C , making imports and logistics challenging); operates dedicated fleet of over 170 electric heated tankers to transport liquid pitch at high temperatures

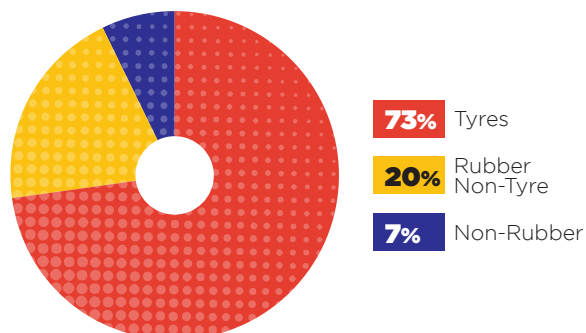


Carbon Black

OVERVIEW AND INDUSTRY DEVELOPMENTS

Carbon Black is a form of elemental Carbon that is manufactured in a highly controlled process to produce particles and aggregates of varied structure and surface chemistry, resulting in many different performance characteristics for a wide variety of applications. Rubber grade Carbon Blacks are used to enhance the physical properties of the systems and applications in which they are incorporated. Carbon Black consumption is predominantly driven by tyres and other rubber goods while non-rubber application command relatively small share.

Carbon Black Application Demand Break up



73%

CARBON BLACK CONSUMPTION
BY TYRE INDUSTRY

22-27%

VOLUME OF CARBON
BLACK IN A TYRE

₹ 20,000

CRORE

CAPACITY ADDITION IN
TYRE INDUSTRY BETWEEN
FY2022 AND FY2025

(Source: <https://auto.economictimes.indiatimes.com/news/tyres/indian-tyre-industry-to-grow-13-15-in-fy22-icra/84167086>)



Total World	2017	2018	2019	2020	2021 F	2022 F	2023 F	2024 F	2025 F
Capacity (Ktpy)	15,846	16,675	17,293	17,591	18,231	18,506	18,976	19,176	19,845
% Utilisation	81%	79%	76%	69%	74%	79%	81%	84%	84%
Production (Kt)	12,910	13,244	13,077	12,100	13,550	14,615	15,380	16,050	16,675
Market Value (Million US\$)	13,776	16,688	15,915	12,704					
Average Value (US\$/Kg)	1.04	1.23	1.19	1.02					
Demand (Kt)	13,277	13,609	13,407	12,452	13,800	14,750	15,380	16,050	16,675
Tyres	9,808	10,052	9,854	9,175	10,164	10,912	11,368	11,880	12,329
Non-Tyre Rubber	2,570	2,627	2,593	2,430	2,681	2,825	2,947	3,074	3,188
Speciality Blacks	899	930	960	847	955	1,013	1,065	1,096	1,158

(Source: Notch report)

Application Industry

TYRE INDUSTRY

Carbon Black plays a significant function in the development of the electrical and mechanical properties of high performance for a tough elastic polymeric substance such as rubber materials. Thus, Carbon Black is widely used to manufacture a massive number of products such as reinforcing and pigment phase in automobile tyres due to its high ability to increase tire life by reducing the thermal damage. This material is also used in belts, hoses, and other non-tyre rubber goods.

While rubber is an essential ingredient to car tyres, around two hundred different materials, including special oils, carbon black, pigments, antioxidants, silica, and other additives help determine the specific characteristics of a tyre. After planning and selecting these materials, the tyre is assembled. Car tyres owe their signature black color to the additive Carbon Black. This material makes an appearance in the pigment and reinforcing phase of tyre creation, and it is valued for enhancing surface durability. By reducing thermal damage, Carbon Black extends the lifespan of tyres on the road.

The India tyre market attained 177 million units in 2020. Tyres are one of the most significant parts of an automotive. They support the weight of the vehicle, absorb shock from the road surface, and change or maintain a direction. They are primarily used in the automotive industry, one of the rapidly flourishing industries in India. According to Invest India, our nation is expected to become the world's

third-largest automotive market by 2026. The surging production of automobiles is increasing the demand for tyres and aiding the growth of the tyre industry. The escalating export activities of vehicles such as tractors, buses, heavy trucks, and cars are also propelling the market growth. Moreover, the focus on increasing production by the Indian Government and the favourable Government schemes are augmenting the market growth. Government schemes such as Atmanirbhar Bharat Abhiyan — Self Reliant India — provides an economic and compressive package of ₹ 51,000 crores to promote manufacturing of the automotive in the country, this will further support tyre industry growth, thereby augmenting Carbon Black market.

HIMADRI IS INDIA'S THIRD LARGEST CARBON BLACK PRODUCER. WHAT MAKES THIS POSSIBLE?

- Customised and solution-centric approach for individual applications
- Lowest impurities in carcass and tread black
- Superior in-house raw material & R&D
- Capability to produce ultra-high surface structure grades
- Proven track record in quality and delivery over last decade

Himadri's recently launched VIRTEX series of premium Carbon Black grades is meant for ultra-high-performance tyres so that tyre companies can develop tyres with an even better grip and handling profile than they sell today. As a specialist in customised Carbon Black products, Himadri continues to develop new grades that meet the most challenging needs. The new VIRTEX series of grades is designed to meet the demand of high performance tyres, especially for luxury and multi-utility vehicles. Himadri's VIRTEX series offers a range of reinforcement solutions to optimise performance for specific formulations. This series delivers a wide range of characteristics that make compound development easier for ultra-high-performance tyres. This allows tyre manufacturers to achieve the optimum balance of traction and stiffness in their compounds, which enables them to achieve the right grip and handling profile for their specific application needs.

NON-TYRE RUBBER MARKET

The Non-Tyre Rubber market includes all the uses of Carbon Black in rubber compounding outside of tyres and re-treading. Major applications in this segment are automotive products and general

rubber components for industrial, consumer, construction, and other types of equipment. Specific items include belts hose and fuel hose, (such as conveyor belts, transmission belts, v-belts, coolant hose, hydraulic hose, fuel hose), among others. It also includes mechanical and industrial rubber goods (seals, gaskets, rollers, sheeting and membranes and wheels, among others).

Himadri's KLAREX series consists of high-purity speciality blacks covering a wide range of particle size and structure to meet demands of mechanical rubber goods (MRG). Typical MRG applications include extruded profiles, moulded products, hoses, seals, gaskets, engine mounts, tubes, and wipers, among others. Himadri's KLAREX series consists extremely clean grades, offering improved processing characteristics and dimensional stability with excellent smooth surface finish.

Speciality Black Industry

OVERVIEW AND INDUSTRY DEVELOPMENTS

Speciality Carbon Black is a highly versatile component for non-rubber applications. Carbon Black used in high-end non-rubber applications is



commonly known as 'Speciality Blacks'. Speciality Carbon Black imparts specific characteristics such as high-quality pigmentation, UV protection, dispersion, viscosity control and electrical conductivity. The selection of Carbon Black entirely depends on the requirements of the product. It is mainly used in key plastic segments including moulding, film pipe, fiber, and cable. Plastics are used in a wide range of applications in various key end-use industries including packaging, paints & coating, construction, electrical & electronics, and automotive.

Plastics application is the major growth driver accounting for almost 2/3rd volume share of the Speciality Blacks market. The increasing application scope can be attributed to its high durability, corrosion resistance, flexibility, and low maintenance requirements. Increasing demand for electrical and electronic components, such as microwaves, ovens, phones, tablets, laptops, computers, television, music player, and fax machine, is expected to drive the plastics demand.

SPECIALITY BLACK DEMAND DRIVERS

70%

PLASTICS

17%

PRINTING INKS AND
PAINTS & COATINGS

13%

NICHE APPLICATIONS, INCLUDING
ADHESIVES, MULCH, METALLURGY,
GRAPHITE AND CARBON PRODUCTS,
BATTERIES, PAPER, HIGH
TEMPERATURE INSULATION AND
REFRACTORIES, TEXTILES, LEATHER
AND VINYL DISPERSIONS, AND
BUILDING PRODUCTS (CEMENT AND
ASPHALT)

Medium colour furnace blacks are primarily used in tinting applications where deep jetness is required specifically for engineering plastics ABS, PA, PC and POM. Himadri's ONYX 901 and ONYX 903 medium colour furnace blacks deliver excellent balance of jetness, blue undertone, easy processing and good surface quality for most demanding colouration of plastic moulded parts and coatings.

Himadri's JETEX speciality blacks consists of extremely clean grades with optimum morphology that balances blackness (tinting) with good undertone and mechanical properties critical for extruded films and sheet applications, such as packaging and industrial goods as well as injection moulded applications. These blacks have proven UV (ultra violet) performance and provide excellent dispersion to ensure good surface quality with minimum surface defects critical for agricultural films, geomembranes and non-regulated pipes.

Himadri's ELECTRA series of conductive Carbon Blacks provide critical functionality to wire and cable applications. These grades impart semi-conductive performance in conductor and insulation shields of low, medium and high voltage cables enabling long term performances. ELECTRA grades are extremely clean with low ash, grit and ionics and provide excellent dispersion for surface smoothness and strippability. ELECTRA series also provides ESD performance in plastics to protect against damage due to electrostatic discharge in critical applications like fuel injectors, electronic/computer packaging, and anti-static films, among others.

Application Industry

PLASTICS, INKS, OR COATINGS

Speciality Carbon Black is a highly versatile material in terms of its physical and chemical properties, which can be altered during the manufacturing process and by after-treatment. The performance of Carbon Black in plastics, inks, or coatings is primarily a function of four characteristics: particle size (or surface area), structure (or aggregate size), surface activity, and porosity.

Ink & Toner Markets for Speciality Black

Item	2006	2011	2016	2021 F	2026 F
Unit: 000 tonnes, except as noted					
Speciality Black Demand	792	890	1016	1200	1393
% Inks & Toners	13.8%	12.1%	11.2%	10.1%	9.2%
INK & TONER MARKETS	109.0	108.1	114.0	121.0	128.0
Printing Inks:	100.8	98.6	102.4	104.4	106.0
Newspaper Inks	53.8	50.6	48.6	43.9	40.5
Publication Inks	31.9	31.9	35.0	38.0	40.0
Packaging Inks	10.0	10.7	12.5	15.0	17.0
Other Inks	5.1	5.3	6.3	7.5	8.5
Toners & Inkjets:	8.2	9.5	11.6	16.6	22.0
Toners	6.6	6.8	7.6	9.6	12.0
Inkjets	1.6	2.7	4.0	7.0	10.0

World Speciality Black Demand, Geography-Wise

Item	2006	2011	2016	2021 F	2026 F
Unit: 000 tonnes, except as noted					
North America	235	257	290	330	367
European Union	223	192	213	238	261
ASIA	267	362	428	529	640
China	102	165	197	245	300
Asia excluding China	164	197	232	284	341
Other Regions	67	79	85	104	126

Speciality Black by Market

Item	2006	2011	2016	2021 F	2026 F
Unit: 000 tonnes, except as noted					
Speciality Black Demand	792	890	1016	1200	1393
Plastics	464	544	634	767	902
Inks & Toners	109	108	114	121	128
Paints & Coatings	35	40	51	62	75
Batteries	45	47	52	61	73
Other Applications	140	151	166	189	215

(Source: Notch)

Advance Carbon Material (ACM)

OVERVIEW AND INDUSTRY DEVELOPMENTS

Advanced Carbon Materials have excellent thermal stability and mechanical property such as tensile strength than ordinary materials. Graphene, carbon fibers, carbon foams structural graphite, and nanotubes are majorly used Advanced Carbon Materials as engineering materials. Rising focus toward lightweight composites from the automotive and aviation industry and increasing demand of carbon fiber-reinforced plastic in the construction industry is anticipated to drive the market.

This rise can be accredited to ACM's growing application base for manufacturing high quality anode material for Lithium-ion battery. Thus, demand for ACM is gaining momentum from power applications. As per one of the industry reports, the global anode material for the automotive Lithium-ion (Li-ion) battery market is anticipated to generate a revenue of US\$1,348.6 million by 2030, increasing from US\$707.2 million in 2019, progressing at a 5.7% CAGR.

The global Lithium-ion battery market was valued US\$ 36.7 billion in 2019 and is projected to hit US\$ 129.3 billion by 2027, at a CAGR of 18.0% from 2020 to 2027. Lithium-ion batteries are characterised by high-energy density, high output voltage, and long cycle life. The growth of this market is likely to be driven by the excellent features of Lithium-ion batteries, increasing adoption of consumer electronics, and growing R&D initiatives by different organisations & battery manufacturers. Moreover, an increase in demand for plug-in vehicles, rising need for automation and battery-operated material-handling equipment in industries, propelling demand for smart devices and other industrial goods, and high requirement of Lithium-ion batteries for industrial applications are other key driving factors. Lithium-ion battery market for automotive is expected to hold the largest market. Increasing adoption and awareness of EVs, Government initiatives, and regulations supporting the adoption of EVs around the world are the factors that are driving the growth of the Lithium-ion battery market. The market for these vehicles is expected to grow in the near future, partly driven by the adoption of various environmental norms and emission regulations. This has increased the demand for Lithium-ion batteries.



Application Industry

ELECTRIC VEHICLES

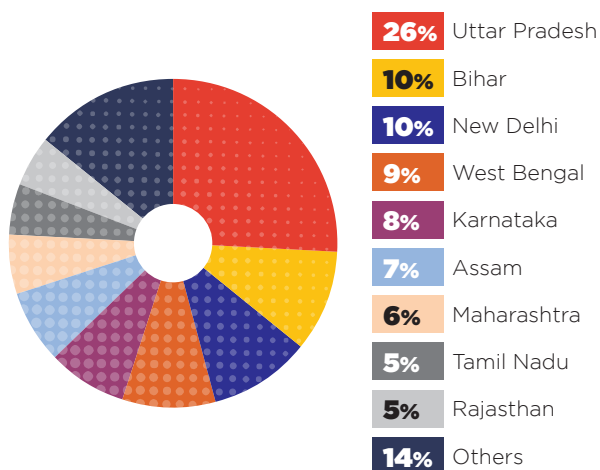
The Indian automotive industry is the fifth largest in the world and is slated to be the third largest by 2030. Catering to a vast domestic market, reliance on the conventional modes of fuel intensive mobility will not be sustainable. By making the shift towards Electric Vehicles (EVs), India stands to benefit on many fronts: it has a relative abundance of renewable energy resources and availability of skilled manpower in the technology and manufacturing sectors.

Globally, EV models have increased from 56 in 2013 to 408 in 2020, mainly led by SUVs (~36% of the industry). Also, amongst the top-10 OEMs, EV share is ~4-10%. About 30% of new Two-wheelers sold in the world are electric, but new cars will do this feat only by 2030. For India, it will take another decade to reach 30% electrification. Globally, by 2040, electric cars will outsell the internal combustion engine ones with a market share of about 60%, electric Two-wheelers with 77%, and the overall electric fleet with 47%, as per BloombergNEF (BNEF) report.

EV share of new car sales

2.7% 2020 **10%** 2025

Regional Registered EV Sales Jan-Dec 2020



(Source: Vahan Dashboard, JMK Research)



GOVERNMENT POLICIES

- India is emerging as one of the fastest-growing economies in the world. The vision of India Chem-2021 is to seize the opportunity to establish India as a leading chemicals and petrochemicals hub. In this regards, the Government has launched 12 PLI scheme for different sectors which will directly or indirectly benefit the chemicals sector. The Government is poised to invest ₹ 8 lakh cr in Chemical Industry by 2025. For Delhi, vehicle life stands at 10 years for diesel vehicles and 15 years for petrol vehicles. Scrapping incentive is around ₹ 7,000.
- Going ahead, all buses procured will be electric buses. The Government is currently in advanced stages to procure 1,300 low-floor electric buses.
- The Government has identified 200 land parcels in Delhi for setting up the EV charging infrastructure. Private players will mainly be responsible for battery swapping via the PPP model.
- Niti Aayog targets 100% electrification in Two-wheelers/Three-wheelers in the near future. There are already more than 2 million e-rickshaws which demonstrates the viability of EVs.
- Global battery prices have come down to US\$137/kwh and should come down to below US\$100 by 2023, as per Niti Aayog.
- Upfront costs of EVs are falling, while battery swapping models have improved affordability.
- Local authorities have been exempted from GST for contracting electric buses.
- Production linked incentive (PLI) scheme for battery manufacturing will likely help develop the EV ecosystem in India.

Naphthalene

OVERVIEW AND INDUSTRY DEVELOPMENTS

Naphthalene is a white crystalline organic compound that can be derived either from crude oil or coal tar. Naphthalene is widely used in the concrete industry to produce high-strength concrete. The use of Naphthalene helps to reduce water consumption during concrete production and enhances the mechanical properties of concrete. The growing demand for Naphthalene, as an intermediate in the

manufacture of construction chemicals, is expected to drive the demand for this market. It is primarily due to the growing demand for concrete plasticisers to boost workability and strength.

Factors such as rapid urbanisation, development of smart cities, and growing number of construction projects have increased the demand for concrete across the globe. These factors will fuel the growth of the global Naphthalene market during the forecast period.

Moreover, growth of industries such as industrial paint, printing, plastic and tannery is further boosting the demand for dyes and dye intermediates for end-use applications. Additionally, the robust demand for dyes and dye intermediates from textile industry is anticipated during forecast period, which would further steer growth in the Indian dyes and dye intermediates market.

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

OVERVIEW AND INDUSTRY DEVELOPMENT

SNF is a light yellow to yellowish brown powder, which is an anionic surfactant. It is widely used for the preparation of free-flowing and pumpable concrete mixture in the construction industry. Naphthalene, one of the by-product of Coal Tar Distillation, is used to manufacture SNF which is used as raw material for compound accelerators, anti-freezing agents, and retarders, in different construction industries. SNF's high purity feature makes cement particles with high low foaming, high range water reducing and strengthening. Further, SNF also finds its applications in agriculture, gypsum, plastics & rubber, paper, construction, textile, and oil industries.

Poly Carboxylate Ether is the next generation of raw materials for superplasticisers and offers better performance compared to SNF-based superplasticisers.

Concrete admixtures are added to construction materials to alter and improve their chemical and physical properties. Concrete admixtures provide strength and durability to buildings and significantly reduce water to cement ratio. SNF and PCE are one of the most widely used concrete admixtures in India.

The cement industry witnessed a de-growth of 10-12% due to the Covid-19 pandemic. However, as the central and state governments took steps to unlock the economy and some encouraging trends

were seen in the later part of the year. Increasing construction activities on account of huge public and private investments in construction sector is forecast to drive demand for concrete admixtures in India. Moreover, adoption of various policies by the Government of India for infrastructure development such as National Infrastructure Pipeline (NIP), Pradhan Mantri Awas Yojana-Urban (PMAY-U) are further expected to boost demand for Naphthalene and PCE-based admixtures in the country. The recent boost in infrastructure including a network of expressways and economic corridors by 2025 will further stimulate demand for SNF.

While the construction segment will remain the largest segment, we are continuously working on developing products for the non-construction segment. This segment will further help us increase sales volume and diversify our product portfolio.

OPPORTUNITIES

AUTOMOBILES

The Indian automotive industry is the fourth largest in the world and the Two-wheeler industry is the largest in the world. It is also the largest tractor manufacturer and the eighth largest commercial vehicles manufacturer in the world. Together, these make India the most promising automotive market in the world. The rising per capita income, spending capacity and healthy monsoons, are the collective factors generating demand for automobiles in India. The surge in automobile demand also leads to progression of its supporting industries, thereby generating demand for tyres.

INFRASTRUCTURE

The infrastructure sector is a key driver for the Indian economy. It is highly responsible for propelling India's overall development. It enjoys intense focus from the Government for initiating policies that ensure creation of world-class infrastructure in the country. With the growing focus on infrastructure development, the need for steel, aluminium and other metals is bound to increase.

ELECTRONIC VEHICLES

With the world gradually moving towards low-emission norms while reducing its dependence on carbon fuels, the need for Electric Vehicles is also expected to shoot up. This growing need of EV will in turn propel the need for Lithium-ion batteries as they see new heights in demand.

THREATS

COMPETITIVENESS

The Government has allowed 100% FDI in chemical sector. This has resulted in domestic players facing stiff competition from foreign multinationals, capable of exerting strong price pressures on local markets. Any significant development can impact the Company's performance negatively. Himadri views this as a healthy indicator of further thriving and leveraging on its attributes. Better pricing quality products, high volumes and strategic locations, compared to its peers, are some of the factors that places the Company in a better position to face this competition.

OPERATIONAL REVIEW

Research & Development

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

PRODUCT

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

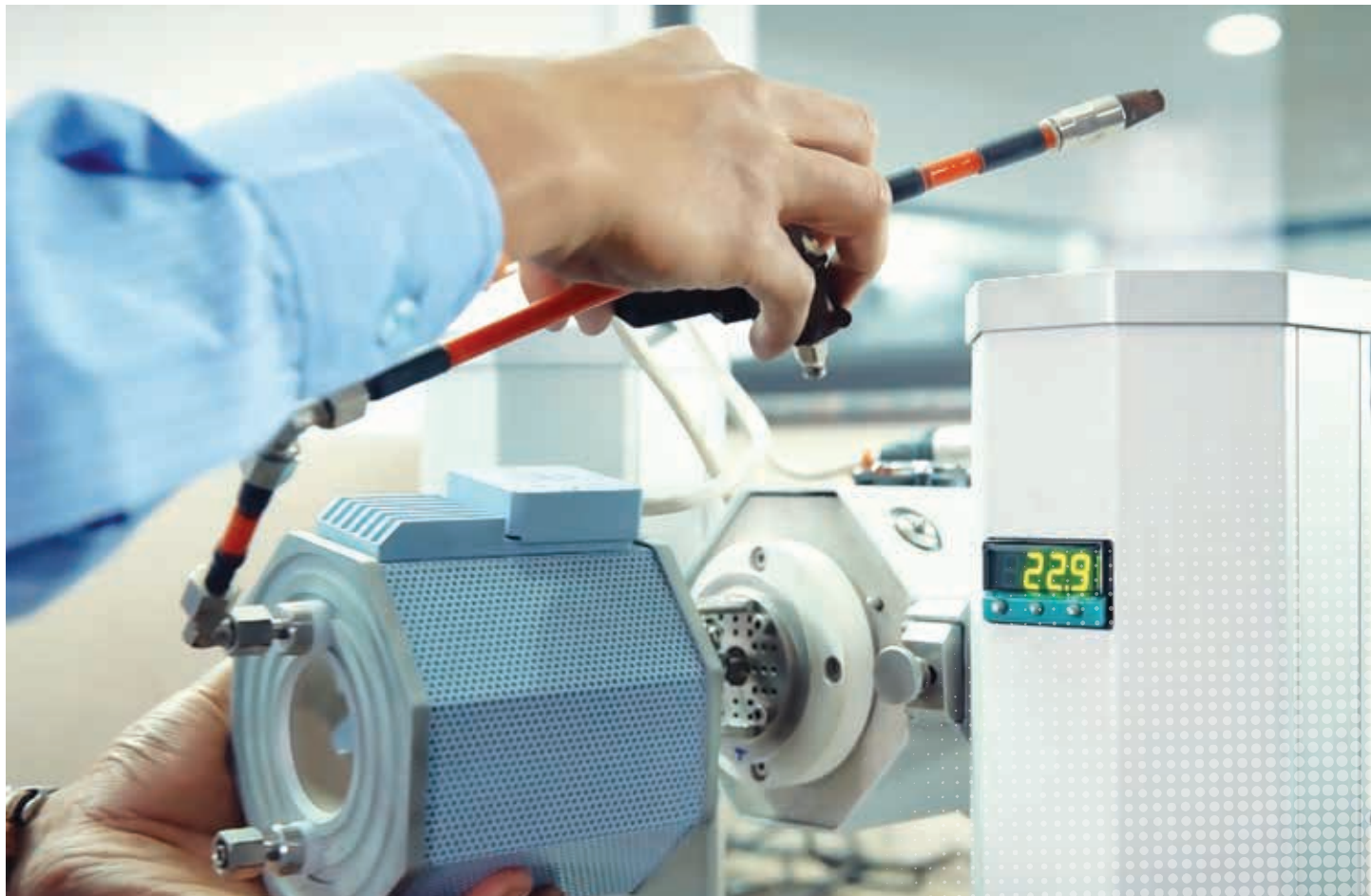
PROCESS

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

TECHNOLOGY

The Company's in-house technology development prepares it to compete in the global markets. Products like Coal Tar Pitch of different grades,

Advance Carbon Material and Speciality Carbon Black are results of the Company's in-house technology.



QUALITY

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

The Company QA is supported by state-of-the-art research labs and has been recognised by the Government of India. Constant trainings at

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

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

FINANCIAL REVIEW

Consolidated Highlights

The consolidated gross revenue from operations stood at ₹ 167,945.80 lakhs during 2020-21 as compared to ₹ 180,580.03 lakhs in 2019-20. EBITDA stood at ₹ 13,092.32 lakhs during 2020-21 as compared to ₹ 29,446.48 lakhs in 2019-20. Profit after tax stood at ₹ 4,726.62 lakhs during 2020-21 as compared to ₹ 20,535.91 lakhs in 2019-20.

Standalone Highlights

Standalone gross revenue from operations stood at ₹ 167,945.80 lakhs in 2020-21 as compared to ₹ 180,349.85 lakhs in 2019-20. EBITDA stood at ₹ 12,757.21 lakhs in 2020-21 as compared to ₹ 29,807.14 lakhs in 2019-20. Profit after tax stood at ₹ 4,667.17 lakhs in 2020-21 as compared to ₹ 8,097.65 lakhs in 2019-20.

Shareholders' Funds

The authorised share capital of the Company stood at ₹ 7,001 lakhs as on 31 March 2021 as compared to ₹ 7,001 lakhs as on 31 March 2020 in the form of equity shares of ₹ 1 each. The paid-up share capital stood at ₹ 4,189.65 lakhs as on 31 March 2021. The Company's reserve and surplus stood at ₹ 166,638.43 lakhs whereas the net worth was at ₹ 170,828.08 lakhs.

Dividend

With the Board's decision of being consistent in terms of payment of dividend, the Board recommended 15% (₹ 0.15 per share) dividend for the year 2020-21 to reward its shareholders. The dividend will be paid out of accumulated profits, subject to approval of members at the ensuing Annual General Meeting.

Details of Key Financial Ratios (Consolidated)

Key Financial Ratios	FY 2019-20	FY 2020-21	Variance
Debtors Turnover	6.03X	3.64X	-40%
Inventory Turnover	3.02X	3.64X	20%
Interest Coverage Ratio	5.69X	4.26X	-25%
Current Ratio	1.13X	1.25X	11%
Debt Equity Ratio	0.26X	0.32X	22%
Operating Profit Margin (%)	16%	8%	-52%
Net Profit Margin (%)	11%	3%	-75%



Finance

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



HUMAN RESOURCE

The Company's people strategies are geared to create learning opportunities. It focuses on building careers and fosters an empowering and inclusive culture. The idea is to provide an environment where employees find meaning in what they do while creating value for the Company.

CULTURE TRANSFORMATION

The Company aims to build an inclusive and empowering work environment, focussed on enhancing employee experiences. The Company's philosophy for People, Process, Policies and Practices contributes towards building an agile and performance-oriented organisation.

SHAPING CAREERS

The Company's focus is to hire the right individuals with appropriate competencies and assimilate them into the culture and work environment and enable them to perform. Based on the periodical assessment, facilitate learning through various modes and develop competencies for leadership roles and create an internal pipeline of talent that helps to build a future-ready organisation. The Company has an excellent track record of harmonious industrial

relations. This is built on the foundations of mutual trust and co-operation which has helped sustain organisation's productivity levels.

DIVERSITY & INCLUSION

Organisation put emphasis on practicing diversification in inducting different types of people in its periphery with an aim to promote diversity & inclusion at the workplace. It makes all employees to feel accepted, valued and happy and a happy engaged employee is an asset to the Company and as a result the Company enjoys turnover rates. The organisation acknowledges holidays of all cultures and leave calendars are designed by respecting the same.

BUILDING CAPABILITY

Anticipating future skill requirements and developing them is the key to the Company's long-term sustainability. Himadri continues to invest in job enrichment, skill enhancement, research and development, marketing and a collaborative programme for employees. This enables its people to better understand the needs of the customers.

Cascading of organisational goals using the management by objectives helps to bring in role clarity and alignment at all levels. This, in turn, creates

an empowering work environment. The Company provides opportunities for its employees to explore career mobility options within the organisation or the Himadri Group. There is also an exposure to latest technology and forums for networking, to help strengthen the employees' subject matter expertise.

REWARDING BY RECOGNISING

The history of rewarding people with proper recognition is something that comes naturally to Himadri from ages, the organisation believes the contribution made by its members towards its journey must be recognised and rewarded as part of the gratifications process. The employees were rewarded by the organisation on its foundation day in presence of their family members through the virtual platform. The Company also acknowledged the support of the employees during the Covid-19 period and rewarded them as "Special Reward for Special Efforts" award. We acknowledge the creativity of our employees' children and designed our Annual Calendar by their artwork only.

DIGITISATION OF THE PROCESSES

The Company's focus is on transforming all the Employee Life Cycle processes through digitised platform. Thereby, enabling its employee with ease of access of policies and processes while as an employer promoting Talent Acquisition E-Onboarding, Performance Management, E-Learning practices for better managed process across all locations and eliminating process delay to enhance efficiency and aiming paperless workplace in a long run.

EMPLOYEE CARE

Himadri's vision to serve the mankind has been practiced in real time as the organisation has extended the medical coverage, introduced term insurance and accidental policy. Additionally, the Company also launched the Pandemic Policy to support the deceased employees' families to live their life with full dignity and pride with an aim to create an environment of security in these uncertain time.

MOTIVATING EMPLOYEES POST COVID

The biggest challenge was to motivate employees and bring them to normalcy as it is important for their life. The Company organised a Sports Championship to create some fun, energy and happiness across the organisation. Several sessions were organised by the expert through virtual

platforms and Managing Emotional Quotient in post-Covid-19 era was also part of the programme.

ENVIRONMENT, HEALTH AND SAFETY MEASURES

Himadri is driven by philosophy that is focused on no harm to people, asset and natural resources. 'Safety' is one of the core values at Himadri.

There is an unwavering commitment towards the continuous improvement of the organisation's safety performance. Benchmarking with the companies that are best in the business, the Company is committed to continuously employing world-class Safety, Health and Environment practices.

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

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

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

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

We are committed to safe and lawful operation of our facilities with respect to the manufacturing and distribution of products. Being a responsible corporate we have invested and undertaken eco-friendly measures to make our facilities 'Zero discharge plant'. It ensures control of all forms of discharge – solid, liquid or gas. The Company also consciously increased its green cover by planting approx. 5,000 saplings.



Sustained efforts in this direction have resulted in Company being bestowed with Awards of Excellence in both safety and environment by Greentech foundation.

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

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



RISK MANAGEMENT

Himadri realises that risk is inherent to all its business activities. The Company has a well-established risk management framework that helps it remain resilient. Risk analysis along with their mitigation is critical in the ever-changing environment that the Company in which it operates.

Risks and Response

RAW MATERIAL

Risk

Volatility in the global prices of raw materials is also a major challenge faced by the chemical industry. Sharp corrections in the crude oil prices and prices of various raw materials procured by the Company can influence bottomline.

Response

Being the major player in the industry, the Company always stocks at least a 60 days' inventory to not get affected by the unavailability of the raw material. Hence ensuring smoother flow of operations.

ENVIRONMENTAL SUSTAINABILITY

Risk

The industry that the Company operates in, is accountable for its impact on the environment. The chemical industry is not only held responsible

for meeting the environmental norms, but it is also accountable for delivering societal value.

Response

The Company complies with all the required environmental acts and regulations. It has also made significant investments towards eco-friendly measures which are helping the Company make its facilities 'Zero Discharge' in nature.

COMPETITION RISK

Risk

The chemical industry is intensely competitive, comprising large number of manufactures. The risk emerges when the Company does not initiate timely action against the underlying opportunity.

Response

The Company remains aware of emerging opportunities in the chemical space and proactively responds to the same by continuously adding new products to its portfolio. The Company's largest integrated production facility and its proximity to clients manufacturing facility helps it become the strategic vendor to client while also remaining competitive in the market.

DEPENDENCY RISK

Risk

Being dependent on specific industries like Aluminium and Graphite, any downfall in these industries would in turn lead to downfall in the Company's margins.

Response

Himadri caters to a wide range of industries and application base. As these application industries form an essential part of any economy, the demand for these products remains largely inelastic.

MARKET PRESENCE

Risk

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

Response

The Company has set up 8 facilities, marking its presence across 5 Indian states from East to West. The Company operates fully dedicated fleet of

over 170 tankers to ensure timely delivery and procurement. This presence has reaped goodwill for the Company in the respected industry. Several Aluminium and Graphite companies in India have been customers of Himadri for more than past 20 years.

INDUSTRIAL RELATIONS

Industrial relations form an integral part of any manufacturing firm. The Company maintains open communication channels with workforce and keeps them engaged with its objectives towards attainment of healthy employer-employee relationship. This helps in swiftly continuing our operations without conflicts between the labours and the Company's management. The Company follows different programs for the development of skills among employees at different levels. This provides a friendly environment to work in. Industrial relations at the offices continued to be cordial through the adoption of productive and performance-based policies. The policies are further focused to develop and benefit the talent and simultaneously protecting organisational interest.



SOCIAL WELFARE ACTIVITIES

Himadri is committed to contribute towards human development. It is dedicated to serve the surrounding communities of the areas it closely works with through initiatives in education, healthcare, and women empowerment. During the pandemic the Company exercised initiative to support humanity and during the year 2020-21 undertook the following CSR activities

- Distributed 30 kgs of food grains per family of around 90,000 families in near by villages
- Distributed cooked food to 1,000 persons per day for 4 months
- Felicitated and appreciated of meritorious village school students through awards and annual prizes
- Organised free eye check-up camps and distribution of eyewear
- Conducted free village medical centres throughout the year, at Mahistikry and Belechonga villages, Hooghly
- Arranged and distributed free food and clothes/blankets at various locations during the year and during festive seasons to needy villagers
- Started the Widow Pension scheme in the Plant locality
- Constructed Pukka Houses in place of Kuccha houses
- Developed a green belt around the Company's plant to protect the environment

In addition to above, the Company has chosen couple of CSR projects on rural development for Economically Weaker Sections (EWS) on rural development. These include constructing Pukka houses in place of Kuccha houses for Economically Weaker Sections (EWS) of the society in village area surrounding or adjoining to Company's plant at Mahistikry, West Bengal as well as surrounding villages, setting up of rural electrification facility, setting up of drainage system, setting up of water supply tanks including pipeline connectivity to the villages involving a large amount of outlay and same are under process.

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

6,817

HOMEOPATHY TREATMENT

2,108

EYE TREATMENT

736

PATHOLOGICAL INVESTIGATION

456

ACUPUNCTURE TREATMENT

897

SPECTACLES DISTRIBUTION

STATUTORY COMPLIANCE

The Company Secretary, as the compliance officer, ensures that the Company complies with SEBI regulations and provisions of the Listing Regulations. The Chief Financial Officer, the Chief Executive Officer and the Managing Director act as Compliance Officers for the prevention of insider trading. With a view to cover the risk of compliance with various rules and regulations of the Companies Act, SEBI directives and the Listing Regulations, the Company has appointed Internal Auditors to ensure reporting of any potential non-compliance. Compliance certificates are obtained from various managerial personnel, ensuring compliance to various statutes.

Internal Control System

At Himadri, the Board of Directors are responsible for ensuring and laying down the internal financial controls. It is also responsible for evaluating whether such controls are adequate and function effectively or not. Himadri has policies, procedures, control frameworks and management systems in place that map into the definition of Internal Financial Controls as detailed in the Companies Act, 2013. These have been established at the entity and process levels and are designed to ensure compliance to internal control requirements, regulatory compliance and appropriate recording of financial and operational information.

The senior management reviews and certifies the effectiveness of the internal control mechanism over financial reporting, adherence to the code of conduct and Company's policies for which they are responsible and also the compliance to established procedures relation to financial or commercial transactions, where they have a personal interest or potential conflict of interest, if any. Himadri uses services of independent internal auditors to strengthen the internal controls process. There are well established and comprehensive internal control systems processes, rules, policies and procedures for effective monitoring and control of the entire Company operations and its subsidiaries.

The audit plan is approved by the Audit Committee, which reviews compliance to the plan. During the year, the Audit Committee met regularly to review reports submitted by the Auditors. All significant audit observations and follow-up actions thereon were reported to the Audit Committee.

The Audit Committee also met the Company's Statutory Auditors to ascertain their views on financial statements, including the financial reporting system, compliance to accounting policies and procedures, the adequacy and effectiveness of the internal controls and systems followed by the Company. The Management acted upon the observations and suggestions of the Audit Committee.



Board's Report

Dear Members,

Your Board of directors has the pleasure of presenting its report as a part of the 33rd Annual Report of your Company ("the Company" or "HSCL"), together with the Audited Financial Statements (Standalone and Consolidated) and the Auditors' Report thereon for the financial year ended 31 March 2021.

1. Financial Highlights

The financial results of the Company for the financial year ended 31 March 2021 are summarized below:

		Amount in ₹ Lakhs			
Sl. No.	Particulars	Standalone		Consolidated	
		2020-21	2019-20	2020-21	2019-20
I.	Revenue from operations	167,945.80	180,349.85	167,945.80	180,580.03
II.	Other income	1,382.59	496.82	1,404.66	798.50
III.	Total income (I + II)	169,328.39	180,846.67	169,350.46	181,378.53
IV.	Expenses				
	Cost of materials consumed	115,646.45	120,806.34	108,208.81	127,343.03
	Changes in inventories of finished goods and work-in-progress	8,362.45	1,433.98	15,182.91	(4,963.76)
	Employee benefits expense	7,551.05	7,325.02	7,611.14	7,433.34
	Finance costs	3,321.17	5,452.13	3,343.43	5,491.35
	Depreciation and amortisation expense	4,421.95	3,668.01	4,697.42	3,924.38
	Other expenses	23,628.64	22,386.30	23,850.62	22,735.67
	Total expenses (IV)	162,931.71	161,071.78	162,894.33	161,964.01
V.	Profit before exceptional items and tax (III-IV)	6,396.68	19,774.89	6,456.13	19,414.52
VI.	Exceptional Items	-	(12,798.65)	-	-
VII.	Profit before tax (V-VI)	6,396.68	6,976.24	6,456.13	19,414.52
VIII.	Tax expenses				
	Current tax	1,184.06	3,470.49	1,184.06	3,470.49
	Deferred tax	545.45	(4,591.90)	545.45	(4,591.88)
IX.	Profit for the year (VII-VIII)	4,667.17	8,097.65	4,726.62	20,535.91

2. Performance Highlights

i) Financial Performance - Standalone

The Company achieved total Revenue from Operations of ₹ 167,945.80 lakhs for the year ended 31 March 2021 as against ₹ 180,349.85 lakhs for the year ended 31 March 2020 representing a decrease of 6.88% because of decrease in average realization. The earnings before interest, taxes, depreciation, and amortization ('EBITDA') for the year, excluding the effect of foreign exchange fluctuation loss/ (gain) and other income was ₹ 12,757.21 lakhs as compared to ₹ 29,807.14 lakhs for the previous year. EBITDA for the year decreased by 57.20% due to decrease in average

realisation. Sales realization was impacted due to market competitiveness. During the financial year 2020-21, the Company earned a profit after tax of ₹ 4,667.17 lakhs as compared to ₹ 8,097.65 lakhs in the previous year.

ii) Financial Performance - Consolidated

On consolidated basis, the total revenue from operations in the financial year 2020-21 decreased by 7% to ₹ 1,67,945.80 lakhs from ₹ 180,580.03 lakhs in the previous year because of decrease in average realization. EBITDA for the year, excluding the effect of foreign exchange fluctuation loss/ (gain) and other income, was ₹ 13,092.32 lakhs as compared to ₹ 29,446.48 lakhs

Board's Report (Contd.)

for the previous year. EBITDA for the year decreased by 55.54% due to decrease in average realization. Sales realization was impacted due to market competitiveness. During the financial year 2020-21, the Company earned a profit after tax of ₹ 4,726.62 lakhs as compared to ₹ 20,535.91 lakhs in the previous year.

3. Novel Coronavirus (COVID-19)

The Company resumed its operations to ensure business continuity in the continuously evolving situation out of the COVID-19 outbreak, within the guidelines issued by the Government and health authorities. Several measures have been taken to protect the safety, health, and well-being of all employees, which remains on the top priority.

The Company has considered the possible risk that may result from the pandemic relating to COVID-19 and expects to recover the carrying amount of all its assets including inventories, receivable, investments, and other financial and non-financial assets in the ordinary course of business based on the internal and external information available. The Company is continuously monitoring any material changes in future economic conditions.

4. Debenture Redemption Reserve (DRR)

During the financial year 2020-21, the Company has redeemed the Non-Convertible Debentures (NCDs) issued by the Company on private placement basis aggregating to ₹ 150 Crores. There is no outstanding debenture as on 31 March 2021, therefore there is no requirement to create and transfer amount to debenture redemption reserve in terms of Section 71(4) of the Companies Act, 2013 ('Act').

5. Dividend

In terms of Dividend Distribution Policy of the Company, the Board of Directors of the Company ('the Board') has recommended a dividend of ₹ 0.15 per equity share having face value of ₹ 1/- each (i.e. @15%) per equity share on 418,965,278 Equity Shares of face value ₹ 1/- each for the

financial year ended 31 March 2021 (Dividend for financial year 2019-20 @ ₹ 0.15/- per equity share on 418,807,782 Equity Shares of ₹ 1/- each) out of its' current profits, subject to the approval of Members at the ensuing Annual General Meeting (hereinafter referred to as 'AGM') of the Company. The Dividend payout during the financial year ended 31 March 2021 was ₹ 628.21 lakhs {previous year: ₹ 756.98 lakhs (including dividend distribution tax of ₹ 129.07 lakhs)}.

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

Pursuant to the Finance Act, 2020 read with the Income-tax Act, 1961, the dividend paid or distributed by a Company shall be taxable in the hands of the shareholders w.e.f. 01 April 2020. Accordingly, in compliance with the said provisions, your Company shall make the payment of dividend after necessary deduction of tax at source at the prescribed rates, wherever applicable. For the prescribed rates for various categories, the shareholders are requested to refer to the Finance Act, 2020 and amendments thereof.

The Register of Members and Share Transfer Books of the Company will remain closed for the purpose of payment of dividend for the financial year ended 31 March 2021 and the AGM. Book closure date has been indicated in the notice convening AGM, which forms part of the Annual Report.

6. Subsidiaries

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

During the financial year 2019-20 and 2020-21, AAT Global Limited became material subsidiary

Board's Report (Contd.)

pursuant to Section 16 of SEBI (LODR) Regulations, 2015 ("SEBI Listing Regulations").

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

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

Further, pursuant to the provisions of Section 136 of the Act, the standalone and consolidated financial statements of the Company for the financial year ended 31 March 2021, along with relevant documents and separate audited financial statements in respect of subsidiaries, are available on the website of the Company www.himadri.com

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

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

7. Consolidated Financial Statements

The consolidated financial statements of the Company for the year ended 31 March 2021, have been prepared in accordance with the Indian Accounting Standards (IND AS) 110 - "Consolidated Financial Statements" as notified by Ministry of Corporate Affairs and as per the general instructions for preparation of consolidated financial statements given in Schedule III and other applicable provisions of the Act, and in compliance with the SEBI Listing Regulations. The financial statements of the subsidiaries and the related detailed information will be made available to the shareholders of the Company seeking such information. The Directors are of the opinion that the subsidiaries of your Company have promising future, except as specifically mentioned in this Report & its annexures.

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

8. Windmills

During the financial year 2020-21, the windmills at Dhule in Maharashtra generated 9,15,579 kwh units of wind energy as compared to 3,141,580 kwh units in the previous year. The revenue generated by the windmills for the year remained at ₹ 23.07 lakhs as compared to ₹ 95.82 lakhs in previous year. The revenue decreased due to less unit generation as well as reduction in selling rate per unit.

9. Working Capital

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

10. Credit Rating

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

11. Capital Expenditure

During the financial year 2020-21, the Company incurred capital expenditure on account of addition to fixed assets aggregating to ₹ 3,504.20 lakhs (including capital work in-progress and capital advances).

12. Directors and Key Managerial Personnel

During the financial year 2020-21, Mr. Shyam Sundar Choudhary (DIN: 00173732) and Mr.

Board's Report (Contd.)

Vijay Kumar Choudhary (DIN: 00173858) were re-appointed as Whole-time Directors of the Company w.e.f. 01 April 2020 for a term of 5 (five) consecutive years by means of passing Special Resolutions of the members at the 32nd AGM of the Company.

In accordance with the provisions of the Act, Mr. Anurag Choudhary (DIN: 00173934) and Mr. Amit Choudhary (DIN: 00152358), the Executive Directors of the Company will retire from the office by rotation and being eligible, offers themselves for re-appointment.

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

Mr. Girish Paman Vanvari (DIN: 07376482) has been appointed as an Additional Director in the capacity of Independent Director of the Company w.e.f. 22 June 2021 who shall hold the office as such up to the conclusion of the forthcoming AGM of the Company, and also, as an Independent Director for a term of 5 (five) consecutive years w.e.f. 22 June 2021, subject to the approval of members at the 33rd AGM.

The Board of Directors at its meeting held on 22 June 2021 inter-alia has considered and approved that the Board shall elect a non-executive director who is not related to Managing Director & CEO or the Promoter of the Company i.e., the chairperson of each board meeting shall be elected at the respective meeting from amongst the Independent Directors. Hence there will be no regular Chairman of the Board for the time being until appointment of regular Chairman/Chairperson by the Board. Accordingly, Mr. Bankey Lal Choudhary (DIN: 00173792), an Executive Director, ceased to be the Chairman with effect from 22 June 2021. Mr. Bankey Lal Choudhary continues to be the Whole-time Director till 31 March 2024.

None of the Directors of your Company is disqualified under the provisions of Section 164(2) of the Act. A certificate dated 28 May 2021 received from Mr. Rajarshi Ghosh, Practising Company Secretary, certifying that none of the Directors on the Board of the Company has been debarred or disqualified from being appointed

or continuing as directors of Companies by Securities and Exchange Board of India ("SEBI")/ Ministry of Corporate Affairs or any such statutory authority is annexed to the Corporate Governance Report.

The constitution of the Board is in compliance with the requirements of the Act, and the SEBI Listing Regulations.

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

During the financial year 2020-21, there was no change in Key Managerial Personnel of your Company.

Mr. Santanu Chatterjee, Senior Vice President, HR, and Administration and designated as Key Managerial Personnel (KMP) of the Company, demised on 20 May 2021. Your Board of directors' places on record its sincere appreciation for the services rendered by Mr. Chatterjee.

13. Meetings of the Board

The Board met 8 (Eight) times during the financial year 2020-21. The dates of meetings of the Board and its Committees and attendance of each of the Directors thereat are provided separately in the Corporate Governance Report.

MCA vide its circular dated 24 March 2020 extended the maximum stipulated time gap of 120 days to 180 days between two board meetings, till 30 September 2020, owing to the COVID-19 pandemic. Subsequently, SEBI vide its circular dated 26 June 2020 provided relaxation of the maximum stipulated time gap of 120 days between two board meetings of listed entities held between the period 01 December 2019 and 31 July 2020.

The maximum gap between two Board meetings held during the year was not more than 120 days except, there was a gap of 158 days in between the two meetings held on 13.02.2020 and 21.07.2020 due to the Pandemic and for which the necessary relaxations were already provided by the MCA and SEBI vide the aforesaid Circulars.

Board's Report (Contd.)

14. Declaration from Independent Directors

During the financial year 2020-21, all the Independent Directors of the Company have given necessary declarations regarding their Independence to the Board as stipulated in Section 149(6) & 149(7) of the Act read with Rule 6 of the Companies (Appointment and Qualification of Directors) Rules, 2014 and Regulation 16(1)(b) and 25(8) of the SEBI Listing Regulations.

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

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

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

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

16. Directors' Responsibility Statement

Based on internal financial controls, work performed by the Internal Auditors, Statutory, Cost and Secretarial Auditors, the reviews performed by the management, with the concurrence of the Audit Committee, pursuant to Section 134(3)(C) read with Section 134(5) of the Act and as per Schedule II Part C(A)(4)(a) of the SEBI Listing Regulations, the Board states the following for the year ended 31 March 2021:

- a. In the preparation of the annual accounts for the year ended 31 March 2021, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- b. The Directors had selected suitable accounting policies and applied them

consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the year under review;

- c. The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d. The Directors had prepared the annual accounts on a going-concern basis;
- e. The Directors had laid down internal financial controls to be followed by the Company and such internal financial controls are adequate and are operating effectively. The Statutory Auditors have made some observations in their Report in respect of a related party transaction which the Directors have examined. While there are no material weaknesses in the internal financial control, necessary action shall be taken to further strengthen the same; and
- f. The Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively. In respect of the observation made by the Statutory Auditors in respect of a certain related party transaction, the Directors reviewed that the existing transaction is within the overall framework approved by the shareholders on 30 January 2019. The Directors also state that further approvals shall be sought from shareholders as may be required under applicable laws.

17. Nomination & Remuneration Policy

Pursuant to the provisions of Section 178 of the Act, and in terms of Regulation 19 read with Part D of Schedule-II of the SEBI Listing Regulations, the Company has a Nomination and Remuneration

Board's Report (Contd.)

Policy for its Directors, Key Managerial Personnel and Senior Management which also provides for the diversity of the Board and provides the mechanism for performance evaluation of the Directors and the said policy was amended from time to time and may be accessed on the Company's website at the following link:

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

18. Loans, Investments and Guarantee

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

19. Annual Return

Pursuant to Section 92(3) read with Section 134(3)(a) of the Act, the Annual Return as on 31 March 2021 is available on the website of the Company at the link https://www.himadri.com/pdf/annual_return2021.pdf

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

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

Disclosures pertaining to remuneration and other details as required under Section 197(12)

of the Act read with Rules 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is annexed to this report as **Annexure II** and **Annexure III** respectively forming part of this Report.

21. Risk Management (Risk Assessment and Minimization Procedure)

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

22. Employee Stock Option Plan (ESOP)

Your Company has adopted the Himadri Employee Stock Option Plan ("ESOP 2016") for granting of options to eligible employees of your Company as approved by the Members of your Company at the 28th Annual General Meeting held on 24 September 2016. The applicable disclosures as required under the SEBI Guidelines as amended and the details of stock options as at 31 March 2021 under the ESOP 2016 are set out in the report as **Annexure IV** and the same forms part of this Report.

23. Auditors and Auditors' Report

• Statutory Auditors

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

Board's Report (Contd.)

The Report given by M/s B S R & Co. LLP, Chartered Accountants on the financial statement of the Company for the financial year 2020-21 is part of the Annual Report.

The Auditors of the Company in their report in terms of the second proviso to Section 143(12) of the Act has stated that, there is no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year. However, attention is invited to the Basis for Qualified Opinion paragraph in their main report which deals with matters relating to awarding job orders for capital expenditure and related vendor payments and ongoing reconciliation by an independent financial firm with regard to the carbon black expansion project.

- **Secretarial Auditor**

Pursuant to the provisions of Section 204 of the Act read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 the Board of Directors based on the recommendation of the Audit Committee appointed M/s MKB & Associates, Practising Company Secretaries (FRN: P2010WB042700), to conduct Secretarial Audit for the financial year 2020-21. The Secretarial Audit Report, pursuant to Section 204(1) of the Act, for the financial year ended 31 March 2021 is annexed to this report as **Annexure V** and forms part of this Report.

The Company has undertaken an Annual Secretarial Compliance Audit for the financial year 2020-21 pursuant Regulation 24A(2) of the SEBI Listing Regulations. The Annual Secretarial Compliance Report for the financial year ended 31 March 2021 has been submitted to the Stock Exchanges and the said report may be accessed on the Company's website at https://www.himadri.com/pdf/stock_exchange_compliance/annual_secretarial_compliance_report31032021.pdf

- **Cost Auditor**

Mr. Sambhu Banerjee, Cost Accountant, the Cost Auditor of the Company had submitted the Cost Audit Report for the year 2019-20 within the time limit prescribed under the Act and Rules made thereunder and extended by MCA vide General Circular No.29/2020 dated 10.09.2020.

During the Period under review, pursuant to Section 148 of the Act read with the rules framed thereunder, the Board had re-appointed Mr. Sambhu Banerjee, Cost Accountants, to conduct audit of the cost records of the Company for the financial year 2020-21.

Pursuant to Section 148 of the Act, read with the rules framed thereunder, the Board of Directors at its meeting held on 29 June 2021, upon the recommendation of the Audit Committee, re-appointed Mr. Sambhu Banerjee as the Cost Auditor of the Company to conduct the audit of the cost records of the Company for the financial year 2021-22. The Company has received necessary consent from Mr. Sambhu Banerjee to act as the Cost Auditor of the Company for the financial year 2021-22 along with the certificate confirming that his appointment would be within the applicable limits.

Further, pursuant to Section 148 of the Act, read with the rules framed thereunder, the remuneration payable to Cost Auditor for the financial year ended 2021-22 is required to be ratified by the Members of the Company at the ensuing AGM. Accordingly, an ordinary resolution seeking approval of members for ratification of payment of remuneration payable to the Cost Auditor is included in the Notice convening the ensuing AGM of the Company.

Board's Report (Contd.)

24. Explanation or comments by the Board on the qualification, reservation or adverse remark or disclaimer made by the Statutory auditors and Secretarial auditors

The observations/qualifications of the Statutory Auditors in their Statutory Audit Report & by Secretarial Auditors in their Secretarial Audit Report for the financial year ended 31 March 2021 forming part of the Annual Report are self-explanatory. Their observations/qualifications and the explanation/comments/reply of the management are annexed to this Report as **Annexure VI**.

25. Maintenance of Cost records

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

26. Vigil Mechanism / Whistle Blower Policy

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

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

Information on conservation of energy, technology absorption, foreign exchange earnings and outgo for the financial year ended 31 March 2021, as required to be given pursuant to Section 134(3)(m) of the Act, read with the Rule 8(3) of the Companies (Accounts) Rules, 2014, is annexed to this Report as **Annexure VII**.

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

The Company has laid down adequate internal financial controls and checks which are effective and operational. The Internal Audit of the Company for financial year 2020-21 was carried out by M/s S. Jaykishan, Chartered Accountants, Internal Auditor for all divisions and units of the Company. The Audit Committee regularly interacts with the Internal Auditors, the Statutory Auditors and senior executives of the Company responsible for financial management and other affairs. The Audit Committee evaluates the internal control systems and checks & balances for continuous updation and improvements therein. The Audit Committee also regularly reviews and monitors the budgetary control system of the Company as well as system for cost control, financial controls, accounting controls, physical verification, etc. The Audit Committee regularly observe that proper internal financial controls are in place including with reference to financial statements.

29. Related Party Transactions

The related party transactions that were entered into by the Company during the financial year 2020-21, were on arm's length basis. Further, no material related party transactions were entered into by the Company during the financial year 2020-21. The disclosure under Section 134(3)(h) read with Section 188 (2) of the Act in form AOC-2 is given in **Annexure VIII** forming part of this report.

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

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

Board's Report (Contd.)

30. Corporate Social Responsibility (CSR)

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

During the financial year 2020-21, the Company was required to spend ₹ 583.57 lakhs, the minimum amount to be spend on CSR activity.

The Company is also committed/obliged to spend an amount of ₹ 725.71 lakhs pertaining to previous year and lying unspent. The Company has spent ₹ 417.01 lakhs during the financial year 2020-21. Accordingly, the unspent amount for financial year 2020-21 is ₹ 166.56 lakhs. Also, as mentioned above, the Company is also committed to spend the unspent amount relating to past years and the same was duly recorded in the annual report of the earlier years. The Company has transferred the unspent amount of ₹ 892.27 lakhs (including brought forward unspent amount of ₹ 725.71 lakhs) to the "Himadri Speciality Chemical Ltd Unspent CSR Account 2021" for the financial year ended 31 March 2021, pursuant to Section 135(6) of the Act.

The Company's key objective is to make a difference to the lives of the underprivileged and help them to bring a self-sustaining level. There is a deep commitment to CSR engagement.

The Company has chosen couple of CSR projects on rural development such as constructing pukka houses in place of kuccha houses for Economically Weaker Sections (EWS) of the society in village area surrounding or adjoining to Company's plant at Mahistikry as well as surrounding villages, setting up of rural electrification facility, setting up of drainage system, setting up of water supply tanks including pipeline connectivity to the villages involving a large amount of outlay and same are under process.

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

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

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

31. Annual Evaluation of the performance

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

Further, the Board, upon recommendation of the Nomination and Remuneration Committee and as per the criteria and manner provided for the annual evaluation of each member of the Board and its Committees, has evaluated the performance of the entire Board, its Committees and individual directors. During the financial year 2020-21 all the members of the Board and its Committees met the criteria of performance evaluation as set out by the Nomination and Remuneration Committee.

32. Public Deposit

During the financial year 2020-21, the Company has not accepted any deposits from public within the meaning of Section 73 and Section 74 of the Act, therefore the disclosure pursuant to Rule 8 (5)(v) & (vi) of Companies (Accounts) Rules, 2014, is not applicable to the Company.

Board's Report (Contd.)

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

There were no significant and material orders passed by any Regulatory authority or Courts or Tribunals impacting the going concern status and Company's operation in future, therefore the disclosure under Rule 8 (5)(vii) of Companies (Accounts) Rules, 2014, is not applicable to the Company.

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

During the financial year 2020-21, pursuant to provision of Section 124 of the Act, the Company has transferred a sum of ₹ 527,295/- to the IEPF, the amount of dividend which was unclaimed/unpaid for a period of seven years, declared for the financial year 2012-13. The Company regularly sends reminder letters to the Shareholders from time to time for claiming their unpaid dividend.

35. Transfer of Unclaimed Shares to IEPF

During the financial year 2020-21, pursuant to the provisions of Section 124(6) of the Act, the Company has transferred 178,354 unclaimed shares of 138 shareholders in respect of which dividend has not been paid or claimed for seven consecutive years or more, to the credit of IEPF Authority as prescribed in Section 125 of the Act. The members who have a claim on above dividends and shares may claim the same from IEPF Authority by submitting an online application in web Form No. IEPF-5 available on the website www.iepf.gov.in and sending a physical copy of the same, to the Company, along with requisite documents enumerated in the Form IEPF-5. No claims shall lie against the Company in respect of the dividend / shares so transferred to IEPF.

36. Corporate Governance

In terms of the provisions of Regulation 34(3) of the SEBI Listing Regulations, the Corporate

Governance Report together with a certificate from a Practising Company Secretary confirming compliance, is annexed herewith and marked as **Annexure X** forming part of this Report.

37. Management Discussion and Analysis

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

38. Business Responsibility Report (BRR)

The Business Responsibility Report (BRR) of the Company for the financial year ended 31 March 2021 as required pursuant to the Regulation 34 (f) of the SEBI Listing Regulations is annexed herewith and marked as **Annexure XI** forming part of this report and the same is also available at Company's website at www.himadri.com

39. Listing on Stock Exchanges

The Company's 418,965,278 equity shares of ₹ 1/- each are listed on the BSE Limited (BSE) and the National Stock Exchange of India Limited (NSE). The Company has paid the listing fee to these stock exchanges, up to date.

40. Dematerialisation of Shares

There were 415,634,336 equity shares of the Company held by the shareholders in dematerialised form as on 31 March 2021, representing 99.20% of the total paid-up share capital of the Company consisting of 418,965,278 equity shares of ₹ 1/- each. The Company's equity shares are compulsorily required to be traded in dematerialised form, therefore, Members are advised to speed up converting the physical shareholding into dematerialised form through their DP(s).

41. E-voting facility at AGM

In terms of Regulation 44 of SEBI Listing Regulations and in compliance with the provisions of Section 108 of the Act read with Rule 20 and other applicable provisions of the

Board's Report (Contd.)

Companies (Management and Administration) Rules, 2014 (as amended), the items of business specified in the Notice convening the 33rd AGM of the Company shall be transacted through electronic voting system only and for this purpose the Company is providing e-voting facility to its' Members whose names will appear in the register of members as on the cut-off date (fixed for the purpose), for exercising their right to vote by electronic means through the e-voting platform to be provided by National Securities Depository Ltd ("NSDL"). The detailed process and guidelines for e-voting has been provided in the notice convening the meeting.

42. Internal Complaint Committee

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

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

During the financial year 2020-21, the Committee submitted its Annual Report as prescribed in the said Act and there was no complaint as regards sexual harassment received by the Committee during the year.

43. Awards & Recognitions

The Company has been recognised for Awards & Achievements as follows:

- National CSR Award by Greentech Foundation, New Delhi for the year 2020 for promoting Gender Equality and Empowering Women Category
- West Bengal Best Employer Brand Awards 2021

44. Compliance of Secretarial Standards

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

45. Disclosure requirements

As per SEBI Listing Regulations, the Corporate Governance Report along with Certificate on Corporate Governance and the integrated Management Discussion and Analysis including the Business Responsibility Report are attached herewith, and the same forms part of this Report. The Company has devised proper systems to ensure compliance with the provisions of all applicable Secretarial Standards issued by the Institute of Company Secretaries of India and that such systems are adequate and operating effectively.

46. Green Initiatives & Acknowledgement

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

Pursuant to the MCA Circulars and SEBI Circulars, in view of the prevailing situation of the Pandemic, owing to the difficulties involved in dispatching of the physical copies of the Notice of the AGM and the Annual Report of the Company for the financial year ended 31 March 2021 including therein the Audited Financial Statements for the financial year 2020-2021, the afore-mentioned documents are being sent only by email to the Members.

Board's Report (Contd.)

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

The Directors regret the loss of lives due to COVID-19 pandemic, are deeply grateful, and have immense respect for every person who risked their life and safety to fight this pandemic. Your directors appreciate and value the contribution made by every member of Himadri family.

For and on behalf of the Board

Sd/-

Anurag Choudhary

Managing Director & Chief Executive Officer
(DIN: 00173934)

Sd/-

Shyam Sundar Choudhary

Executive Director
(DIN: 00173732)

Place: Kolkata

Date: 30 June 2021

Annexure I of the Board's Report

Form AOC-1

Statement containing salient features of the Financial Statements of Subsidiaries

(Pursuant to first proviso to sub-section (3) of Section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Part "A": Subsidiaries

Particulars	Amount in ₹ Lakhs			
	1		2	
Name of the Subsidiary Company	AAT Global Limited, Hongkong		Shandong Dawn Himadri Chemical Industry Ltd, China*	
Financial year ending on	31 March 2021		31 March 2021	
Reporting Currency	INR	USD	INR	RMB
Share Capital	6,719.71	91.42	5,234.63	470.00
Other Equity	(12,679.20)	(172.49)	(6,381.55)	(572.98)
Total Assets	3,175.95	43.21	9,571.10	859.36
Total Liabilities	9,135.44	124.28	10,718.02	962.34
Investments	-	-	-	-
Turnover / Total Income	22,560.06	303.76	-	-
Profit/(Loss) Before Taxation	403.28	5.43	(352.39)	(32.35)
Provision for Taxation	-	-	-	-
Profit/(Loss) After Taxation	403.28	5.43	(352.39)	(32.35)
Proposed Dividend	-	-	-	-
% of Shareholding	-	100%	-	94%

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

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

For and on behalf of the Board

Sd/-

Anurag Choudhary

Managing Director & Chief Executive Officer
(DIN: 00173934)

Sd/-

Shyam Sundar Choudhary

Executive Director
(DIN: 00173732)

Place: Kolkata
Date: 30 June 2021

Annexure II

of the Board's Report

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

1. The ratio of remuneration of each Director to median remuneration of employees of the Company for the financial year 2020-21:

Name	Designation	Ratio
Mr. Bankey Lal Choudhary ¹	Executive Director	66:1
Mr. Shyam Sundar Choudhary	Executive Director	66:1
Mr. Vijay Kumar Choudhary	Executive Director	66:1
Mr. Anurag Choudhary	Managing Director & Chief Executive Officer	82:1
Mr. Amit Choudhary	Executive Director	66:1
Mr. Tushar Choudhary	Executive Director	66:1
Mr. Hanuman Mal Choraria ²	Independent, Non-Executive	2:1
Mr. Hardip Singh Mann	Independent, Non-Executive	1:1
Mr. Santosh Kumar Agrawala	Independent, Non-Executive	2:1
Mr. Sakti Kumar Banerjee	Independent, Non-Executive	2:1
Mr. Santimoy Dey	Independent, Non-Executive	2:1
Ms. Sucharita Basu De	Independent, Non-Executive	1:1

2. The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer and Company Secretary in the financial year 2020-21:

Name	Designation	% Increase in remuneration
Mr. Bankey Lal Choudhary ¹	Executive Director	-
Mr. Shyam Sundar Choudhary	Executive Director	-
Mr. Vijay Kumar Choudhary	Executive Director	-
Mr. Anurag Choudhary	Managing Director & Chief Executive Officer	-
Mr. Amit Choudhary	Executive Director	-
Mr. Tushar Choudhary	Executive Director	-
Mr. Kamlesh Kumar Agarwal	Chief Financial Officer	-
Ms. Monika Saraswat	Company Secretary & Compliance Officer	-
Independent, Non-Executive Director (Sitting Fee)		
Mr. Hanuman Mal Choraria ²	Independent, Non-Executive	115
Mr. Hardip Singh Mann	Independent, Non-Executive	150
Mr. Santosh Kumar Agrawala	Independent, Non-Executive	170
Mr. Sakti Kumar Banerjee	Independent, Non-Executive	95
Mr. Santimoy Dey	Independent, Non-Executive	99
Ms. Sucharita Basu De	Independent, Non-Executive	125

¹Mr. Bankey Lal Choudhary (DIN: 00173792), an Executive Director, ceased to be the Chairman with effect from 22 June 2021.

²Mr. Hanuman Mal Choraria (DIN: 00018375), Independent Director had demised on 26 April 2021.

Annexure II

of the Board's Report (Contd.)

3. The percentage increase in the median remuneration of employees in the financial year 2020-21:

The percentage increase in the median remuneration of employees is Nil.

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

There were 920 number of permanent employees on the rolls of the Company as on 31 March 2021.

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

Average percentage increase made in the salaries of employees other than the managerial personnel, as well as the percentile increase in the managerial remuneration in the financial year 2020-21 was Nil.

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

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

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

For and on behalf of the Board

Sd/-

Anurag Choudhary

Managing Director & Chief Executive Officer
(DIN: 00173934)

Sd/-

Shyam Sundar Choudhary

Executive Director
(DIN: 00173732)

Place: Kolkata
Date: 30 June 2021

Annexure III of the Board's Report

Details pursuant to Rule 5 (2) & (3) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

Names of the Top Ten Employees in terms of Remuneration Drawn

Name	Age (yrs)	Designation, Nature of Employment	Remuneration Received (₹ in lakhs)	Qualification	Experience (yrs)	Date of commencement of employment	% of equity shares held	Last employer, Designation
Mr. Anand Prakash	40	Sr. Vice President, Permanent	304.61	PhD (Mechanical Engineering) from University of Minnesota, B-Tech (Chemical Engineering) from IIT Bombay	15	01.02.2018	-	Cabot Corporation Product Line Manager (Special Blacks)
Mr. Monojit Mukherjee	63	Business Head-CBD, Permanent	145.37	PGDM (Marketing) from IIM Ahmedabad, B. Tech in Chemical	36	16.04.2014	0.01	Philips Carbon Black Limited, Executive Director (Marketing & New Projects)
Mr. Somesh Satnalika	39	VP- Strategy and Business Development, Permanent	140.55	PGDM (Finance), CA,	17	09.06.2014	-	Booz & Co., Senior Associate
Mr. Kamlesh Kumar Agarwal	50	Chief Financial Officer, Permanent	93.49	FCA & CS	26	06.09.1995	-	None
Dr. Soumen Chakraborty	71	President CBD, Permanent	83.13	Phd (Polymer Science), M-tech, B-Tech	44	26.08.2015	0.01	Dunlop India (P) Ltd, Technical Director
Mr. Rana Dey	46	Assistant Vice President, Permanent	54.87	B.Tech (Chemical)	23	26.11.2018	-	Vesuvius India Ltd, General Manager (Operations)
Mr. Arvind Shetty	42	GM-Strategy, Permanent	52.65	MBA (Marketing & Operations) from Narsee Monjee Institute of Management, Mumbai, B.Tech,	16	29.01.2018	-	Renoir Management Consulting (India) Pvt Ltd, Project Manager
Mr. Subhasish Ta	51	SR. GM-Engineering, Permanent	47.79	BE (Electronics)	27	21.10.2008	-	Philips Carbon Black Limited, Manager

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

Name	Age (yrs)	Designation, Nature of Employment	Remuneration Received (₹ in lakhs)	Qualification	Experience (yrs)	Date of commencement of employment	% of equity shares held	Last employer, Designation
Mr. Akashdeep Hansrani	53	National Head- CBD Marketing, Permanent	47.05	BSC, Diploma in Marketing Management	31	12.03.2019	-	Philips Carbon Black Limited, Divisional Head
Mr. Anshuman Parasar	54	General Manager	43.76	Master of Management Studies (Marketing)+ Bsc	31	12-09-2008	-	RPG Enterprise Manager - Marketing North

Notes:

1. Remuneration includes salary, Company's contributions to provident fund, National Pension Scheme (NPS), bonus, allowances, performance bonus and monetary value of perquisites.
2. None of the aforesaid employees are covered under Rule 5(2)(iii) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.
3. None of the above employees are any relative of any of the Directors of the Company.

For and on behalf of the Board

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

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

Place: Kolkata

Date: 30 June 2021



Annexure IV

of the Board's Report

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

Sl. No	Particulars	Himadri Employee Stock Option Plan 2016	
1	Date of Shareholders' Approval	24 September 2016	
2	Total No of Options approved under ESOS	4,000,000	
3	Vesting Requirements	The Options granted under ESOP 2016 would vest after one year but not later than five years from the date of grant of such option. Vesting of Options would be subject to continued employment with the Company and Options would vest on passage of time and also fulfilment of certain performance parameters.	
4	Date of Grant	5 January 2017	8 May 2018
5	Exercise price or pricing formula	₹ 19 (Exercise Price)	₹ 140 (Exercise Price)
6	Maximum term of options granted	9.65 years from the date of grant	4.57 years from the date of grant
7	Source of Shares	Primary	Primary
8	Variation in terms of option	NA	NA
9	Method of Option Valuation	Black Scholes Merton Model	Black Scholes Merton Model
10	Option Movement during the year		
	- Number of Options outstanding at the beginning of the period	808,755	1,189,100
	- Number of Options granted during the year	-	-
	- Number of Options forfeited / lapsed during the year	48,716 (lapsed)	133,300 (lapsed)
	- Number of Options vested during the year	299,749	288,553
	- Number of Options exercised during the year	157,496	-
	- Number of Shares arising as a result of exercise of options	157,496	-
	- Money realized by exercise of options (Amount in ₹)	2,992,424	-
	- Loan repaid by the Trust during the year from exercise price received	-	-
	- Number of Options outstanding at the end of the year	602,543	1,055,800
	- Number of Options exercisable at the end of the year	250,162	527,921
11	Weighted average exercise price of Options granted during the year whose		
(a)	Exercise Price equals market price	-	-
(b)	Exercise Price is greater than market price	-	-
(c)	Exercise Price is less than market price	-	-

Annexure IV

of the Board's Report (Contd.)

Sl. No	Particulars	Himadri Employee Stock Option Plan 2016		
12	Weighted average fair value of Options granted during the year whose			
(a)	Exercise Price equals market price	-	-	
(b)	Exercise Price is greater than market price	-	-	
(c)	Exercise Price is less than market price	-	-	
13	Employee wise details of Options granted during the financial year 2020-21 to:			
i.	Senior Management Personnel			
Name		Designation	Options granted during the year	Exercise Price
None				
ii.	Any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during the year; and			
Name		Designation	Options granted during the year	Exercise Price
None				
iii.	Identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversations) of the Company at the time of grant			
Name		Designation	Options granted during the year	Exercise Price
None				

Note:

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

For and on behalf of the Board

	Sd/-	Sd/-
	Anurag Choudhary	Shyam Sundar Choudhary
Place: Kolkata	<i>Managing Director & Chief Executive Officer</i>	<i>Executive Director</i>
Date: 30 June 2021	(DIN: 00173934)	(DIN: 00173732)

Annexure V

of the Board's Report

FORM NO. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31st MARCH 2021

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

To The Members, Himadri Speciality Chemical Ltd	
We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by HIMADRI SPECIALITY CHEMICAL LIMITED (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon. The Company's Management is responsible for preparation and maintenance of secretarial and other records and for devising proper systems to ensure compliance with the provisions of applicable laws and Regulations.	i) The Companies Act, 2013 (the Act) and the rules made thereunder; ii) The Securities Contracts (Regulation) Act, 1956 and Rules made thereunder; iii) The Depositories Act, 1996 and Regulations and Bye-laws framed thereunder; iv) Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct investment and External Commercial Borrowings; v) The Regulations and Guidelines prescribed under the Securities & Exchange Board of India Act, 1992 ("SEBI Act") or by SEBI, to the extent applicable: a) The Securities & Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 2011 b) The Securities & Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 c) The Securities & Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014. e) The Securities & Exchange Board of India (Issue and listing of Debt securities) Regulations, 2008 f) The Securities & Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 g) The Securities & Exchange Board of India (Delisting of Equity Shares) Regulations, 2009
Based on our verification of the books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit and considering the relaxations granted by Ministry of Corporate Affairs and Securities and Exchange Board of India due to COVID-19 pandemic, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31 March 2021 generally complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:	
We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31 March 2021, to the extent applicable, according to the provisions of:	

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of the Board's Report (Contd.)

- h) The Securities & Exchange Board of India (Buyback of Securities) Regulations, 2018
- vi) Other than fiscal, labour and environmental laws which are generally applicable to all manufacturing/trading companies, the following laws/acts are also, inter alia, applicable to the Company:
 - a) The Petroleum Act 1934 and Rules made thereunder;
 - b) The Legal Metrology Act, 2009;
 - c) The Bengal Electricity Duty Act, 1935 and rules thereunder;
 - d) The West Bengal Ground Water Resources (Management, Control and Regulation) Act, 2005;
 - e) The Boilers Act, 1923;
 - f) The West Bengal Molasses Control Act, 1973 and West Bengal Molasses Control (Regulation, Storage and Transport) Notified Order 1986;
 - g) The Hazardous and Other Wastes (Management and Transboundary Movement) Rules, 2016;
 - h) The Environment (Protection) Act, 1986;
 - i) The Water (Prevention and Control of Pollution) Act, 1974;
 - j) The Air (Prevention and Control of Pollution) Act, 1981;

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

- a) Secretarial Standards issued by The Institute of Company Secretaries of India.
- b) Provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

- (i) *the Company has submitted unaudited financial statements for the quarter ended 30 June 2020 to the stock exchanges on 29 October 2020 whereas pursuant to*

Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with SEBI circular dated 29.07.2020 the Company was required to submit unaudited financial statements for the quarter ended 30th June, 2020 on or before 15 September 2020;

- (ii) *the Company has not taken approval of shareholders for payment of annual remuneration to executive directors, who are promoters or members of the promoter group, exceeding 5 per cent of the net profits of the Company as required under Regulation 17(6)(e) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. As informed by the management, the said approval shall be obtained at the ensuing Annual General meeting of the Company;*
- (iii) *the profits of the Company for payment of Managerial Remuneration are inadequate in the financial year 2020-21. However, remuneration as approved by the shareholders at their Annual General Meeting held on 25 September 2019 has been paid to Mr. Bankey Lal Choudhary, Mr. Anurag Choudhary, Mr. Amit Choudhary and Mr. Tushar Choudhary without giving the statement as required under clause (iv) of last proviso to Section II of Part II of Schedule V to the Companies Act, 2013;*

We further report that

- a) The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. There has been no change in the composition of the Board of Directors during the period under review.
- b) 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.

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- c) None of the directors in any meeting dissented on any resolution and hence there was no instance of recording any dissenting member's view in the minutes.

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

We further report that during the period under audit:

- i) the 32nd Annual General Meeting of the Company which was supposed to be held on 28 September 2020 was postponed, rescheduled and held on 11 December 2020;
- ii) The Board of Directors at its meeting held on 20 October 2020 revised the Consolidated Financial Statements of the Company for the financial year ended 31 March, 2020;
- iii) The Company has allotted 157,496 equity shares of ₹ 1/- each of the Company to the eligible employees on exercise of options pursuant to "Himadri Employee Stock Option Plan 2016 on 22 March 2021;

- iv) The Company has allotted 1000 units of commercial paper of ₹ 500,000/- each aggregating to ₹ 50 Crores at a discount rate of 4.75% p.a. on 16 October 2020. The Company redeemed the aforesaid commercial paper on 14.01.2021.
- v) The Company has allotted 600 units of commercial paper of ₹ 500,000/- each aggregating to ₹ 30 Crores at a discount rate of 3.90% p.a. on 17 February 2021. The Company redeemed the aforesaid commercial paper on 30.03.2021.

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

For MKB & Associates
Company Secretaries

Firm Reg No: P2010WB042700

Sd/-

Manoj Kumar Banthia
Partner

Membership no. 11470

COP no. 7596

UDIN: A011470C000527821

Date: 28.06.2021

Place: Kolkata

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of the Board's Report (Contd.)

Annexure- I

To
The Members,
Himadri Speciality Chemical Ltd

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

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

Note: Due to continuing COVID-19 pandemic, for carrying on and completion of the Audit, documents /details have been provided by the Company through electronic mode and the same have been verified by us.

For MKB & Associates
Company Secretaries

Firm Reg No: P2010WB042700

Sd/-

Manoj Kumar Banthia
Partner

Membership no. 11470

COP no. 7596

UDIN: A011470C000527821

Date: 28.06.2021

Place: Kolkata

Annexure VI of the Board's Report

COMMENT ON QUALIFICATION, RESERVATION OR ADVERSE REMARK OR DISCLAIMER MADE (IF ANY) BY THE AUDITORS

1. BY THE STATUTORY AUDITORS

a. On the Standalone Financial Statements

The observations of Statutory Auditors and Notes to the Standalone Financial Statements are self-explanatory. Their observations/ qualifications and reply of management is given below:-

Qualified Opinion

We have audited the standalone financial statements of Himadri Speciality Chemical Limited ("the Company"), which comprise the standalone balance sheet as at 31 March 2021, and the standalone statement of profit and loss (including other comprehensive income), standalone statement of changes in equity and standalone statement of cash flows for the year then ended, and notes to the standalone financial statements, including a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the standalone financial statements").

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2021, and profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Qualified Opinion

As more fully discussed in note 4A(g) to the standalone financial statements, as at the balance sheet date, pending reconciliation by an independent financial firm specifically appointed for this purpose, and the consequent approval of the Board of Directors, the final additional claim of ₹ 53.02 Crores made by the EPC contractor,

a related party, for implementing the Carbon Black expansion project, has not been accounted for in the books of account. Further, purchase/job orders issued amounting to ₹ 22.32 Crores to various third-party contractors for certain works relating to project have been partly paid and accounted for. The Board of Directors, in its meeting held on 22 October 2020, decided to appoint an independent engineering firm and a financial firm to conduct a technical reconciliation and financial reconciliation respectively for examining the justification of these additional claims and purchase/job orders. Subsequently, the Company has received the final report of the independent engineering firm, dated 20 May 2021 as per which there is some overlap in the scope of the original EPC contract and new contracts awarded to the contractors. The findings of this report were discussed and taken on record by the Audit Committee in its meeting held on 10 June 2021. Further, some of the directors have also raised certain concerns with respect to the above to the audit committee and the members of the Board at various dates regarding the adherence to due process, compliance with applicable laws relating to transactions with related parties, justification for the additional work awarded to the contractors, findings of the independent engineering firm etc. Thereafter the Board at its meeting held on 22 June 2021 has taken the findings of the technical report of the independent engineering firm on record and approved the appointment of an independent financial firm to carry out financial reconciliation arising out of the observations of the technical report. The Company is thus in the process of reconciling the final value of the claims and the purchase/job orders issued. Final accounting for the additional claims and purchase/ job orders would be after receipt of the report of the independent financial firm and consideration of both the

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reports in tandem. This also has implications on related financial transactions, internal controls and compliance with laws and regulations. In view of the above, we are unable to comment on adjustments, on the carrying value of the Property, Plant and Equipment, Liability for Capital Goods, Capital Advances, Capital Commitment and depreciation and consequential impact on tax expense and tax balances and other related disclosures as at and for the year ended 31 March 2021.

Reply:

The auditors in the Report on the audit of standalone financial statements have made certain observations on the contract pertaining to carbon black expansion project executed by a related party which was approved by the Board of directors originally on 29 May 2018 and subsequently by the shareholders on 30 January 2019. The original shareholder's approval was taken for contract value of ₹ 255 Crores. It is also pertinent to note that the said contract was awarded to the EPC contractor on 30 January 2018 when it was not a related party. Subsequently it became related party w.e.f. 16 July 2019.

The auditors' observations under the heading qualified opinion of the report should be read with note 4A(g) to the standalone financial statements, vide which the Board has given details of the ongoing process of reconciliation. As regards the auditors' observations as to their inability to give comments on value of Property Plant and Equipment and other related items, due to possible implications on related financial transactions, internal controls and compliance with laws and regulations, it is submitted as follows:

The final additional claim of ₹ 53.02 Crores received from EPC contractor for enhancement / additional work has not yet been accepted by the audit committee / Board and hence not been considered in books of account. Further, purchase/ job orders issued amounting to ₹ 22.32 Crores to various third-party contractors

for certain works relating to the project have been partly paid and accounted for. Final claim is subject to the outcome of technical and financial reconciliation reports from the external experts. Technical report has already been received and placed before the Audit Committee and Board and subsequently Board approved the appointment of financial consultant to conduct the financial reconciliation. Final accounting for these claims and the above purchase/job orders, would be after receipt of their report and then considering both the reports in tandem.

Final payment for these additional claims, if any, will be made after getting requisite approvals from the Audit committee, Board of Directors, and shareholders, as required.

Impact on above shall be determined based on the outcomes of the above reconciliations reports and consideration of both the reports in tandem and after obtaining necessary approvals, as detailed above.

b. On the Consolidated Financial Statements

The observations of Statutory Auditors and Notes to the Consolidated Financial Statements are self-explanatory. Their observations/ qualifications and reply of management is given below:-

Qualified Opinion

We have audited the consolidated financial statements of Himadri Speciality Chemical Limited (hereinafter referred to as the 'Holding Company') and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group"), which comprise the consolidated balance sheet as at 31 March 2021, and the consolidated statement of profit and loss (including other comprehensive income), consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

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In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of other auditors on separate financial statements of such subsidiaries as were audited by the other auditors, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31 March 2021, of its consolidated profit and other comprehensive income, consolidated changes in equity and consolidated cash flows for the year then ended.

Basis for Qualified Opinion

As more fully discussed in note 4A(g) to the consolidated financial statements, as at the balance sheet date, pending reconciliation by an independent financial firm specifically appointed for this purpose, and the consequent approval of the Board of Directors of the Holding Company, the final additional claim of ₹ 53.02 Crores made by the EPC contractor, a related party, for implementing the Carbon Black expansion project, has not been accounted for in the books of account. Further, purchase/job orders issued amounting to ₹ 22.32 Crores to various third-party contractors for certain works relating to project have been partly paid and accounted for. The Board of Directors of the Holding Company, in its meeting held on 22 October 2020, decided to appoint an independent engineering firm and a financial firm to conduct a technical reconciliation and financial reconciliation respectively for examining the justification of these additional claims and purchase/job orders. Subsequently, the Holding Company has received the final report of the independent engineering firm, dated 20 May 2021 as per which there is some overlap in the scope of the original EPC

contract and new contracts awarded to the contractors. The findings of this report were discussed and taken on record by the Audit Committee of the Holding Company in its meeting held on 10 June 2021. Further, some of the directors have also raised certain concerns with respect to the above to the audit committee of the Holding Company and the members of the Holding Company's Board at various dates regarding the adherence to due process, compliance with applicable laws relating to transactions with related parties, justification for the additional work awarded to the contractors, findings of the independent engineering firm etc. Thereafter the Holding Company's Board at its meeting held on 22 June 2021 has taken the findings of the technical report of the independent engineering firm on record and approved the appointment of an independent financial firm to carry out financial reconciliation arising out of the observations of the technical report. The Holding Company is thus in the process of reconciling the final value of the claims and the purchase/job orders issued. Final accounting for the additional claims and purchase/ job orders would be after receipt of the report of the independent financial firm and consideration of both the reports in tandem. This also has implications on related financial transactions, internal controls and compliance with laws and regulations. In view of the above, we are unable to comment on adjustments, on the carrying value of the Property, Plant and Equipment, Liability for Capital Goods, Capital Advances, Capital Commitment and depreciation and consequential impact on tax expense and tax balances and other related disclosures as at and for the year ended 31 March 2021.

Reply:

The auditors in the Report on the audit of consolidated financial statements have made certain observations on the contract pertaining to carbon black expansion project executed by a related party which was approved by the Board of directors of the Holding Company originally on 29 May 2018 and subsequently by the shareholders on

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30 January 2019. The original shareholder's approval was taken for contract value of ₹ 255 Crores. It is also pertinent to note that the said contract was awarded to the EPC contractor on 30 January 2018 when it was not a related party. Subsequently it became related party w.e.f. 16 July 2019.

The auditors' observations under the heading qualified opinion of the report should be read with note 4A(g) to the consolidated financial statements, vide which the Board of Holding Company has given details of the ongoing process of reconciliation. As regards the auditors' observations as to their inability to give comments on value of Property Plant and Equipment and other related items, due to possible implications on related financial transactions, internal controls and compliance with laws and regulations, it is submitted as follows:

The final additional claim of ₹ 53.02 Crores received from EPC contractor for enhancement / additional work has not yet been accepted by the audit committee / Board of the Holding Company and hence not been considered in books of account. Further, purchase/job orders issued amounting to ₹ 22.32 Crores to various third-party contractors for certain works relating to the project have been partly paid and accounted for. Final claim is subject to the outcome of technical and financial reconciliation reports from the external experts. Technical report has already been received and placed before the Audit Committee and Board of the Holding Company and subsequently Holding Company's Board approved the appointment of financial consultant to conduct the financial reconciliation. Final accounting for these claims and the above purchase/job orders, would be after receipt of their report and then considering both the reports in tandem.

Final payment for these additional claims, if any, will be made after getting requisite approvals from the Audit committee, Board of Directors and shareholders of the Holding Company, as required.

Impact shall be determined based on the outcomes of the above reconciliations reports and consideration of both the reports in tandem and after obtaining necessary approvals.

c. Adverse Opinion in Company's internal financial controls over financial reporting as at 31 March 2021

The observations of Internal Auditors on the Internal Financial Controls are self-explanatory. Their observations/ qualifications and reply of management is given below:-

Adverse Opinion

We have audited the internal financial controls with reference to financial statements of Himadri Speciality Chemical Limited ("the Company") as of 31 March 2021 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

In our opinion and according to the information and explanations given to us, because of the effects/ possible effect of the material weaknesses described below in the paragraph 'Basis for adverse opinion', the Company's internal financial controls with reference to financial statements were not operating effectively as of 31 March 2021. In other material respects, the Company has adequate internal financial controls with reference to the financial statements as of 31 March 2021, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

We have considered the material weaknesses identified and reported below in determining the nature, timing, and extent of audit tests applied in our audit of the standalone financial statements for the

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year ended 31 March 2021 of the Company, and these material weaknesses has affected our opinion on the said standalone financial statements of the Company and we have issued a qualified audit opinion on the said standalone financial statements.

Basis of Adverse Opinion

As more fully explained in note 4A(g) to the standalone financial statements and in the Basis for Qualified Opinion paragraph of our main report on the standalone financial statements for the year ended 31 March 2021, the Board of Directors, in its meeting held on 22 October 2020, decided to appoint an independent engineering firm and a financial firm to conduct a technical reconciliation and financial reconciliation respectively for examining the justification of the additional claims made by and purchase/job orders to the EPC contractor, a related party and various third party contractors. The Company is thus in the process of reconciling the final value of the claims and the purchase/job orders issued. Final accounting for the additional claims and purchase/ job orders would be after receipt of the report of the independent financial firm and its consideration in tandem with the report of the technical firm which has already been received.

In relation to the above, material weaknesses have been identified in the operating effectiveness of the Company's internal financial controls with reference to financial statements. The Company's internal control systems for awarding job orders for capital expenditure and related vendor payments were not operating effectively which could potentially result in material misstatements in the financial statements and also for compliances with the requirements of the applicable laws and regulations with respect to related party transactions for awarding job orders for capital expenditure.

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that

a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis.

Reply

The auditors in the Report have given adverse opinion with respect to the internal financial control of the Company only with respect to the EPC contract assigned to related party, they have expressed satisfaction in respect of other material respects, the Company has adequate internal financial controls with reference to the financial statements as of 31 March 2021.

The contract pertaining to carbon black expansion project executed by a related party which was approved by the Board of directors originally on 29 May 2018 and subsequently by the shareholders on 30 January 2019. The original shareholder's approval was taken for contract value of ₹ 255 Crores. It is also pertinent to note that the said contract was awarded to the EPC contractor on 30 January 2018 when it was not a related party. Subsequently it became related party w.e.f. 16 July 2019.

Since this Project was the first of its kind, the exact technical requirements could not be set in stone at the time of signing of the contract with the EPC contractor. The Project necessarily had to be subject to day-to-day technical assessments of the desired product quality and market dynamics. This process naturally envisaged contractor developing drawings as per the technical specifications of the Project as and when the need arose. This was an ever-evolving process due to the nature of the technology involved in the project. The parties developed various technical drawings, data, and diagrams during the execution periods. These resulted into the additional/modification job done by the contractor.

The concerned contractor has already executed as per agreed terms, and deviation, if any, in such works contracts are usual. Further, purchase/job orders issued amounting to ₹ 22.32 Crores to various third-party contractors for certain works

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relating to the project have been partly paid and accounted for.

Having considered the Auditor's Report on the internal financial control of the Company, the Board is generally satisfied about efficacy of the internal financial controls of the Company and continues to take needed steps to strengthen and to put in place further controls, as required from time to time. The Board submits that ensuring efficacy and implementation of internal control is a dynamic and continuing process, and the Board has taken appropriate steps to reinforce the same in light of the observations of the auditors and other observations in this regard.

2. BY THE COMPANY SECRETARY IN PRACTICE IN SECRETARIAL AUDIT REPORT

The Secretarial Audit Report does contain the following qualification/observation and management reply thereof is given herein under.

Observation

- (i) the Company has submitted unaudited financial statements for the quarter ended 30 June 2020 to the stock exchanges on 29 October 2020 whereas pursuant to Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with SEBI circular dated 29.07.2020 the Company was required to submit unaudited financial statements for the quarter ended 30 June 2020 on or before 15 September 2020;

Reply:

Due to outbreak of novel coronavirus (COVID-19) and nation-wide lockdown and continuing intermittent lockdown in West Bengal where the Registered Office of the Company is situated, in order to ensure the safety and well-being of its employees, the Company has been operating intermittently. Accordingly, due to the aforementioned situation, the Company had not been able to conclude the financial results for the quarter ended June 2020, despite its best efforts and for the same the Company had sought time from SEBI and the stock exchanges.

The Company had filed application to SEBI and the Stock Exchanges (i.e BSE Ltd and National

Stock Exchange of India Ltd) seeking extension of time till 14 November 2020 for submission of the standalone and consolidated financial results for the quarter ended 30 June 2020. The Company had also made appropriate corporate announcement through the stock exchanges on 10.09.2020.

Thereafter, the Board of Directors at its meeting held on 29 October 2020 had approved the Unaudited Financial Results (Standalone & Consolidated) along with Limited Review Report for the quarter ended June 2020, and the Company has submitted the same with the Stock Exchanges (i.e BSE Ltd and National Stock Exchange of India Ltd) vide its letter dated 29 October 2020.

BSE Ltd and National Stock Exchange of India Ltd imposed fine for such delay in submission of Financial Results for the quarter ended June 2020 for which the Company had made waiver application to the Stock Exchanges. The waiver application to BSE is pending however NSE rejected the waiver application and imposed fine vide its letter dated 14 April 2021 which has been paid by Company on 16 April 2021.

Observation:

- (ii) the Company has not taken approval of shareholders for payment of annual remuneration to executive directors, who are promoters or members of the promoter group, exceeding 5 per cent of the net profits of the Company as required under Regulation 17(6)(e) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. As informed by the management, the said approval shall be obtained at the ensuing Annual General meeting of the Company;

Reply:

The Company has already taken Shareholder's approval for payment of Remuneration to Executive Directors by passing Special Resolutions but inadvertently not mentioned the Regulation 17(6)(e) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 in the said resolution,

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Regulation 17(6)(e) of SEBI(LODR) Regulations, 2015 inter-alia requires that:

The fees or compensation payable to executive directors who are promoters or members of the promoter group, shall be subject to the approval of the shareholders by special resolution in general meeting, if-

- (i) the annual remuneration payable to such executive director exceeds rupees 5 Crore or 2.5 per cent of the net profits of the listed entity, whichever is higher; or
- (ii) where there is more than one such director, the aggregate annual remuneration to such directors exceeds 5 per cent of the net profits of the listed entity.

The Company will take approval of Shareholders in compliance under regulation 17(6)(e) of SEBI(LODR) Regulations, 2015 at the ensuing Annual General Meeting.

Observation:

- (iii) the profits of the Company for payment of Managerial Remuneration are inadequate in the financial year 2020-21. However, remuneration as approved by the shareholders at their Annual General Meeting held on 25 September 2019 has been paid to Mr. Bankey Lal Choudhary, Mr. Anurag Choudhary, Mr. Amit Choudhary and Mr. Tushar Choudhary without giving the statement as required under clause

(iv) of last proviso to Section II of Part II of Schedule V to the Companies Act, 2013;

Reply:

During the FY 2020-21, the profits of the Company for payment of Managerial Remuneration are inadequate.

Pursuant to Schedule V of Companies Act, 2013, the Company has obtained approval of the shareholders by way of special resolutions at the Annual General Meeting (AGM) held on 25 September 2019 for giving remuneration to Mr. Bankey Lal Choudhary, Mr. Anurag Choudhary, Mr. Amit Choudhary and Mr. Tushar Choudhary in case of inadequacy or loss of profits. However, while seeking the said approval, certain general information as required to be disclosed under clause (iv) of third proviso to Section II of Part II of Schedule V to the Companies Act, 2013, was inadvertently missed in the explanatory statement.

Considering that the profits of the Company were inadequate in FY 2020-21, for the purpose of absolute compliance of the provisions of the Companies Act, 2013, the Company shall get the resolution with respect to remuneration of the said executive directors ratified by the shareholders by way of special resolution after adding the missing information in the explanatory statement and giving specific reference to Regulation 17(6)(e) of SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015.

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Information as per Section 134(3)(m), read with the Rule 8(3) of Companies (Accounts) Rules, 2014 for the year ended 31 March 2021:

A. Conservation of energy

Sl. No.	Particulars	Description
1.	Steps taken or impact on conservation of energy	During the year, the Company has introduced 1) VFD (Variable Frequency Drive) for condensate extraction pump in CPP (Captive Power Plant) resulting load reduction and more than 100KW saving in a day. 2) Commissioned variable speed drive compressor which is meant for better utilization of equipment and direct saving of electrical power with no OFF-LOAD running. 3) Secondary OPH (Oil Pre-Heater) in our Hard Black reactor to gain temperature for our cracking fuel, thereby increasing productivity & yield of our production line.
2.	Steps taken by the Company for utilizing alternate source of energy	The Company has its' own co-generation Power Plants based on waste heat recovery system. The gas is a bye-product of carbon black manufacturing industry, which is hazardous, and a threat to the environment. Hence, instead of venting this into the environment, the Company utilizes the waste gas for generation of power. This serves the twin objectives of pollution control as well as achievement of economy in expansion since the Company in its own process uses the power generated. The Company utilizes green gases to power thus becoming eco-friendly organisation in this environment-distressed society.
3.	Capital investment on energy conservation equipment.	The power plants already being operational, no additional expenditure has been incurred therein during the year.

B. Technology absorption

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

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SI No.	Particulars	Description
3.	Expenditure incurred on Research and Development	Capital expenditure as well as recurring expenditure incurred from time to time during the year on laboratory items, tools, spares, handling equipment and salaries of research personnel remain merged with various heads, as per established accounting policy and expenditures incurred during the year under review, on Research & Development are as follows: i) Capital expenditure: ₹ 82.72 lakhs; ii) Revenue expenditure: ₹ 494.93 lakhs; iii) Total Research & Development expenditure: ₹ 577.65 lakhs; iv) Total R&D expenditure as a percentage of total turnover: 0.34%

C. Foreign Exchange Earnings and Outgo

Total foreign exchange used and earned during the year:

Particulars	Amount in ₹ Lakhs	
	2020-21	2019-20
Total foreign exchange outgo in terms of actual outflow	98,023.07	82,824.87
Total foreign exchange earned in terms of actual inflows	13,437.38	12,684.77

For and on behalf of the Board

Sd/-

Anurag Choudhary

Managing Director & Chief Executive Officer
(DIN: 00173934)

Sd/-

Shyam Sundar Choudhary

Executive Director
(DIN: 00173732)

Place: Kolkata

Date: 30 June 2021

Annexure VIII of the Board's Report

Form No. AOC-2

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

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

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

(a)	Name(s) of the related party and nature of relationship:	There were no contracts or arrangements, or transactions entered into during the year ended 31 March 2021, which were not at arm's length basis.
(b)	Nature of contracts/arrangements/transactions:	
(c)	Duration of the contracts / arrangements/transactions:	
(d)	Salient terms of the contracts or arrangements or transactions including the value, if any:	
(e)	Justification for entering into such contracts or arrangements or transactions:	
(f)	Date(s) of approval by the Board:	
(g)	Amount paid as advances, if any:	
(h)	Date on which the special resolution was passed in general meeting as required under first proviso to Section 188:	

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

(a)	Name(s) of the related party and nature of relationship:	There were no material contracts or arrangements, or transactions entered into during the year ended 31 March 2021.
(b)	Nature of contracts/arrangements/transactions:	
(c)	Duration of the contracts / arrangements/transactions:	
(d)	Salient terms of the contracts or arrangements or transactions including the value, if any:	
(e)	Date(s) of approval by the Board	
(f)	Amount paid	

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

For and on behalf of the Board

Sd/-

Anurag Choudhary

Managing Director & Chief Executive Officer
(DIN: 00173934)

Sd/-

Shyam Sundar Choudhary

Executive Director
(DIN: 00173732)

Place: Kolkata
Date: 30 June 2021

Annexure IX of the Board's Report

ANNUAL REPORT ON CSR ACTIVITIES FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2021

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

1. Brief outline on CSR Policy of the Company.

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

- (i) eradicating hunger, poverty, and malnutrition, promoting health care including preventive health care and sanitation including contribution to the Swach Bharat Kosh set-up by the Central Government for the promotion of sanitation and making available safe drinking water;
- (ii) promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects;
- (iii) promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centres and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups;
- (iv) ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water including contribution to the Clean Ganga

Fund set-up by the Central Government for rejuvenation of river Ganga;

- (v) protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art; setting up public libraries; promotion and development of traditional arts and handicrafts;
- (vi) measures for the benefit of armed forces veterans, war widows and their dependents, Central Armed Police Forces (CAPF) and Central Para Military Forces (CPMF) veterans, and their dependents including widows;
- (vii) training to promote rural sports, nationally recognised sports, paralympic sports and Olympic sports;
- (viii) contribution to the Prime Minister's National Relief Fund or Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund (PM CARES Fund) or any other fund set up by the Central Government for socio-economic development and relief and welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities and women;
- (ix) (a) Contribution to incubators or research and development projects in the field of science, technology, engineering and medicine, funded by the Central Government or State Government or Public Sector Undertaking or any agency of the Central Government or State Government; and
(b) Contributions to public funded Universities; Indian Institute of Technology (IITs); National Laboratories and autonomous bodies established under Department of Atomic Energy (DAE); Department of Biotechnology

Annexure IX

of the Board's Report (Contd.)

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

aimed at promoting Sustainable Development Goals (SDGs);

(x) rural development projects.

(xi) slum area development;

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

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

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

2. Composition of CSR Committee:

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

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

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

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

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

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

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

Annexure IX

of the Board's Report (Contd.)

6. Average net profit of the Company as per section 135(5): ₹ 29,178.67 Lakhs
7. (a) 2% of average net profit of the Company as per section 135(5): ₹ 583.57 Lakhs
 (b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years: Nil
 (c) Amount required to be set off for the financial year, if any: Nil
 (d) Total CSR obligation for the financial year (7a+7b - 7c): ₹ 583.57 Lakhs
8. (a) CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year (in ₹ Lakhs)	Amount Unspent (in ₹ Lakhs)				
	Total Amount transferred to Unspent CSR Account as per section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5)		
	Amount*	Date of transfer	Name of the Fund	Amount	Date of transfer
417.01	892.27	30.04.2021	-	-	-

* This amount includes ₹ 166.56 Lakhs of Current Year and ₹ 725.71 Lakhs of Previous years.

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

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

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

Amount in ₹ Lakhs												
1	2	3	4	5		6	7	8	9	10	11	
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 ₹ Lakhs)	Amount spent in the current financial Year (in ₹ Lakhs)	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in ₹ Lakhs.)	Mode of Implements tion - Direct (Yes/No)	Mode of Implementation Through Implementing Agency	
				State	District						Name	
1	Rural development projects for Economically Weaker Sections (EWS) of the Society in villages - Setting up of Pucca Houses, Drinking water facilities/ drainage facility/electrification, Setting of skill development centre/ Community hall, Setting up of panchayat Building, Setting up of playground and gym, Training to promote Rural Sports, Setting up of centre for handicapped children, Setting up of schools etc	Rural development projects	Yes	West Bengal	Hooghly	By March 2024	1,200	100.3	892.27 (₹ 166.56 Lakhs of Current Year and ₹ 725.71* of Previous years)	No	Himadri Foundation	CSR000004684.
2	Health Care Project - Setting up of Nursing Home by construction of building - facilities of Kidney dialysis, eye testing, spectacles distribution, medicine distribution, Ayurvedic, naturopathic and homeopathy treatment	Health Care	No	Uttarakhand	Rishikesh; Dist Dehradun	By March 2024	250	-	-	No	Himadri Foundation	
	Total						1,450	100.30	892.27			

*Note: The Company has transferred ₹ 725.71 lakhs unspent amount pertaining to the ongoing projects of previous years pursuant to approval of Board.

Annexure IX

of the Board's Report (Contd.)

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

Amount in ₹ Lakhs									
1	2	3	4	5		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		Amount spent for the project (in ₹ Lakhs.)	Mode of Implementation - Direct (Yes/No)	Mode of Implementation Through Implementing Agency	
				State	District			Name	CSR Registration number
1	Free Distribution of Books, Scholarship for Education, development of school, Library	Promoting Education	Yes	West Bengal	Hooghly	98.12	Direct and also through Implementing Agency	Himadri Foundation	CSR000004684
2	Food & Cloth Distribution - Covid Relief - Food distribution at Mahistikry - Covid Relief - Food distribution at Korba - Food Distriution (Regular)	Expenditure on eradicating hunger and distribution of food, drinking. water and cloth	Yes	West Bengal	Hooghly	198.83	Direct and also through Implementing Agency	Himadri Foundation	CSR000004684
3	Organised free eye check-up camps, Conducted free village medical centers, Contribution for Hospital Development and medical purpose.	Health Care	Yes	West Bengal	Hooghly	19.76	No	Himadri Foundation	CSR000004684
						316.71			

Annexure IX

of the Board's Report (Contd.)

- (d) Amount spent in Administrative Overheads: Nil
- (e) Amount spent on Impact Assessment, if applicable: Nil
- (f) Total amount spent for the Financial Year: (8b+8c+8d+8e) ₹ 417.01 Lakhs
- (g) Excess amount for set off, if any

Sl. No.	Particular	Amount in ₹ Lakhs
i	2% of average net profit of the Company as per section 135(5)	583.57
ii	Total amount spent for the Financial Year	417.01
iii	Excess amount spent for the financial year [(ii)-(i)]	-
iv	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	-
v	Amount available for set off in succeeding financial years [(iii)-(iv)]	-

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

Sl. No.	Preceding Financial Year	Amount transferred to Unspent CSR Account under section 135 (6) (in ₹ Lakhs)	Amount spent in the reporting Financial Year (in ₹)	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	
-	-	-	-	-	-	-	-

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

Amount in ₹ Lakhs								
1	2	3	4	5	6	7	8	9
Sl. No.	Project ID	Name of the Project	Financial Year in which the project was commenced	Project duration	Total amount allocated for the project (in ₹ Lakhs)	Amount spent on the project in the reporting Financial Year (in ₹ Lakhs)	Cumulative amount spent at the end of reporting Financial Year. (in ₹ Lakhs)	Status of the project Completed /Ongoing
-	-	-	-	-	-	-	-	-

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year : Nil

(asset-wise details).

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

Annexure IX

of the Board's Report (Contd.)

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

During the financial year 2020-21, the Company was required to spend ₹ 583.57 lakhs, the minimum amount to be spend on CSR activity. The Company is also committed/obliged to spend an amount of ₹ 725.71 lakhs pertaining to previous year and lying unspent. The Company has spent ₹ 417.01 lakhs during the financial year 2020-21. Accordingly, the unspent amount for financial year 2020-21 is ₹ 166.56 lakhs. Also, as mentioned above, the Company is also committed to spend the unspent amount relating to past years and the same was duly recorded in the annual report of the earlier years. The Company has transferred the unspent amount of ₹ 892.27 lakhs (including brought forward unspent amount of ₹ 725.71 lakhs) to the "Himadri Speciality Chemical Ltd Unspent CSR Account 2021" for the financial year ended 31 March 2021, pursuant to Section 135(6) of the Act.

The Company's key objective is to make a difference to the lives of the underprivileged and help them to bring a self-sustaining level. There is a deep commitment to CSR engagement.

The Company has chosen couple of CSR projects on rural development such as constructing pukka houses in place of kuccha houses for Economically Weaker Sections (EWS) of the society in village area surrounding or adjoining to Company's plant at Mahistikry as well as surrounding villages, setting up of rural electrification facility, setting up of drainage system, setting up of water supply tanks including pipeline connectivity to the villages involving a large amount of outlay and same are under process.

Setting up the aforesaid projects requires the substantial amount of involvement of the time and efforts for planning and its execution. Further, due to the disruption caused by the COVID-19 outbreak, for this reason, during the financial year, the Company's spending on the CSR activities has been less than the limits prescribed under the Act.

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

For and on behalf of the Board

Sd/-

Anurag Choudhary

Managing Director & Chief Executive Officer
(DIN: 00173934)

Sd/-

Santimoy Dey

Chairman - CSR Committee
(DIN: 06875452)

Place: Kolkata

Date: 30 June 2021

Annexure X of the Board's Report

CORPORATE GOVERNANCE REPORT

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

1. Company's philosophy on Code of Governance

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

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

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

We ensure that we evolve and follow not just the stated Corporate Governance guidelines, but also global best practices. We consider it our

inherent responsibility to protect the rights of our shareholders and disclose timely, adequate and accurate information regarding our financials and performance, as well as the leadership and governance of the Company.

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

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

2. Board of Directors ("Board")

The Company recognizes the importance of a diverse board in its success. The Board is entrusted with the ultimate responsibility of the management, direction and performance of the Company and has been vested with the requisite powers, authorities, and duties. SEBI Listing Regulations mandate that the Board of Directors of top 1000 listed entities with effect from 01 April 2019 shall comprise of not less than 6 (six) directors with an optimum combination of executive and non-executive directors with at least one independent woman director (for top 1000 listed entities by 01 April 2020) and not less than 50% of the Board of Directors shall comprise of non-executive directors and for a Company with a non-executive chairman, at least one-third of the Board should comprise of independent directors and where the listed entity does not have a regular non-executive chairperson, at least half of the Board of Directors shall comprise of independent directors and where the regular non-executive chairperson is a promoter of the listed entity or is related to any promoter or person occupying management positions at the level of board of director or at one level below the board of directors, at least half of

Annexure X

of the Board's Report (Contd.)

the board of directors of the listed entity shall consist of independent directors. The Board is at the core of our Corporate Governance practice and oversees and ensures that the Management serves and protects the long-term interest of all our stakeholders.

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

a) Composition of the Board

The Company has a balanced mix of Executive and Independent Non-Executive Directors. As on 31 March 2021, the Board consisted of 12 (Twelve) Directors, out of which 6 (Six) Directors are Executive and 6 (Six) are Non-Executive Independent Directors which includes one Independent Woman Director. The Chairman of the Board was an Executive Director and half of the Board consists of Independent Directors. The composition of the Board is in conformity with Section 149 of the Companies Act, 2013 (hereinafter referred to as "the Act, 2013") and Regulation 17 of SEBI Listing Regulations. The Company has passed special resolution for Non-Executive Independent Director who has attained the age of seventy-five years, in compliance with Regulation 17(1A) of the SEBI Listing Regulations and also passed special resolution for Executive Director who has attained the age of seventy years, in compliance with Section 196 of the Companies Act, 2013.

Further, in the opinion of the Board, all the Independent Directors of the Company satisfy the criteria/conditions of independence as laid down in Section 149(6) of the Act, 2013 and Regulation 16(1) (b) of the SEBI Listing Regulations and they have also registered in the data bank of Independent Director and renewed their registration as required under Rule 6(1) and 6(2) of the Companies (Appointment and Qualification of Directors) Rules, 2014. All the Independent Directors of the Company has complied with Rule 6(4) of the Companies

(Appointment and Qualification of Directors) Rules, 2014 by passing online proficiency self-assessment test or exempted therefrom as per the rule. In terms of Regulation 25(8) of the SEBI Listing Regulations, they have confirmed that they are not aware of any circumstance or situation which exists or may be reasonably anticipated that could impair or impact their ability to discharge their duties. Based on the declarations received from the Independent Directors, the Board of Directors has confirmed that they meet the criteria of independence as mentioned under Regulation 16(1)(b) of the SEBI Listing Regulations and that they are independent of the management. None of the Independent Directors of the Company resigned before the expiry of their tenure.

Further, Mr. Hanuman Mal Choraria, Independent Director, had demised on 26 April 2021 and Mr. Girish Paman Vanvari has been appointed as an Additional Director in the capacity of Independent Director of the Company w.e.f. 22 June 2021 who shall hold the office as such up to the conclusion of the forthcoming AGM of the Company and also, as an Independent Director for a term of 5 (five) consecutive years w.e.f. 22 June 2021, subject to the approval of members at the 33rd AGM.

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

Annexure X

of the Board's Report (Contd.)

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

b) Disclosure of Relationships between Directors inter-se

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

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

¹Mr. Bankey Lal Choudhary (DIN: 00173792), Executive Director, ceased to be the Chairman with effect from 22 June 2021 and continues as Executive Director.

²Mr. Hanuman Mal Choraria (DIN: 00018375), Independent Director had demised on 26 April 2021.

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

c) Board procedure and access to information

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

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

agendas mentioned in Part A of Schedule II of SEBI Listing Regulations.

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

Annexure X

of the Board's Report (Contd.)

the agenda, the same are placed before the meeting. Additional item(s) on the agenda, if required can be discussed at the meeting.

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

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

Options of attending the meeting(s) and the facility to participate in meeting(s) through video conferencing (VC) or by other audio-visual means (OAVM) is provided to Directors in every Board Meeting to the extent permissible except for the first meeting of the Board where the Annual Financial Statements are adopted and approved.

However due to Covid-19 pandemic and pursuant to the relaxation provided by

Ministry of Corporate Affairs (MCA), the Options of attending the meeting through video conferencing (VC) or by other audio-visual means (OAVM) was also provided for the first meeting of the Board where the Annual Financial Statements were approved for the Financial Year 2019-20.

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

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

d) Meetings of the Board of Directors

During the financial year 2020-21, the Board met 8 (Eight) times, i.e., on 21 July 2020, 22 September 2020, 20 October 2020, 22 October 2020, 29 October 2020, 11 November 2020, 09 February 2021, and 30 March 2021.

MCA vide its circular dated 24 March 2020 extended the maximum stipulated time gap of 120 days to 180 days between two board meetings, till 30 September 2020, owing to the COVID-19 pandemic. Subsequently, SEBI vide its circular dated 26 June 2020 provided relaxation of the maximum stipulated time gap of 120 days between two board meetings of listed entities held between the period 1 December 2019 and 31 July 2020.

The maximum gap between two Board meetings held during the year was not more than 120 days except, there was a gap of 158 days in between the two meetings held on 13.02.2020 and 21.07.2020 due to the Pandemic and for which the necessary relaxations were already provided by the MCA and SEBI vide the aforesaid Circulars.

Annexure X

of the Board's Report (Contd.)

e) Separate Meeting of Independent Directors

Schedule IV of the Act, 2013 and Regulation 25(3) of the SEBI Listing Regulations mandates the Independent Directors of the Company to hold at least one meeting in a year, without the attendance of Non-Independent Directors and members of the management. During the financial year 2020-21, 2 (Two) separate meeting of Independent Directors were held on 05 September 2020 and 05 February 2021 without the presence of the Non-Independent Directors and the members of the Management. The Independent Directors discussed on the matters pertaining to review of performance of Non-Independent Directors and the Board of Directors as a whole including the Chairman of the Company (considering the views of the Executive Directors), assessed the quality, quantity and timeliness of flow of information between the Management of the Company and the Board, so that the Board can effectively and reasonably perform its duties.

f) Performance Evaluation

Pursuant to the provisions of the Act, 2013 and the SEBI Listing Regulations, the Board has carried out the annual evaluation of its own performance, of individual Directors and that of the Audit Committee, Nomination and Remuneration Committee, Stakeholders' Relationship Committees, Corporate Social

Responsibility Committee, Risk Management Committee, Finance & Management Committee, Business Responsibility Report Committee and Share Transfer Committee. Feedback was sought by way of a structured questionnaire covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, Board Culture, Execution and Performance of Specific Duties, Obligations and Governance and the evaluation was done, based upon the responses received from the Directors.

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

The details of composition of the Board as at 31 March 2021, the attendance record of the Directors at the Board Meetings held during financial year 2020-21 and at the last Annual General Meeting (AGM), the number of Directorships, Committee Chairmanships and Memberships held by them in other Public Companies, the names of the listed entities where the Director is a director and the category of directorship and number of shares and convertible instruments held by directors are given herein below:

Sl. No.	Directors' Name	Category	No of shares held	Attendance		Directorship in Public Companies*	No. of Committee position held in all Companies ¹	
				Board Meetings	Last AGM		As Member	As Chairman
1	Mr. Shyam Sundar Choudhary	Promoter, Executive Director	-	8	Y	4	1	-
2	Mr. Bankey Lal Choudhary ²	Promoter, Executive Director	1484280	7	Y	4	1	-
3	Mr. Vijay Kumar Choudhary	Promoter, Executive Director	3266640	7	Y	3	-	-

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Sl. No.	Directors' Name	Category	No of shares held	Attendance		Directorship in Public Companies*	No. of Committee position held in all Companies ¹	
				Board Meetings	Last AGM		As Member	As Chairman
4	Mr. Anurag Choudhary	Promoter, Managing Director & Chief Executive Officer	-	8	Y	6	1	-
5	Mr. Amit Choudhary	Promoter, Executive Director	-	7	Y	5	-	-
6	Mr. Tushar Choudhary	Promoter, Executive Director	1484280	8	Y	7	-	-
7	Mr. Hardip Singh Mann	Independent, Non-Executive Director	-	8	Y	1	-	-
8	Mr. Sakti Kumar Banerjee	Independent Non-Executive, Director	-	8	Y	1	2	-
9	Mr. Santimoy Dey	Independent Non-Executive, Director	-	8	Y	2	2	1
10	Mr. Hanuman Mal Choraria ³	Independent Non-Executive, Director	-	8	Y	3	1	1
11	Mr. Santosh Kumar Agrawala	Independent Non-Executive, Director	-	8	Y	2	2	1
12	Ms. Sucharita Basu De	Independent Non-Executive, Director	-	8	Y	2	1	-

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

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

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

²Mr. Bankey Lal Choudhary (DIN: 00173792), Executive Director, ceased to be the Chairman with effect from 22 June 2021 and continues as Executive Director.

³Mr. Hanuman Mal Choraria (DIN: 00018375), Independent Director had demised on 26 April 2021.

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

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

Sl. No.	Directors' name	Names of other listed entities holding directorship	Category
1	Mr. Shyam Sundar Choudhary	-	-
2	Mr. Bankey Lal Choudhary	Himadri Credit & Finance Limited	Promoter, Managing Director
3	Mr. Vijay Kumar Choudhary	-	-
4	Mr. Anurag Choudhary	Himadri Credit & Finance Limited	Promoter, Non-Executive Director
5	Mr. Amit Choudhary	-	-
6	Mr. Tushar Choudhary	Himadri Credit & Finance Limited	Promoter, Non-Executive Director
7	Mr. Hardip Singh Mann	-	-
8	Mr. Sakti Kumar Banerjee	-	-
9	Mr. Santimoy Dey	-	-
10	Mr. Hanuman Mal Choraria ¹	-	-
11	Mr. Santosh Kumar Agrawala	Himadri Credit & Finance Limited	Independent Director
12	Ms. Sucharita Basu De	Himadri Credit & Finance Limited	Independent Director

¹Mr. Hanuman Mal Choraria, Independent Director had demised on 26 April 2021.

g) Formal Letter of Appointment to the Independent Directors

No Independent Director was appointed/re-appointed during the financial year 2020-21. The Company has issued appointment/re-appointment letters as per provisions of Schedule IV of the Act, 2013 to the Independent Director on their appointment/re-appointment containing the detailed terms and conditions of their appointment/re-appointment, role, duties and liabilities, evaluation process, code of conduct, etc. The letter of appointment/re-appointment issued to the Independent Directors has been posted on the Company's website at https://www.himadri.com/corporate_governance

h) Familiarisation Programme for Independent Directors

Pursuant to Regulation 25 (7) of the SEBI Listing Regulations, during the financial year 2020-21, the Company imparted Familiarization Programme for Independent Directors to familiarize them about their roles,

rights and responsibilities in the Company, nature of the industry in which the Company operates, review of Investments of the Company, business model of the Company, Prevention of Insider Trading Regulations, SEBI Listing Regulations, etc. The details of the familiarisation programme are available on the website of the Company at https://www.himadri.com/corporate_governance

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

i) Codes and Policies

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

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

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

In terms of the above, there exists a Code of Conduct, for all the Board Members and Senior Management of the Company. The Board of Directors has laid down a separate Code for the Independent Directors of the Company. The aforesaid Codes are available on the Company's website at www.himadri.com. All Directors and Senior Management Personnel ("SMPs") of the Company as on 31 March 2021, has individually affirmed compliance with the said Code in terms of Regulation 26 of the SEBI Listing Regulations. A declaration signed by the Managing Director & Chief Executive Officer to this effect is enclosed at the end of this report. The Code of Conduct for the Independent Directors is in line with the provisions of Section 149(8) and Schedule IV of the Act, 2013 and contains brief guidance for professional conduct by the Non-Executive Independent Directors.

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

Pursuant to the SEBI (Prohibition of Insider Trading) Regulations, 2015, the board of

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

k) Brief Note on the Directors seeking appointment / re-appointment at the 33rd Annual General Meeting

The Company has furnished information as required by Regulation 34(2) read with Schedule V of the SEBI Listing Regulations relating to the Directors retiring by rotation and seeking re-appointment in the Notice convening the 33rd Annual General Meeting. Shareholders may kindly refer the same. The names of the companies in which the Directors hold directorships and the details of membership of committees of the Board are given separately.

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

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

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

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

The table below expresses the specific areas of focus or expertise of individual Board members. However, absence of a tick mark does not necessarily mean the member does not possess the corresponding skills/expertise.

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

m) Committees of Board

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

conformity of the SEBI Listing Regulations and the Act, 2013 and are mentioned as follows:

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

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- Business Responsibility Report Committee;

n) Other Board Committees

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

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

3. Audit Committee

a. Composition, Meetings and Attendance

The Board of Directors of the Company has constituted a qualified and independent Audit Committee that acts as a link between the management, the Statutory and Internal Auditors and the Board. The Audit Committee comprises of five (5) Directors including four (4) Non-Executive Independent Director and one (1) Executive Director. During the Year ended 31 March 2021, Mr. Hanuman Mal Choraria, Chairman of the Committee was an Independent and Non-Executive Director with over three decades of experience in Corporate Law, Accounting and Taxation. All the members of the Audit Committee are financially literate with majority having accounting or related financial management expertise and the composition of the Committee complies with the requirements of Section 177 of the Act, 2013 and Regulation 18 of

the SEBI Listing Regulations with the Stock Exchanges. Mr. Santosh Kumar Agrawala has been designated as Vice Chairman of the Committee who shall in the absence of the Chairman of the Audit Committee at any meeting of the Committee or the Company shall act as Chairman of the Committee.

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

The Audit Committee met 7 (Seven) times during the year i.e., on 21 July 2020, 22 September 2020, 20 October 2020, 22 October 2020, 29 October 2020, 11 November 2020, and 09 February 2021.

The maximum gap between two meetings held during the year was not more than 120 days except, there was a gap of 158 days in between the two meetings held on 13.02.2020 and 21.07.2020 due to the Pandemic and for which the necessary relaxations were already provided by the MCA and SEBI with the aforesaid Circulars.

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

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

Sl. No.	Names of members	Status	No of meetings attended
1	Mr. Hanuman Mal Choraria ¹	Chairman, Independent Non-Executive	7
2	Mr. Santosh Kumar Agrawala	Vice Chairman, Independent Non-Executive	7
3	Mr. Sakti Kumar Banerjee	Member, Independent Non-Executive	7
4	Mr. Santimoy Dey	Member, Independent Non-Executive	7
5	Mr. Anurag Choudhary	Member, Managing Director & CEO	7

¹Mr. Hanuman Mal Choraria, Independent Director had demised on 26 April 2021.

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b. Terms of reference

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

- (i) Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- (ii) Recommendation for appointment, remuneration and terms of appointment of auditors of the Company;
- (iii) Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- (iv) Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
 - a) Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of Section 134 of the Act, 2013;
 - b) Changes, if any, in accounting policies and practices and reasons for the same;
 - c) Major accounting entries involving estimates based on the exercise of judgment by management;
 - d) Significant adjustments made in the financial statements arising out of audit findings;
 - e) Compliance with listing and other legal requirements relating to financial statements;
 - f) Disclosure of any related party transactions;
 - g) Modified opinion(s) in the draft audit report;
- (v) Reviewing, with the management, the quarterly financial statements before submission to the Board for approval;
- (vi) Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
- (vii) Review and monitor the auditor's independence and performance, and effectiveness of audit process;
- (viii) Approval or any subsequent modification of transactions of the Company with related parties;
- (ix) Scrutiny of inter-corporate loans and investments;
- (x) Valuation of undertakings or assets of the Company, wherever it is necessary;
- (xi) Evaluation of internal financial controls and risk management systems;
- (xii) Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- (xiii) Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit

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department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;

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

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

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

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

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

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

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

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

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

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

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

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

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

4. Nomination and Remuneration Committee

a. Composition, Meetings and Attendance

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

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The Committee met 3 (Three) times during the year i.e., on 22 June 2020, 09 February 2021, and 22 March 2021. The details of meetings attended by each of the members are given below:

Sl. No.	Names of members	Status	No of meetings attended
1	Mr. Santimoy Dey	Chairman, Independent Non-Executive	3
2	Mr. Sakti Kumar Banerjee	Member, Independent Non-Executive	3
3	Mr. Hanuman Mal Choraria ¹	Member, Independent Non-Executive	3

¹Mr. Hanuman Mal Choraria, Independent Director had demised on 26 April 2021.

b. Terms of Reference

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

- Formulation of the criteria for determining qualifications, positive attitudes and independence of a director and recommend to the Board a policy, relating to the remuneration for the directors, Key Managerial Personnel, and other employees;
- Formulation of criteria for evaluation of performance of Independent Directors and the Board and its Committees;
- Devising a policy on diversity of Board of Directors;
- Identifying persons who are qualified to become directors and who may be appointed in Senior Management in accordance with the criteria laid down, recommend to the Board their appointment and removal;
- Whether to extend or continue the term of appointment of the Independent Director, on the basis of the report of performance evaluation of Independent Directors;
- Review the performance and recommend to the Board, all

remuneration in whatever form, payable to the senior management;

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

c. Remuneration policy

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

d. Criteria for Performance Evaluation of Independent Directors

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

- Qualifications:** Details of professional qualifications of the Independent Director.
- Experience:** Details of prior experience of the Independent Director., especially the experience relevant to the entity.
- Knowledge and Competency of the Independent Director.**

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

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

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

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

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

i. Availability and attendance: Whether the Independent Director is available for

meetings of the Board and attends the meeting regularly and timely, without delay.

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

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

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

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

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

e. Remuneration to Directors and Disclosures

a) Details of remuneration paid / payable to the Directors for the year ended 31 March 2021 and their shareholding as on that date is as under:

Amount in ₹ Lakhs										Shareholding (Equity) (No.)
Names of the Directors	Salary (₹)	Perquisites (₹)	Bonus (₹)	Commission (₹)	Sitting Fees (₹)	Stock Option	Pension	Total (₹)	Service Contract/ Notice period/ Severance Fees	
Mr. Shyam Sundar Choudhary	200.00	0.68	-	-	-	-	-	200.68	Present tenure valid till 31 March 2025	-
Mr. Bankey Lal Choudhary	200.00	0.68	-	-	-	-	-	200.68	Present tenure valid till 31 March 2024	1,484,280
Mr. Vijay Kumar Choudhary	200.00	0.68	-	-	-	-	-	200.68	Present tenure valid till 31 March 2025	3,266,640
Mr. Anurag Choudhary	250.00	0.68	-	-	-	-	-	250.68	Present tenure valid till 13 August 2024	-
Mr. Amit Choudhary	200.00	0.61	-	-	-	-	-	200.61	Present tenure valid till 13 August 2024	-
Mr. Tushar Choudhary	200.00	0.61	-	-	-	-	-	200.61	Present tenure valid till 13 August 2024	1,484,280

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Amount in ₹ Lakhs

Names of the Directors	Salary (₹)	Perquisites (₹)	Bonus (₹)	Commission (₹)	Sitting Fees (₹)	Stock Option	Pension	Total (₹)	Service Contract/ Notice period/ Severance Fees	Shareholding (Equity) (No.)
Mr. Hardip Singh Mann	-	-	-	-	3.00	-	-	3.00	Appointed as Independent Director up to 31 March 2024	-
Mr. Sakti Kumar Banerjee	-	-	-	-	5.74	-	-	5.74	Appointed as Independent Director up to 31 March 2024	-
Mr. Santimoy Dey	-	-	-	-	5.84	-	-	5.84	Appointed as Independent Director up to 23 September 2024	-
Mr. Hanuman Mal Choraria ¹	-	-	-	-	5.12	-	-	5.12	Appointed as Independent Director up to 23 September 2024	-
Mr. Santosh Kumar Agrawala	-	-	-	-	4.86	-	-	4.86	Appointed as Independent Director up to 13 November 2021	-
Ms. Sucharita Basu De	-	-	-	-	2.70	-	-	2.70	Appointed as Independent Woman Director up to 31 March 2024	-

¹Mr. Hanuman Mal Choraria had demised on 26 April 2021

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

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

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

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

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

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

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

5. Risk Management Committee

a. Composition, Meetings and Attendance

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

The Company had constituted a Risk Management Committee ('RMC') for framing, implementing, and monitoring the Risk Management Policy of the Company on 11.08.2014, pursuant to clause 49 of Listing Agreement. Further, the SEBI pursuant to

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Regulation 21 of SEBI Listing Regulations had mandated that the top 500 listed companies shall have a Risk Management Committee with effect from 1 April 2019. Accordingly, the Company has re-constituted the Risk Management Committee on 28.05.2019

Risk Management Committee met on 30 March 2021 during the financial year 2020-21.

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

Sl. No.	Names of members	Status	No of meetings attended
1	Mr. Shyam Sundar Choudhary	Chairman, Executive Director	1
2	Mr. Bankey Lal Choudhary	Member, Executive Director	-
3	Mr. Santimoy Dey	Member, Independent Non-Executive	1
4	Mr. Anurag Choudhary	Member, Managing Director & CEO	1
5	Mr. Kamlesh Kumar Agarwal	Chief Financial Officer	1

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

- i. to formulate a detailed risk management policy which shall include:
 - a) A framework for identification of internal and external risks specifically faced by the listed entity, in particular including financial, operational, sectoral, sustainability (particularly, ESG related risks), information, cyber security risks or any other risk as may be determined by the Committee.
 - b) Measures for risk mitigation including systems and processes for internal control of identified risks.
 - c) Business continuity plan.
- ii. to ensure that appropriate methodology, processes, and systems are in place to monitor and evaluate risks associated with the business of the Company;
- iii. to monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems;
- iv. to periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity;
- v. to keep the board of directors informed about the nature and content of its discussions, recommendations, and actions to be taken;
- vi. the appointment, removal, and terms of remuneration of the Chief Risk Officer (if any) shall be subject to review by the Risk Management Committee.
- vii. to assist the Board with regard to the identification, evaluation, classification, and mitigation of non-financial risks and assess management actions to mitigate such risks;
- viii. to evaluate and ensure that the Company has an effective system internal control systems to enable identifying, mitigating, and monitoring of the non-financial risks to the business of the Company;
- ix. to implement proper internal checks and balances and review the same periodically;
- x. to put in place mechanism for ensuring cyber security;
- xi. to ensure the implementation of the suggestions/remarks/comments of

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- the Board of Directors on the Risk Management Plan ;
- xii. to monitor and review the performance of the non-financial Risk Owners;
 - xiii. to review effectiveness of risk management and control system;
 - xiv. periodic reporting to the Board of non-financial risk management issues and actions taken in such regard;
 - xv. co-ordinate its activities with the Audit Committee in instances where there is any overlap in their duties and responsibilities.
 - xvi. To do all other acts which incidental to the risk associated with the business of the Company;

6. Stakeholders' Relationship Committee

a) Composition, Meetings and Attendance

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

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

During the year, the Committee met 3 (Three) times i.e., on 08 June 2020, 28 September 2020 and 16 March 2021. The details of meetings attended by each of the members are given below:

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

b) Terms of Reference

- To resolve the grievances of the Security holders of the Company including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc.
- To review of measures taken for effective exercise of voting rights by shareholders.
- To review of adherence to the service standards adopted by the Company in respect of various services rendered by the Registrar and Share Transfer Agent.
- To review of various measures and initiatives taken by the Company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/

statutory notices by the shareholders of the Company.

- Such other matters as per the directions of the Board of Directors of the Company, which may be considered necessary in relation to shareholders and investors of the Company.
- Functions of the Committee as provided in Schedule II, Part "D", Para "B" read with Reg 20(4) of the SEBI (LODR) Regulations, 2015.

c) Name and Designation of Compliance Officer

Ms. Monika Saraswat, Company Secretary has been designated as Compliance Officer in terms of Regulation 6(1) (a) of the SEBI Listing Regulations with stock exchange(s). The shareholders may send their complaints directly to the Company Secretary, Himadri Speciality Chemical Ltd, 23A, Netaji Subhas

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Road, 8th Floor, Suite No 15, Kolkata - 700 001 or may email at: investors@himadri.com
Those Members who desire to contact over telephone may do so at 033- 2230 9953 / 4363.

d) Status of Investors' Grievances

There were 16 complaints pending at the beginning of the financial year. During the financial year 2020-21, total 215 complaints were received from investors and 225 complaints were resolved satisfactory and there were 6 complaints pending at the end of the financial year.

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

7. Corporate Social Responsibility (CSR) Committee

a) Composition, Meetings and Attendance

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

During the financial year 2020-21, the Committee met 3 (Three) times on 22 June 2020, 11 November 2020 and 30 March 2021. The CSR policy of your Company is displayed on the Company's website at www.himadri.com. The details of meetings attended by each of the members are given below:

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

b) Terms of reference

- Recommend to the Board, a CSR Policy (and modifications thereto from time to time) which shall provide an approach and the guiding principles for selection, implementation, and monitoring of CSR activities to be undertaken by the Company;
- Approve and recommend Annual Action Plan, and any modifications thereof, to the Board comprising of following information;
 - the list of CSR projects or programmes that are approved to be undertaken in areas or subjects specified in Schedule VII of the Act;
 - the manner of execution of such projects or programmes;

- the modalities of utilisation of funds and implementation schedules for the projects or programmes;
 - monitoring and reporting mechanism for the projects or programmes; and
 - details of need of impact assessment, if any, for the projects undertaken by the Company;
- Approve specific projects, either new or ongoing, in pursuance of the Areas of Interest outlined in CSR Policy, either for undertaking such projects by the Company itself, for inclusion in the annual action plan or for supporting such projects by way of contributions or financial assistance.
 - Recommend to the Board, the amount of expenditure to be incurred on the

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- CSR activities in a financial year and the amount to be transferred in case of ongoing projects and unspent amounts.
- Review the progress of CSR initiatives undertaken by the Company.
 - Monitor the CSR Policy of the Company from time to time and institute a transparent monitoring mechanism for implementation of the CSR projects referred to above.
 - Review and recommend to the Board, the Annual Report on CSR activities to be included in Board's Report and certificate submitted by the Chief Financial Officer.
 - Review and recommend to the Board, the impact assessment report obtained by the Company from time to time.
 - Undertake such activities and carry out such functions as may be provided under section 135 of the Act and the Rules."

8. Business Responsibility Report Committee

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

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

- Mr. Anurag Choudhary, Managing Director & CEO (Chairman of the Committee)

- Mr. Bankey Lal Choudhary, Executive Director (Member)
- Mr. Monojit Mukherjee, Business Head Carbon Black Division (Member)
- Mr. Somesh Satnalika, Vice President Strategy & Business Development (Member)
- Mr. Kamlesh Kumar Agarwal, Chief Financial Officer (Member)

The Board reviewed the performance of the Committee as well as BRR Policy on annual basis. During the financial year 2020-21, the Committee met 1 (One) time on 21 July 2020 and all the members of the Committee were present in such meeting.

9. Share Transfer Committee

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

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

The Committee holds periodical meetings for transfer and transmission of shares and co-ordinates with Company's Registrar & Share Transfer Agent. During the financial year 2020-21, the Committee met 1 (one) time.

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

10. Finance and Management Committee

The Finance and Management Committee comprises of Mr. Shyam Sundar Choudhary, Mr. Bankey Lal Choudhary, Mr. Anurag Choudhary as

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its members. During the financial year 2020-21, the Committee met 11 (eleven) times.

Terms of reference

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

- To open/closure of Banking Accounts;
- To arrange finance, from Bank and Financial institutions;
- To sign and execute necessary documents with Banks / Financial Institutions;
- To create mortgage / charge including modification and satisfaction if any in favour of various Banks / Financial Institutions for securing the credit facilities as may be sanctioned to the Company from time to time;
- To deal with managing the day-to-day affairs of the Company including grant of authority to officials in this regard;
- To avail of factoring facility from any other Bank & Financial Institution;
- To avail discounting of Bills under LC from other Banks / Financial Institution;
- To obtained higher purchase loan / vehicle loan;
- To initiated legal action on behalf of the Company against any party and to defend the Company in any legal proceedings including grant of authority to deal with such matters;
- To file various e-forms with MCA (Registrar of Companies);
- To avail of Commercial Card facility as a part of working Capital limit sanction to the Company by any bank;
- To sell or dispose of old and obsolete movable office equipment, computer accessories, printers, including motor cars and commercial vehicles for value not exceeding rupees two lakhs of each such items;
- To let-out office premises with or without consideration to its' group companies for official purposes;

- To deal with all types of current investments in day-to-day business activities;
- To raise fund in form of CP to amount not exceeding ₹ 300 Crores;
- To apply for listing of Commercial paper at the Stock exchange;
- To get working capital finance (both Fund based and Non-fund) either secured or unsecured by means of fresh sanction, renewal, takeover and switch over from one Bank to another Bank or from any financial institution up to an aggregate amount of ₹ 2000 Crores
- To invest fund of the Company including mutual fund not exceeding 200 Crores.
- To borrow money from time to time for long term purpose of the Company upto an aggregate amount not exceeding ₹ 300 Crores.
- To deal with any other matter which are incidental to the aforesaid.

11. Strategy & Investment Committee

The Strategy & Investment Committee comprises of 4 (Four) members of the Board, Mr. Shyam Sundar Choudhary, Executive Director, Mr. Santimoy Dey, Non-Executive Independent Director, Mr. Anurag Choudhary, Managing Director & CEO and Mr. Sakti Kumar Banerjee, Non-Executive Independent Director. During the financial year 2020-21, the Committee met 1 (one) time.

Terms of reference

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

- To focus on the evaluation of the Company's strategic plans and to evaluate the Company's capital deployment in the context of the Company's Corporate Strategy;
- To review the proposals for acquisition of potential targets for deploying capital of the Company for expanding the installed manufacturing capacity or acquisitions resulting in forward and backward

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integration in manufacturing process of the Company. The Committee upon review, shall place such proposal along with its analysis before the Board for its consideration and approval;

- To assist the Board in fulfilling its oversight responsibilities relating to long term strategy of the Company, risks and opportunities relating to such strategy and strategic decisions regarding investments and acquisitions by the Company;
- To monitor the Company's progress against strategic goals and provide feedback and advice on merger and acquisition strategy, capital strategy, market capabilities and resource requirements;
- To review individual transactions, including potential investments, asset sales, proposed equity and/or debt offerings, or other transactions;
- To deal with all merger and restructuring proposals in capacity of creditor/shareholder of the entities participating in merger or restructuring process and the Committee shall make decisions and resolutions and would exercise all powers of the Board for such matters;
- To discuss with the Senior Management Personnel and General Counsel or outside Counsel any matters that could reasonably be expected to have a material impact on the Company's long term strategies.

12. Internal Complaint Committee

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

- Ms. Debashree Tarafdar, Presiding officer
- Ms. Neha Pandey, Member
- Mr. Bhaskarmoy Dey, Member- Legal

- Dr. P S Bandopadhyay, Independent Consultant

Terms of reference

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

- i) The Committee shall act in accordance with the provisions of the Act and Rules (including any statutory modifications, alteration or re-enactment thereon for the time being in force) made there under including the service rules, if any made applicable on the employee of the Company;
- ii) The Committee shall follow the service rules while dealing with the complaints in case the complaints is against the employee of the Company and deal with the matter keeping in view the principal of natural justice;
- iii) The Committee shall maintain all records relating to Complaints received and their redressal;
- iv) The Committee shall hold such meetings as may be required from time to time for redressal of the Complaints made under the provisions of the Act;
- v) The Committee shall ensure to maintain high degree of confidentiality with regards to the aggrieved person as well as the respondent;
- vi) The Committee shall organise such number workshops or awareness programme from time to time for educating the employees of the Company in this regard;
- vii) The Committee shall prepare an Annual Report ending 31 December each year in terms of Section 21 of the Act read with Rule 14 of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Rules, 2013 containing the following details:
 - a) Number of complaints of sexual harassment received in the year;
 - b) Number of complaints disposed off during the year;
 - c) Number of cases pending for more than ninety days;

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- d) Number of workshops or awareness programme against sexual harassment carried out;
- e) Nature of action taken by the employer or District Officer

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

by the Committee during the financial year 2020-21.

13. Commodity Committee

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

14. General Body meetings

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

Financial Year	Number of the AGM	Date	Venue	Time
2017-18	30 th AGM	4 September 2018	Kala Mandir (Kala Kunj Hall) 48 Shakespeare Sarani, Kolkata- 700 017	10.30 am
2018-19	31 st AGM	25 September 2019	"Kala Kunj Hall" 48 Shakespeare Sarani, Kolkata- 700 017	10.30 am
2019-20	32 nd AGM	11 December 2020	Through Video Conferencing ("VC")/ Other Audio-Visual Means ("OAVM"). The deemed venue: Ruby House, 8 India Exchange Place, 2 nd Floor, Kolkata - 700 001.	11.00 am

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

30 th AGM held on 4 September 2018	1. Re-appointment of Mr. Sakti Kumar Banerjee (DIN: 00631772) as an Independent Director of the Company for a further period of 5 (five years) for second term with effect from 1 April 2019 to 31 March 2024. 2. Re-appointment of Mr. Hardip Singh Mann (DIN: 00104948) as an Independent Director of the Company for a further period of 5 (five years) for second term with effect from 1 April 2019 to 31 March 2024. 3. Alteration of Articles
31 st AGM held on 25 September 2019	1. Re-appointment of Mr. Santimoy Dey (DIN: 06875452) as an Independent Director of the Company for a further period of 5 (five) years for second term with effect from 24 September 2019 to 23 September 2024. 2. Re-appointment of Mr. Hanuman Mal Choraria (DIN: 00018375) as an Independent Director of the Company for a further period of 5 (five) years for second term with effect from 24 September 2019 to 23 September 2024. 3. Re-appointment of Mr. Bankey Lal Choudhary (DIN: 00173792) as Whole-time Director of the Company for a period of 5 (five) years with effect from 1 April 2019 to 31 March 2024. 4. Appointment of Mr. Anurag Choudhary (DIN: 00173934) as Managing Director & Chief Executive Officer of the Company for a period of 5 (five) years with effect from 14 August 2019 to 13 August 2024. 5. Appointment of Mr. Amit Choudhary (DIN: 00152358) as Whole-time Director of the Company for a period of 5 (five) years with effect from 14 August 2019 to 13 August 2024. 6. Appointment of Mr. Tushar Choudhary (DIN: 00174003) as Whole-time Director of the Company for a period of 5 (five) years with effect from 14 August 2019 to 13 August 2024.

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32 nd AGM held on 11 December 2020	1. Re-appointment of Mr. Shyam Sundar Choudhary (DIN: 00173732) as Whole-time Director for a further period of 5 (Five) years with effect from 1 April 2020 to 31 March 2025. 2. Re-appointment of Mr. Vijay Kumar Choudhary (DIN: 00173858) as Whole-time Director for a further period of 5 (Five) years with effect from 1 April 2020 to 31 March 2025.

- iii) During the financial year 2020-21, the Company did not pass any special resolution by way of postal ballot.
- iv) No Special Resolution at present is proposed to be passed through Postal Ballot. Therefore, the procedure for Postal Ballot is not applicable.

15. Means of communication

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

However SEBI, vide its Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/106 dated 24 June 2020 had extended the timeline for submission of financial results for the quarter and financial year ended 31.03.2020 upto 31 July 2020. The Company has submitted the financial results for the quarter and financial year ended 31.03.2020 on 21 July 2020.

The SEBI, vide its circular No SEBI/HO/CFD/CMD1/CIR/P/2020/140 dated 29 July 2020 had extended the timeline for submission of financial results for the quarter ended 30 June 2020 up to 15 September 2020. However, due to the continuing intermittent lockdown in West Bengal where the Registered Office of the Company is situated, the operations of the Company

were also conducted intermittently in order to ensure the safety and well-being of the employees.

Due to the aforesaid reason, the Company could not submit the financial results for the quarter ended 30 June 2020 within the extended time and the same was approved and submitted with the Stock Exchanges on 29 October 2020.

- b. **Newspapers:** During the financial year 2020-21, financial results (Quarterly & Annual) were published in newspapers viz. The Financial Express, Economic Times in English (all editions), Jansatta (Hindi) and Ei Samay (Vernacular) in the format prescribed by SEBI.
- c. **Website:** The financial results are also posted on the Company's Website at www.himadri.com. The Company's website provides information about its business and the section on "Investor Relations" serves to inform and service the Shareholders allowing them to access information at their convenience.
- d. **Annual Report:** Annual Report is circulated to all the Members within the required period. In view of the continuing COVID-19 pandemic and pursuant to SEBI circular no. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated 12 May 2020, the Company has sent Annual Report for the financial year 2020-21 through email to shareholders. The shareholders have been provided e-voting option for the resolutions passed at the general meeting to vote as per their convenience.
- e. **E-mail ID of the Registrar & Share Transfer Agent:** All the share related requests/ queries/ correspondence, if any, are to be forwarded by the investors to the Registrar and Transfer Agent of the Company,

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M/s S. K. Infosolutions Pvt. Ltd, D/42, Katju Nagar Colony, Ground Floor, Near South City Mall, PO & PS - Jadavpur, Kolkata - 700 032 or e-mail them at skcdilip@gmail.com.

f. Designated E-mail ID for Complaints/ Redressal:

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

g. NSE Electronic Application Processing System (NEAPS):

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

h. BSE Corporate Compliance & Listing Centre:

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

i. SEBI Complaints Redress System (SCORES):

The investor complaints are processed in a centralized web-based complaints redressal system through SCORES. The Action Taken Reports are uploaded online by the Company for any complaints received on SCORES platform, thereby making it convenient for the investors to view their status online.

j. News releases/Investor Updates and Investor presentations:

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

16. General Shareholder Information

Annual General Meeting (AGM) and Book Closure Dates

The Day, Date, Time of the 33rd Annual General Meeting and Book Closure Dates in relation thereto have been indicated in the Notice convening the AGM, which forms part of the Annual Report.

Financial Year

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

Tentative Schedule for the Meetings for the financial year 2021-22

Financial Year	
Board meetings for approval of quarterly results	2021-22
- Quarter ended 30 June 2021	Within 2 nd Week of August 2021
- Quarter ended 30 September 2021	Within 2 nd week of November 2021
- Quarter ended 31 December 2021	Within 2 nd week of February 2022
- Audited Financial Results for the year ended 31 March 2022	Within 60 days from the end of the financial year
Annual General Meeting for the financial year 2021-22	In accordance with Section 96 of the Act, 2013 and SEBI Listing Regulations with the Stock Exchange and Circular of MCA and SEBI from time to time.
Dispatch of Annual Report	21 (clear) days before the meeting or by electronic mode as per circular of MCA and SEBI from time to time.

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Financial Year	2021-22
Posting of Dividend Warrants	Within 30 days from the date of AGM or as per circular of MCA and SEBI from time to time.
Receipt of Proxy Forms	At least 48hrs before the meeting or as per circular of MCA and SEBI from time to time.

Dividend payment date

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

Listing of Securities on Stock Exchange(s)

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

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

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

Non-Convertible Debentures: During the financial year 2020-21, the Company has redeemed the Non-Convertible Debentures (NCDs) issued by the Company on private placement basis aggregating to ₹ 150 Crores. The details are given hereunder:

Sl. No.	Details of NCD	Stock Exchange	Listing Code	ISIN Number	Date of Redemption
1	10.00 % Secured, Redeemable Non-Convertible Debentures of ₹ 400/- each aggregating to ₹ 100 Crores issued on Private placement basis to LIC of India	BSE Limited	946887	INE019C07023	24 August 2020
2	12.50% Secured, Redeemable Non-Convertible Debentures of ₹ 10,00,00/- each aggregating to ₹ 50 Crores issued on Private placement basis to LIC of India	BSE Limited	949610	INE019C07031	28 October 2020

The Company has remitted the listing fee to the Stock Exchange(s).

Market price data

Monthly high / low market price of the shares during the financial year 2020-21 at the BSE Limited and at National Stock Exchange of India Ltd were as under: -

Month	BSE		NSE	
	Amount in ₹		Amount in ₹	
	High	Low	High	Low
Apr-20	54.80	31.80	54.70	32.00
May-20	50.40	43.25	49.70	43.20
Jun-20	53.30	43.65	53.40	43.60
Jul-20	54.80	42.50	54.85	42.00

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Month	BSE		NSE	
	Amount in ₹		Amount in ₹	
	High	Low	High	Low
Aug-20	64.00	41.95	63.90	41.95
Sep-20	60.00	48.10	59.50	48.00
Oct-20	55.80	47.00	55.95	47.00
Nov-20	48.00	37.55	47.70	37.50
Dec-20	47.40	38.80	47.35	38.80
Jan-21	54.40	43.45	54.35	43.50
Feb-21	56.35	38.90	56.40	39.70
Mar-21	54.90	40.55	55.00	40.50

Stock Performance in comparison to broad-based indices

Financial Year	BSE SENSEX		NSE CNX NIFTY	
	Change in Himadri Share Price	Change in SENSEX	Change in Himadri Share Price	Change in Nifty
2020-21	41.12%	68.01%	41.43%	70.87%

Registrar and Share Transfer Agent

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

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

Shareholders are requested to surrender the old share certificates having Face Value of ₹ 10/- each to the Registrar and Share Transfer Agent for cancellation and exchange of new certificates of Face Value of ₹ 1/- each pursuant to stock split approved by the shareholders at the Annual

General Meeting held on 28 September 2010, for which the Record Date was fixed on 9 November 2010.

Share Transfer System

The Company ensures that all transfers are duly affected within the prescribed period. The Board has constituted a Share Transfer Committee for approval of the transfers, which meets on regular intervals. The share transfers, issue of duplicate share certificates and all other investors' related activities are attended and processed at the office of the Registrar and Share Transfer Agent, M/s S. K. Infosolutions Pvt. Ltd, Kolkata.

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

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

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Nomination facilities

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

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

Dividend remittance

Dividend on equity shares as recommended by the Board for the year ended 31 March 2021, when declared at the ensuing Annual General Meeting will be paid:

- i) in respect of shares held in electronic form, to those persons whose names appear as beneficial owners in the statement (s) furnished by the Depositories as on the close of the market day prior to start of book closure and
- ii) in respect of shares held in physical form, to those Shareholders whose names appear on the Company's register of members lodged with the Company before the start of date of book closure.

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

against cancellation of warrants upon request of the shareholders, if any.

Electronic Clearing Service - NECS

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

Bank details in case of physical Shareholdings

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

Details of Payee

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

Annexure X

of the Board's Report (Contd.)

Unclaimed / Unpaid Dividend

The amount of unclaimed dividend is lying in credit of separate banking accounts. Members may please note that pursuant to Section 124(5) and Section 125 of the Act, 2013 the amount lying in credit of any unpaid dividend account if, remained un-claimed for 7 years or more from the date it became unpaid / unclaimed shall be transferred to the Investor Education and Protection Fund. As on 31 March 2021, the following amounts are unclaimed and lying credit in separate bank accounts with various banks.

Financial Year	Date of declaration	Amount Unpaid/ unclaimed as on 31.03.2021	Due date for transfer to Investor Education and Protection Fund	Banker's name in which the unpaid amount is lying
2013-14	24 September 2014	510191.80	30 October 2021	State Bank of India
2015-16	24 September 2016	319219.15	30 October 2023	State Bank of India
2016-17	22 September 2017	590808.30	28 October 2024	State Bank of India
2017-18	4 September 2018	335116.50	10 October 2025	State Bank of India
2018-19	25 September 2019	467286.90	31 October 2026	State Bank of India
2019-20	11 December 2020	567,128.10	17 January 2028	Axis Bank Ltd

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

Transfer of Unclaimed Shares to IEPF

During the financial year 2020-21, the Company has transferred 178,354 shares of 138 shareholders in respect of which dividend has not been paid or claimed for seven consecutive years or more pursuant to Section 124 (6) of the Act, 2013 to the credit of IEPF Authority as prescribed in Section 125 of the Act, 2013 in DEMAT Account No: IN300708/ CL-ID: 10656671 through NSDL.

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

Name: Ms. Monika Saraswat,

Designation: Company Secretary & Compliance Officer

Himadri Speciality Chemical Ltd

Regd. Off: 23A, Netaji Subhas Road, 8th Floor, Suite No 15, Kolkata- 700 001

Corporate Office: 8, India Exchange Place, 2nd Floor, Kolkata- 700 001

Contact No: 033-22309953/ 22304363.

E-mail: monika@himadri.com

Annexure X

of the Board's Report (Contd.)

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

Rating Agency: ICRA Limited vide its' letter dated 01 October 2020 and 22 October 2020, has assigned the Credit Rating to Company's various credit facilities and instruments as mentioned below:

Facilities	Rating Assigned on 01 October 2020	Amount (In Crores)	Rating Assigned on 22 October 2020	Amount (In Crores)	Remarks
Non-Convertible Debenture	[ICRA] AA- (Pronounced as [ICRA] double A minus); Outlook revised from Stable to Negative.	150	-	-	-
Term Loan	[ICRA] AA- (Pronounced as ICRA double A minus); Outlook revised from Stable to Negative.	52.86	[ICRA] AA- (Pronounced as ICRA double A minus); Outlook: Negative.	145.03	Reaffirmed
Fund Based Limits	[ICRA] AA- (Pronounced as ICRA double A minus); Outlook revised from Stable to Negative.	671	[ICRA] AA- (Pronounced as ICRA double A minus); Outlook: Negative.	805.83	Reaffirmed
Non- Fund Based Limits	[ICRA] AA- (Pronounced as ICRA double A minus); Outlook revised from Stable to Negative. The Rating Committee of ICRA has also reaffirmed the short-term rating for the captioned Line of Credit (LOC) at [ICRA] A1+ (pronounced ICRA A one plus).	752	[ICRA] AA- (Pronounced as ICRA double A minus); Outlook: Negative. The Rating Committee of ICRA has also reaffirmed the short-term rating for the captioned Line of Credit (LOC) at [ICRA] A1+ (pronounced ICRA A one plus).	865	Reaffirmed
Commercial Paper	[ICRA] A1+ (Pronounced as ICRA A one plus) Instruments with [ICRA] A1+ rating are considered to have the highest degree of safety regarding timely servicing of financial obligations. Such instruments carry lowest credit risk	300	-	-	Reaffirmed

Annexure X

of the Board's Report (Contd.)

Rating by CARE

CARE Ratings Limited vide its' letter dated 03 December 2020 has assigned the Credit Rating to Company's various credit facilities and instruments as mentioned below:

Facilities	Amount (₹ in Crores)	Rating Assigned	Remarks
Long Term Bank Facilities	143.36	CARE AA-; Negative (Double A Minus; Outlook: Negative)	Reaffirmed; Outlook revised from Stable
Long Term /Short Term Bank Facilities	1625.00	CARE AA-; Negative / CARE A1+ (Double A Minus; Outlook: Negative / A One Plus)	Reaffirmed; Outlook revised from Stable

Distribution of Shareholding and Shareholding Pattern as on 31 March 2021

• Distribution of Shareholding as on 31 March 2021

No. of shares	No. of Shareholders	% of total number of shareholders	Number of shares held	% of the total number of shares
Upto 5000	236892	98.28	98770130	23.57
5001 to 10000	2428	1.01	18493342	4.41
10001 to 20000	973	0.40	13911374	3.32
20001 to 30000	309	0.13	7731868	1.85
30001 to 40000	128	0.05	4548910	1.09
40001 to 50000	96	0.04	4551070	1.09
50001 to 100000	134	0.06	9482606	2.26
100001 to 500000	70	0.03	13636322	3.25
500001 to 1000000	3	0.00	2012121	0.48
1000001 and Above	10	0.00	245827535	58.68
Total	241043	100.00	418965278	100.00

• Shareholding pattern as on 31 March 2021

Category of shareholders	No. of Shareholders	% of total number of shareholders	Number of shares held	% of the total number of shares
(A) Promoter Group				
(a) Directors & relatives	3	0.00	6235200	1.49
(b) Bodies corporate	2	0.00	184083674	43.94
Sub- total (A)	5	0.00	190318874	45.43
(B) Non-promoters				
(a) Mutual funds / UTI	3	0.00	52785	0.01
(b) Financial institutions/Bank	3	0.00	5606	0.00
(c) Foreign Company	1	0.00	48178860	11.50
(d) Foreign Portfolio	27	0.01	2685626	0.64

Annexure X

of the Board's Report (Contd.)

Category of shareholders	No. of Shareholders	% of total number of shareholders	Number of shares held	% of the total number of shares
(e) Central Government/ State Government(s)/ President of India.	1	0.00	3000	0.00
(f) Domestic Company, Clearing Member, NBFC Registered with RBI	1009	0.42	18265013	4.36
(g) Individuals, HUF, Trust	237335	98.47	151293677	36.11
(h) IEPF	1	0.00	3258033	0.78
(i) N. R. I.	2658	1.10	4903804	1.17
(j) Sub-total (B)	241038	100.00	228646404	54.57
Total (A) + (B)	241043	100.00	418965278	100.00

Dematerialization of shares and liquidity

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

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

NSDL - INE 019C01026	CDSL - INE 019C01026

As on 31 March 2021, out of the 418,965,278 equity shares of the Company, 415,634,336 shares were held in electronic form representing 99.20% to the total paid up share capital, whereas balance of 3,330,942 shares were held in physical form representing 0.80% to the total paid up share capital of the Company.

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

Held in dematerialised form in CDSL	89,625,970	21.39%
Held in dematerialised form in NSDL	326,008,366	77.81%
Physical	3,330,942	0.80%
Total No. of shares	418,965,278	100.00%

However as on 31 March 2021, out of 418,965,278 equity shares of the Company, 418,807,782 equity shares were listed with the Stock Exchanges. The Company allotted 1,57,496 equity shares on 22 March 2021 to the eligible employees on exercise of options pursuant to "Himadri Employee Stock Option Plan 2016". The Listing of those additional shares issued under ESOP were under process as on 31.03.2021. The same were subsequently listed and admitted for trading on 20 April 2021.

Foreign Exchange Risk and Hedging activities

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

Annexure X

of the Board's Report (Contd.)

Locations of Plants

Sr. No.	Location of Plant
1	Mahistikry, P.S.- Haripal, District- Hooghly (W.B.)
2	Liluah Unit (Howrah), 58, N.S. Road, Liluah, Howrah - 711 204 (W. B.)
3	Liluah Unit (Howrah), 27-B, Gadadhar Bhatt Road, Liluah, Howrah- 711 204 (W.B.)
4	Korba Unit - Vill- Jhagrah, Rajgamar Colliery, Korba- 495683 (Chhattisgarh)
5	Vizag Unit - Plot No. 67, 68 & 69, Ancillary Industrial Estate, Vill: Pedagantyada, PIN- 530 013 (A. P.)
6	Wind Mills Division: a. Vill- Amkhel: Taluka- Sakri, District- Dhule, Maharashtra b. Vill- Titane, Taluka- Sakri, District- Dhule, Maharashtra
7	Sambalpur Unit, Kenghati. P.O Jayantpur, Sambalpur -768112
8	Falta Special Economic Zone J.L. No 1, Dag No: 49,50,51, Sector- II, Vill- Simulberia, P.O.- Falta, Dist- 24 Pgs (South) West Bengal -743504
9	China Unit, Longkou, Shandong, China. (Step-down Subsidiary)

Address for correspondence

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

Himadri Speciality Chemical Ltd

**23A, Netaji Subhas Road, 8th Floor, Suite no 15
Kolkata - 700 001**

Phone number: (033) 2230 9953/ 2230 4363

Fax No 91-33-2230-9051,

e-mail: investors@himadri.com

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

17. Subsidiary Companies

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

During the financial year 2019-20 and 2020-21, AAT Global Limited became material subsidiary

pursuant to Section 16 of SEBI (LODR) Regulations, 2015 ("SEBI Listing Regulations"). Mr. Santimoy Dey, the Independent Director had been appointed as Director of AAT Global Limited.

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

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

18. Other Disclosures

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

Annexure X

of the Board's Report (Contd.)

the interests of the Company at large;

The Company has not entered into any materially significant related party transaction during the year with any of the related parties which may have potential conflict with the interest of the Company. The related party transactions constitute contracts or arrangements, made by the Company from time to time, with Companies in which Directors are interested. The Audit Committee reviews periodically the related party transactions and the Committee provided omnibus approval for related party transactions which are in ordinary course of business (repetitive in nature) and are on Arm's Length basis. All transactions covered under the related party transactions are regularly approved by the Board. There were no material transactions during the financial year 2020-21 that were prejudicial to the Company's interest. There are no materially significant related party transactions i.e., transactions of the Company of material nature, with its promoters, the directors or the management and their subsidiaries or relatives that may have potential conflict with Company's interest at a large. Related party transactions as per requirements of Indian Accounting Standard (Ind- AS 24) "Related Party Disclosures" are disclosed in the Notes to the Financial Statements of the Company for the year ended 31 March 2021.

ii. Reconciliation of Share Capital Audit Report;

A qualified Practising Company Secretary has carried out exercise of Reconciliation of Share Capital to the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital as on the close of the financial year 2020-21. The Reconciliation of Share Capital confirms that the total issued / paid up capital is in line with the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL.

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

The Company has complied with the requirements of the stock exchange(s)/ SEBI and statutory authorities on all matters related to capital markets. There were no instances of non-compliance on any matter relating to the capital market during the last three years. There were no penalties or strictures imposed on the Company by the stock exchange(s), SEBI or any statutory authority in any matter related to capital markets except the following:

Action Taken by	Details of violation	Details of action taken e.g., fines, warning letter, debarment, etc.
National Stock Exchange of India Limited (NSE)	Pursuant to Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with SEBI circular dated 29.07.2020 the Company was required to submit unaudited financial statements for the quarter ended 30 th June, 2020 on or before 15 September 2020 but the same was submitted by the Company on 29 October 2020	Fine was imposed by NSE. The Company paid the fine on 16 April 2021
BSE Limited (BSE)		Fine was imposed by BSE. The Company has made waiver application to BSE which is pending

Annexure X

of the Board's Report (Contd.)

iv. Details of establishment of Vigil Mechanism, Whistle Blower Policy and affirmation that no person has been denied access to the Audit Committee;

The Company has adopted a Vigil Mechanism and Whistle Blower Policy and the same is uploaded on the website of the Company at www.himadri.com. The Board appointed Ms. Monika Saraswat, Company Secretary as Vigilance Officer for this purpose. The whistle blowers may also lodge their complaints/concern with the Chairman of the Audit Committee, whose contact details are provided in the Whistle Blower Policy of the Company. The Policy also offers appropriate protection to the whistle blowers from victimization, harassment, or disciplinary proceedings.

Further, during the financial year ended 31 March 2021, no personnel has been denied access to the audit committee, in this regard.

v. Details of Mandatory and Non-mandatory requirements;

The Company has complied with the mandatory requirements of Regulation 34(3) read with Schedule V of the Listing Regulations and has adopted a few non-mandatory requirements as specified under Regulations of SEBI Listing Regulations, which are reviewed by the management from time to time.

vi. Details of compliance with Non-mandatory (discretionary) requirements;

The Company has duly fulfilled the following discretionary requirements as prescribed in Sub - Regulation 1 of Regulation 27 Part E of

Schedule II of the SEBI Listing Regulations as follows:

Reporting of Internal Auditor

Internal Auditors of the Company make presentations to the Audit Committee on their Reports and has direct access to the Audit Committee.

Other Items

The rest of the Non-Mandatory Requirements will be implemented by the Company as and when required and/ or deemed necessary by the Board.

vii. Proceeds from Public Issues, Rights Issue, Preferential Issues, Qualified Institutional Placement etc.;

The Company has not raised any money through issue of Securities by means of Public issue, Rights Issue, Preferential Issue, Qualified Institutions Placement etc. during the financial year ended 31 March 2021.

viii. Web link where policy on determining 'material' subsidiaries is disclosed;

The Company has formulated a policy pursuant to provisions of Chapter IV of SEBI Listing Regulations to determine material subsidiaries. The policy is posted on the website of the Company and the web link for the same is: https://www.himadri.com/pdf/corporate_governance/policy_for_determining_material_subsidary.pdf

ix. Web link where policy on dealing with related party transactions;

The Company has duly formulated a Policy on dealing with Related Party transactions. The Company recognizes that certain

Annexure X

of the Board's Report (Contd.)

transactions present a heightened risk of conflicts of interest or the perception thereof and therefore has adopted this Policy to ensure that all Related Party Transactions with Related Parties shall be subject to this policy and approval or ratification in accordance with Applicable Law. This Policy contains the policies and procedures governing the review, determination of materiality, approval and reporting of such Related Party Transactions. The link for the same as placed on the website of the Company is https://www.himadri.com/pdf/corporate_governance/policy_on_related_party_transactions.pdf

x. Disclosure of commodity price risks and commodity hedging activities;

Disclosure of commodity price risks and commodity hedging activities has been adequately covered under the Management Discussion and Analysis Report.

xi. Details of utilization of funds raised through preferential allotment or qualified institutions placement as specified under Regulation 32 (7A)

During the financial year, the Company had not raised any funds through preferential allotment or qualified institutions placement

xii. Declaration of Non-Disqualification or debarment for appointment / continuing as the Director in companies for the financial year 2020-2021;

There is no such director on the Board of the Company who has been disqualified by virtue of any provisions of the Companies Act, 2013 and any other laws or debarred by any regulatory authority to be appointed or continue to act as Director.

A Certificate from a Company Secretary in Practice that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as Directors of Companies by the Board/Ministry of Corporate Affairs or any such statutory authority is annexed to this report as Annexure II.

xiii. Recommendation from the Committees to the Board;

There were no such instances where the Board has not accepted the recommendations of / submissions by the Committee, which were required for the approval of the Board of Directors during the financial year under review.

xiv. Details of fees paid to statutory auditor;

Total fees paid by the Company to the statutory auditors for all the services provided by them are as follows:

	Amount in ₹ Lakhs	
	2020-21	2019-20
Payment towards-		
Statutory Audit Fee	50.50	50.50
Limited Review Reports	9.50	9.50
Certification fees	2.40	9.56
Non-Audit Services	1.50	8.57
Re-imbursement of Expenses	4.86	6.17
Total	68.76	84.30

Annexure X

of the Board's Report (Contd.)

xv. Disclosure under Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013;

The Company has constituted Internal Complaint Committee pursuant to Section 4 of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and rules made thereunder. During the financial year 2020-21, the Committee submitted its Annual Report as prescribed in the said Act and there was no complaint as regards sexual harassment received by the Committee during the financial year.

Details of Complaints received and redressed during the financial year 2020-21 are as follows:

- Number of complaints outstanding at the beginning of financial year - Nil
- Number of complaints filed during the financial year - Nil
- Number of complaints disposed of during the financial year - Nil
- Number of complaints pending as on end of the financial year - Nil

xvi. Disclosures with respect to demat suspense account/ unclaimed suspense account;

There is no shares in demat suspense account.

- aggregate number of shareholders and the outstanding shares in the suspense account lying at the beginning of the year- NIL
- number of shareholders who approached listed entity for transfer of shares from suspense account during the year- NIL

- number of shareholders to whom shares were transferred from suspense account during the year- NIL
- aggregate number of shareholders and the outstanding shares in the suspense account lying at the end of the year- NIL
- that the voting rights on these shares shall remain frozen till the rightful owner of such shares claims the shares- NIL

xvii. Disclosure of discretionary requirements as specified in Part E of Schedule II have been adopted;

As mentioned above in point no 18(vi)

xviii. Disclosure of Non-compliance of any requirement of Corporate Governance Report of sub-paras (2) to (10) of para C of Schedule V of SEBI (LODR) Regulation, 2015, with reasons thereof shall be disclosed;

There is no instance of non-compliance of any requirement of Corporate Governance report of sub-paras (2) to (10) of para C of Schedule V of SEBI Listing Regulations.

xix. Disclosure of the Compliance of the Corporate Governance;

The Company is in compliance with the Corporate Governance requirements as specified in Regulation 17 to 27 and the Company is also in compliance with the requirements of dissemination of the information of as required in terms of clause (b) to (i) of Regulation 46 (2) of the SEBI Listing Regulations.

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of the Board's Report (Contd.)

Details of corporate policies

Sl. No	Policy	Link
1	Corporate Social Responsibility Policy	https://www.himadri.com/pdf/corporate_governance/csr-policy-himadri-30-03-2021.pdf
2	Composition and Profile of the Board of Directors	https://www.himadri.com/leadership
3	Terms and Conditions of appointment of Independent Directors	https://www.himadri.com/corporate_governance
4	Familiarization Programme for Independent Directors	https://www.himadri.com/pdf/corporate_governance/familiarisation_programme2020-21.pdf
5	Remuneration policy of Directors, KMPs & other Employees	https://www.himadri.com/pdf/corporate_governance/nomination_remuneration_policy_june2018.pdf
6	Code of Conduct	https://www.himadri.com/pdf/corporate_governance/code_of_conduct_for_all_director_and_senior_management.pdf
7	Criteria for making payments to Non-Executive Directors, Executive Directors	https://www.himadri.com/pdf/corporate_governance/criteria_of_making_payment_to_non_executive_directors.pdf
8	Code of Conduct for Non-Executive Directors	https://www.himadri.com/pdf/corporate_governance/code_of_conduct_for_independent_directors.pdf
9	Policy on Related Party Transactions	https://www.himadri.com/pdf/corporate_governance/amended_policy_on_materiality_of_related_party22-09-2020.pdf
10	Policy on determining Material Subsidiaries	https://www.himadri.com/pdf/corporate_governance/policy_for_determining_material_subsidary.pdf
11	Whistle Blower Policy	https://www.himadri.com/pdf/corporate_governance/vigil_mechanism_himadri_amended_wef18-03-2020.pdf
12	Policy on determination of Materiality for Disclosure(s)	https://www.himadri.com/pdf/corporate_governance/policy_on_determination_of_materiality_of_events2020.pdf
13	Business Responsibility Policy	https://www.himadri.com/pdf/corporate_governance/HSCL_BRR_POLICY.pdf
14	Dividend Distribution Policy	https://www.himadri.com/pdf/corporate_governance/dividend_distribution_policy.pdf

Disclosures of transactions of the listed entity with any person or entity belonging to the promoter/ promoter group which hold(s) 10% or more shareholding in the listed entity, in the format prescribed in the relevant accounting standards for annual results. [Para A (2A) of Schedule V]

No such transactions were entered into by the Company during the financial year. All transactions with related parties have been disclosed in Financial Statements.

For and on behalf of the Board

Sd/-

Anurag Choudhary

Managing Director & Chief Executive Officer
(DIN: 00173934)

Sd/-

Shyam Sundar Choudhary

Executive Director
(DIN: 00173732)

Place: Kolkata

Date: 30 June 2021

Annexure X

of the Board's Report (Contd.)

Annexure I

Declaration by the Chief Executive Officer

[Pursuant to Regulation 34 (3) {Schedule V Paragraph D} of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

To
The Members of
Himadri Speciality Chemical Ltd

I, Anurag Choudhary, Managing Director & Chief Executive Officer of the Company declare that to the best of my knowledge and belief, all the Members of the Board and the designated personnel in the Senior Management Personnel of the Company have affirmed their respective compliance with the applicable Code of Conduct for the financial year ended 31 March 2021.

For Himadri Speciality Chemical Ltd

Sd/-
Anurag Choudhary
Managing Director & Chief Executive Officer
(DIN: 00173934)
Date: 30 June 2021

Annexure II

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

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

To
The Members of
Himadri Speciality Chemical Ltd
23A, Netaji Subhas Road, 8th Floor
Suite No . 15, Kolkata - 700001

I have examined the relevant registers, records, forms, returns and disclosures received from the Directors of **M/s. Himadri Speciality Chemical Limited** having CIN: L27106WB1987PLC042756 and registered office at 23A, Netaji Subhas Road, 8th Floor, Suite No. 15, Kolkata – 700001 (hereinafter referred to as 'the Company'), produced to me by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In my opinion and to the best of my information and according to the verifications [including Directors Identification Number (DIN) status] at the portal www.mca.gov.in as considered necessary and explanations furnished to me by the Company and its officers, certify that following are the Directors on the Board of the Company as on **31 March 2021**:

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SL. NO.	DIN	FULL NAME	DESIGNATION	DATE OF APPOINTMENT
1	00173732	Shyam Sundar Choudhary	Whole-time Director	28/07/1987
2	00173792	Bankey Lal Choudhary	Whole-time Director	28/07/1987
3	00173858	Vijay Kumar Choudhary	Whole-Time Director	28/07/1987
4	00173934	Anurag Choudhary	Managing Director & CEO	14/08/2019
5	00152358	Amit Choudhary	Whole-time Director	14/08/2019
6	00174003	Tushar Choudhary	Whole-time Director	14/08/2019
7	00364962	Santosh Kumar Agrawala	Independent Director	14/11/2016
8	00631772	Sakti Kumar Banerjee	Independent Director	11/07/2006
9	06875452	Santimoy Dey	Independent Director	27/05/2014
10	06921540	Sucharita Basu De	Independent Director	01/04/2019
11	00104948	Hardip Singh Mann	Independent Director	14/11/2011
12	00018375	Hanuman Mal Choraria*	Director	11/08/2014

* Mr. Hanuman Mal Choraria, Independent Director had demised on 26 April 2021.

I further certify that none of the above said Directors on the Board of the Company for the financial year ending on 31 March 2021 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority. Ensuring the eligibility of for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Sd/-

Rajarshi Ghosh

(Practising Company Secretary)

Membership No: 17717; CP No.: 8921

UDIN: A017717C000384193

Place: Kolkata

Date: 28 May 2021

Annexure X

of the Board's Report (Contd.)

Annexure III

CERTIFICATE REGARDING COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

To

The Members

Himadri Speciality Chemical Ltd

Kolkata

We have examined the compliance of conditions of Corporate Governance by Himadri Speciality Chemical Limited ("the Company") for the financial year ended 31 March 2021 ("Period under Review"), as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and Para C and D of the Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015("Listing Regulations").

The compliance of conditions of Corporate Governance is the responsibility of the management of the Company. Our examination was limited to review of the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. The Certificate is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and based on the representation made by the directors, the management and the Company's officers, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the Listing Regulations during the Period under Review.

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

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

Membership No. A-3010

C.P. No. 14490

UDIN: A003010C000500023

Date: 23 June 2021

Annexure X

of the Board's Report (Contd.)

Annexure IV

CEO & CFO CERTIFICATION

To

The Members of

Himadri Speciality Chemical Ltd

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

Kolkata - 700 001

Sub: CEO & CFO certification in terms of Regulation 17(8) of the SEBI (LODR) Regulations, 2015

We,

- 1) Anurag Choudhary, Managing Director & Chief Executive Officer and
- 2) Kamlesh Kumar Agarwal, Chief Financial Officer

Certify that:

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

For and on behalf of the Board

Sd/-

Anurag Choudhary

Managing Director & Chief Executive Officer

(DIN: 00173934)

Sd/-

Kamlesh Kumar Agarwal

Chief Financial Officer

Place: Kolkata

Date: 30 June 2021

Annexure XI

of the Board's Report

BUSINESS RESPONSIBILITY REPORT

Section A: General information about the Company

1. **Corporate Identity Number (CIN)** : L27106WB1987PLC042756
2. **Name of the Company:** : Himadri Speciality Chemical Ltd
3. **Registered address** : 23A, Netaji Subhas Road, 8th Floor, Suite No. 15, Kolkata – 700 001
4. **Website** : www.himadri.com
5. **E-mail id:** : investors@himadri.com
6. **Financial year reported:** : 2020-21
7. **Sector(s) that the Company is engaged in (industrial activity code-wise)**

Particulars	National Industrial Code
Carbon Materials & Chemicals	23999
Power	38210

8. The key products/services manufactured (as in balance sheet):

- i. **Carbon Materials and Chemicals**
- ii. **Power**

9. Total number of locations where business activity is undertaken:

i. Number of international locations:

Himadri Speciality Chemical Ltd carries out its international operations in Longkou, Shandong, China through its step-down subsidiary in China – Shandong Dawn Himadri Chemical Industry Limited.

ii. Number of national locations:

The Company carries out its operations through its head office in Kolkata and several marketing offices across India. The Company has total 7 manufacturing units viz one manufacturing unit at Mahistikry, Hooghly, West Bengal, two manufacturing units at Liluah, Howrah, West Bengal, one unit at Falta SEZ, West Bengal, one unit each at Korba, Chhattisgarh; Vishakhapatnam, Andhra Pradesh; and Sambalpur, Odisha.

10. Markets served by the Company: Local/State/ National/International

The products of the Company are sold across India. Further, in international markets, the geography Himadri primarily caters to include Asia, Middle East, Europe, Africa, Americas and all major geographic.

Section B: Financial details of the Company as on 31 March 2021

1. **Paid up capital (₹):** 4,189.65 lakhs
2. **Total turnover (₹):** 167,945.80 lakhs
3. **Total profit after taxes (₹):** 4,667.17 lakhs
4. **Total spending on Corporate Social Responsibility (CSR) as percentage of PAT (%):** ₹ 417.01 lakhs which is 8.93% of the PAT
5. **List of activities in which expenditure in 4 above has been incurred:**
Please refer Annual report on CSR activities forming part as **Annexure IX** of the Board's Report.

Annexure XI

of the Board's Report (Contd.)

Section C: Other Details

1. Does the Company have any subsidiary Company/ Companies?

Yes. HSCL has one wholly owned subsidiary AAT Global Limited incorporated in Hong Kong and also has one step down subsidiary, Shandong Dawn Himadri Chemical Industry Limited ("SDHCIL") in China, in which the Company holds 94% equity through AAT Global Limited as on 31 March 2021.

2. Do the subsidiary Company/Companies participate in the BR initiatives of the parent Company? if yes, then indicate the number of such subsidiary Company(s).

No

3. Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with participate in the BR initiatives of the Company? if yes, then indicate the percentage of such entity/entities? [>30%, 30-60%, < 60%]

The Company's Business Responsibility ('BR') Policy is applicable to the management and all employees of the Company. The Company encourages and expects its business partners to adopt the BR practices. However, no formal study has been undertaken as of date to ascertain the percentage of such entities who participate in BR activities.

Section D: BR information

1. a. Details of Director/Directors responsible for BR implementation of the BR policy/policies

- i. **Name:** Mr. Bankey Lal Choudhary
- ii. **DIN :** 00173792
- iii. **Designation:** Executive Director
- iv. **Telephone number:** 033-22309953
- v. **E-mail id:** investors@himadri.com

b. Details of BR head

- i. **Name:** Mr. Anurag Choudhary
- ii. **DIN:** 00173934
- iii. **Designation:** Managing Director & Chief Executive Officer
- iv. **Telephone number:** 033-22309953
- v. **E-mail id:** investors@himadri.com

2. Principle-wise BR Policies as per National Voluntary Guidelines

The National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business released by the Ministry of Corporate Affairs has adopted nine areas of Business Responsibility. These are as follows:

p1	Business should conduct and govern themselves with Ethics, Transparency and Accountability
p2	Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle
p3	Businesses should promote the well-being of all employees
p4	Businesses should respect the interests of and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.
p5	Businesses should respect and promote human rights

Annexure XI

of the Board's Report (Contd.)

p6	Business should respect, protect and make efforts to restore the environment
p7	Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner
p8	Businesses should support inclusive growth and equitable development
p9	Businesses should engage with and provide value to their customers and consumers in a responsible manner

(a) Details of Compliance (Reply in Y / N)

Questions	p1	p2	p3	p4	p5	p6	p7	p8	p9
1 Do you have a policy/ policies for:	Y	Y	Y	Y	Y	Y	Y	Y	Y
2 Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
3 Does the policy conform to any national / international standards? if yes, specify? (50 words)	Y	Y	Y	Y	Y	Y	Y	Y	Y
The policy is based on National Voluntary Guidelines on Social, Environmental & Economical Responsibilities of Business released by Ministry of Corporate Affairs in July 2011.									
4 Has the policy being approved by the Board? if yes, It has been signed by MD/ CEO/ appropriate Board director?	Y	Y	Y	Y	Y	Y	Y	Y	Y
5 Does the Company have a specified committee of the Board / Director / official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	Y	Y	Y
The Director responsible for BR and BR head is responsible for implementation of the policy									
6 Indicate the link for the policy to be viewed online?	https://www.himadri.com/pdf/corporate_governance/HSCL_BRR_POLICY.pdf								
7 Has the policy been formally communicated to all relevant internal and external stakeholders?	Yes, It has been posted on the Company's Website.								
8 Does the Company have in-house structure to implement the policy/ policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
9 Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/ policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
10 Has the Company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	Y	Y	Y	Y	Y	Y	Y	Y	Y

Annexure XI

of the Board's Report (Contd.)

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

No.	Questions	p1	p2	p3	p4	p5	p6	p7	p8	p9
1	The Company has not understood the principles	Not Applicable								
2	The Company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles									
3	The Company does not have financial or manpower resources available for the task									
4	It is planned to be done within next 6 months									
5	It is planned to be done within the next 1 year									
6	Any other reason (please specify)									

3. Governance related to BR

i. **Indicate the frequency with which the Board of Directors, committee of the Board or CEO to assess the BR performance of the Company. Within three months, 3-6 months, annually, more than 1 year:**

The BR Head periodically assess the BR performance of the Company, and the Board reviews the same annually.

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

The Company has adopted its BR report for FY 2020-21 which forms the part of the Annual Report. The same can be viewed on the website of the Company at www.himadri.com

Section E: Principle-wise performance

PRINCIPLE 1 - BUSINESS SHOULD CONDUCT AND GOVERN THEMSELVES WITH ETHICS, TRANSPARENCY AND ACCOUNTABILITY

1. **Does the policy relating to ethics, bribery and corruption cover only the Company? (yes/no). Does it extend to the Group/Joint Ventures/Suppliers/Contractors/ NGOs/Others?**

The Company's policy on Ethics, Transparency and Accountability along with the Code of Conduct is applicable to all the individuals working in the Company. The Company encourages its business partners to follow the code. The policy also applies to for fair dealings with customers, suppliers, contractors and other stakeholders.

The Company also encourages customers, suppliers, contractors and other stakeholders to follow the principles envisaged in the BRR policy

2. **How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved? if so, provide details thereof, in about 50 words or so.**

No stakeholder complaint was received pertaining to ethics, transparency and accountability violation in financial year 2020-21.

Annexure XI

of the Board's Report (Contd.)

PRINCIPLE 2 - BUSINESSES SHOULD PROVIDE GOODS AND SERVICES THAT ARE SAFE AND CONTRIBUTE TO SUSTAINABILITY THROUGHOUT THEIR LIFE CYCLE

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

- Coal Tar Pitch
- Carbon Black
- Naphthalene

2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional):

Power: The Company produces and uses green power. The Company makes use of the exhaust gases generated during production of carbon black to produce captive power.

Fuel: Coal tar, which is a key raw material, is a by-product of steel plants. The fuel derived from distillation of coal tar is used as energy source for production process.

Water: We utilise all our effluent by treating chemically followed by reverse osmosis process. We have a zero discharge facility.

Raw Material: For each of the products, the key raw materials are coal tar and carbon black feedstock which are procured from domestic and international markets.

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

The Company considers aspects such as safety and environment in addition to commercial considerations while selecting its suppliers. Most of the raw materials are sourced from these suppliers.

4. Has the Company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work? if yes, what steps have been taken to improve their capacity and capability of local and small vendors?

The major raw material used by the Company in manufacturing its products are of such nature, which are generally not produced by small producers. However, for all other products the Company tries to procure from local supply chain partners which include small scale industries who meet our quality, delivery, cost and technology expectations. Efforts are continuously made to use local service providers for availing various support services at our various plants and services.

5. Does the Company have a mechanism to recycle products and waste? if yes, what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof.

The Company has a robust efficient effluent treatment process thereby enabling it continuously maintain Zero-discharge status across all the facilities.

The Company has a closed loop process and does not generate any waste. All the by-products are converted to finished goods. The water content in raw material is separated during the manufacturing process. This is treated in ETP plant and recycled as input in the manufacturing process. Of the total input, waste generated and recycled is less than 5%.

Annexure XI

of the Board's Report (Contd.)

PRINCIPLE 3 - BUSINESSES SHOULD PROMOTE THE WELL-BEING OF ALL EMPLOYEES

- Total number of employees: 920**
- Total number of employees hired on temporary/ contractual/casual basis: 396 (hired in Financial Year 2020-21)**
- Number of permanent women employees: 40**
- Number of permanent employees with disabilities: 0**
- Do you have an employee association that is recognised by management?** There is no employee association
- What percentage of your permanent employees is members of this recognised employee association?**
Not Applicable
- Please indicate the number of complaints relating to Child labour, forced labour, involuntary labour, sexual harassment, Discriminatory employment in the last financial year and pending, as on the end of the financial year**

No.	Category	No of complaints filed during the year	No of complaints pending as on the end of financial year
1	Child labour, forced labour, involuntary labour	Nil	Nil
2	Sexual Harassment	Nil	Nil
3	Discriminatory employment.	Nil	Nil

- What percentage of your under mentioned employees were given safety and skill up-gradation training in the last year?**
45 per cent of employees were trained on skill up gradation training (Technical & managerial together) and 42 per cent trained on safety.

PRINCIPLE 4 - BUSINESSES SHOULD RESPECT THE INTERESTS OF AND BE RESPONSIVE TOWARDS ALL STAKEHOLDERS, ESPECIALLY THOSE WHO ARE DISADVANTAGED, VULNERABLE AND MARGINALISED

- Has the Company mapped its internal and external Stakeholders?**
Yes – the Company has done so consummately.
- Out of the above, has the Company identified the disadvantaged, vulnerable and marginalised Stakeholders?**
Yes, we always actively work to identify underprivileged communities in and around our Manufacturing Sites to prioritise our intervention and work on to serve their needs through our well-crafted CSR Programs. The needs are identified through various listening and learning methods and are prioritised by suitably addressing the needs of the Community.
- Are there any special initiatives taken by Company to engage with the disadvantaged, vulnerable and marginalised Stakeholders? If so, provide details thereof, in about 50 words or so.**
Yes. Himadri Speciality Chemical Ltd believes that it has an important role to play in the inclusive growth of the Society and the Community in which it operates
 - The Company has taken up Project for provision of Safe Drinking Water to each household in the Village.
 - The Company promotes Education and Literacy in adjoining villages. Free Distribution of Books is the initiative taken at the commencement of each Academic Year for the needy School Children so that they can seamlessly pursue their studies.

Annexure XI

of the Board's Report (Contd.)

- The Company provides Healthcare Facilities to the underprivileged in and around its Factory premises. A Medical Centre is run in the Village where the Manufacturing Activities of the Company is situated. It provides Free Medical Consultation and Free Medicine to the needy Villagers of all adjoining Villages around the year.
- The Company has chosen couple of CSR projects on rural development such as constructing pukka houses in place of kuccha houses for Economically Weaker Sections (EWS) of the society in village area surrounding or adjoining to Company's plant at Mahistikry as well as surrounding villages, setting up of rural electrification facility, setting up of drainage system, setting up of water supply tanks including pipeline connectivity to the villages involving a large amount of outlay.

Details of all the Activities listed above are provided in **Annexure IX** to the Board's Report.

PRINCIPLE 5 - BUSINESSES SHOULD RESPECT AND PROMOTE HUMAN RIGHTS

1. Does the policy of the Company on human rights cover only the Company or extend to the Group/Joint ventures/suppliers/contractors/NGOs/others?

The Company respects & protects the human rights of all people around and associated with it. The Company complies with applicable laws and regulation governing occupational health and safety. The Company applies principles of equal opportunity, fair treatment and zero tolerance for any form of unlawful discrimination or harassment of employees. The Company is holding ISO 9001:2008 and ISO 14001:2015 certification for Health and Safety Standards and Environment Management Standards. The Company expects its suppliers, contractors etc. to adhere to the principles of human rights.

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

No stakeholder complaints were received pertaining to human rights violation in financial year 2020-21.

PRINCIPLE 6 - BUSINESS SHOULD RESPECT, PROTECT AND MAKE EFFORTS TO RESTORE THE ENVIRONMENT

1. Does the policy related to principle 6 cover only the Company or extends to the Group/Joint ventures/suppliers/contractors/NGOs/others.

The Company is committed to safeguard the interest of environment with a view of sustainable development. For the same, Company has taken many environmentally friendly initiatives and also carried out process modification to protect environment. The Company's Environmental policy is applicable to all its business places.

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

The Company understands and recognizes that climate change and global warming are real threat to the global community and each and every person has a role & responsibility to address such alarming issue. The Company has taken the following initiatives to address these global environmental issues as:

- Anode material for Lithium-ion batteries:** The Company has developed anode material for lithium-ion batteries and is expanding its commercial capacity to market the same. Lithium-ion batteries are critical for industries like electric vehicles and renewable energy storage solutions thereby reducing the reliance on fossil fuel globally.
- Operation of Boiler through waste flue gas generated from Carbon Black reactor during the production of Carbon Black:** The waste flue gas generated from the carbon black reactor is routed to the drier where it is being utilized for drying the Carbon Black. Thus additional fuel is not required for the operation of drier thereby reducing the emission of Carbon-dioxide a green-house gas. The power generated by the Company is clean power eligible for carbon credits.

Annexure XI

of the Board's Report (Contd.)

- iii. **Use of heat exchanger:** The heat exchanger transfers some of the waste heat in the exhaust to the furnace air, thus preheating it before entering the fuel burner stage. Since the gases have been pre-heated, less fuel is required to heat the gases up to the furnace inlet temperature. By recovering some of the energy usually lost as waste heat, the heat exchanger can make reheating furnace more efficient. Less use of fuel ultimately leads to less generation of carbon-dioxide thereby contributing to global cause.

More information is available on following web link: <https://www.himadri.com/sustainability>

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

Yes.

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

No, the Company presently does not have any project related to clean development mechanism.

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

The Company has taken certain initiatives towards conservation of energy and energy efficiency at its various plants. **Annexure VII** to the Board's Report contains details of the steps taken to conserve energy during the year.

Sustainable growth is an integral part of Company's philosophy and multiple projects, and initiatives are undertaken to address clean technology, energy efficiency, renewable energy etc. The Company is **Carbon Positive** in its operations and has zero discharge facilities. Some of the initiatives are listed below:

Clean and green power: The Company generates power from fuel gas generated during production of carbon black. This power is clean and green power. The power is used for captive consumption as well as sold to grid to reduce overall carbon footprint.

Alternative Source of energy: The Company has started commissioning alternate source of energy through use of solar panels for the lighting equipment as well as very long solar panels for the warehouse and packaging activity also contemplating to progressively use this source in critical manufacturing equipment.

Waste management: Well integrated system to handle wastes. E.g., all the water waste generated during process is utilised as input material for another process.

- Kitchen waste – we generate the bio-gas which in turn used for our canteen cooking.

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

All the plants of the Company comply with the prescribed emission norms of various Central/State pollution control boards. All the emission and waste generated by the Company is well within the permissible limits given by SPCB/CPCB for the financial year reported.

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

No show cause or legal notices from the pollution control authorities are pending as at the end of the financial year.

Annexure XI

of the Board's Report (Contd.)

PRINCIPLE 7 - BUSINESSES, WHEN ENGAGED IN INFLUENCING PUBLIC AND REGULATORY POLICY, SHOULD DO SO IN A RESPONSIBLE MANNER

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

(a) Bharat Chamber of Commerce (b) Indian Chamber of Commerce and Industry (c) Federation of Indian Chambers of Commerce and Industry (d) CII (e) Hooghly Chamber of Commerce & Industry (f) ACAE Chartered Accountants' Study Circle - EIRC and (g) ASSOCHAM

2. Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No. If yes specify the broad areas.

We do from time to time take up issues through these associations on matters of public and industry interest.

PRINCIPLE 8 - BUSINESSES SHOULD SUPPORT INCLUSIVE GROWTH AND EQUITABLE DEVELOPMENT

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

The Company is committed to behave responsibly towards people, society and the environment for inclusive growth of the society. The Company has several socio-economic projects running in various areas and are taken as per the CSR policy of the Company which includes:

- Promoting healthcare including preventing healthcare.
- Promoting education and special education.
- Eradicating hunger and making available safe drinking water

The details of specific CSR projects are given in **Annexure IX** to the Board's Report.

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

The aforesaid projects have been carried out by the Company directly and/or through implementing agencies.

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

Efforts are made to make a general assessment of impact of some of the initiatives. The CSR Committee internally performs an impact assessment of its initiatives at the end of each year to understand the efficacy of the programs and to gain insight for improving the design and delivery of future initiatives. However, no structural impact assessment is put in place at present.

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

During the year, the Company has spent ₹ 417.01 lakhs towards various CSR initiatives and projects. The details of the same are given in **Annexure IX** to the Board's Report.

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

All CSR projects and initiatives are planned with the objective of sustainable community development. The project is identified and developed as a facilitator within the CSR policy framework and presented to the CSR committee for its review, guidance and approval. The Company works directly and through implementing agencies of the project to ensure proper and meaningful adoption of these initiatives among the target community.

Annexure XI

of the Board's Report (Contd.)

PRINCIPLE 9 - BUSINESSES SHOULD ENGAGE WITH AND VALUE TO THEIR CUSTOMERS AND CONSUMERS IN A RESPONSIBLE MANNER

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

No customer complaints are pending as on the end of the financial year.

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

Not Applicable

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

There is no case against Himadri Speciality Chemical Ltd during last five years, relating to unfair trade practices, irresponsible advertising and/or anti-competitive behaviour.

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

Himadri believes in providing best services to its customers. Time to time meeting(s) with customers are organized to understand their expectation and essentially to gauge our competitiveness in the business. Himadri leverages its presence across the country to remain consistently in touch with the customers through its business unit and mitigate their issues promptly. Feedbacks received from customers are implemented to further enhance quality of service. Our ongoing efforts have made us market leaders or significant players across all products we operate in.

Independent Auditors' Report

To the Members of Himadri Speciality Chemical Limited

Report on the Audit of the Standalone Financial Statements

Qualified Opinion

We have audited the standalone financial statements of Himadri Speciality Chemical Limited ("the Company"), which comprise the standalone balance sheet as at 31 March 2021, and the standalone statement of profit and loss (including other comprehensive income), standalone statement of changes in equity and standalone statement of cash flows for the year then ended, and notes to the standalone financial statements, including a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the standalone financial statements").

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2021, and profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Qualified Opinion

As more fully discussed in note 4A(g) to the standalone financial statements, as at the balance sheet date, pending reconciliation by an independent financial firm specifically appointed for this purpose, and the consequent approval of the Board of Directors, the final additional claim of Rs 53.02 crores made by the EPC contractor, a related party, for implementing the Carbon Black expansion project, has not been accounted for in the books of account. Further, purchase/job orders issued amounting to Rs 22.32 crores to various third-party contractors for certain works relating to project have been partly paid and accounted for. The Board of Directors, in its meeting held on 22 October 2020, decided to appoint an independent engineering firm and a financial firm to conduct a technical reconciliation and

financial reconciliation respectively for examining the justification of these additional claims and purchase/job orders. Subsequently, the Company has received the final report of the independent engineering firm, dated 20 May 2021 as per which there is some overlap in the scope of the original EPC contract and new contracts awarded to the contractors. The findings of this report were discussed and taken on record by the Audit Committee in its meeting held on 10 June 2021. Further, some of the directors have also raised certain concerns with respect to the above to the audit committee and the members of the Board at various dates regarding the adherence to due process, compliance with applicable laws relating to transactions with related parties, justification for the additional work awarded to the contractors, findings of the independent engineering firm etc. Thereafter the Board at its meeting held on 22 June 2021 has taken the findings of the technical report of the independent engineering firm on record and approved the appointment of an independent financial firm to carry out financial reconciliation arising out of the observations of the technical report. The Company is thus in the process of reconciling the final value of the claims and the purchase/job orders issued. Final accounting for the additional claims and purchase/job orders would be after receipt of the report of the independent financial firm and consideration of both the reports in tandem. This also has implications on related financial transactions, internal controls and compliance with laws and regulations. In view of the above, we are unable to comment on adjustments, on the carrying value of the Property, Plant and Equipment, Liability for Capital Goods, Capital Advances, Capital Commitment and depreciation and consequential impact on tax expense and tax balances and other related disclosures as at and for the year ended 31 March 2021.

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the Standalone Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of

Independent Auditors' Report (Contd.)

India together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion on the Standalone financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matters described in the "Basis for Qualified Opinion" paragraphs, we have determined that the following are the key audit matters:

Description of Key Audit Matter

Litigation and regulatory proceedings

See note 8 and 16 to the standalone financial statements

The key audit matter	How the matter was addressed in our audit
As at 31 March 2021, the Company has, certain amount receivable from a customer (refer note 8) and given certain advances to a supplier (refer note 16), which are currently under arbitration proceedings from earlier years. The Company applies significant judgement in estimating the likelihood of the future outcome in each case when considering whether, and how much, to provide or in determining the required disclosure for the potential exposure of each matter. This is due to the magnitude of the legal matters involved along with the fact that legal proceedings may span over an extended period and may involve protracted negotiation or litigation. These estimates could change substantially over time as new facts emerge and legal cases progress. The Company has carried out independent assessment of the above matters and also obtained independent legal opinion to support their assessment around the outcome of these litigations that has led to their conclusion that no provision is required to be recognised in the books of account against the same. We considered this to be a matter of significance to our audit, given the inherent complexity of the matters, magnitude of potential exposures and the significant impact that the outcome of these litigations is likely to have on the standalone financial statements for the year ended 31 March 2021.	In view of the significance of the matter, we applied the following audit procedures in this area, among others, to obtain sufficient appropriate audit evidence: - Understood and evaluated the design and tested the operating effectiveness of controls around the assessment of this matter. - Discussed the status and likelihood of the outcome of the litigation with the external legal counsel engaged by the Company. - Evaluated the independence and competency of legal expert engaged by the Company. - Read the independent legal opinion obtained by the Company from external legal counsel. - Obtained and tested evidence to support the Company's assessment on recoverability of the amount receivable from a customer and advances given to suppliers. - Assessed the appropriateness of disclosure made in the standalone financial statements of the Company.

Recoverability of MAT credit entitlement (a component of deferred tax assets)

See note 32 to the standalone financial statements

The Key audit matter	How the matter was addressed in our audit
The Company has recognised Minimum Alternate Tax ('MAT') credit entitlement (a component of deferred tax assets) as at 31 March 2021. The utilisation of this asset will be through offsetting it when the Company pays taxes under the normal provision of Income-tax Act, 1961. Therefore, the recoverability of MAT credit entitlement is dependent upon generation of sufficient future taxable profits within the stipulated period prescribed under the Income-tax Act, 1961.	In view of the significance of the matter, we applied the following audit procedures in this area, among others, to obtain sufficient appropriate audit evidence: - Evaluated the accounting policy of MAT credit entitlement in terms of relevant accounting standard.

Independent Auditors' Report (Contd.)

The Key audit matter	How the matter was addressed in our audit
The Company recognises MAT credit only when and to the extent there is convincing evidence that the Company will pay normal income tax during the period for which the MAT credit can be carried forward for set-off against the normal tax liability. This is based on profit earned during the current year and future profitability projections based on approved business plans. Significant estimation is involved in projecting future taxable profits and other assumptions affected by expected future market or economic conditions. Due to significant level of judgement as stated aforesaid, we have identified recoverability of MAT credit entitlement as a key audit matter.	- Tested the design, implementation and operating effectiveness of key controls regarding recoverability of MAT credit assets and budgeting procedures upon which the approved business plans are based. - Assessed the profit forecast prepared by the Company by comparing it with the historical trends, current year performance and approved future business plans. Our assessment was based on our knowledge of the business. - Evaluated the Company's estimate regarding the period by which the MAT credit entitlement would be utilised. We compared the Company's assessment to business plans and projections of future taxable profits with the prescribed credit utilisation period under the Income-tax Act, 1961. - Assessed the adequacy of related disclosures made in the standalone financial statements of the Company.

Other Information

The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the financial statements and our auditors' report thereon.

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

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

Management's and Board of Directors' Responsibility for the Standalone Financial Statements

The Company's Management and Board of Directors are responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the state of affairs, profit/loss and other comprehensive income, changes in

equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

Independent Auditors' Report (Contd.)

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

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

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures in the standalone financial statements made by the Management and Board of Directors.

- Conclude on the appropriateness of the Management and Board of Directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated

Independent Auditors' Report (Contd.)

in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. (A) As required by Section 143(3) of the Act, we report that:
 - a) We have sought and except for the matters described in the "Basis for Qualified Opinion" paragraph above, obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b) Except for the matters described in the "Basis for Qualified Opinion" paragraph above, in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - c) The standalone balance sheet, the standalone statement of profit and loss (including other comprehensive income), the standalone statement of changes in equity and the standalone statement of cash flows dealt with by this Report are in agreement with the books of account;
 - d) Except for the matters described in the "Basis for Qualified Opinion" paragraph above, in our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act;
 - e) On the basis of the written representations received from the directors as on 31 March 2021 taken on record by the Board of Directors, none

of the directors is disqualified as on 31 March 2021 from being appointed as a director in terms of Section 164(2) of the Act;

- f) The qualification relating to maintenance of accounts and other matters connected therewith are as stated in the "Basis for Qualified Opinion" paragraph above; and
 - g) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- (B) With respect to the other matters to be included in the Auditors' 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:
- i. The Company has disclosed the impact of pending litigations as at 31 March 2021 on its financial position in its standalone financial statements - Refer Note 8(c), 16(b), 24 and 34(a) to the standalone financial statements;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company; and
 - iv. The disclosures in the standalone financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these standalone financial statements since they do not pertain to the financial year ended 31 March 2021.

Independent Auditors' Report (Contd.)

(C) With respect to the matter to be included in the Auditors' Report under Section 197(16):

In our opinion and according to the information and explanations given to us, the remuneration paid by the Company to its directors during the current year is in accordance with the provisions of Section 197 of the Act read with Schedule V to the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 read with Schedule V of the Act. The Ministry of Corporate Affairs has

not prescribed other details under Section 197(16) of the Act, which are required to be commented upon by us.

For **B S R & Co. LLP**

Chartered Accountants

Firm's Registration No. 101248W/W-100022

Sd/-

Jayanta Mukhopadhyay

Partner

Place: Kolkata

Date: 30 June 2021

Membership Number: 055757

UDIN: 21055757AAAACO4738

Annexure A

to the Independent Auditors' Report on the standalone financial statements of Himadri Speciality Chemical Limited for the year ended 31 March 2021

(Referred to in paragraph (1) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

- (i) (a) According to the information and explanations given to us, and except for the possible effects of the matters described in the Basis for qualified Opinion paragraph of our main report, the Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified in a phased manner over a period of three years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. In accordance with this programme, certain items of fixed assets have been physically verified by the management during the year and no material discrepancies were noticed on such verification.
- (c) According to information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company except for, leasehold lands where we have verified the lease agreements duly registered with the appropriate authorities as disclosed in Note 4A to the standalone financial statements, and title deeds of freehold lands amounting to Rs.518.86 lakhs which were transferred to the Company pursuant to the Scheme of Amalgamation as disclosed in Note 4A to the Standalone Financial Statements. As explained to us, steps are being taken to complete the transfer of the name in the title deeds in the name of the Company.
- (ii) The inventory, except stock lying with third parties and goods-in-transit, have been physically verified by the management of the Company at reasonable intervals during the year. In our opinion, the frequency of such verification

is reasonable. For stock lying with third parties as at the year end, written confirmations have been obtained in large number of cases and in respect of goods-in-transit, subsequent receipts of goods have been verified. The discrepancies noticed on verification between the physical stocks and the book records were not material.

- (iii) According to the information and explanations given to us and based on our examination of the records, the Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under Section 189 of the Act. Accordingly, the provisions of paragraph 3(iii) of the Order are not applicable to the Company. However, loans granted by the Company to a wholly owned subsidiary has been fully provided for in the previous year.
- (iv) According to the information and explanations given to us, the Company has not given any loans, guarantees or securities during the year that would attract provisions of section 185 of the Act. The Company has complied with the provisions of Section 186 of the Act with respect to investments made and loans given. The Company has not provided any guarantees or security under the provisions of Section 186 of the Act.
- (v) According to the information and explanations given to us, the Company has not accepted any deposits from the public as per the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the rules framed thereunder. Accordingly, the provisions of paragraph 3(v) of the Order are not applicable to the Company.
- (vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules prescribed by the Central Government for maintenance of cost records under Section 148(1) of the Act, in respect of the products manufactured by the Company and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a

Annexure A

to the Independent Auditors' Report on the standalone financial statements of Himadri Speciality Chemical Limited for the year ended 31 March 2021 (Contd.)

detailed examination of the cost records with a view to determine whether they are accurate or complete.

- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including, Goods and services tax, Duty of customs, Cess and any other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities. According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/accrued in the books of account in respect of undisputed statutory dues of Profession tax, Provident Fund, Employees' State Insurance and Income-tax have generally been regularly deposited during the year with the appropriate authorities, though there have

been slight delays in few cases. As explained to us by the management, the Company did not have any dues on account of Sales-tax, Service tax, Duty of excise and Value added tax.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Goods and services tax, Duty of customs, Cess and any other material statutory dues were in arrears as at 31 March 2021 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 dues of Income Tax, Sales tax, Value added tax, Service tax, Goods and services tax, Duty of customs and Duty of excise which have not been deposited with the appropriate authorities on account of any dispute, except as mentioned below:

Name of the statute	Nature of the dues	Total amount under dispute (₹ in lakhs)	Amount paid under protest (₹ in lakhs)	Period to which the amount relates	Forum where dispute is pending
Central Sales Tax Act, 1956	Central Sales tax	1,342.62	170.68	2005-2006 to 2009-2010, 2013-2014, 2015-2016 and 2016-2017	Appellate and Revision Board
		30.45	7.61	2005-2006	Sales Tax Appellate Tribunal
		66.03	-	2014-2015 and 2015-2016	Assistant Commissioner
		0.89	0.42	2010-2011	Deputy Commissioner
West Bengal Value Added Tax Act, 2003	Value added tax	905.86	-	2008-2009	West Bengal Taxation Tribunal
		2,204.70	26.57	2005-2006 to 2007-2008, 2009-2010 to 2010-2011 and 2013-2014	Appellate and Revision Board
		257.91	-	2005-2006	Senior Joint Commissioner -Special Cell

Annexure A

to the Independent Auditors' Report on the standalone financial statements of Himadri Speciality Chemical Limited for the year ended 31 March 2021 (Contd.)

Name of the statute	Nature of the dues	Total amount under dispute (₹ in lakhs)	Amount paid under protest (₹ in lakhs)	Period to which the amount relates	Forum where dispute is pending
Chhattisgarh Value Added Sales Tax Act, 2003	Value Added Tax	2.30	1.48	2010-2011	Deputy Commissioner
The Central Excise Act, 1944	Duty of Excise	2,061.27	-	2011 to 2016	Hon'ble High Court of Calcutta
		0.31	0.09	2011-2012 to 2014-2015	Custom Excise and Service Tax Appellate Tribunal
		22.39	1.16	2004 to 2006 and 2012-2013	Commissioner (Appeals) of Central Excise
The Custom Act, 1962	Duty on Custom	28.83	3.00	2000-2001	Custom Excise and Service Tax Appellate Tribunal
Finance Act, 1994	Service tax	3.35	0.13	2012-2013 to 2014-2015	Custom Excise and Service Tax Appellate Tribunal
Chhattisgarh Entry Tax Act, 1976	Entry tax	277.04	208.63	2012-2013, 2013-2014, 2016-2017 and 2017-18	Hon'ble High Court of Judicature Chhatisgarh at Bilaspur
		201.96	39.75	2014-2015 and 2015-2016	Assistant Commissioner
The West Bengal Tax on entry of Goods into Local Areas, Act, 2012	Entry tax	964.42	-	2012-2013 and 2017-2018	Hon'ble High Court of Calcutta
		4064.40	-	2013-2014 to 2016-2017	West Bengal Taxation Tribunal
Income -tax Act, 1961	Income tax	2,489.16	70.97	2010-2011, 2011-2012, 2013-2014, 2016-2017 and 2017-2018	Commissioner of Income-tax (Appeals)

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to any financial institution, banks or dues to debenture holders during the year. The Company did not have any outstanding loan or borrowings from government during the year.

(ix) According to the information and explanations given to us and based on our examination of the records of the Company, during the year the Company has not raised any money by way of initial public offer or further public offer (including debt instruments). The Company has utilized the money raised by the way of term loans during the year, for the purposes for which they were raised.

(x) According to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year. However, attention is invited to the Basis for Qualified Opinion paragraph in our main report which deals with matters relating to awarding job orders for capital expenditure and related vendor payments and ongoing reconciliation by an independent financial firm with regard to the carbon black expansion project.

(xi) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid or provided for managerial remuneration in accordance with the requisite approvals

Annexure A

to the Independent Auditors' Report on the standalone financial statements of Himadri Speciality Chemical Limited for the year ended 31 March 2021 (Contd.)

mandated by the provisions of Section 197 of the Act read with Schedule V to the Act.

(xii) According to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, the provisions of paragraph 3(xii) of the Order are not applicable to the Company.

(xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with Section 177 and Section 188 of the Act, where applicable and details of such transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards except for the transactions, with respect to a related party being an enterprise controlled by the Key Managerial Personnel (KMP) along with relatives, relating to matters covered in the Basis for Qualified Opinion paragraph of our main report.

(xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, the

provisions of paragraph 3(xiv) of the Order are not applicable to the Company.

(xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with them as per Section 192 of the Act. Accordingly, the provisions of paragraph 3(xv) of the Order are not applicable to the Company.

(xvi) According to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of paragraph 3(xvi) of the Order are not applicable to the Company.

For **B S R & Co. LLP**

Chartered Accountants

Firm's Registration No. 101248W/W-100022

Sd/-

Jayanta Mukhopadhyay

Partner

Place: Kolkata

Date: 30 June 2021

Membership Number: 055757

UDIN: 21055757AAAACO4738

Annexure B

to the Independent Auditors' Report on the Standalone Financial Statements of Himadri Speciality Chemical Limited for the year ended 31 March 2021

Report on the internal financial controls with reference to the aforesaid Standalone Financial Statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

[Referred to in paragraph 2(A)(g) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date]

Adverse Opinion

We have audited the internal financial controls with reference to financial statements of Himadri Speciality Chemical Limited ("the Company") as of 31 March 2021 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

In our opinion and according to the information and explanations given to us, because of the effects/possible effect of the material weaknesses described below in the paragraph 'Basis for adverse opinion', the Company's internal financial controls with reference to financial statements were not operating effectively as of 31 March 2021. In other material respects, the Company has adequate internal financial controls with reference to the financial statements as of 31 March 2021, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

We have considered the material weaknesses identified and reported below in determining the nature, timing, and extent of audit tests applied in our audit of the standalone financial statements for the year ended 31 March 2021 of the Company, and these material weaknesses has affected our opinion on the said standalone financial statements of the Company and we have issued a qualified audit opinion on the said standalone financial statements.

Basis for adverse opinion

As more fully explained in note 4A(g) to the standalone financial statements and in the Basis for Qualified Opinion paragraph of our main report on the standalone financial statements for the year

ended 31 March 2021, the Board of Directors, in its meeting held on 22 October 2020, decided to appoint an independent engineering firm and a financial firm to conduct a technical reconciliation and financial reconciliation respectively for examining the justification of the additional claims made by the EPC contractor, a related party and purchase/job orders issued to various third party contractors. The Company is thus in the process of reconciling the final value of the claims and the purchase/job orders issued. Final accounting for the additional claims and purchase/ job orders would be after receipt of the report of the independent financial firm and its consideration in tandem with the report of the technical firm which has already been received.

In relation to the above, material weaknesses have been identified in the operating effectiveness of the Company's internal financial controls with reference to financial statements. The Company's internal control systems for awarding job orders for capital expenditure and related vendor payments were not operating effectively which could potentially result in material misstatements in the financial statements and also for compliances with the requirements of the applicable laws and regulations with respect to related party transactions for awarding job orders for capital expenditure.

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis.

Management's Responsibility for Internal Financial Controls

The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business,

Annexure B

to the Independent Auditors' Report on the Standalone Financial Statements of Himadri Speciality Chemical Limited for the year ended 31 March 2021 (Contd.)

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 Companies Act, 2013 (hereinafter referred to as "the Act").

Auditors' Responsibility

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of such internal financial controls, 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 auditors' judgement, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls with reference to financial statements

A company's internal financial controls with reference

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

Inherent Limitations of Internal Financial Controls with reference to financial statements

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

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No. 101248W/W-100022

Sd/-
Jayanta Mukhopadhyay
Partner

Place: Kolkata
Date: 30 June 2021

Membership Number: 055757
UDIN: 21055757AAAACO4738

Standalone Balance Sheet

as at 31 March 2021

	Note	31 March 2021	Amount in ₹ Lakhs 31 March 2020
ASSETS			
(1) Non-current assets			
(a) Property, plant and equipment	4A	135,230.08	136,076.34
(b) Capital work-in-progress	5	15,961.03	15,837.78
(c) Right of use assets	4B	2,669.96	2,610.62
(d) Intangible assets	6	130.53	184.25
(e) Financial assets			
(i) Investments	7	6,605.00	4,665.94
(ii) Loans	11	1,809.46	2,047.92
(iii) Trade receivables	8	1,004.25	788.90
(iv) Other financial assets	12	10.25	10.06
(f) Non-current tax assets (net)	13	399.70	224.03
(g) Other non-current assets	14	1,810.54	1,519.79
Total non-current assets		165,630.80	163,965.63
(2) Current assets			
(a) Inventories	15	33,481.65	33,149.40
(b) Financial assets			
(i) Trade receivables	8	46,144.69	29,957.70
(ii) Cash and cash equivalents	9	5,027.73	3,743.81
(iii) Bank balances other than (ii) above	10	8,498.99	453.18
(iv) Loans	11	689.38	262.80
(v) Other financial assets	12	710.91	568.64
(c) Other current assets	16	9,614.44	13,579.95
Total current assets		104,167.79	81,715.48
TOTAL ASSETS		269,798.59	245,681.11
EQUITY AND LIABILITIES			
(1) Equity			
(a) Equity share capital	17	4,189.65	4,188.08
(b) Other equity	18	166,638.43	160,962.84
Total equity		170,828.08	165,150.92
(2) Liabilities			
Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	19	8,439.32	2,244.42
(ii) Other financial liabilities	22	288.73	202.83
(b) Provisions	24	418.29	451.73
(c) Deferred tax liabilities (net)	32	6,178.78	5,196.00
Total non-current liabilities		15,325.12	8,094.98
Current liabilities			
(a) Financial liabilities			
(i) Borrowings	19	59,392.93	31,451.28
(ii) Trade payables	20		
- total outstanding dues of micro enterprises and small enterprises		183.54	1.58
- total outstanding dues of creditors other than micro enterprises and small enterprises		14,718.15	21,175.34
(iii) Derivatives	21	-	175.88
(iv) Other financial liabilities	22	6,780.68	18,511.05
(b) Other current liabilities	23	2,408.33	1,043.11
(c) Provisions	24	161.76	76.97
Total current liabilities		83,645.39	72,435.21
TOTAL EQUITY AND LIABILITIES		269,798.59	245,681.11
Significant accounting policies	3		
The accompanying notes form an integral part of the Standalone financial statements.			

As per our report of even date attached

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration Number: 101248W/W-100022

Sd/-
Jayanta Mukhopadhyay
Partner
Membership No. 055757

For and on behalf of the Board of Directors of
Himadri Speciality Chemical Limited
CIN: L27106WB1987PLC042756

Sd/-
Anurag Choudhary
Managing Director and Chief
Executive Officer
DIN: 00173934

Sd/-
Shyam Sundar Choudhary
Executive Director
DIN: 00173732

Sd/-
Kamlesh Kumar Agarwal
Chief Financial Officer

Sd/-
Monika Saraswat
Company Secretary

Place: Kolkata
Date: 30 June 2021

Place: Kolkata
Date: 30 June 2021

Standalone Statement of Profit & Loss for the year ended 31 March 2021

		Amount in ₹ Lakhs	
	Note	Year ended 31 March 2021	Year ended 31 March 2020
I. Revenue from operations	25	167,945.80	180,349.85
II. Other income	26	1,382.59	496.82
III. Total income (I + II)		169,328.39	180,846.67
IV. Expenses			
Cost of materials consumed	27	115,646.45	120,806.34
Changes in inventories of finished goods and work-in-progress	28	8,362.45	1,433.98
Employee benefits expense	29	7,551.05	7,325.02
Finance costs	30	3,321.17	5,452.13
Depreciation and amortisation expense	4A,4B and 6	4,421.95	3,668.01
Other expenses	31	23,628.64	22,386.30
Total expenses		162,931.71	161,071.78
V. Profit before exceptional item and tax (III-IV)		6,396.68	19,774.89
VI. Exceptional items	48	-	(12,798.65)
VII. Profit before tax (V-VI)		6,396.68	6,976.24
VIII. Tax expenses			
Current tax	32	1,184.06	3,470.49
Deferred tax charge/ (credit)	32	545.45	(4,591.90)
Total tax expenses		1,729.51	(1,121.41)
IX. Profit for the year (VII-VIII)		4,667.17	8,097.65
X. Other comprehensive income			
A. Items that will not be reclassified subsequently to profit or loss			
(a) Remeasurements of the net defined benefit plan		55.69	(109.31)
(b) Net gain/ (loss) on investment in equity instruments accounted at fair value		1,939.06	(13,254.89)
(c) Income-tax relating to items that will not be reclassified to profit or loss		(437.33)	2,922.06
Net other comprehensive income not to be reclassified subsequently to profit or loss		1,557.42	(10,442.14)
B. Items that will be reclassified subsequently to profit or loss		-	-
Other comprehensive income for the year (net of income tax)		1,557.42	(10,442.14)
XI. Total comprehensive income for the year (IX+X)		6,224.59	(2,344.49)
XII. Earnings per equity share	33		
[Face value of equity share ₹ 1 each (previous year ₹ 1 each)]			
- Basic		1.11	1.93
- Diluted		1.11	1.93
Significant accounting policies	3		
The accompanying notes form an integral part of the Standalone financial statements.			

As per our report of even date attached

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration Number: 101248W/W-100022

Sd/-
Jayanta Mukhopadhyay
Partner
Membership No. 055757

Place: Kolkata
Date: 30 June 2021

For and on behalf of the Board of Directors of
Himadri Speciality Chemical Limited
CIN: L27106WB1987PLC042756

Sd/-
Anurag Choudhary
Managing Director and Chief
Executive Officer
DIN: 00173934

Sd/-
Kamlesh Kumar Agarwal
Chief Financial Officer

Place: Kolkata
Date: 30 June 2021

Sd/-
Shyam Sundar Choudhary
Executive Director
DIN: 00173732

Sd/-
Monika Saraswat
Company Secretary

Standalone Statement of Changes in Equity

for the year ended 31 March 2021

A. Equity share capital

Particulars	Note	Number	Amount in ₹ Lakhs
Balance as at 1 April 2019		418,578,745	4,185.79
Changes in equity share capital during the year	17	229,037	2.29
Balance as at 31 March 2020		418,807,782	4,188.08
Changes in equity share capital during the year	17	157,496	1.57
Balance as at 31 March 2021		418,965,278	4,189.65

B. Other equity

Particulars	Note	Reserves and surplus					Amount in ₹ Lakhs	
		Capital reserve	Securities premium	Debt redemption reserve	General reserve	Share option outstanding reserve	Retained earnings	Items of Other comprehensive income
Balance at 1 April 2019		1,280.50	45,435.57	3,321.39	15,419.94	260.27	86,936.57	11,233.39
Total comprehensive income for the year ended 31 March 2020								
Profit for the year 2019-20		-	-	-	-	-	8,097.65	-
Remeasurement of net defined benefit plan		-	-	-	-	-	(71.11)	-
Net change in fair value of Equity investments	18	-	-	-	-	-	-	(10,371.03)
Total comprehensive income for the year		-	-	-	-	-	8,026.54	(10,371.03)
Dividends (including corporate dividend tax)	47	-	-	-	-	-	(756.98)	-
Issue of equity shares on exercise of employee stock option	17 and 38	-	55.46	-	-	(55.46)	-	-
Share based payments- Equity settled	38	-	41.22	-	-	135.46	-	-
Transfer to debt redemption reserve	18	-	-	214.28	-	-	(214.28)	-
Balance at 31 March 2020		1,280.50	45,532.25	3,535.67	15,419.94	340.27	93,991.85	862.36
								160,962.84

Standalone Statement of Changes in Equity for the year ended 31 March 2021 (Contd.)

B. Other equity (Continued)

Particulars	Note	Reserves and surplus					Amount in ₹ Lakhs	
		Capital reserve	Securities premium	Debt redemption reserve	General reserve	Share option outstanding reserve	Retained earnings	Items of Other comprehensive income
Balance at 1 April 2020		1,280.50	45,532.25	3,535.67	15,419.94	340.27	93,991.85	862.36
Total comprehensive income for the year ended 31 March 2021								
Profit for the year 2020-21		-	-	-	-	-	4,667.17	-
Remeasurement of net defined benefit plan		-	-	-	-	-	36.16	-
Net change in fair value of Equity investments	18	-	-	-	-	-	-	1,521.26
Total comprehensive income for the year		-	-	-	-	-	4,703.33	1,521.26
Dividends	47	-	-	-	-	-	(628.21)	-
Issue of equity shares on exercise of employee stock option	17 and 38	-	39.50	-	-	(39.50)	-	-
Share based payments- Equity settled	38	-	28.35	-	-	50.86	-	-
Transfer from debt redemption reserve	18	-	-	(3,535.67)	3,535.67	-	-	-
Balance at 31 March 2021		1,280.50	45,600.10	-	18,955.61	351.63	98,066.97	2,383.62
								166,638.43

Pursuant to the requirements of Division II to Schedule III, below is the nature and purpose of Reserves:

(i) **Capital reserve:** Capital reserve represents profit or loss on purchase, sale, issue or cancellation of the Company's own equity instruments.

(ii) **Securities premium:** Securities premium is credited when shares are issued at premium. It is utilised in accordance with the provisions of the Act, to issue bonus shares, to provide for premium on redemption of shares or debentures, write-off equity related expenses like underwriting costs etc. In case of equity settled share based payment transactions, the difference between fair value on grant date and nominal value of share is accounted as securities premium.

(iii) **Debt redemption reserve (DRR):** The Company is required to create a debt redemption reserve out of the profits as per the requirements of Companies (Share capital and Debentures) Rules, 2014 which will be available for the purpose of redemption of debentures. During the year ended 31 March 2021, entire DRR has been utilised pursuant to redemption of the non convertible debentures.



Standalone Statement of Changes in Equity for the year ended 31 March 2021 (Contd.)

- (iv) **General reserve:** It represents a portion of the net profit of the Company before declaring dividend to general reserve pursuant to the earlier provisions of the Companies Act, 1956. Transfer of profit to general reserve is not mandatory under the Companies Act, 2013.
- (v) **Share option outstanding reserve:** The Company has a stock option scheme under which options to subscribe for the Company's share have been granted to certain executives and senior employees. The share option outstanding reserve is used to recognise the value of equity-settled share based payments provided to employees, including certain key management personnel, as part of their remuneration. Refer note 38 for further details of these plans.
- (vi) **Retained earnings:** Retained earnings are the profits that the Company has earned till date, less any transfers to general reserve, dividends or other distributions paid to shareholders.

Significant accounting policies 3

The accompanying notes form an integral part of the Standalone financial statements.

As per our report of even date attached

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration Number: 101248W/W-100022

Sd/-
Jayanta Mukhopadhyay
Partner
Membership No. 055757

Place: Kolkata
Date: 30 June 2021

For and on behalf of the Board of Directors of
Himadri Speciality Chemical Limited
CIN: L27106WB1987PLC042756

Sd/-
Anurag Choudhary
Managing Director and Chief
Executive Officer
DIN: 00173934

Sd/-
Kamlesh Kumar Agarwal
Chief Financial Officer

Place: Kolkata
Date: 30 June 2021

Sd/-
Shyam Sundar Choudhary
Executive Director
DIN: 00173732

Sd/-
Monika Saraswat
Company Secretary

Standalone Statement of Cash Flows

for the year ended 31 March 2021

	Amount in ₹ Lakhs	
	Year ended 31 March 2021	Year ended 31 March 2020
A. Cash flows from operating activities		
Net profit before tax	6,396.68	6,976.24
Adjustments for:		
Depreciation and amortisation expense	4,421.95	3,668.01
Share based payments - Equity settled	50.86	135.46
Finance costs	3,321.17	5,452.13
Interest income	(286.92)	(37.99)
Net gain on sale of current investments carried at FVTPL	(9.33)	(10.18)
Impairment of non-current Investments	-	5,244.64
Loss allowance for doubtful trade receivables	300.00	-
Bad debts written off	-	171.00
Loss allowance for doubtful loans and advances	-	7,868.60
Unrealised foreign exchange fluctuation losses, net	462.03	556.69
(Profit) / loss (net) on sale of property, plant and equipments	0.90	0.53
Cash generated from operations before working capital changes	8,260.66	23,048.89
Operating cash flows before working capital changes	14,657.34	30,025.13
Movement in working capital:		
(Increase)/ Decrease in inventories	(332.25)	20,741.33
(Increase)/ Decrease in trade receivables	(16,635.12)	6,578.73
Decrease in financial and other assets	3,755.78	48.05
(Decrease) in trade payables	(6,390.91)	(20,586.57)
Increase in financial liabilities (net)	1,082.86	126.45
Increase/ (Decrease) in other liabilities and provisions (net)	1,296.38	(5,309.19)
	(17,223.26)	1,598.80
Cash (used in)/ generated from operations	(2,565.92)	31,623.93
Taxes paid	(1,359.73)	(3,413.89)
Net cash (used in)/ generated from operating activities	(3,925.65)	28,210.04
B. Cash flows from investing activities		
Purchase of property, plant and equipments	(3,490.99)	(24,746.53)
Proceeds from sale of property, plant and equipments	1.35	1.43
Purchase of intangible assets	(13.21)	(14.10)
Interest income received	192.97	51.97
Sale of current investments	11,569.33	14,411.43
Purchase of current investments	(11,560.00)	(14,400.00)
Redemption of bank deposits (having maturity of more than 3 months)	15,355.74	5,049.02
Investment in bank deposits (having maturity of more than 3 months)	(23,401.21)	(1,803.43)
Net cash (used in) investing activities	(11,346.02)	(21,450.21)
C. Cash flows from financing activities		
Proceeds from allotment of equity share under employee stock options	29.92	43.51
Proceeds from non-current borrowings	12,902.50	193.56
Repayment of non-current borrowings	(19,471.55)	(4,702.32)
Proceeds from current borrowings (net)	27,888.13	6,400.93
Interest paid	(3,613.63)	(5,660.25)
Payment of lease liabilities (principal portion)	(75.84)	(16.80)
Payment of lease liabilities (interest portion)	(20.32)	(11.13)
Net proceeds on settlement of derivative contracts	(454.76)	533.46
Dividend paid (including dividend distribution tax)	(628.21)	(756.98)
Net cash generated from/ (used in) financing activities	16,556.24	(3,976.02)

Standalone Statement of Cash Flows

for the year ended 31 March 2021 (Contd.)

	Amount in ₹ Lakhs	
	Year ended 31 March 2021	Year ended 31 March 2020
Net increase in cash and cash equivalents (A+B+C)	1,284.57	2,783.81
Cash and cash equivalents at the beginning of the year (refer note 9)	3,743.81	967.49
Effect of exchange rate fluctuations on cash held in foreign currency (EEFC accounts)	(0.65)	(7.49)
Cash and cash equivalents at the end of the year (refer note 9)	5,027.73	3,743.81

Notes:

1. Standalone Statement of Cash Flows has been prepared under the indirect method as set out in Ind AS 7 "Statement of Cash Flows" specified under Section 133 of the Companies Act, 2013.
2. Purchase of property, plant and equipment includes movements of capital work-in-progress (including capital advances and liability for capital goods) during the year.
3. Changes in liability arising from financing activities:

	Amount in ₹ Lakhs					
	1 April 2020	Cash flow (net)	Foreign exchange movement	Lease additions	Other changes#	31 March 2021
Borrowings (including current maturities of non-current borrowings) - Non-current (refer note 19)	19,038.41	(6,569.05)	5.38	-	41.62	12,516.36
Borrowings - current (refer note 19)	31,451.28	27,888.13	53.52	-	-	59,392.93
Derivative contracts	175.88	(454.76)	-	-	230.19	(48.69)
Lease Liabilities*	229.44	(96.16)	-	327.86	20.32	481.46

	Amount in ₹ Lakhs					
	1 April 2019	Cash flow (net)	Foreign exchange movement	Lease additions	Other changes#	31 March 2020
Borrowings (including current maturities of non-current borrowings) - Non-current (refer note 19)	23,480.28	(4,508.76)	58.94	-	7.95	19,038.41
Borrowings - current (refer note 19)	24,166.72	6,400.93	883.63	-	-	31,451.28
Derivative contracts	228.05	533.46	-	-	(585.63)	175.88
Lease Liabilities*	116.47	(27.93)	-	129.77	11.13	229.44

*Lease liabilities as on 1 April 2019 represents liabilities recognised on account of adoption of Ind AS 116.

#Other changes with respect to borrowings and lease liabilities represent adjustment for effective interest and for derivative contracts it represents fair value changes.

The accompanying notes form an integral part of the Standalone financial statements.

As per our report of even date attached

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration Number: 101248W/W-100022

Sd/-
Jayanta Mukhopadhyay
Partner
Membership No. 055757

For and on behalf of the Board of Directors of
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Managing Director and Chief
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DIN: 00173934

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Kamlesh Kumar Agarwal
Chief Financial Officer

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Shyam Sundar Choudhary
Executive Director
DIN: 00173732

Sd/-
Monika Saraswat
Company Secretary

Place: Kolkata
Date: 30 June 2021

Place: Kolkata
Date: 30 June 2021

Notes to the Standalone Financial Statements

for the year ended 31 March 2021

1. Reporting entity

Himadri Speciality Chemical Limited ("the Company") is a public Company domiciled and headquartered in India, having its registered office situated at 23A, N. S. Road, Kolkata - 700 001 and corporate office situated at 8, India Exchange Place, 2nd floor, Kolkata -700 001. The Company was incorporated on 28 July 1987 and its equity shares are listed on National Stock Exchange (NSE) and Bombay Stock Exchange (BSE). The Company is primarily engaged in the manufacturing of carbon materials and chemicals. The Company has operations in India and caters to both domestic and international markets. The Company also has wholly owned subsidiary in the name of AAT Global Limited, incorporated in Hong Kong and a step-down subsidiary with 94% shareholding in the name of Shandong Dawn Himadri Chemical Industry Ltd, incorporated in China.

During the previous year ended 31 March 2020, one of the wholly owned subsidiary of the Company, Equal Commodore Private Limited, incorporated in India, has merged with the Company pursuant to the Scheme of Amalgamation ("the Scheme") approved by the National Company Law Tribunal ("NCLT") vide its order dated 14 October 2019 with effect from the Appointed Date of 1 April 2018.

2. Basis of preparation and measurement of Standalone financial statements

(a) Basis of preparation

These Standalone financial statements are prepared in accordance with Indian Accounting Standards (hereinafter referred to as the "Ind AS") notified by the Ministry of Corporate Affairs pursuant to Section 133 Companies Act, 2013 (hereinafter referred to as "the Act"), notified under Section 133 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time.

The Standalone financial statements were authorised for issue by the Board of Directors of the Company at their meeting held on 30 June 2021.

The details of the Company's accounting policies are included in note 3 to the Standalone financial statements.

(b) Functional and presentation currency

These Standalone financial statements are presented in Indian Rupees (₹), which is also the Company's functional currency. All amounts have been rounded-off to the nearest Lakhs, unless otherwise indicated.

(c) Basis of measurement

The Standalone financial statements have been prepared on historical cost convention on the accrual basis, except for the following items:

- (i) Derivative financial instruments measured at fair value;
- (ii) Certain financial assets and financial liabilities measured at fair value;
- (iii) Employee's defined benefit plan as per actuarial valuation, and
- (iv) Employee share-based payments measured at fair value.

Fair value is the price that would be received on the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions, regardless of whether that price is directly observable or estimated using another valuation technique. In determining the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

(d) Key accounting estimates and judgements

The preparation of the Company's Standalone financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying notes and disclosures, and the disclosure of contingent liabilities. Estimates and underlying assumptions are reviewed on an ongoing basis. Uncertainty about these assumptions and estimates could result in

Notes to the Standalone Financial Statements for the year ended 31 March 2021 (Contd.)

outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The application of accounting policies that require critical accounting estimates involving complex and subjective judgements and the use of assumptions in these Standalone financial statements have been disclosed below. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Continuous evaluation is done on the estimation and judgments based on historical experience and other factors, including expectations of future events that are believed to be reasonable. Revisions to accounting estimates are recognised prospectively. The changes in the estimates are reflected in the Standalone financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the Standalone financial statements.

Critical accounting estimates and key sources of estimation uncertainty: Key assumptions

(i) Useful lives of Property, plant and equipment and Other intangible assets

The Company uses its technical expertise along with historical and industry trends for determining the economic life of an asset/component of an asset. The useful lives are reviewed by management periodically and revised, if appropriate. In case of a revision, the unmortised depreciable amount is charged over the remaining useful life of the assets. See note 3(d), 4A and 6 for details.

(ii) Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using certain valuation techniques. The inputs to these models are taken from observable market data where possible,

but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as volatility risk and credit risk. See note 3(v) and 41 for details.

(iii) Defined benefit plan

The cost of the defined benefit plan includes gratuity and the present value of the gratuity obligation are determined using actuarial valuation using projected unit credit method. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. See note 3(g) and 37 for details.

(iv) Employee share-based payments

The Company measures the cost of equity-settled transactions with employees using Black Scholes Merton model to determine the fair value of the liability incurred on the grant date. Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in note 3(g)(ii) and 38.

(v) Recognition of current tax and deferred tax (including MAT credit entitlements)

Current taxes are recognized at tax rates (and tax laws) enacted or substantively enacted

Notes to the Standalone Financial Statements for the year ended 31 March 2021 (Contd.)

by the reporting date and the amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is recognised or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used. Section 115BAA of the Income-tax Act, 1961, introduced by the Taxation Laws (Amendment) Act, 2019 gives a one-time irreversible option for payment of income-tax at reduced rate with effect from financial year commencing 1 April 2019, subject to certain conditions. The Company has made an assessment of the impact of the above amendment and decided to continue with the existing tax structure until utilisation of accumulated minimum alternative tax ("MAT"). See note 3(n) and 32 for details.

(vi) Recognition and measurement of provisions and contingencies

The certain key assumptions about the likelihood and magnitude of an outflow of resources. Provision is towards known contractual obligation, litigation cases and pending assessments in respect of taxes, duties and other levies in respect of which management believes that there are present obligations and the settlement of such obligations are expected to result in outflow of resources, to the extent provided for. In respect of litigation against receivables, advances and other matters, the Company evaluates amount to be provided for, if any, on the basis of merit of the ongoing legal proceedings and independent legal opinion obtained from the lawyers. See note 24 and 34(a) for details.

(vii) Impairment of financial assets

Certain key assumptions used in estimating recoverable cash flows. The Company reviews its carrying value of investment in subsidiaries carried at cost (net of impairment, if any) annually, or more frequently when there is indication for impairment. If the recoverable amount is less than its carrying amount, the impairment loss is accounted for in the Standalone Statement of Profit and Loss. See note 7 for details.

(viii) Determination of Right of use (ROU) assets and liabilities

Certain key assumptions used in determination of ROU assets and liabilities, incremental borrowing rate and lease term. See note 4B and 34(c) for details.

(ix) Loss allowance on trade receivables

The Company determines the allowance for credit losses based on historical loss experience adjusted to reflect current and estimated future economic conditions. The Company considered current and anticipated future economic conditions relating to industries the Company deals with, and the countries where it operates. The identification of credit impaired balances of trade receivable requires use of judgments and estimates. Where the expectation is different from the original estimate, such difference will impact the carrying value of the trade and other receivables, and credit impaired expenses in the period in which such estimate has been changed. See note 8, 41 and 42 for details.

(e) Measurement of fair values

Number of the Company's accounting policies and disclosures require the measurement of fair values, for financial assets and financial liabilities. The Company has an established control framework with respect to the measurement of fair values.

Notes to the Standalone Financial Statements for the year ended 31 March 2021 (Contd.)

The management has overall responsibility for overseeing all significant fair value measurements and it regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of Ind AS, including the level in the fair value hierarchy in which the valuations should be classified.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in note 41.

3. Significant accounting policies

(a) Current Vs. non-current classification

All assets and liabilities are classified as current or non-current as per the Company's normal

operating cycle and other criteria set out in the Schedule III to the Act.

Assets

An asset is classified as current when it satisfies any of the following criteria:

- (i) it is expected to be realised in, or is intended for sale or consumption in, the Company's normal operating cycle;
- (ii) it is held primarily for the purpose of being traded;
- (iii) it is expected to be realised within 12 months after the reporting date; or
- (iv) it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.

Current assets include current portion of non-current financial assets.

All other assets are classified as non-current.

Liabilities

A liability is classified as current when it satisfies any of the following criteria:

- (i) it is expected to be settled in the Company's normal operating cycle;
- (ii) it is held primarily for the purpose of being traded;
- (iii) it is due to be settled within 12 months after the reporting date; or
- (iv) the Company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Current liabilities include current portion of non-current financial liabilities.

All other liabilities are classified as non-current.

Operating cycle

For the purpose of current and non-current classification of assets and liabilities, the Company has ascertained its normal operating

Notes to the Standalone Financial Statements for the year ended 31 March 2021 (Contd.)

cycle as twelve months. This is based on the nature of business and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents.

(b) Foreign currency transactions

Transactions in foreign currencies are translated into the functional currency of the Company at the exchange rates prevailing at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction.

Exchange differences are recognised in the Standalone Statement of Profit and Loss in the period in which they arise, except:

- exchange differences on qualifying cash flow hedges to the extent that the hedges are effective;
- exchange differences on long term foreign currency monetary items accounted for in accordance with exemption availed by the Company under Ind AS 101.

(c) Financial instruments

(i) Recognition and initial measurement

Trade Receivables and debt securities issued are initially recognised when they are originated. All financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument. Trade receivables are initially measured at transaction price.

A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through profit and loss (FVTPL), transaction costs that are directly

attributable to its acquisition or issue of the financial asset/ financial liabilities.

(ii) Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at:

- amortised cost; or
- fair value through Other Comprehensive Income (FVOCI)- Equity Investment; or
- fair value through Profit or Loss (FVTPL).

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

Financial assets at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- (a) the asset is held within a business model whose objective is to hold assets to collect contractual cash flows and
- (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

The effective interest rate (EIR) amortisation is included in finance income in the Standalone Statement of Profit and Loss. This category generally applies to long-term deposits, loans, and long-term trade receivables.

Financial assets at fair value through Other Comprehensive Income (FVOCI)

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income (designated

Notes to the Standalone Financial Statements for the year ended 31 March 2021 (Contd.)

as FVOCI-equity investment). This election is made on an investment-by-investment basis.

Financial assets are measured at the FVOCI if both of the following conditions are met:

- (a) the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and
- (b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

Financial assets included within the FVOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognised in the other comprehensive income (OCI).

Financial assets at fair value through Profit or Loss (FVTPL)

All financial assets which are not classified as measured at amortised cost or FVOCI as described above, are measured at FVTPL. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL, if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets: Assessment whether contractual cash flows are solely payments of principal and interest (SPPI)

For the purposes of this assessment, "principal" is defined as the fair value of the financial asset on initial recognition. "Interest" is defined as consideration for the time value of money and for the credit

risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable interest rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Notes to the Standalone Financial Statements for the year ended 31 March 2021 (Contd.)

Financial assets: Subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the EIR. The amortised cost is reduced by impairment losses, if any. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are not reclassified to profit or loss.

Investments in subsidiaries

Investments in subsidiary are carried at cost less accumulated impairment losses, if any. Where any indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. On disposal of investments in subsidiaries, the difference between net disposal proceeds and the carrying amounts are recognised in the Standalone Statement of Profit and Loss.

Financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL.

Financial liabilities through FVTPL

A financial liability is classified as at FVTPL if it is classified as held-for-trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in Standalone Statement of Profit and Loss. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109.

Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on such instruments are

recognised in the Standalone Statement of Profit and Loss.

Financial liabilities at amortised cost

Other financial liabilities are subsequently measured at amortised cost using the EIR method. Interest expense and foreign exchange gains and losses are recognised in Standalone Statement of Profit and Loss. Any gain or loss on derecognition is also recognised in Standalone Statement of Profit and Loss.

Interest bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in Standalone Statement of Profit and Loss when the liabilities are derecognised as well as through the EIR amortisation process. For trade and other payables (including other financial liabilities) maturing within one year from the balance sheet date, the carrying amounts approximates fair value due to the short maturity of these instruments.

(iii) Derecognition

Financial assets

The Company derecognises a financial asset:

- when the contractual rights to the cash flows from the financial asset expire, or
- it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial

Notes to the Standalone Financial Statements for the year ended 31 March 2021 (Contd.)

asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. The Company also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in Standalone Statement of Profit and Loss.

(iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(v) Derivative financial instruments and hedge accounting

The Company holds derivative financial instruments, such as foreign currency forward contracts, interest rate swaps, cross currency swap and option contracts to hedge its foreign currency and interest rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately, if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are recognised in Standalone

Statement of Profit and Loss. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

The Company designates certain derivatives as hedging instruments to hedge the variability in cash flows associated with highly probable forecast transactions and firm commitments arising from changes in foreign exchange rates.

At inception of designated hedging relationships, the Company documents the risk management objective and strategy for undertaking the hedge. The Company also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

Cash flow hedges

The Company uses forward contracts, cross currency swaps and interest rates swaps to hedge its exposure to foreign currency risk and interest rate risk in forecast transactions and firm commitments.

These derivative contracts which qualify as cash flow hedges are recorded in accordance with the recognition and measurement principles set out in the Ind AS 109 *"Financial Instruments: Recognition and Measurement"*. The use of hedge instruments is governed by the Company's policies approved by the Board of Directors. The Company does not use these contracts for trading or speculative purposes.

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in OCI and accumulated in the other equity under "effective portion of cash flow hedges". The effective portion of changes in the fair value of the derivative that is recognised in OCI is limited to the cumulative change in fair

Notes to the Standalone Financial Statements for the year ended 31 March 2021 (Contd.)

value of the hedged item, determined on a present value basis, from inception of the hedge. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in Standalone Statement of Profit and Loss.

All other hedged forecast transactions, the amount accumulated in other equity is reclassified to Statement of Profit and Loss in the same period or periods during which the hedged expected future cash flows affect Standalone Statement of Profit and Loss.

If a hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in other equity remains there until, for a hedge of a transaction resulting in recognition of a non-financial item, it is included in the non-financial item's cost on its initial recognition or, for other cash flow hedges, it is reclassified to Standalone Statement of Profit and Loss in the same period or periods as the hedged expected future cash flows affect Standalone Statement of Profit and Loss.

If the hedged future cash flows/ forecasted transactions are no longer expected to occur, then the amounts that have been accumulated in other equity are immediately reclassified to Standalone Statement of Profit and Loss.

Derivatives that are not designated as hedge

The Company enters into certain derivative contracts to hedge risks which are not designated as hedges. Such contracts are accounted for at fair value through Standalone Statement of Profit and Loss.

(d) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalised borrowing costs, less accumulated depreciation and accumulated impairment losses, if any.

The cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use and estimated costs of dismantling and removing the item and restoring the site on which it is located.

Borrowing costs directly attributable to the acquisition or construction of those qualifying property, plant and equipment, which necessarily take a substantial period of time to get ready for their intended use, are capitalised.

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

An item of property, plant and equipment is eliminated from the Standalone financial statements on disposal or when no further benefit is expected from its use and disposal.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in Standalone Statement of Profit and Loss. Property, plant and equipment which are not ready for intended use as on the date of Standalone Balance Sheet are disclosed as Capital work-in-progress. Assets retired from active use and held for disposal are stated at the lower of their net book value and net realisable value and shown under "Other current assets".

Notes to the Standalone Financial Statements for the year ended 31 March 2021 (Contd.)

Advances paid towards the acquisition of property, plant and equipment outstanding at each balance sheet date is classified as capital advances under "Other Non-current Assets".

Foreign currency exchange differences on loans used for purchases of property, plant and equipment prior to 1 April 2016, are continued to be capitalised as per policy stated in note 3 (b) above.

(ii) Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company. Ongoing repairs and maintenance are expensed as incurred.

(iii) Capital work-in-progress

Capital work-in-progress (CWIP) includes cost of property, plant and equipment under installation/under development as at the balance sheet date. Directly attributable expenditure (including finance costs relating to borrowed funds/general borrowings for construction or acquisition of property, plant and equipment) incurred on project under implementation are treated as Pre-operative expenses pending allocation to the asset and are shown under CWIP.

(iv) Depreciation and amortisation

Depreciation and amortisation for the year is recognised in the Standalone Statement of Profit and Loss.

Depreciation is calculated on cost of items of property, plant and equipment less their estimated residual values over their estimated useful lives using the written down value method for Property, plant and equipment situated at Liluah Unit - I (Howrah), Vapi and Vizag, and on property, plant and equipment situated at other locations are provided on straight line method over the useful lives of assets, at the rates and in the manner specified in

Part C of Schedule II of the Act. The rates of depreciation as prescribed in Part C of Schedule II of the Act are considered as the minimum rates.

Assets acquired under finance leases are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term. Freehold Land is not depreciated.

Leasehold land (includes development cost) is amortised on a straight-line basis over the period of respective lease, except land acquired on perpetual lease. Useful lives and residual values are reviewed at each financial year end and adjusted, as appropriate. Leasehold improvements are amortised/depreciated over the remaining tenure of the contract.

The estimated useful lives of items of property, plant and equipment for the current period are as follows:

Asset	Management estimate of useful life (in years)	Useful life as per Schedule II (in years)
Buildings	10-60	30
Plant and equipment	5-60	8-40
Office equipment	3-25	5
Vehicles	8-10	6-10
Furniture and fixtures	10	8-10

Based on technical assessment done by experts in earlier years and management's estimate:

- Useful life of property, plant and equipment are different than those indicated in Schedule II to the Act, as stated above.
- Residual value on property, plant and equipment has been estimated at 5% of the cost, specified in Schedule II of the Act.

Notes to the Standalone Financial Statements for the year ended 31 March 2021 (Contd.)

The management believes that these estimated useful lives and residual values are realistic and reflect fair approximation of the period over which the assets are likely to be used.

Depreciation on additions (disposals) is provided on a pro-rata basis i.e. from (upto) the date on which asset is ready for use (disposed off).

(e) Other intangible assets

(i) Recognition and measurement

Other intangible assets includes Computer Software which are acquired by the Company and are initially measured at cost. Such intangible assets are subsequently measured at cost less accumulated amortisation and any accumulated impairment loss.

Revenue expenditure on research and development is charged as an expense through the normal heads of account in the year in which the same is incurred. Capital expenditure incurred on equipment and facilities that are acquired for research and development activities is capitalised and is depreciated according to the policy followed by the Company.

(ii) Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

(iii) Amortisation

Amortisation in respect to all the intangible assets is provided on straight line method over the useful lives of assets based on evaluation. The useful life of such intangible assets for Computer software is 5 years. The amortisation period for other intangible assets is reviewed at each financial year end and adjusted prospectively, if appropriate.

(f) Impairment

(i) Impairment of financial instruments: financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. A financial asset is "credit-impaired" when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

The Company recognises loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit or loss. Loss allowance for trade receivable with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets, expected credit losses are measured at twelve months ECL unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised is recognised as an impairment gain or loss in Standalone Statement of Profit and Loss.

In case of trade receivables, the Company follows the simplified approach permitted by Ind AS 109 *Financial Instruments for recognition of impairment loss allowance*. The application of simplified approach does not require the Company to track changes in credit risk. The Company calculates the expected credit losses on trade receivables using a provision matrix on the basis of its historical credit loss experience.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and

Notes to the Standalone Financial Statements for the year ended 31 March 2021 (Contd.)

when estimating expected credit losses, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including subsequent information.

(ii) Impairment of non-financial assets

The Company's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets that do not generate independent cash inflows are grouped together into cash-generating units (CGUs). Each CGU represents the smallest group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of a CGU (or an individual asset) is the higher of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the CGU (or the asset).

The Company's corporate assets (e.g. corporate office for providing support to various CGUs) do not generate independent cash inflows. To determine impairment of a corporate asset, recoverable amount is determined for the CGUs to which the corporate asset belongs.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the Standalone Statement of Profit and Loss.

Impairment loss recognised in respect of a CGU is allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets of the CGU (or group of CGUs) on a pro rata basis.

In respect of assets for which impairment loss has been recognised in current periods, the Company reviews at each reporting date whether there is any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Such a reversal is made only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(g) Employee benefits

(i) Short-term employee benefits

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

(ii) Employee share-based payment transactions

The Company recognises compensation expense relating to share-based payments in Standalone Statement of Profit and Loss using fair value in accordance with Ind AS 102, Share Based Payment.

The grant date fair value of equity settled share-based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the

Notes to the Standalone Financial Statements for the year ended 31 March 2021 (Contd.)

awards. The amount recognised as expense is based on the estimate of the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that do meet the related service and non-market vesting conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

(iii) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. The Company makes specified monthly contributions for (a) employee provident fund to Government administered provident fund scheme and (b) employee state insurance, which are defined contribution plans. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in Standalone Statement of Profit and Loss in the periods during which the related services are rendered by employees.

Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

(iv) Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan.

The Company's gratuity benefit scheme is a defined benefit plan. The Company's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting

that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan ("the asset ceiling"). In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised in OCI. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service ("past service cost" or "past service gain") or the gain or loss on curtailment is recognised immediately in profit or loss. The Company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

The contributions are deposited with the Life Insurance Corporation of India based on information received by the Company. When the benefits of a plan are improved, the portion of the increased benefit related

Notes to the Standalone Financial Statements for the year ended 31 March 2021 (Contd.)

to past service by employees is recognised in profit or loss on a straight-line basis over the average period until the benefits become vested.

(v) Compensated absences

As per policy of the Company, employees can carry forward unutilised accrued compensated absences and utilise it in next service period or receive cash compensation. Since the compensated absences fall due wholly within twelve months after the end of the period in which the employees render the related service and are also expected to be utilised wholly within twelve months after the end of such period, the benefit is classified as a current employee benefit. The Company records an obligation for such compensated absences in the year in which the employee renders the services that increase this entitlement. The obligation is measured at actuals at the year end as per the policy of the Company. The expected cost of accumulating compensated absences is determined by the management at each balance sheet date measured based on the amount expected to be paid / availed as a result of the unused entitlement that has accumulated at the balance sheet date. Non-accumulating compensated absences are recognised in the period in which the absences occur.

(h) Provisions (other than for employee benefits)

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Constructive obligation is an obligation that derives from an entity's actions where:

- i. by an established pattern of past practice, published policies or a sufficiently specific current statement, the entity has indicated to other parties that it will accept certain responsibilities; and

- ii. as a result, the entity has created a valid expectation on the part of those other parties that it will discharge such responsibilities.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle an obligation or a reliable estimate of the amount cannot be made.

The Company does not recognise a Contingent liability but discloses in the Standalone financial statements.

Provisions are determined by discounting the expected future cash flows (representing the best estimate of the expenditure required to settle the present obligation at the balance sheet date) at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

The unwinding of the discount is recognised as finance cost. Expected future operating losses are not provided for.

(i) Inventories

Inventories which comprise raw materials, work-in-progress, finished goods, packing materials, stores and spares are measured at the lower of cost and net realisable value.

The cost of inventories is based on the first-in first-out (FIFO) formula and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their present location and condition.

In the case of finished goods and work-in-progress, cost includes an appropriate share of fixed production overheads based on normal operating capacity.

Raw materials held for use in the production of finished products are not written down below cost except in cases where material prices have declined and it is estimated that the cost of the

Notes to the Standalone Financial Statements for the year ended 31 March 2021 (Contd.)

finished products will exceed their net realisable value.

The comparison of cost and net realisable value is made on an item-by-item basis.

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

Assessment of net realisable value is made at each subsequent reporting date. When the circumstances that previously caused inventories to be written down below cost no longer exist or when there is clear evidence of an increase in net realisable value because of changed economic circumstances, the amount of the write-down is reversed.

(j) Revenue recognition

The Company's revenue primarily from sale of Carbon materials and chemicals, and power (generation and distribution).

Revenue from sale of product is recognised at the point in time when control of the goods is transferred to the customer, generally on delivery of the product.

At contract inception, the Company assess the goods promised in a contract with a customer and identifies as a performance obligation of each promise to transfer to the customer. Revenue from contracts with customers is recognized when control of goods is transferred to customers and the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold. Revenue from the sale of goods is measured at the fair value of the consideration received or receivables, net of returns and allowances and trade discounts.

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms

of payment and excluding taxes or duties collected on behalf of the Government.

Sale of Power

The Company's derives its power revenue from the production and sale of electricity based on long-term Power Purchase Agreements. Revenue is recognised upon delivery of electricity produced to the electricity grid based on the agreed tariff rate. Delivery is deemed complete when all the risks and rewards associated with ownership have been transferred to the grid as contractually agreed, compensation has been contractually established and collection of the resulting receivable is probable.

Significant financing component: Generally, the Company receives short-term advances from its customers. Using the practical expedient in Ind AS 115, the Company does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that goods will be one year or less.

(k) Government Grant/Subsidy

Government grants are recognised in the Standalone Statement of Profit and Loss as other operating revenue on a systematic basis over the periods in which the Company recognises the related costs for which the grants are intended to compensate.

Government grants related to income under State Investment Promotion Scheme linked with VAT /GST payment, are recognised in the Standalone Statement of Profit and Loss in the period in which they become receivable.

Government grants are not recognised until there is reasonable assurance that the Company will comply with the conditions attached to them and that the grants will be received.

Export incentives

Government grants in the form of import duty exemption on purchase of property, plant and equipment, to be used for export of goods, are

Notes to the Standalone Financial Statements for the year ended 31 March 2021 (Contd.)

recognised as an income as and when export obligations are met as specified in EPCG Scheme.

(l) Recognition of dividend income, interest income or expense

Dividend income is recognised in Standalone Statement of Profit and Loss on the date on which the Company's right to receive payment is established.

Interest income or expense is recognised using the effective interest rate (EIR) method. The "effective interest rate" is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

Rental income is recognised on a straight-line basis over the term of the relevant arrangements.

(m) Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As a lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right of use assets representing the right to use the underlying assets.

(i) Right of use assets

The Company recognises right of use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right of use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right of use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right of use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right of use assets are also subject to impairment [refer to note 3(f)].

(ii) Lease Liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease

Notes to the Standalone Financial Statements for the year ended 31 March 2021 (Contd.)

term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying assets.

Lease liabilities are included in Other financial liabilities (see note 22).

Short-term lease and lease of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of twelve months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of offices, godowns, equipment, etc. that are of low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

As a lessor

Lessor accounting under Ind AS 116 is substantially unchanged from Ind AS 17. Lessor will continue to classify leases as either operating or finance leases using similar principles as in Ind AS 17. Therefore, Ind AS 116 does not have an impact for leases where the Company is the lessor.

Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

(n) Income-tax

Income tax expense comprises of current tax and deferred tax charge or credit. Current tax and deferred tax is recognised in the Standalone Statement of Profit and Loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

(i) Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. Current tax is measured on the basis of estimated taxable income for the current accounting period in accordance with the applicable tax rates and the provisions of the Income-tax Act, 1961 and other applicable tax laws.

Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

(ii) Deferred tax

Deferred tax is recognised on temporary differences between the tax bases and accounting bases of assets and liabilities at the tax rates and laws that have been enacted or substantively enacted at the Balance Sheet date. Deferred tax is also recognised in respect of carried forward tax losses and tax credits.

Deferred tax assets - unrecognised or recognised, are reviewed at each reporting date and are recognised/ reduced to the extent that it is probable/ no longer probable respectively that the related tax benefit will be realised.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Notes to the Standalone Financial Statements for the year ended 31 March 2021 (Contd.)

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

For items recognised in other comprehensive income or equity, deferred / current tax is also recognised in other comprehensive income or equity.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used. The Company recognises a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which such deferred tax asset can be realised. Deferred tax assets are not recognised when there is lack of reasonable certainty.

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

Minimum Alternate Tax (MAT)

In case of tax payable as Minimum Alternative Tax ("MAT") under the provisions of the Income-tax Act, 1961, the credit available under the Act in respect of MAT paid is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the period for which the MAT credit can be carried forward for set-off against the normal tax liability. MAT Credits are in the form of unused tax credits that are carried forward by the Company for a specified period of time, hence it is grouped with Deferred Tax Asset. MAT credit recognised

as an asset is reviewed at each balance sheet date and written down to the extent the aforesaid convincing evidence no longer exists.

(o) Borrowing costs

Borrowing costs are interest and other costs (including exchange differences relating to foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs) incurred in connection with the borrowing of funds. Borrowing costs directly attributable to acquisition or construction of an asset which necessarily take a substantial period of time to get ready for their intended use are capitalised as part of the cost of that asset. Other borrowing costs are recognised as an expense in the period in which they are incurred.

Where there is an unrealised exchange loss which is treated as an adjustment to interest and subsequently there is a realised or unrealised gain in respect of the settlement or translation of the same borrowing, the gain to the extent of the loss previously recognised as an adjustment is recognised as an adjustment to interest.

(p) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

(q) Dividends

Final dividends on shares are recorded as a liability on the date of approval by the shareholders and interim dividends are recorded as a liability on the date of declaration by the Board of Directors of the Company.

(r) Cash and bank balances

Cash and bank balances consist of:

Cash and cash equivalents - which includes cash in hand, cheques in hand, deposits held at call with banks and other short term deposits which are readily convertible into known amounts of cash, are subject to an insignificant risk of change in value and have maturities of less than 3 months from the date of such deposits.

Notes to the Standalone Financial Statements for the year ended 31 March 2021 (Contd.)

These balances with banks are unrestricted for withdrawal and usage.

Other balances with bank - which includes balances and deposits with banks having maturity of more than three months but less than 12 months.

(s) Cash flow statement

Cash flows are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

(t) Earnings per share

Basic earnings per share ("EPS") is calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

(u) Operating segment

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components, and for which discrete financial information is available. All operating segments operating results are reviewed regularly by the Chief Operating Decision Maker (CODM) (Managing Director & CEO) to make decisions about resources to be allocated to the segments and assess their performance. The Company has currently two reportable segments (a) Carbon materials and chemicals; and (b) Power.

(v) Contingent liabilities

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

(w) Exceptional items

When the items of income and expense within profit or loss are of such size, nature and incidence that their disclosure is relevant to explain the performance of the Company for the period, the nature and amount of such items is disclosed separately as exceptional items. Such items are material by nature or amount to the year's Standalone financial statements and require separate disclosure in accordance with Ind AS.

(x) Business combination

The Company accounts for common control transaction in accordance with the applicable method prescribed under Ind AS 103 Business Combination for common control transactions as per the provisions of the Scheme approved by National Company Law Tribunal, where all the assets and liabilities of the Transferor Company is recorded at the carrying value as the Appointed Date.

(y) Determination of fair values

Fair values have been determined for measurement and disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(i) Separable embedded derivative

The fair value of the separable embedded derivative is measured using the Black-Scholes Merton valuation model.

Notes to the Standalone Financial Statements

for the year ended 31 March 2021 (Contd.)

Measurement inputs include share price on measurement date, expected term of the instrument, risk free rate (based on government bond), expected volatility.

(ii) Non-derivative financial assets

Non-derivative financial assets are initially measured at fair value. If the financial asset is not subsequently accounted for at fair value through profit or loss, then the initial measurement includes directly attributable transaction costs. These are measured at amortised cost or at FVTPL or at FVOCI.

Investments in equity instruments are measured at FVOCI and adjusted net assets method has been used for fair valuations of investment in unquoted securities.

(iii) Trade and other receivables

The fair values of trade and other receivables are estimated at the present value of future cash flows, discounted at the market rate of interest at the measurement date. Short-term receivables with no stated interest rate are measured at the original invoice amount. Fair value is determined at initial recognition and, for disclosure purposes, at each annual reporting date.

(iv) Derivative financial liabilities

The Company uses derivative financial instruments, such as forward currency contracts, interest rate swaps, cross currency swap to hedge its foreign currency risks, interest rate risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value as at the reporting date.

(v) Other non-derivative financial liabilities

Other non-derivative financial liabilities are measured at fair value, at initial recognition and for disclosure purposes, at each annual reporting date. Fair value is calculated based on the present value of future principal and interest cash flows, discounted at the market

rate of interest at the measurement date. For finance leases the market rate of interest is determined with reference to similar lease agreements.

(vi) Share-based payment transactions

The fair value of employee stock options is measured using the Black-Scholes Merton valuation model. Measurement inputs include share price on grant date, exercise price of the instrument, expected volatility, expected life of the instrument (based on historical experience), expected dividends, and the risk-free interest rate (based on government bonds).

(z) Standard issued but not yet effective

On 24 March 2021, the Ministry of Corporate Affairs ("MCA") through a notification, amended Schedule III of the Companies Act, 2013. The amendments revise Division I, II and III of Schedule III and are applicable from 1 April 2021. Key amendments relating to Division II which relate to companies whose financial statements are required to comply with Companies (Indian Accounting Standards) Rules 2015 are:

Balance Sheet:

- Lease liabilities should be separately disclosed under the head 'financial liabilities', duly distinguished as current or non-current.
- Certain additional disclosures in the statement of changes in equity such as changes in equity share capital due to prior period errors and restated balances at the beginning of the current reporting period.
- Specified format for disclosure of shareholding of promoters.
- Specified format for ageing schedule of trade receivables, trade payables, capital work-in-progress and intangible asset under development.
- If a Company has not used funds for the specific purpose for which it was borrowed from banks and financial institutions, then disclosure of details of where it has been used.

Notes to the Standalone Financial Statements for the year ended 31 March 2021 (Contd.)

- Specific disclosure under 'additional regulatory requirement' such as compliance with approved schemes of arrangements, compliance with number of layers of companies, title deeds of immovable property not held in name of Company, loans and advances to promoters, directors, key managerial personnel (KMP) and related parties, details of benami property held etc.

Statement of profit and loss:

Additional disclosures relating to Corporate Social Responsibility (CSR), undisclosed income and crypto or virtual currency specified under the head 'additional information' in the notes forming part of the standalone financial statements.

The amendments are extensive and the Company will evaluate the same to give effect to them as required by law.

Notes to the Standalone Financial Statements

for the year ended 31 March 2021 (Contd.)

4A. Property, plant and equipment

See accounting policies in note 3(d) and 3(f) (ii)

Reconciliation of carrying amount

	Amount in ₹ Lakhs								
	Freehold Land	Leasehold Land	Buildings	Plant and equipment	Furniture and fixtures	Vehicles	Office equipment	Leasehold improvements	Total
Gross carrying amount									
Balance at 1 April 2019	4,151.27	334.16	7,582.89	141,340.69	888.38	1,407.47	1,991.11	383.89	158,079.86
Transferred to right of use assets [refer note 4B and 34(c)]	-	(210.63)	-	-	-	-	-	-	(210.63)
Additions during the year	74.74	-	1,000.71	28,689.49	82.66	233.60	69.36	7.56	30,158.12
Discard/ disposals during the year	-	-	-	-	-	(6.85)	(1.80)	-	(8.65)
Effect of movement in foreign exchange rates [refer note (c) below]	-	-	-	58.94	-	-	-	-	58.94
Balance at 31 March 2020	4,226.01	123.53	8,583.60	170,089.12	971.04	1,634.22	2,058.67	391.45	188,077.64
Balance at 1 April 2020	4,226.01	123.53	8,583.60	170,089.12	971.04	1,634.22	2,058.67	391.45	188,077.64
Additions during the year	-	-	41.04	3,013.88	14.20	76.98	82.09	-	3,228.19
Discard/ disposals during the year	-	-	-	-	-	(35.43)	(1.11)	-	(36.54)
Effect of movement in foreign exchange rates [refer note (c) below]	-	-	-	5.38	-	-	-	-	5.38
Balance at 31 March 2021	4,226.01	123.53	8,624.64	173,108.38	985.24	1,675.77	2,139.65	391.45	191,274.67
Accumulated depreciation and amortisation									
Balance at 1 April 2019	-	40.52	2,438.53	43,191.89	606.49	767.58	1,598.22	11.61	48,654.84
Transferred to right of use assets [refer note 4B and 34(c)]	-	(35.87)	-	-	-	-	-	-	(35.87)
Depreciation/ amortisation during the year	-	1.55	200.61	2,805.99	69.04	114.77	124.07	72.98	3,389.01
Discard/ disposals during the year	-	-	-	-	-	(6.51)	(0.17)	-	(6.68)
Balance at 31 March 2020	-	6.20	2,639.14	45,997.88	675.53	875.84	1,722.12	84.59	52,001.30
Balance at 1 April 2020	-	6.20	2,639.14	45,997.88	675.53	875.84	1,722.12	84.59	52,001.30
Depreciation/ amortisation during the year	-	1.55	218.96	3,488.14	67.04	122.90	100.39	78.24	4,077.22
Discard/ disposals during the year	-	-	-	-	-	(33.66)	(0.27)	-	(33.93)
Balance at 31 March 2021	-	7.75	2,858.10	49,486.02	742.57	965.08	1,822.24	162.83	56,044.59
Net carrying amount									
At 31 March 2020	4,226.01	117.33	5,944.46	124,091.24	295.51	758.38	336.55	306.86	136,076.34
At 31 March 2021	4,226.01	115.78	5,766.54	123,622.36	242.67	710.69	317.41	228.62	135,230.08

Notes:

- (a) As at 31 March 2021, Property, plant and equipment with net carrying amount of ₹ **130,179.83 Lakhs** (31 March 2020: ₹ 130,964.29 Lakhs) are subject to first charge to secure borrowings (refer note 19).
- (b) Gross carrying amount includes Research and development assets (Building, Plant and equipment, Furniture and fixtures and Office equipment) of ₹ **1,847.41 Lakhs** (31 March 2020: ₹ 1,764.69 Lakhs) and net carrying amount of ₹ 1,075.07 Lakhs (31 March 2020: ₹ 1,067.48 Lakhs). Additions to the Research and development assets during the year 2020-21 is ₹ **82.72 Lakhs** (2019-2020: ₹ 194.81 Lakhs).

Notes to the Standalone Financial Statements for the year ended 31 March 2021 (Contd.)

- (c) Net foreign exchange loss/ (gain) amounting to ₹ **5.38 Lakhs** capitalised during the year (2019-20: ₹ 58.94 Lakhs).
- (d) The title deeds of leasehold Land are duly registered with appropriate authorities and title deeds of Freehold land amounting to ₹ **518.86 Lakhs**, which were transferred to the Company pursuant to the Scheme of Amalgamation, are in the process of transfer in the name of the Company.
- (e) For contractual commitment with respect to Property, plant and equipment, refer note 34(b)(l)(i).
- (f) No indicator of impairment were identified during the current year, hence Property, plant and equipment including Capital work-in-Progress were not tested for impairment.
- (g) The carbon black expansion project, which had started commercial production in the 4th quarter of 2019-20, was set up under an EPC contract executed by a related party, as approved by the Board of Directors and the shareholders. The Company has subsequently received final additional claim of ₹ 53.02 Crores from the EPC contractor for enhancements/additional work which have not been considered in the books of account. Further, the Company has issued final purchase/job orders amounting to ₹ 22.32 Crores to various third-party contractors for certain works, out of which ₹ 14.83 Crores have been paid and accounted for. Some of the directors, vide a letter in August 2020, had raised certain concerns to the audit committee and the members of the Board regarding adherence to the due process, compliance with applicable laws relating to transactions with related parties etc., justification for the additional work awarded to the EPC contractor / third party contractors. The Board of Directors, in its meeting held on 22 October 2020, decided to appoint an independent engineering firm and a financial firm to conduct a technical reconciliation and financial reconciliation respectively for examining the justification of these additional claims and purchase/job orders. Subsequently, the Company has received the final report of the independent engineering firm, dated 20 May 2021 as per which there is some overlap in the scope of the original EPC contract and new contracts awarded to the contractors. The findings of this report were discussed and taken on record by the Audit Committee in its meeting held on 10 June 2021 and the Board of Directors of the Company in its meetings held on 10 June and 22 June 2021. Another letter by the directors who had raised concerns earlier, has been received by the Audit Committee and the Board on 10 June 2021 containing observations/ reservations on various matters relating to the project including findings of the independent engineering firm and the same were deliberated and discussed in Board meeting held on 10 June and 22 June 2021. Post receipt and consideration of the technical report, pursuant to its earlier decision of 22 October 2020, the Board of Directors, in its meeting held on 22 June 2021, has approved the appointment of an independent financial firm to carry out the financial reconciliation. Final accounting for these claims and the above purchase/job orders, would be after receipt of their report and then considering both the reports in tandem.

4B. Right of use assets

See accounting policies in note 3(f) and 3(m)

	Amount in ₹ Lakhs		
	Land	Buildings	Total
Gross carrying amount			
Balance at 1 April 2019	-	-	-
Recognised on account of adoption of Ind AS 116 as at 1 April 2019	90.97	25.50	116.47
Transferred from Property, plant and equipment [note 4A and 34(c)]	210.63	-	210.63
Reclassified on account of adoption of Ind AS 116 [refer note 34(c)]	2,404.84	-	2,404.84
Additions during the year	-	129.77	129.77
Discard/ disposals during the year	-	-	-
Balance at 31 March 2020	2,706.44	155.27	2,861.71

Notes to the Standalone Financial Statements

for the year ended 31 March 2021 (Contd.)

	Amount in ₹ Lakhs		
	Land	Buildings	Total
Balance at 1 April 2020	2,706.44	155.27	2,861.71
Additions during the year	-	337.14	337.14
Discard/ disposals during the year	-	-	-
Balance at 31 March 2021	2,706.44	492.41	3,198.85
Accumulated amortisation			
Balance at 1 April 2019	-	-	-
Transferred from Property, plant and equipment [note 4A and 34(c)]	35.87	-	35.87
Amortisation during the year	199.41	15.81	215.22
Discard/ disposals during the year	-	-	-
Balance at 31 March 2020	235.28	15.81	251.09
Balance at 1 April 2020	235.28	15.81	251.09
Amortisation during the year	198.92	78.88	277.80
Discard/ disposals during the year	-	-	-
Balance at 31 March 2021	434.20	94.69	528.89
Net carrying amount			
At 31 March 2020	2,471.16	139.46	2,610.62
At 31 March 2021	2,272.24	397.72	2,669.96

5. Capital work-in-progress

See accounting policy in note 3(d)(iii)

	Amount in ₹ Lakhs	
	31 March 2021	31 March 2020
Balance at the beginning of the year	15,837.78	12,643.27
Additions during the year	2,974.94	32,692.00
Capitalised during the year	(2,851.69)	(29,497.49)
Balance at the end of the year	15,961.03	15,837.78

Capital work-in-progress includes:

Expenditure incurred on addition to manufacturing facility of the Company, given below:

	Amount in ₹ Lakhs	
	31 March 2021	31 March 2020
Balance at the beginning of the year	927.72	1,695.38
Additions during the year:		
Employee benefits expense	93.52	257.84
Rates and taxes	0.31	2.51
Finance cost (refer note 30)	-	340.36
Miscellaneous expenses (includes professional fees, inspection charges, testing charges, etc.)	80.48	1,040.97
	174.31	1,641.68
Less: Capitalised during the year	(77.00)	(2,409.34)
Balance at the end of the year	1,025.03	927.72

Notes to the Standalone Financial Statements for the year ended 31 March 2021 (Contd.)

6. Intangible assets

See accounting policies in note 3(e) and 3(f) (ii)

Reconciliation of carrying amount of Computer software

	Amount in ₹ Lakhs	
	31 March 2021	31 March 2020
Gross carrying amount		
Balance at the beginning of the year	298.12	284.02
Additions during the year	13.21	14.10
Balance at the end of the year	311.33	298.12
Accumulated amortisation		
Balance at the beginning of the year	113.87	50.09
Amortisation during the year	66.93	63.78
Balance at the end of the year	180.80	113.87
Net carrying amount	130.53	184.25

No indicator of impairment were identified during the current year, hence intangible assets were not tested for impairment.

7. Investments

See accounting policies in note 3(c)(i) - (iii) and 3(f)(i)

A. Non-current investments

(All the investments are fully paid, unless otherwise stated)

	Amount in ₹ Lakhs	
	31 March 2021	31 March 2020
Investments in subsidiary carried at cost		
70,783,680 (31 March 2020: 70,783,680) equity shares of AAT Global Limited, a wholly-owned subsidiary (face value - HKD 1 each)	5,244.64	5,244.64
Less: Impairment of investment in equity shares of AAT Global Limited, a wholly-owned subsidiary (refer note 48)	(5,244.64)	(5,244.64)
	-	-
Investments carried at fair value through other comprehensive income (FVOCI)		
Equity instruments		
Quoted		
334,900 (31 March 2020: 334,900) equity shares of Himadri Credit & Finance Limited (face value - ₹ 10 each)	509.05	381.79
8,000 (31 March 2020: 8,000) equity shares of Transchem Limited (face value - ₹ 10 each)	1.34	1.30
	510.39	383.09

Notes to the Standalone Financial Statements

for the year ended 31 March 2021 (Contd.)

	Amount in ₹ Lakhs	
	31 March 2021	31 March 2020
Unquoted		
17,000 (31 March 2020: 17,000) equity shares of Himadri e-Carbon Limited (face value - ₹ 10 each)	2.15	1.45
2 (31 March 2020: 2) equity shares of Modern Hi-Rise Private Limited (face value - ₹ 10 each)	1.93	1.35
1 (31 March 2020: 1) equity share of Himadri Industries Private Limited (formerly known as Shresth Merchandise Private Limited) (face value - ₹ 10 each)	0.02	0.02
	4.10	2.82
Preference shares (unquoted)		
1,248,774 (31 March 2020: 1,248,774) 1% Non-cumulative optionally convertible preference shares of Modern Hi-Rise Private Limited (face value - ₹ 10 each)	6,044.07	4,233.59
	6,044.07	4,233.59
Investments carried at fair value through profit or loss (FVTPL)		
Preference shares (unquoted)		
463,702 (31 March 2020: 463,702) 1% Non-cumulative redeemable preference shares of Himadri Industries Private Limited (formerly known as Shresth Merchandise Private Limited) (face value - ₹ 10 each)	46.37	46.37
	46.37	46.37
Government securities (unquoted) carried at amortised cost		
Kisan Vikas Patra (deposited with sales tax authorities)	0.07	0.07
	6,605.00	4,665.94
Aggregate book value of quoted investments	510.39	383.09
Aggregate market value of quoted investments	510.39	383.09
Aggregate value of unquoted investments (net)	6,094.61	4,282.85
Aggregate amount of impairment in book value of unquoted investments	(5,244.64)	(5,244.64)
Investment carried at amortised cost	0.07	0.07
Investment carried at fair value through profit or loss (FVTPL)	46.37	46.37
Investment carried at fair value through other comprehensive income (FVOCI)	6,558.56	4,619.50

Information about the Company's fair value measurement and exposure to credit and market risks are disclosed in note 41 and 42.

Notes to the Standalone Financial Statements

for the year ended 31 March 2021 (Contd.)

B. Investments designated at fair value

Amount in ₹ Lakhs					
	Fair value as at	Dividend income recognised during	Fair value as at	Dividend income recognised during	Fair value as at
	31 March 2021	2020-2021	31 March 2020	2019-2020	1 April 2019
Fair value through other comprehensive income					
Equity shares					
Investment in Himadri Credit & Finance Limited	509.05	-	381.79	-	1,270.61
Investment in Transchem Limited	1.34	-	1.30	-	1.90
Investment in Modern Hi-Rise Private Limited	1.93	-	1.35	-	5.31
Investment in Himadri Industries Private Limited (formerly known as Shresth Merchandise Private Limited)	0.02	-	0.02	-	0.06
Investment in Himadri Dyes & Intermediates Limited	-	-	-	-	-
Investment in Himadri e-Carbon Limited	2.15	-	1.45	-	1.51
Investment in Himadri Industries Limited	-	-	-	-	-
Preference shares					
Investment in Modern Hi-Rise Private Limited	6,044.07	-	4,233.59	-	16,595.02
Fair value through profit or loss (FVTPL)					
Preference shares					
Investment in Himadri Industries Private Limited (formerly known as Shresth Merchandise Private Limited)	46.37	-	46.37	-	46.37
	6,604.93	-	4,665.87	-	17,920.78

8. Trade receivables

See accounting policy in note 3(c) (i)-(iv) and (f) (i)

Amount in ₹ Lakhs		
	31 March 2021	31 March 2020
Trade receivable considered good - secured	1,990.37	1,695.92
Trade receivable considered good - unsecured	45,875.58	29,467.69
	47,865.95	31,163.61
Less: Loss allowance	(717.01)	(417.01)
	47,148.94	30,746.60

Notes to the Standalone Financial Statements

for the year ended 31 March 2021 (Contd.)

	Amount in ₹ Lakhs	
	31 March 2021	31 March 2020
Non-current	1,004.25	788.90
Current	46,144.69	29,957.70
	47,148.94	30,746.60
(a) Movement in loss allowance		
Balance as at beginning of the year	417.01	417.01
Change in loss allowances during the year	300.00	-
Trade receivables written off during the year	-	-
Balance as at the end of the year	717.01	417.01

(b) For trade receivables, secured against borrowings, refer note 19.

(c) Non-current trade receivables represent an amount of ₹ **1,004.25 Lakhs** (31 March 2020: ₹ 788.90 Lakhs) due from a customer which is currently under arbitration proceedings. Based on the merits of the case and independent legal opinion obtained by the Company, the Company continues to believe that the outcome of the said proceedings would be in favour of the Company.

(d) No trade receivables are due from directors of the Company either severally or jointly with any other person. Nor any trade receivables are due from firms or private companies respectively in which any director is a partner, a director or a member.

(e) Information about the Company's exposure to credit, market and currency risks, and loss allowances related to trade receivables are disclosed in note 42.

9. Cash and cash equivalents

See accounting policy in note 3(r)

	Amount in ₹ Lakhs	
	31 March 2021	31 March 2020
Cash on hand	64.27	72.58
Balances with banks		
- On current accounts	3,883.67	2,869.72
- On EEFC accounts	263.04	797.42
- On deposit account (with original maturities less than 3 months)	816.75	4.09
	5,027.73	3,743.81

Bank deposits of ₹ **816.75 Lakhs** (31 March 2020: ₹ 4.09 Lakhs) have been pledged with the banks against various credit facilities availed by the Company.

10. Bank balances other than cash and cash equivalents

	Amount in ₹ Lakhs	
	31 March 2021	31 March 2020
Bank deposits due to mature after 3 months of original maturities but within 12 months of the reporting date [refer note (a) below]	8,470.82	425.10
Earmarked balances with banks		
- Earmarked balances with banks for unpaid dividend accounts	27.90	27.81
- Other deposits [refer note (b) below]	0.27	0.27
	8,498.99	453.18

Notes to the Standalone Financial Statements for the year ended 31 March 2021 (Contd.)

- (a) Bank deposits of ₹ **108.82 Lakhs** (31 March 2020: ₹ 425.10 Lakhs) have been pledged with various banks against various credit facilities availed by the Company.
- (b) Earmarked balances with banks of ₹ **0.27 Lakhs** (31 March 2020: ₹ 0.27 Lakhs) is held as security against various credit facilities availed by the Company.

11. Loans

See accounting policy in note 3(c) (i) - (iv) and 3(f) (i)

(Unsecured and considered good, unless otherwise stated)

	Amount in ₹ Lakhs	
	31 March 2021	31 March 2020
Non-current		
Security and other deposits	1,709.46	1,947.92
Loan to employees	100.00	100.00
To related party - wholly owned subsidiary		
Loan given to AAT Global Limited (refer note 39 and 40)	6,298.98	6,298.98
Less: Loss allowance	(6,298.98)	(6,298.98)
	-	-
	1,809.46	2,047.92
Current		
Security and other deposits	547.57	123.82
Loan to employees	56.56	59.72
To related party		
Loan to employees (including interest receivable) (refer note 39)*	85.25	79.26
	689.38	262.80
	2,498.84	2,310.72
Loan receivables considered good - secured	-	-
Loan receivables considered good - unsecured	2,498.84	2,310.72
Loan receivables which have significant increase in credit risk	6,298.98	6,298.98
Loan receivables - loss allowance	(6,298.98)	(6,298.98)
	2,498.84	2,310.72

Information about the Company's exposure to credit and market risks are disclosed in note 42.

*Loan to employees include ₹ **85.25 Lakhs** (31 March 2020: ₹ 79.26 Lakhs) due from a Key Management Personnel (KMP) of the Company. Maximum balance outstanding during the year is ₹ **85.25 Lakhs** (31 March 2020: ₹ 79.26 Lakhs)

12. Other financial assets

See accounting policy in note 3(c) (i) - (v) and 3(f) (i)

(Unsecured and considered good, unless otherwise stated)

	Amount in ₹ Lakhs	
	31 March 2021	31 March 2020
Non-current		
Bank deposits due to mature after 12 months of the reporting date	9.67	9.92
Interest accrued on bank deposits	0.58	0.14
	10.25	10.06

Notes to the Standalone Financial Statements

for the year ended 31 March 2021 (Contd.)

	Amount in ₹ Lakhs	
	31 March 2021	31 March 2020
Current		
Receivable from parties other than related parties		
Interest accrued on bank deposits	96.23	2.72
Insurance claim receivable	8.30	7.94
Export incentive receivable	0.63	0.92
Derivatives	48.69	-
Government grants receivable	557.06	557.06
	710.91	568.64
	721.16	578.70

Bank deposits of ₹ 9.67 Lakhs (31 March 2020: ₹ 9.92 Lakhs) have been pledged with various banks against various credit facilities availed by the Company.

Information about the Company's exposure to credit and market risks are disclosed in note 42.

13. Non-current tax assets (net)

See accounting policy in note 3(n)

	Amount in ₹ Lakhs	
	31 March 2021	31 March 2020
Advance income tax	399.70	224.03
[net of provision for income tax ₹ 24,591.00 Lakhs (31 March 2020: ₹ 23,409.21 Lakhs)]		
	399.70	224.03

14. Other non-current assets

(Unsecured, considered good)

	Amount in ₹ Lakhs	
	31 March 2021	31 March 2020
Capital advances		
To a related party (refer note 39)	327.70	204.15
Other than related party	510.00	355.06
Deposits with government authorities (Custom, excise etc.)	849.77	843.93
Prepaid expenses	123.07	116.65
	1,810.54	1,519.79

Notes to the Standalone Financial Statements for the year ended 31 March 2021 (Contd.)

15. Inventories

See accounting policy in note 3(i)

(Valued at the lower of cost and net realisable value)

	Amount in ₹ Lakhs	
	31 March 2021	31 March 2020
Raw materials [including goods-in-transit ₹ 573.55 Lakhs (31 March 2020: ₹ 952.45 Lakhs)]	18,104.82	9,480.19
Work-in-progress	3,337.16	10,153.11
Finished goods	7,685.39	9,231.89
Packing materials	668.33	702.55
Stores and spares	3,685.95	3,581.66
	33,481.65	33,149.40

Carrying amount of inventories pledged as securities for borrowings, refer note 19.

16. Other current assets

(Unsecured considered good unless otherwise stated)

	Amount in ₹ Lakhs	
	31 March 2021	31 March 2020
Parties other than related parties		
Advances to suppliers		
Unsecured, considered good [refer note (b) below]	7,251.36	6,122.97
Unsecured, considered doubtful	216.75	216.75
	7,468.11	6,339.72
Less: Allowances for unsecured advances [refer note (a) below]	(216.75)	(216.75)
	7,251.36	6,122.97
Others		
Balance with government authorities	1,307.78	638.62
Others (prepaid expenses and other receivables)	279.72	362.25
To related party		
Advance for supplies: AAT Global Limited (refer note 39)	2,030.61	7,711.14
Less: Allowances for advances [refer note (a) below and 48]	(1,255.03)	(1,255.03)
	775.58	6,456.11
	9,614.44	13,579.95
(a) Movement in allowances for unsecured advances		
Balance as at beginning of the year	1,471.78	46.76
Changes in allowances for advances during the year	-	1,425.02
Advances written off during the year	-	-
Balance as at the end of the year	1,471.78	1,471.78

(b) Advances to suppliers includes ₹ 833.93 Lakhs (31 March 2020: ₹ 833.93 Lakhs) as advance given in earlier years to a supplier against supply of raw materials which is currently under arbitration proceedings. Based on the merits of the case and independent legal opinion obtained by the Company, the Company continues to believe that the outcome of the said proceedings would be in favour of the Company.

Notes to the Standalone Financial Statements

for the year ended 31 March 2021 (Contd.)

17. Equity share capital

See accounting policy in note 3(p)

Amount in ₹ Lakhs		
	31 March 2021	31 March 2020
Authorised*		
700,100,000 (31 March 2020: 700,100,000) equity shares of ₹ 1 each	7,001.00	7,001.00
* Pursuant to the merger of Equal Commodore Private Limited with the Company, vide National Company Law Tribunal order dated 14 October 2019 with effect from appointed date of 1 April 2018, authorised share capital amounting to ₹ 1 Lakh of Equal Commodore Private Limited, stands transfer to authorised equity share capital of the Company		
Issued, subscribed and fully paid-up		
418,965,278 (31 March 2020: 418,807,782) equity shares of ₹ 1 each	4,189.65	4,188.08
	4,189.65	4,188.08

A. Reconciliation of equity shares (ordinary shares) outstanding at the beginning and at the end of the reporting year

Amount in ₹ Lakhs				
	31 March 2021		31 March 2020	
	Number	Amount	Number	Amount
At the beginning of the year	418,807,782	4,188.08	418,578,745	4,185.79
Add: Equity shares issued during the year (refer note 38)	157,496	1.57	229,037	2.29
At the end of the year	418,965,278	4,189.65	418,807,782	4,188.08

B. Rights, preferences and restrictions attached to equity shares

The Company has a single class of equity shares with par value of Re 1 per share. Accordingly, all equity shares rank equally with regard to dividends and share in the Company's residual assets on winding up. The equity shareholders are entitled to receive dividend as declared by the Company from time to time. The voting rights of an equity shareholder on a poll (not on show of hands) are in proportion to its share of the paid-up equity capital of the Company.

On winding up of the Company, the holders of equity shares will be entitled to receive the residual assets of the Company, remaining after distribution of all preferential amounts, in proportion to the number of equity shares held.

C. Equity shares held by upstream associates (shareholders of the Company) having significant influence over the Company

Amount in ₹ Lakhs				
	31 March 2021		31 March 2020	
	Number	Amount	Number	Amount
Modern Hi-Rise Private Limited	182,599,607	1,826.00	182,599,607	1,826.00
BC India Investments	-	-	103,178,860	1,031.79

Notes to the Standalone Financial Statements for the year ended 31 March 2021 (Contd.)

D. Details of equity shareholders holding more than 5% shares of fully paid up equity shares of the aggregate equity shares of the Company

	31 March 2021		31 March 2020	
	Number	% of total shares in the class	Number	% of total shares in the class
Equity shares of ₹ 1 each fully paid up held by:				
Modern Hi-Rise Private Limited	182,599,607	43.58%	182,599,607	43.60%
BC India Investments	48,178,860	11.50%	103,178,860	24.64%

E. Shares reserved for issue under options

See accounting policies in note 3(g)(ii)

	31 March 2021		31 March 2020	
	Number	Amount	Number	Amount
Under Employee Stock Option Plan, 2016 (ESOP 2016): 1,658,343 (31 March 2020: 1,997,855) equity shares of ₹ 1 each (refer note 38)	1,658,343	16.58	1,997,855	19.98

Information of stock options granted to employees are disclosed in note 38 regarding share based payments.

F. Aggregate number of shares issued for consideration other than cash during the period of five years immediately preceding the reporting date

During the year ended 31 March 2016, 32,675,297 equity shares of Re 1 each were allotted as fully paid up equity shares pursuant to conversion of Deep Discount Debentures (DDD) into 32,675,297 equity shares of Re 1 each at a price of ₹ 19 per equity share (including at a premium of ₹ 18 per equity share) on 25 March 2016 to Himadri Coke & Petro Limited, a related party, on preferential basis for consideration other than cash.

18. Other equity

Refer Standalone statement of changes in equity for detailed movement in other equity balance.

A. Movement in other equity balance

Components	Amount in ₹ Lakhs				
	1 April 2019	Movement during the year	31 March 2020	Movement during the year	31 March 2021
Capital reserve	1,280.50	-	1,280.50	-	1,280.50
Securities premium	45,435.57	96.68	45,532.25	67.85	45,600.10
Debenture redemption reserve	3,321.39	214.28	3,535.67	(3,535.67)	-
General reserve	15,419.94	-	15,419.94	3,535.67	18,955.61
Share option outstanding reserve	260.27	80.00	340.27	11.36	351.63
Retained earnings	86,936.57	7,055.28	93,991.85	4,075.12	98,066.97
Items of other comprehensive income:					
- Equity instruments through Other Comprehensive income	11,233.39	(10,371.03)	862.36	1,521.26	2,383.62
	163,887.63	(2,924.79)	160,962.84	5,675.59	166,638.43

Notes to the Standalone Financial Statements

for the year ended 31 March 2021 (Contd.)

B. Other comprehensive income accumulated in other equity (net of income-tax)

The disaggregation of changes in other comprehensive income by each type of reserve in equity is shown below:

	Equity instruments through other comprehensive income
As at 1 April 2019	11,233.39
Equity instruments through other comprehensive income - net change in fair value	(13,254.89)
Tax on above items	2,883.86
As at 31 March 2020	862.36
Equity instruments through other comprehensive income - net change in fair value	1,939.06
Tax on above items	(417.80)
As at 31 March 2021	2,383.62

19. Borrowings

See accounting policy in note 3(b) and (c)(i) - (iv)

Amount in ₹ Lakhs				
	Interest	Maturity	31 March 2021	31 March 2020
Non-current borrowings				
Secured				
Bonds and debentures				
Nil (31 March 2020: 500) 12.50% Redeemable non-convertible debentures of ₹ 1,000,000 each (secured)	12.50%	2020-2021	-	5,000.00
Nil (31 March 2020: 2,500,000) 10% Redeemable non-convertible debentures of ₹ 400 each (secured)	10.00%	2020-2021	-	10,000.00
			-	15,000.00
Term loans				
Rupee term loan (secured)	refer note (b) below			
From banks			12,309.12	3,308.44
Foreign currency loans (secured)	refer note (b) below			
From banks			-	299.43
			12,309.12	3,607.87
Loan against vehicles and equipments (secured)	8.3%-9.8%	2020-2023	207.24	430.54
			12,516.36	19,038.41
Less: Current maturities of non-current borrowings (refer note 22)			(4,077.04)	(16,793.99)
			8,439.32	2,244.42

Notes to the Standalone Financial Statements

for the year ended 31 March 2021 (Contd.)

	Amount in ₹ Lakhs	
	31 March 2021	31 March 2020
Current borrowings		
Secured		
From banks (repayable on demand)		
Rupee loans	21,466.39	15,853.68
Foreign currency loans	24,926.54	10,597.60
	46,392.93	26,451.28
Unsecured		
From banks (repayable on demand)		
Rupee loans	13,000.00	-
From others		
Commercial paper	-	5,000.00
	59,392.93	31,451.28

Information about the Company's exposure to fair value measurement, interest rate, currency and liquidity risks related to borrowings are disclosed in note 41 and 42.

A. Terms of repayment/ conversion/ redemption

(a) Debentures

- The Company, on 29 October 2013, had issued 500 12.50% Redeemable non-convertible debentures of face value of ₹ 1,000,000 each aggregating ₹ 5,000 Lakhs to be redeemed at par at the end of 7 years from the date of allotment on private placement basis to Life Insurance Corporation of India. During the current financial year, the Company has made full and final payment towards redemption of the captioned debentures including interest to the Debenture Holder on the due date i.e. on 28 October 2020.
- The Company, on 24 August 2010, had issued 2,500,000 10% Redeemable non-convertible debentures of face value of ₹ 400 each aggregating ₹ 10,000 Lakhs to be redeemed at par at the end of 10 years from the date of allotment on private placement basis to Life Insurance Corporation of India. During the current financial year, the Company has made full and final payment towards redemption of the captioned debentures including interest to the Debenture Holder on the due date i.e. on 24 August 2020.

(b) Term loans

	Amount in ₹ Lakhs			
Name of the lender	Interest	Repayment schedule	31 March 2021	31 March 2020
(i) Rupee term loans				
Axis Bank Limited [₹ 1,002.00 Lakhs (31 March 2020: ₹ 1,670.00 Lakhs)]	6 Month MCLR + 0.20%	Repayable at quarterly rest: 6 of ₹ 167.00	1,005.69	1,660.01
IDFC First Bank [₹ Nil (31 March 2020: ₹ 1,650.00 Lakhs)]	12 Month MCLR + 0.15%		-	1,648.43
HDFC Bank [₹ 11,375.00 Lakhs (31 March 2020: ₹ Nil)]	3 Month Repo Rate + 2.75%	Repayable at quarterly rest: 14 of ₹ 812.50	11,303.43	-
(ii) Foreign currency loans				
ICICI Bank Limited [JPY Nil (31 March 2020: JPY 430.56 Lakhs)]	6 Month JPY Libor + 2.00%		-	299.43

Notes to the Standalone Financial Statements

for the year ended 31 March 2021 (Contd.)

- (iii) Loans against vehicles and equipments are for a period of three to five years and repayable by way of equated monthly instalments.

B. Details of security

- (i) Rupee term loans from Axis Bank Limited is secured by way of mortgage of immovable properties situated at Mahistikry Unit (Leasehold Land), Liluah Unit, and Vishakhapatnam Unit and hypothecation of all movable Property, plant and equipment on pari passu basis with other lenders.
- Rupee term loans from HDFC Bank Limited is secured by way of pari passu first charge on the movable fixed assets of the Company and equitable mortgage on the Mahistikry Unit of the Company situated in West Bengal.
- (ii) Foreign currency borrowings from ICICI Bank Limited is secured by way of mortgage of immovable properties (Leasehold Land) and hypothecation of movable Property, plant and equipment situated at Mahistikry on pari passu basis with other secured lenders. During the year ended 31 March 2021, the Company has repaid the amount.
- (iii) Loans against vehicles and equipments are secured by way of hypothecation of the underlying asset financed.
- (iv) Current borrowings from banks aggregating to ₹ **46,392.93 Lakhs** (31 March 2020: ₹ 26,451.28 Lakhs) are secured by hypothecation of current assets of the Company both present and future on pari passu basis. Further, working capital loan from banks aggregating to ₹ **13,002.83 Lakhs** (31 March 2020: ₹ 12,696.71 Lakhs) is also secured by subservient charge on moveable Property, plant and equipment of the Company.

20. Trade payables

See accounting policy in note 3(c) (i) - (iv)

	Amount in ₹ Lakhs	
	31 March 2021	31 March 2020
(a) Trade payable for goods and services		
- total outstanding dues of micro enterprises and small enterprises (refer note 46)	183.54	1.58
- total outstanding dues of creditors other than micro enterprises and small enterprises	14,277.94	5,485.29
(b) Acceptances	440.21	15,690.05
	14,901.69	21,176.92
Non-current	-	-
Current	14,901.69	21,176.92
	14,901.69	21,176.92

Information about the Company's exposure to currency and liquidity risks related to trade payables are disclosed in note 42

Notes to the Standalone Financial Statements for the year ended 31 March 2021 (Contd.)

21. Derivatives

See accounting policy in note 3(c)(v)

	Amount in ₹ Lakhs	
	31 March 2021	31 March 2020
Foreign exchange forward/ interest rate swap contracts	-	175.88
Non-current	-	-
Current	-	175.88
	-	175.88

Information about the Company's exposure to interest rate and currency risks related to derivatives are disclosed in note 42.

22. Other financial liabilities

See accounting policy in note 3(c) (i) - (ii)

	Amount in ₹ Lakhs	
	31 March 2021	31 March 2020
Non-current		
Security deposits	25.77	25.77
Lease liabilities [refer note 34(c)]	262.96	177.06
	288.73	202.83
Current		
Current maturities of non-current borrowings (refer note 19)	4,077.04	16,793.99
Interest accrued but not due on borrowings	178.02	580.55
Unclaimed dividend	27.90	27.81
Liability for capital goods	603.63	463.59
Lease liabilities [refer note 34(c)]	218.50	52.38
Others (including Employee benefits expense and Security deposits)	1,675.59	592.73
	6,780.68	18,511.05

(a) There are no amount due and outstanding to be credited to Investor Education and Protection under Section 125 of the Companies Act, 2013 as at 31 March 2021 (31 March 2020: ₹ Nil).

(b) Information about the Company's exposure to currency and liquidity risks related to the above financial liabilities are disclosed in note 42.

23. Other current liabilities

	Amount in ₹ Lakhs	
	31 March 2021	31 March 2020
Statutory dues (including provident fund, tax deducted at source, goods and services tax and others)	1,509.27	566.88
Advance from customers	899.06	476.23
	2,408.33	1,043.11

Notes to the Standalone Financial Statements for the year ended 31 March 2021 (Contd.)

24. Provisions

See accounting policies in note 3(g) and (h)

	Amount in ₹ Lakhs	
	31 March 2021	31 March 2020
Non-current		
Net defined benefit liability - Gratuity (refer note 37)	339.87	373.31
Provision for litigation [refer note (a) below]	78.42	78.42
	418.29	451.73
Current		
Liability for compensated absences [refer note (a) below]	161.76	76.97
	161.76	76.97

(a) Movement of provisions (Non-current and current)

	Amount in ₹ Lakhs	
	Liability for compensated absences	Provision for litigation
Balance as at 1 April 2019	54.92	78.42
Add: Provisions made during the year 2019-20	80.11	-
Less: Amount utilised/ reversed during the year 2019-20	(58.06)	-
Balance as at 31 March 2020	76.97	78.42
Add: Provisions made during the year 2020-21	99.54	-
Less: Amount utilised/ reversed during the year 2020-21	(14.75)	-
Balance as at 31 March 2021	161.76	78.42

Movement of provision for litigation during the year as required by Ind AS 37: "Provisions, Contingent Liabilities and Contingent Asset" specified under Section 133 of the Companies Act, 2013, the Company as a prudent measure had made provisions in the earlier year amounting to ₹ 78.42 Lakhs representing estimates made mainly for probable claims arising out of disputes pending with the sales tax authorities. The probability and timing of the outflow with regard to these matters depend upon the ultimate settlement with the relevant authorities.

25. Revenue from operations

See accounting policies in note 3(j) and (k)

	Amount in ₹ Lakhs	
	Year ended 31 March 2021	Year ended 31 March 2020
Sale of products	167,931.12	179,137.03
Other operating revenue		
- Export incentive	14.68	1,212.82
Total revenue from operations	167,945.80	180,349.85

(i) Sales are net of price adjustments settled during the year by the Company, discounts and Goods and Services tax (GST) etc.

Notes to the Standalone Financial Statements for the year ended 31 March 2021 (Contd.)

(ii) Revenue disaggregation is as follows:

	Amount in ₹ Lakhs	
	Year ended 31 March 2021	Year ended 31 March 2020
(a) Disaggregation of goods		
- Carbon materials and chemicals	166,849.44	177,897.96
- Power	1,081.68	1,239.07
	167,931.12	179,137.03
(b) Disaggregation based on geography		
India	148,488.12	164,579.69
Outside India	19,443.00	14,557.34
	167,931.12	179,137.03
Geographical location is based on the location of customers excluding export incentives		
(c) Reconciliation of Revenue from sale of products with the contracted price		
Contracted price	171,513.21	179,044.47
(Less)/ add: Adjustment for variable consideration	(3,582.09)	92.56
	167,931.12	179,137.03
(d) Information about major customers (refer note 42)		
(e) Contract balances		
Trade receivables (refer note 8)	47,148.94	30,746.60
	47,148.94	30,746.60

26. Other income

See accounting policies in note 3(l)

	Amount in ₹ Lakhs	
	Year ended 31 March 2021	Year ended 31 March 2020
Interest income under the effective interest method on:		
- Interest on bank deposits	286.92	37.99
- From related parties (refer note 39):		
- Others	5.99	4.26
- Unwinding of discount on security deposits and others	171.54	158.58
Gain on sale proceeds of current investments measured at fair value through profit or loss	9.33	10.18
Insurance claims	129.29	60.75
Net foreign exchange gain	499.13	-
Rental income (refer note 39)	86.75	42.00
Miscellaneous income	193.64	183.06
	1,382.59	496.82

Notes to the Standalone Financial Statements for the year ended 31 March 2021 (Contd.)

27. Cost of materials consumed

	Amount in ₹ Lakhs	
	Year ended 31 March 2021	Year ended 31 March 2020
Inventory of raw materials at the beginning of the year	9,480.19	26,052.00
Add: Purchases during the year	124,519.17	106,399.67
	133,999.36	132,451.67
Less: Inventory of raw materials at the end of the year	(18,104.82)	(9,480.19)
Less: Material captively consumed in capital projects	(248.09)	(2,165.14)
Cost of materials consumed	115,646.45	120,806.34

28. Change in inventories of finished goods and work-in-progress

See accounting policy in note 3(i)

	Amount in ₹ Lakhs	
	Year ended 31 March 2021	Year ended 31 March 2020
Opening inventories		
Finished goods	9,231.89	16,577.13
Work-in-progress	10,153.11	7,671.46
	19,385.00	24,248.59
Closing inventories		
Finished goods	7,685.39	9,231.89
Work-in-progress	3,337.16	10,153.11
	11,022.55	19,385.00
Less: Material captively consumed in capital projects	-	(3,429.61)
Change in inventories of finished goods and work-in-progress	8,362.45	1,433.98

29. Employee benefits expense

See accounting policy in note 3(g)

	Amount in ₹ Lakhs	
	Year ended 31 March 2021	Year ended 31 March 2020
Salaries, wages and bonus	6,584.99	6,349.27
Contribution to provident and other funds	312.25	300.09
Defined benefit plan expenses - Gratuity (refer note 37)	79.75	55.49
Share based payments to employees - Equity settled (refer note 38)	50.86	135.46
Staff welfare expenses	523.20	484.71
	7,551.05	7,325.02

Salaries, wages and bonus includes ₹ 395.88 Lakhs (31 March 2020: ₹ 349.02 Lakhs) relating to outsource manpower cost.

Notes to the Standalone Financial Statements for the year ended 31 March 2021 (Contd.)

30. Finance costs

See accounting policy in note 3(o)

	Amount in ₹ Lakhs	
	Year ended 31 March 2021	Year ended 31 March 2020
Interest expense on financial liabilities measured at amortised cost	3,071.77	5,157.85
Exchange difference regarded as an adjustment to borrowing costs	48.13	325.47
Other borrowing costs (including interest on income-tax)	180.95	298.04
Interest cost on lease liability [refer note 34(c)]	20.32	11.13
	3,321.17	5,792.49
Less: Interest capitalised during the year (refer note 5)	-	(340.36)
	3,321.17	5,452.13

31. Other expenses

	Amount in ₹ Lakhs	
	Year ended 31 March 2021	Year ended 31 March 2020
Consumption of stores and spares	521.97	343.77
Power and fuel* [refer note (a) below]	1,256.58	1,172.00
Rent	408.36	384.72
Rates and taxes	82.16	114.94
Repairs to*:		
- Building	33.39	39.98
- Plant and equipment	1,795.28	1,771.89
- Others	407.45	447.97
Payment to auditors' [refer note (b) below]	68.76	84.30
Insurance	428.70	254.37
Loss allowance for doubtful trade receivables	300.00	-
Loss allowance for doubtful loans and advances	-	169.99
Loans and advances written off	-	144.60
Bad debts written off	-	171.00
Packing expenses	1,645.07	1,614.87
Freight and forwarding expenses	10,842.52	8,704.28
Commission on sales	1,105.78	1,115.56
Net foreign exchange loss	-	1,408.93
Expenditure on corporate social responsibility [refer note (c) below]	1,309.28	113.68
Miscellaneous expenses	3,423.34	4,329.45
	23,628.64	22,386.30
* includes stores and spares consumed	1,567.33	1,353.46

Notes to the Standalone Financial Statements

for the year ended 31 March 2021 (Contd.)

(a) Power and fuel includes expenses incurred on operation of the power plant

	Amount in ₹ Lakhs	
	Year ended 31 March 2021	Year ended 31 March 2020
Consumption of stores and spares	126.22	139.55
Repairs	143.19	103.38
Other operational expenses	29.54	21.50
	298.95	264.43

(b) Payment to auditors'

	Amount in ₹ Lakhs	
	Year ended 31 March 2021	Year ended 31 March 2020
As auditors':		
- Statutory audit fees	50.50	50.50
- Limited review of quarterly results	9.50	9.50
- Certification fees	2.40	9.56
In other capacity:		
- Other services	1.50	8.57
Reimbursement-Out of pocket expenses	4.86	6.17
	68.76	84.30

(c) Expenditure on corporate social responsibility (CSR)

As per Section 135 of the Act, a Company meeting the applicability threshold, is required to spend at least 2% of its average net profit for the immediate preceeding three financial years on CSR activities. The area of CSR activities are eradicating hunger, poverty and malnutrition, promoting education, promoting healthcare including preventive healthcare. A CSR committee has been formed by the Company under the Act.

	Amount in ₹ Lakhs	
Particulars	Year ended 31 March 2021	Year ended 31 March 2020
A. Gross amount required to be spent by the Company	583.57	627.41
B. Amount spent during the year (in cash)		
(i) Construction/acquisition of any asset	-	-
(ii) On purposes other than (i) above	417.01	113.68
C. Related party transactions in relation to corporate social responsibility	315.00	198.00
D. Provision movement during the year		
Opening provision	-	-
Addition during the year	892.27	-
Utilised during the year	-	-
Closing provision	892.27	-

Notes to the Standalone Financial Statements for the year ended 31 March 2021 (Contd.)

E. Details of ongoing projects

	Amount in ₹ Lakhs	
	Year ended 31 March 2021	Year ended 31 March 2020
(a) Opening unspent amount brought forward *	725.71	211.98
(b) Amount required to be spent by the Company for the year	583.57	627.41
(c) Amount spent during the year from Company's bank account	(417.01)	(113.68)
(d) Amount transferred to CSR unspent account	(892.27)	-
Closing balance*	-	725.71
Closing balance:		
(a) With Company	-	725.71
(b) In CSR unspent account#	892.27	-

* It represents cumulative unspent amount which was disclosed in the Board's report during the previous year. The Company does not carry any provision for such expenses.

#Transferred to CSR unspent account on 30 April 2021.

32. Income tax

See accounting policy in note 3(n)

A. Reconciliation of effective tax rate

	Amount in ₹ Lakhs			
	Year ended 31 March 2021		Year ended 31 March 2020	
	Percentage	Amount	Percentage	Amount
Profit before tax		6,396.68		6,976.24
Statutory income-tax rate	34.94%	2,235.26	34.94%	2,437.78
Tax Effects of:				
Reversal of deferred tax liabilities (net) due to re-measurement of deferred tax assets / liabilities as per Ind AS 12 "Income Taxes"	(12.51%)	(800.00)	(100.34%)	(7,000.00)
Non - deductible expenses for tax purposes	8.25%	528.01	6.88%	479.99
Tax exempt income/ additional deduction as per income-tax	(3.65%)	(233.76)	(29.77%)	(2,076.61)
Others [refer note (a) below]	0.00%	-	72.21%	5,037.43
	27.04%	1,729.51	(16.07%)	(1,121.41)
Amount recognised in profit or loss				
- Current tax		1,184.06		3,470.49
- Deferred tax charge/ (credit)		545.45		(4,591.90)
Total tax expenses		1,729.51		(1,121.41)

Notes to the Standalone Financial Statements

for the year ended 31 March 2021 (Contd.)

B. Movement in deferred tax assets and liabilities

Amount in ₹ Lakhs

Movement during the year ended 31 March 2020	Balance as on 1 April 2019	Charge / (credit) to profit or loss	Charge / (credit) to OCI	Balance as on 31 March 2020
Deferred tax (assets)/liabilities:				
Property, plant and equipment	23,337.04	(4,089.26)	-	19,247.78
Trade receivables	(149.21)	0.28	-	(148.93)
Right of use assets	-	926.39	-	926.39
Loans	(49.51)	(920.27)	-	(969.78)
Other financial assets	-	(1.83)	-	(1.83)
Other assets	(16.32)	(1.99)	-	(18.31)
Borrowings	(193.09)	193.76	-	0.67
Other liabilities	-	(80.17)	-	(80.17)
Other financial liabilities	(498.43)	436.97	-	(61.46)
Share based payments- Equity settled	(30.90)	(88.00)	-	(118.90)
Provisions	(118.48)	(1.12)	(38.20)	(157.80)
MAT credit entitlement	(12,784.87)	(1,531.70)	-	(14,316.57)
Gain/ loss on fair valuation of Investments in equity instruments	3,778.77	-	(2,883.86)	894.91
Tax losses carried forward	(565.04)	565.04	-	-
Net deferred tax liabilities	12,709.96	(4,591.90)	(2,922.06)	5,196.00

Amount in ₹ Lakhs

Movement during the year ended 31 March 2021	Balance as on 1 April 2020	Charge / (credit) to profit or loss	Charge / (credit) to OCI	Balance as on 31 March 2021
Deferred tax (assets)/liabilities:				
Property, plant and equipment	19,247.78	1,705.79	-	20,953.57
Trade receivables	(148.93)	(106.57)	-	(255.50)
Right of use assets	926.39	117.81	-	1,044.20
Loans	(969.78)	54.32	-	(915.46)
Other financial assets	(1.83)	1.83	-	-
Other assets	(18.31)	(13.24)	-	(31.55)
Borrowings	0.67	21.73	-	22.40
Other liabilities	(80.17)	(88.07)	-	(168.24)
Other financial liabilities	(61.46)	61.46	-	-
Share based payments- Equity-settled	(118.90)	(17.78)	-	(136.68)
Provisions	(157.80)	(7.78)	19.53	(146.05)
MAT credit entitlement	(14,316.57)	(1,184.05)	-	(15,500.62)
Gain/ loss on fair valuation of Investments in equity instruments	894.91	-	417.80	1,312.71
Net deferred tax liabilities	5,196.00	545.45	437.33	6,178.78

- a) Deferred tax assets is not recognised on certain items [exceptional items (refer note 48) and capital loss] due to lack of reasonable certainty.

Notes to the Standalone Financial Statements for the year ended 31 March 2021 (Contd.)

- b) MAT credit entitlement is the amount which is available for set off in subsequent years against income tax liabilities as per the provisions of the Income-tax Act, 1961.
- c) Section 115 BAA of the Income-tax Act, 1961, introduced by the Taxation Laws (Amendment) Act, 2019 gives a one-time irreversible option for payment of income-tax at reduced rate with effect from financial year commencing 1 April 2019 subject to certain conditions. The Company had made an assessment of the impact of the above amendment and decided to continue with the existing tax structure until utilisation of accumulated Minimum Alternative Tax ('MAT'). However, the Company has re-measured the deferred tax assets / liability that is expected to reverse on exercising the option on the future date as per Ind AS 12 'Income Taxes' and thus, reversal of net deferred tax liability of ₹ 800.00 Lakhs (31 March 2020: ₹ 7,000.00 Lakhs) has been recognised during the year.

33. Earnings per equity share (EPS)

See accounting policy in note 3(t)

Amount in ₹ Lakhs		
	Year ended 31 March 2021	Year ended 31 March 2020
A. Basic earnings per equity share		
(i) Profit for the year, attributable to the equity share holders of the Company (before exceptional items)	4,667.17	20,896.30
(ii) Profit for the year, attributable to the equity share holders of the Company (after exceptional items)	4,667.17	8,097.65
(iii) Weighted average number of equity shares (basic) (number)	418,812,097	418,647,591
Basic earnings per equity share (before exceptional items) [(i)/ (iii)]	1.11	4.99
Basic earnings per equity share (after exceptional items) [(ii)/ (iii)]	1.11	1.93
B. Diluted earnings per equity share		
(i) Weighted average number of equity shares (basic) (number)	418,812,097	418,647,591
(ii) Effect of dilutive potential equity shares on account of employee stock options (number)	-	-
(iii) Weighted average number of equity shares (diluted) for the year (i+ii)	418,812,097	418,647,591
Diluted earnings per equity share (before exceptional items) {(A) (i)/ (B) (iii)}	1.11	4.97
Diluted earnings per equity share (after exceptional items) {(A) (ii)/ (B) (iii)}	1.11	1.93

34. Contingent liability and commitments

See accounting policy in note 3(v)

(to the extent not provided for)

(a) Contingent liabilities

Amount in ₹ Lakhs		
	31 March 2021	31 March 2020
<i>Claim against the Company not acknowledged as debts</i>		
Sales tax/VAT matters in dispute/ under appeal	4,732.33	5,437.80
Excise/ Service Tax matters in dispute/under appeal	2,087.33	2,093.25
Custom duty matter in dispute/ under appeal	28.83	28.83

Notes to the Standalone Financial Statements

for the year ended 31 March 2021 (Contd.)

	Amount in ₹ Lakhs	
	31 March 2021	31 March 2020
Entry tax in dispute/ under appeal - West Bengal	5,028.82	5,028.82
Entry tax in dispute/ under appeal - Chhattisgarh	479.00	478.89
Income tax in dispute/ under appeal	2,489.16	3,413.28
Others [refer note (iii) below]	266.71	266.71

Note:

- (i) Cash outflows for the above are determinable only on receipt of final judgments pending at various forums/ authorities. The Company has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed as contingent liabilities where applicable, in its Standalone financial statements. The Company does not expect the outcome of these proceedings to have a materially adverse effect on its financial position.
- (ii) The Company had filed Writ petition on 7 January 2013 before the Hon'ble High Court of Calcutta and challenged the constitutional validity of Entry Tax levied by the Government of West Bengal ('Government'). The Hon'ble High Court of Calcutta during the earlier year, passed an order on 24 June 2013 declaring The West Bengal tax on Entry of Goods into Local Areas Act, 2012 as unconstitutional against which the Government filed an appeal which is still pending to be disposed off. In the opinion of the Company and on the basis of independent legal opinion obtained, there is a strong merit of the case. Hence, the Company has not made provision for entry tax liability in the books for the current year and for the earlier years.
- (iii) Others represents dispute with a lessor in respect of arrear dues. The Company based on independent legal opinion, does not foresee any significant financial liability on this account.

(b) Commitments

(i) Capital and other commitments

	Amount in ₹ Lakhs	
	31 March 2021	31 March 2020
(i) Estimated amount of contracts in capital account remaining to be executed and not provided for (net of capital advance)	1,325.69	3,122.72

(c) Leases (Ind AS 116)

See accounting policy in note 3(m)

Carrying value of right of use assets at the end of the reporting period by class: Refer note 4B.

	Year ended 31 March 2021			Year ended 31 March 2020		
Particulars	Land	Buildings	Amount	Land	Buildings	Amount
Balance at the beginning of the year	2,471.16	139.46	2,610.62	-	-	-
Recognised on account of adoption of Ind AS 116 as at 1 April 2019	-	-	-	90.97	25.50	116.47
Transferred from Property, plant and equipment (net of accumulated amortisation) (refer note 4A and 4B)	-	-	-	174.76	-	174.76
Reclassified on account of adoption of Ind AS 116	-	-	-	2,404.84	-	2,404.84

Notes to the Standalone Financial Statements

for the year ended 31 March 2021 (Contd.)

Amount in ₹ Lakhs

Particulars	Year ended 31 March 2021			Year ended 31 March 2020		
	Land	Buildings	Amount	Land	Buildings	Amount
Addition during the year	-	337.14	337.14	-	129.77	129.77
Amortisation during the year	(198.92)	(78.88)	(277.80)	(199.41)	(15.81)	(215.22)
Balance at the end of the year	2,272.24	397.72	2,669.96	2,471.16	139.46	2,610.62

Movement in lease liabilities

Amount in ₹ Lakhs

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Balance at the beginning of the year	229.44	-
Recognised on account of adoption of Ind AS 116 as at 1 April 2019	-	116.47
Additions during the year	327.86	129.77
Finance cost accrued during the year (refer note 30)	20.32	11.13
Payment of lease liabilities during the year (including interest)	(96.16)	(27.93)
Balance at the end of the year	481.46	229.44
Lease liabilities - Non-current (refer note 22)	262.96	177.06
Lease liabilities - Current (refer note 22)	218.50	52.38

Maturity analysis of lease liabilities

Amount in ₹ Lakhs

Maturity analysis - contractual undiscounted cash flows	31 March 2021	31 March 2020
Less than one year	218.50	52.38
One to five years	268.71	173.45
More than five years	88.37	99.58
Total undiscounted lease liabilities at the end of the year	575.58	325.41

Amount recognised in Standalone Statement of Profit and Loss

Amount in ₹ Lakhs

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Interest on lease liabilities	20.32	11.13
Amortisation during the year	277.80	215.22
Expenses relating to short-term leases and low value assets	408.36	384.72

Amount recognised in the Standalone Statement of Cash Flows

Amount in ₹ Lakhs

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Interest expenses recognised during the year (refer note 30)	20.32	11.13
Lease payments reflected in Standalone Statement of Cash Flows	75.84	16.80

Notes to the Standalone Financial Statements for the year ended 31 March 2021 (Contd.)

35. The disclosures regarding details of specified bank notes held and transacted during 8 November 2016 to 30 December 2016 has not been made in these Standalone financial statements since the requirement does not pertain to financial year ended 31 March 2021.

36. Research and development expenses

See accounting policy in note 3(d)

Research and development expenses aggregating to ₹ **494.93 Lakhs** (31 March 2020: ₹ 545.70 Lakhs) in the nature of revenue expenditure and addition of ₹ **82.72 Lakhs** (31 March 2020: ₹ 194.81 Lakhs) in the nature of capital expenditure during the year have been included under the relevant account heads.

37. Employee benefits

See accounting policy in note 3(g)

Defined contribution plan

The Company makes contributions, determined as a specified percentage of employee salaries, in respect of qualifying employees towards Provident and Pension Fund and Employee State Insurance ('ESI') which are defined contribution plans. The Company has no obligations other than to make the specified contributions. The contributions are recognised in the Standalone Statement of Profit and Loss as they accrue.

The expense for defined contribution plans amounts to ₹ **260.77 Lakhs** (31 March 2020: ₹ 248.05 Lakhs). Out of these, ₹ **237.04 Lakhs** (31 March 2020: ₹ 221.97 Lakhs) pertains to provident fund plan and ₹ **23.73 Lakhs** (31 March 2020: ₹ 26.08 Lakhs) pertains to ESI.

Defined benefits - Gratuity

The Company provides for gratuity for employees in India as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/ termination is the employees last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of years of service. The gratuity plan is a funded plan and the Company makes contributions to recognised funds in India.

Inherent risk

The plan is defined benefit in nature which is sponsored by the Company and hence it underwrites all the risk pertaining to the plan. In particular, this exposes the Company, to actuarial risk such as adverse salary growth, change in demographic experience, inadequate return on underlying plan assets. This may result in an increase in cost of providing these benefits to employees in future. Since the benefits are lump sum in nature, the plan is not subject to longevity risk. These defined benefit plans expose the Company to actuarial risks, such as interest rate risk, salary inflation risk, demographic risk and market (investment) risk.

The following tables analyse present value of defined benefit obligations, expense recognised in Standalone Statement of Profit and Loss, actuarial assumptions and other information.

Notes to the Standalone Financial Statements for the year ended 31 March 2021 (Contd.)

(i) Reconciliation of present value of defined benefit obligation

	Amount in ₹ Lakhs	
	31 March 2021	31 March 2020
(a) Balance at the beginning of the year	619.72	434.19
(b) Current service cost	79.75	55.49
(c) Interest cost	39.63	32.90
(d) Actuarial (gains)/ losses recognised in other comprehensive income	(59.87)	110.91
(e) Benefits paid	(65.19)	(13.77)
Balance at the end of the year	614.04	619.72

(ii) Reconciliation of fair value of plan assets

	Amount in ₹ Lakhs	
	31 March 2021	31 March 2020
(a) Balance at the beginning of the year	246.41	217.36
(b) Expected return on plan asset	17.13	17.14
(c) Actual return on plan asset less interest on plan asset	(4.18)	1.60
(d) Contributions by the employer	80.00	24.08
(e) Benefits paid	(65.19)	(13.77)
Balance at the end of the year	274.17	246.41

(iii) Net liability recognised in the Standalone Balance Sheet

	Amount in ₹ Lakhs	
	31 March 2021	31 March 2020
(a) Present value of defined benefit obligation	(614.04)	(619.72)
(b) Fair value of plan assets	274.17	246.41
Net liability recognised in the Standalone Balance Sheet	(339.87)	(373.31)

(iv) Expense recognised in Standalone Profit or Loss

	Amount in ₹ Lakhs	
	Year ended 31 March 2021	Year ended 31 March 2020
(a) Current service cost	79.75	55.49
(b) Interest cost	39.63	32.90
(c) Expected return on plan assets	(17.13)	(17.14)
Amount charged to Standalone Profit or Loss	102.25	71.25

(v) Remeasurements recognised in Standalone Other Comprehensive Income

	Amount in ₹ Lakhs	
	Year ended 31 March 2021	Year ended 31 March 2020
(a) Actuarial loss/ (gain) arising on defined benefit obligation from		
- financial assumptions	(3.44)	58.17
- experience adjustment	(56.43)	52.74
(b) Actual return on plan asset less interest on plan asset	4.18	(1.60)
Amount recognised in Standalone Other Comprehensive Income	(55.69)	109.31

Notes to the Standalone Financial Statements for the year ended 31 March 2021 (Contd.)

(vi) The sensitivity of the overall plan obligation to changes in the weighted key assumptions are:

	Amount in ₹ Lakhs	
	31 March 2021	31 March 2020
Impact on defined benefit obligation on discount rate plus 100 basis points (31 March 2020: 100 basis point)	(62.83)	(60.96)
Impact on defined benefit obligation on salary growth rate plus 100 basis points (31 March 2020: 100 basis point)	67.46	64.69
Impact on defined benefit obligation on discount rate minus 100 basis points (31 March 2020: 100 basis point)	75.23	73.18
Impact on defined benefit obligation on salary growth rate minus 100 basis points (31 March 2020: 100 basis point)	(57.46)	(54.89)

The above sensitivity analysis have been determined based on reasonable possible changes of the respective assumptions occurring at the end of the year and may not be representative of the actual change. It is based on a change in the key assumption while holding all other assumptions constant. When calculating the sensitivity to the assumption, the same method is used to calculate the liability recognised in the Standalone Balance Sheet. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous year.

(vii) Actuarial assumptions

With the objective of presenting the plan assets and plan obligations of the defined benefits plans at their fair value on the Standalone Balance Sheet, assumptions under Ind AS 19 are set by reference to market conditions at the valuation date.

Financial assumption

	Amount in ₹ Lakhs	
	31 March 2021	31 March 2020
Discount rate	6.80%	6.75%
Expected rate of salary increase	7.00%	7.00%
Retirement age (years)	60	60
Attrition rate based on different age group of employees:		
ages from 20-25	5%	5%
ages from 25-30	3%	3%
ages from 30-35	2%	2%
ages from 35-50	1%	1%
ages from 50-55	2%	2%
ages from 55-58	3%	3%

The estimates of future salary increases, considered in actuarial valuation, takes into account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employee market.

Notes to the Standalone Financial Statements for the year ended 31 March 2021 (Contd.)

Demographic assumptions

Assumptions regarding future mortality experience are set in accordance with the published rates under Indian Assured Lives Mortality (2006-2008).

(viii) Maturity profile of defined benefit obligation (undiscounted)

	Amount in ₹ Lakhs	
	31 March 2021	31 March 2020
Within next 12 months	77.76	110.06
1-2 year	19.29	22.09
2-3 year	28.66	20.69
3-4 year	33.33	30.67
4-5 year	43.24	36.20
Thereafter	295.08	338.76

	Amount in ₹ Lakhs	
	31 March 2021	31 March 2020
(ix) Weighted average duration of defined benefit obligation	12 years	12 years

(x) The Company expects to pay ₹ 339.87 Lakhs in contribution to its defined benefit plans during the year 2021-22.

(xi) Asset liability matching strategy:

The defined benefit plans are funded with insurance companies of India. The Company does not have any liberty to manage the funds provided to insurance companies. Thus, the composition of each major category of plan assets has not been disclosed.

There is no compulsion on the part of the Company to fully prefund the liability of the plan. The Company's philosophy is to fund these benefits based on its own liquidity and the level of underfunding of the plan.

38. Share based payments

See accounting policy in note 3(g)(ii)

A. Description of share-based payment arrangement

Himadri Employees Stock Option Plan 2016 (equity-settled)

The Company at its 28th Annual General Meeting held on 24 September 2016, has approved "Himadri Employees Stock Option Plan 2016" (ESOP 2016 or Plan) for granting 4,000,000 Employees Stock Options to certain "eligible employees". The plan is administered by the Nomination and Remuneration Committee of the Board ("the Committee") in compliance with the provisions of SEBI (Share Based Employee Benefits) Regulations, 2014 and other applicable provisions of the Companies Act, 2013 for the time being in force. The option granted to certain eligible employees including certain key management personnel on vesting condition of time basis, Company performance and individual performance as specified in the grant letter issued to each employee.

Notes to the Standalone Financial Statements

for the year ended 31 March 2021 (Contd.)

Scheme	Vesting Period	Exercise Period	Year	Date of grant	Number of options granted	Exercise price ₹ per equity share
ESOP 2016 Plan (Tranche I)	Vested after 1 year but not later than 5 years from the date of grant of options.	Any time within a period of 5 years from the date of vesting and will be settled by way of equity shares in accordance with the aforesaid plan.	2016-2017	January 5, 2017	1,304,600	19
ESOP 2016 Plan (Tranche II)			2018-2019	May 8, 2018	2,695,000	140

B. Measurement of fair values

Equity-settled share based payment arrangements

The fair value of the options and the inputs used in the measurement of the grant date fair values of the equity-settled share based payment plan are as follows:

Particulars	ESOP 2016 (Tranche I)		ESOP 2016 (Tranche II)	
	31 March 2021	31 March 2020	31 March 2021	31 March 2020
Fair value at grant date	₹ 24.94	₹ 24.94	₹ 23.01	₹ 23.01
Share price at grant date	₹ 36.70	₹ 36.70	₹ 121.15	₹ 121.15
Exercise price	₹ 19.00	₹ 19.00	₹ 140.00	₹ 140.00
Expected volatility* (weighted average volatility)	57.57%	57.57%	23.77%	23.77%
Expected life (expected weighted average life)	4.39 years	4.39 years	3.07 years	3.07 years
Expected dividends**	0.27%	0.27%	0.41%	0.41%
Risk-free interest rate (based on government bonds)	6.48%	6.48%	7.35%	7.35%

Expected volatility has been based on an evaluation of the historical volatility of the Company's share price, particularly over the historical period commensurate with the expected term. The expected term of the instruments has been based on historical experience and general option holder behavior.

Expected life of the options has been calculated on the assumption that options would exercise within one year from the date of vesting.

The fair value of option on the date of grant have been done by an independent valuer appointed by the management using the Black Scholes Merton Model.

* Expected volatility on the Company's stock price on National Stock Exchange based on the data commensurate with the expected life of the options up to the date of grant.

** Expected dividend on underlying shares is taken as 10% on market price as on the date of grant.

Notes to the Standalone Financial Statements for the year ended 31 March 2021 (Contd.)

C. Reconciliation of outstanding share options

The number and weighted average exercise prices of share option under the share option plan (see A above) are as follows.

Particulars	Weighted average exercise price per option	Number of options	Weighted average exercise price per option	Number of options
	31 March 2021	31 March 2021	31 March 2020	31 March 2020
Outstanding at 1 April	91.02	1,997,855	83.96	2,258,522
Granted during the year	-	-	-	-
Forfeited during the year	107.61	182,016	108.52	31,630
Exercised during the year	19.00	157,496	19.00	229,037
Outstanding at 31 March	96.04	1,658,343	91.02	1,997,855
Exercisable at 31 March	101.10	778,083	105.80	414,457

A weighted average remaining contractual life of **4.91 years** (31 March 2020: 5.85 years).

The weighted average share price at the date of exercise for share options exercised during the year 2020-2021 was ₹ **43.20** (2019-2020: ₹ 69.40).

Weighted average fair value of the options granted during the year 2020-21 was ₹ **Nil** (2019-20: ₹ Nil).

D. Expense recognised in Standalone Statement of Profit and Loss

During the year ended 31 March 2021, the Company has charged ₹ **50.86 Lakhs** (31 March 2020: ₹ 135.46 Lakhs) as share based payment equity-settled expenses, refer note 29.

E. Details of the liabilities arising out of the share based payments to employees - Equity settled were as follows:

Particulars	Amount in ₹ Lakhs	
	31 March 2021	31 March 2020
Total carrying amount	351.63	340.27

39. Related party disclosure

A. Enterprises where control exists:

i) Subsidiaries

Name of the related party	Principal place of business	% of shareholding and voting power	
		31 March 2021	31 March 2020
AAT Global Limited (AAT), Wholly owned subsidiary	Hongkong	100	100
Shandong Dawn Himadri Chemical Industry Ltd (SDHCIL), subsidiary of AAT	China	94	94

Notes to the Standalone Financial Statements

for the year ended 31 March 2021 (Contd.)

ii) Other related parties with whom transactions have taken place during the year

a) Key Management Personnel (KMP) and relatives of KMP

Name of the related parties	Relationship
Mr. Bankey Lal Choudhary, Executive Director*	Key Management Personnel
Mr. Shyam Sundar Choudhary, Executive Director	Key Management Personnel
Mr. Vijay Kumar Choudhary, Executive Director	Key Management Personnel
Mr. Anurag Choudhary, Managing Director & Chief Executive Officer**	Key Management Personnel
Mr. Amit Choudhary, Executive Director***	Key Management Personnel
Mr. Tushar Choudhary, Executive Director****	Key Management Personnel
Mr. Kamlesh Kumar Agarwal - Chief Financial Officer	Key Management Personnel
Mr. Bajrang Lal Sharma - Company Secretary (upto 14 February 2020)	Key Management Personnel
Mrs. Monika Saraswat - Company Secretary (w.e.f. 15 February 2020)	Key Management Personnel
Late Damodar Prasad Choudhary, Chairman Emeritus (demised on 06 October 2020)	Relative of KMPs
Mrs. Sushila Devi Choudhary	Relative of KMPs (wife of Late Damodar Prasad Choudhary)
Mrs. Sheela Devi Choudhary	Relative of KMPs (wife of Mr. Shyam Sundar Choudhary)
Mrs. Saroj Devi Choudhary	Relative of KMPs (wife of Mr. Bankey Lal Choudhary)
Mrs. Kanta Devi Choudhary	Relative of KMPs (wife of Mr. Vijay Kumar Choudhary)
Mrs. Shikha Choudhary	Relative of KMPs (wife of Mr. Anurag Choudhary)
Mrs. Rinku Choudhary	Relative of KMPs (wife of Mr. Amit Choudhary)
Mrs. Swaty Choudhary	Relative of KMPs (wife of Mr. Tushar Choudhary)

b) Non-executive Directors

Name of the related parties
Mr. Sakti Kumar Banerjee, Non-Executive Independent Director
Mr. Hardip Singh Mann, Non-Executive Independent Director
Mr. Santimoy Dey, Non-Executive Independent Director
Late Hanuman Mal Choraria, Non-Executive Independent Director (demised on 26 April 2021)
Mrs. Rita Bhattacharya, Nominee Director (Non-Executive) of Life Insurance Corporation of India (Resigned w.e.f. 8 January 2020)
Mr. Santosh Kumar Agrawala, Non-Executive Independent Director
Mr. Suryakant Balkrishna Mainak, Non-Executive Independent Director (Resigned w.e.f. 15 February 2020)
Mrs. Sucharita Basu De, Non-Executive Independent Director
Mr. Girish Paman Vanvari, Non-Executive Independent Director (Appointed w.e.f. 22 June 2021)

* Executive Chairman till 21 June 2021

** Appointed as Managing Director w.e.f. closing business hours of 14 August 2019

*** President, Projects till 14 August 2019 and appointed as Executive Director w.e.f. closing business hours of 14 August 2019

**** President, Operations till 14 August 2019 and appointed as Executive Director w.e.f. closing business hours of 14 August 2019

Notes to the Standalone Financial Statements for the year ended 31 March 2021 (Contd.)

iii) Enterprises controlled by the Key Managerial Personnel or relatives of KMP or both

Himadri Credit & Finance Limited
Himadri Industries Private Limited (formerly known as Shresth Merchandise Private Limited)
Sri Agro Himghar Limited
Himadri e-Carbon Limited
Nanhey Lal Mohini Devi Foundation
Bharat Seva Nidhi (New)
Himadri Foundation
Tuaman Engineering Limited (w.e.f. 16 July 2019)

iv) Entities with significant influence over the Company

BC India Investments (till 25 February 2021)
Modern Hi-Rise Private Limited

v) Firm in which director is a partner

Aquilaw

B. Disclosure of transactions between the Company and related parties

		Amount in ₹ Lakhs	
Name of the related party	Nature of transaction	Year ended 31 March 2021	Year ended 31 March 2020
AAT Global Limited	Purchase of raw materials	22,578.11	26,922.09
	Payment for supplies	16,816.84	29,385.87
	Impairment of investment in equity shares	-	5,244.64
	Loss allowance for loan given	-	6,298.98
	Loss allowance for advance for supplies	-	1,255.03
Tuaman Engineering Limited	Engineering, procurement and construction of project (EPC) [excluding Goods and Services Tax amounting to ₹ Nil (31 March 2020: ₹ 3,704.23 Lakhs)*	-	20,579.07
	Payment for EPC	123.55	9,051.56
	Rental income	86.75	42.00
Modern Hi-Rise Private Limited	Rent paid	0.14	0.14
Sri Agro Himghar Limited	Rent paid	0.06	0.06
Aquilaw	Legal expenses	89.33	102.76
Mr. Bankey Lal Choudhary	Remuneration	200.68	208.03
Mr. Shyam Sundar Choudhary	Remuneration	200.68	204.50
Mr. Vijay Kumar Choudhary	Remuneration	200.68	201.81
Mr. Anurag Choudhary	Remuneration	250.68	261.25
Mr. Amit Choudhary	Remuneration	200.61	201.71
Mr. Tushar Choudhary	Remuneration	200.61	201.94
Mr. Kamlesh Kumar Agarwal	Remuneration	93.49	107.67
Mr. Bajrang Lal Sharma	Remuneration	-	17.33
Mrs. Monika Saraswat	Remuneration	11.39	1.40

Notes to the Standalone Financial Statements

for the year ended 31 March 2021 (Contd.)

Amount in ₹ Lakhs

Name of the related party	Nature of transaction	Year ended 31 March 2021	Year ended 31 March 2020
Mr. Kamlesh Kumar Agarwal	Loan given	-	75.00
Mr. Kamlesh Kumar Agarwal	Interest receivable on loan given	5.99	4.26
Nanhey Lal Mohini Devi Foundation	Donation/Expenditure on corporate social responsibility	-	12.09
Himadri Foundation	Donation/Expenditure on corporate social responsibility	315.00	198.00
Mr. Sakti Kumar Banerjee	Sitting fees	5.74	2.94
Mr. Hardip Singh Mann	Sitting fees	3.00	1.20
Mr. Santimoy Dey	Sitting fees	5.84	2.94
Late Hanuman Mal Choraria	Sitting fees	5.12	2.38
Mrs. Rita Bhattacharya	Sitting fees	-	1.20
Mr. Santosh Kumar Agrawala	Sitting fees	4.86	1.80
Mr. Suryakant Balkrishna Mainak	Sitting fees	-	0.90
Mrs. Sucharita Basu De	Sitting fees	2.70	1.20
BC India Investments	Dividend paid	147.03	154.77
Modern Hi-Rise Private Limited	Dividend paid	253.36	273.90
Himadri Credit & Finance Limited	Dividend paid	13.16	14.23
Mr. Vijay Kumar Choudhary	Dividend paid	4.53	4.90
Mr. Shyam Sundar Choudhary	Dividend paid	4.49	4.85
Mr. Bankey Lal Choudhary	Dividend paid	2.06	2.23
Late Damodar Prasad Choudhary	Dividend paid	2.06	2.23
Mrs. Sushila Devi Choudhary	Dividend paid	1.18	1.28
Mrs. Sheela Devi Choudhary	Dividend paid	1.06	1.14
Mrs. Saroj Devi Choudhary	Dividend paid	1.14	1.23
Mrs. Kanta Devi Choudhary	Dividend paid	1.14	1.23
Mr. Kamlesh Kumar Agarwal	Dividend paid	0.06	0.03

*Information in respect of these transactions has been given w.e.f. 16 July 2019, the date of Tuaman Engineering Limited becoming related party.

C. Outstanding balances

Amount in ₹ Lakhs

Name of the related party	Nature of transaction	31 March 2021	31 March 2020
AAT Global Limited	Loan given (including interest receivable)	6,298.98	6,298.98
	Loss allowance for loan (including interest receivable)	(6,298.98)	(6,298.98)
	Advance for supplies (net)	2,030.61	7,711.14
	Loss allowance for advances	(1,255.03)	(1,255.03)
Tuaman Engineering Limited	Capital advances	327.70	204.15
Sri Agro Himghar Limited	Rent payable	-	0.06
Mr. Kamlesh Kumar Agarwal	Loan given (including interest receivable)	85.25	79.26

Notes to the Standalone Financial Statements for the year ended 31 March 2021 (Contd.)

D. Key management personnel remuneration

Key management personnels (KMP) remuneration comprised of the following:

Nature of transaction	Amount in ₹ Lakhs	
	Year ended 31 March 2021	Year ended 31 March 2020
Short-term employee benefits	1,355.17	1,393.37
Share based payments to employees - Equity settled	-	8.42
Other long-term benefits	3.65	3.85
Total remuneration paid to key management personnel	1,358.82	1,405.64

As the future liability for gratuity is provided on an actuarial basis for the Company as a whole, the amount pertaining to the key management personnel is not ascertainable and, therefore, not included above.

Based on the recommendation of the Nomination and Remuneration Committee, all decisions relating to the remuneration of the KMP's are taken by the Board of Directors of the Company, in accordance with shareholders' approval, wherever necessary.

E. Terms and conditions of transactions with related parties

All related party transactions entered during the year were in ordinary course of business and are on arm's length basis. Outstanding balances at the year-end is unsecured and settlement occurs in cash.

During the year ended 31 March 2020, the Company had recognised impairment for investments in equity shares of AAT amounting to ₹ **5,244.64 Lakhs** and recognised provisions for loans (including interest receivable) and advance for supplies amounting to ₹ **6,298.98 Lakhs** and ₹ **1,255.03 Lakhs** respectively. This assessment is undertaken in each financial year through examining the financial position of the related parties and the market in which the related party operates. Based on the assessment, the Company continues to recognise the said impairment for the current year as well.

40. Disclosures pursuant to Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 186 of the Companies Act, 2013

	Amount in ₹ Lakhs	
	31 March 2021	31 March 2020
(a) Loans and advances in the nature of loan to a subsidiary Company		
AAT Global Limited		
Amount outstanding as at year ended	-	-
Maximum balance of loan outstanding during the year	-	6,298.98
Loan given to AAT Global Limited for business purpose (refer note 11 and 48).		

(b) Details of investments: Particulars of investments as required under Section 186(4) of the Companies Act, 2013 have been disclosed in note 7.

Notes to the Standalone Financial Statements

for the year ended 31 March 2021 (Contd.)

41. Fair value measurement

See accounting policy in note 3(y)

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in forced or liquidation sale.

A. Accounting classification and fair value

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their level in the fair value hierarchy.

Amount in ₹ Lakhs								
As on 31 March 2021	Note	Carrying value				Fair value measurement using		
		Amortised cost	Financial assets/ liabilities at FVTPL	Financial assets/ liabilities at FVOCI	Total carrying amount	Level 1	Level 2	Level 3
Financial assets:								
Investment in preference shares (unquoted)	7	-	46.37	6,044.07	6,090.44	-	6,044.07	46.37
Investment in equity instruments (unquoted)	7	-	-	4.10	4.10	-	1.93	2.17
Investment in equity instruments (quoted)	7	-	-	510.39	510.39	1.34	-	509.05
Investment in government securities	7	0.07	-	-	0.07	-	-	-
Trade receivables	8	47,148.94	-	-	47,148.94	-	-	-
Cash and cash equivalents	9	5,027.73	-	-	5,027.73	-	-	-
Bank balances other than cash and cash equivalents	10	8,498.99	-	-	8,498.99	-	-	-
Loans	11	2,498.84	-	-	2,498.84	-	-	-
Other financial assets	12	672.47	48.69	-	721.16	-	48.69	-
Financial liabilities:								
Non-convertible debentures	19	-	-	-	-	-	-	-
Term loans*	19	12,516.36	-	-	12,516.36	-	-	-
Current borrowings	19	59,392.93	-	-	59,392.93	-	-	-
Trade payables	20	14,901.69	-	-	14,901.69	-	-	-
Derivatives	21	-	-	-	-	-	-	-
Lease liabilities	22	481.46	-	-	481.46	-	-	-
Other financial liabilities (other than lease liabilities and current maturities of non-current borrowings)	22	2,510.91	-	-	2,510.91	-	-	-

Notes to the Standalone Financial Statements

for the year ended 31 March 2021 (Contd.)

Amount in ₹ Lakhs

As on 31 March 2020	Note	Carrying value				Fair value measurement using		
		Amortised cost	Financial assets/ liabilities at FVTPL	Financial assets/ liabilities at FVOCI	Total carrying amount	Level 1	Level 2	Level 3
Financial assets:								
Investment in preference shares (unquoted)	7	-	46.37	4,233.59	4,279.96	-	4,233.59	46.37
Investment in equity instruments (unquoted)	7	-	-	2.82	2.82	-	1.35	1.47
Investment in equity instruments (quoted)	7	-	-	383.09	383.09	1.30	-	381.79
Investment in mutual funds	7	-	-	-	-	-	-	-
Investment in government securities	7	0.07	-	-	0.07	-	-	-
Trade receivables	8	30,746.60	-	-	30,746.60	-	-	-
Cash and cash equivalents	9	3,743.81	-	-	3,743.81	-	-	-
Bank balances other than cash and cash equivalents	10	453.18	-	-	453.18	-	-	-
Loans	11	2,310.72	-	-	2,310.72	-	-	-
Other financial assets	12	578.70	-	-	578.70	-	-	-
Financial liabilities:								
Non-convertible debentures	19	15,000.00			15,000.00	-	-	-
Term loans*	19	4,038.41	-	-	4,038.41	-	-	-
Current borrowings	19	31,451.28	-	-	31,451.28	-	-	-
Trade payables	20	21,176.92	-	-	21,176.92	-	-	-
Derivatives	21	-	175.88	-	175.88	-	175.88	-
Lease liabilities	22	229.44	-	-	229.44	-	-	-
Other financial liabilities (other than lease liabilities and current maturities of non-current borrowings)	22	1,690.45	-	-	1,690.45	-	-	-

*It includes Current maturities of non-current borrowings and Loan against vehicles/ equipments

The Company assessed that trade receivables, cash and cash equivalent, bank balances other than cash and cash equivalent, loans, trade payable and other financial assets and liabilities except derivative financial instruments approximate their carrying amounts largely due to the short term maturities of these instruments. The Company's borrowings have been contracted at market rates of interest. Accordingly, the carrying value of such borrowings approximate fair value.

Notes to the Standalone Financial Statements for the year ended 31 March 2021 (Contd.)

B. Fair value hierarchy

The Company has established the following fair value hierarchy that categories the value into 3 levels. The inputs to valuation techniques used to measure fair value of financial instruments are:

Level 1: The hierarchy uses quoted (adjusted) prices in active markets for identical assets or liabilities. The fair value of all bonds which are traded in the stock exchanges is valued using the closing price or dealer quotations as at the reporting date.

Level 2: The fair value of financial instruments that are not traded in an active market (for example traded bonds, over the counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on Company specific estimates. The mutual fund units are valued using the closing net asset value. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

The following methods and assumptions were used to estimate the fair values:

- The fair value of the quoted investments are based on market price at the respective reporting date.
- The fair value of the unquoted investments included in level 2 has been determined using valuation techniques with market observable inputs. The model incorporate various inputs including prevailing market value of investments in listed Company.
- The fair value of the quoted /unquoted investments included in level 3 are based on the cost approach to arrive at their fair value. The cost of unquoted investments approximate the fair value because there is a range of possible fair value measurements and the cost represents estimate of fair value within that range.
- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.
- The fair value of forward foreign exchange contracts is calculated as the present value determined using forward exchange rates and interest rate curve of the respective currencies.
- The fair value of currency swap is calculated as the present value determined using forward exchange rates, currency basis spreads between the respective currencies and interest rate curves.
- The fair value of the remaining financial instruments is determined using discounted cash flow analysis. The discount rate used is based on the Company's estimates.

There were no transfer of financial assets or liabilities measured at fair value between level 1 and level 2, or transfer into or out of level 3 during the year ended 31 March 2021 and 31 March 2020.

Reconciliation of level 3 fair value measurements

The following table shows a reconciliation from opening balances to closing balances for level 3 for fair values on a recurring basis.

	Amount in ₹ Lakhs	
	31 March 2021	31 March 2020
Balance as at beginning of the year	429.63	1,318.55
Change in value of investment in equity instruments measured at FVTOCI (unrealised)	127.96	(888.92)
Balance as at end of the year	557.59	429.63

Notes to the Standalone Financial Statements for the year ended 31 March 2021 (Contd.)

Calculation of fair values

The fair values of the financial assets and liabilities are defined as the price that would be received on sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Methods and assumptions used to estimate the fair values are consistent with those used for the year ended 31 March 2020.

Financial assets and liabilities measured at fair value as at Standalone Balance Sheet date

1. The fair values of investments in mutual fund units is based on the net asset value ('NAV') as stated by the issuers of these mutual fund units in the published statements as at Balance Sheet date. NAV represents the price at which the issuer will issue further units of mutual fund and the price at which issuers will redeem such units from the investors.
2. The fair values of the derivative financial instruments has been determined using valuation techniques with market observable inputs. The models incorporate various inputs including the credit quality of counter-parties and foreign exchange forward rates.

Other financial assets and liabilities

- Cash and Cash equivalents, trade receivables, investments in term deposits, other financial assets (except derivative financial instruments), trade payables, and other financial liabilities (except derivative financial instruments) have fair values that approximate to their carrying amounts due to their short-term nature.
- Loans have fair values that approximate to their carrying amounts as it is based on the net present value of the anticipated future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities.

Significant unobservable inputs used in level 3 fair values

Certain investments are valued using level 3 techniques. A change in one or more of the inputs to reasonably possible alternative assumptions would not change the value significantly.

42. Financial risk management

The Company has exposure to the following risks arising from financial instruments:

- (i) Credit risk
- (ii) Liquidity risk
- (iii) Market risk

Risk management framework

The Company's principal financial liabilities, other than derivatives, comprises of borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Company operations. The Company's principal financial assets, other than derivatives include trade and other receivables, investments and cash and cash equivalents that derive directly from its operations.

The Company's activities expose it to a variety of financial risks, including market risk, credit risk and liquidity risk. The Company's primary risk management focus is to minimise potential adverse effects of market risk on its financial performance. The Company uses derivative financial instruments to mitigate foreign exchange related risk exposures. The Company's exposure to credit risk is influenced mainly by the individual characteristic of each customer and the concentration of risk from the top few customers. The Company's risk management assessment and policies and processes are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor such risks and compliance with the same. Risk assessment and management policies and processes are reviewed regularly to reflect changes in market conditions and the Company's activities.

Notes to the Standalone Financial Statements for the year ended 31 March 2021 (Contd.)

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. The key risks and mitigating actions are also placed before the audit committee of the Company.

The sources of risks which the Company is exposed to and their management is given below:

Risk	Exposure arising from	Measurement	Management
Credit risk	Trade receivables, Investments, Derivative financial instruments, Loans	Ageing analysis, Credit rating	Credit limit and credit worthiness monitoring, credit based approval process
Liquidity risk	Borrowings and Other liabilities	Rolling cash flow forecasts	Adequate unused credit lines and borrowing facilities
Market risk			
Foreign exchange risk	Committed commercial transaction Financial asset and liabilities not denominated in INR	Cash flow forecasting Sensitivity analysis	Forward foreign exchange contracts. Foreign currency options principal only/currency swaps
Interest rate	Long term borrowings at variable rates and other debt securities	Sensitivity analysis Interest rate movements	Interest rate swaps
Commodity price risk	Movement in prices of raw materials	Commodity price tracking	Maintaining inventory at optimum level
Security prices	Investment in equity instruments	Sensitivity analysis	Portfolio diversification

The Company has standard operating procedures and investment policy for deployment of surplus liquidity, which allows investment in debt securities and restricts the exposure in equity markets.

(i) Credit risk

Credit risk is the risk of financial loss of the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company receivables from customers and loans. Credit arises when a customer or counterparty does not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing/investing activities, including deposits with bank, investments in debt securities and foreign exchange transactions. The carrying amount of financial assets represent the maximum credit risk exposure.

Trade receivable

The Company has established a credit policy under which each new customer is analysed individually for creditworthiness before the Company standard payment and delivery terms and conditions are offered. All trade receivables are reviewed and assessed for default on a quarterly basis. Our historical experience of collecting receivables indicate a low credit risk.

Exposure to credit risks

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However the Company also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and country in which customer operates. The Company limits its exposure to credit risk from trade receivables by establishing a maximum payment period of three months for customers.

Notes to the Standalone Financial Statements

for the year ended 31 March 2021 (Contd.)

Details of concentration percentage of revenue generated from a top customer and top five customers are stated below:

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Revenue from a top customer	18%	20%
Revenue from top five customers	44%	45%

Trade receivables are primarily unsecured and are derived from revenue earned from customers. Credit risk is managed through credit approvals, establishing credit limits and by continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business. As per simplified approach, the Company makes provision of expected credit losses on trade receivables using a provision matrix to mitigate the risk of default payments and makes appropriate provisions at each reporting date whenever is for longer period and involves higher risk. The Company uses expected credit loss model to assess the impairment loss or gain. The Company uses a provision matrix to compute the credit loss allowance for trade receivables.

Movement in impairment loss:

	Year ended 31 March 2021	Year ended 31 March 2020
Balance at the beginning of the year	417.01	417.01
Add: Provided during the year	300.00	-
Less: Utilised during the year	-	-
Balance at the end of the year	717.01	417.01

(ii) Liquidity risk

Liquidity risk is defined as the risk that the Company will not be able to settle or meet its obligations on time or at reasonable price. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of credit facilities to meet obligations when due. The Company's finance team is responsible for liquidity, finding as well as settlement management. In addition, processes and policies related to such risks are overseen by senior management. Management monitors the Company's liquidity position through rolling forecasts on the basis of expected cash flows.

The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Exposure to liquidity risk

The table below provides details regarding the remaining contractual maturities of financial liabilities at the reporting date based on contractual undiscounted payments.

	Amount in ₹ Lakhs					
31 March 2021	Less than 1 year	1-2 years	2-3 years	3-5 years	> 5 years	Total
Borrowings (including estimated interest)	64,229.51	4,230.89	3,497.47	1,666.17	-	73,624.04
Trade payables (including acceptances)	14,901.69	-	-	-	-	14,901.69
Derivatives	-	-	-	-	-	-
Other financial liabilities (other than lease liabilities and current maturities of non-current borrowings)	2,485.14	-	-	25.77	-	2,510.91
Lease liabilities including lease interest	218.50	174.89	43.43	50.39	88.37	575.58

Notes to the Standalone Financial Statements

for the year ended 31 March 2021 (Contd.)

Amount in ₹ Lakhs

31 March 2020	Less than 1 year	1-2 years	2-3 years	3-5 years	> 5 years	Total
Borrowings (including estimated interest)	49,307.60	1,579.13	862.63	-	-	51,749.36
Trade payables (including acceptances)	21,176.92	-	-	-	-	21,176.92
Derivatives	175.88	-	-	-	-	175.88
Other financial liabilities (other than lease liabilities and current maturities of non-current borrowings)	1,664.68	-	-	25.77	-	1,690.45
Lease liabilities including lease interest	52.38	48.94	41.90	82.61	99.58	325.41

(iii) Market risk

Market risk is the risk of loss of future earnings, fair value or future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change as a result of changes in the interest rates, foreign currency exchange rates, commodity prices, equity prices and other market changes that effect market risk sensitive instruments. Market risk is attributable to all market risk sensitive financial instruments including investments and deposits, foreign currency receivables, payables and borrowings.

(a) Currency risk

Foreign currency risk is the risk impact related to fair value or future cash flows of an exposure in foreign currency, which fluctuate due to changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the foreign currency borrowings, import of raw materials and spare parts, capital expenditure, exports of finished goods. The currency in which these transactions are primarily denominated are EURO, USD and JPY. The Company manages currency exposures within prescribed limits, through use of forward exchange contracts and cross currency swap. Foreign exchange transactions are covered with strict limits placed on the amount of uncovered exposure, if any, at any point of time.

The Company evaluates exchange rate exposure arising from foreign currency transactions. The Company follows established risk management policies and standard operating procedures. It uses derivative instruments like foreign currency swaps and forwards to hedge exposure to foreign currency risk. When a derivative is entered into for the purpose of being a hedge, the Company negotiates the terms of those derivatives to match the terms of the hedged exposure.

Exposure to currency risk

The Company's exposure to foreign currency as at the end of the reporting period are as follows:

Amount in Lakhs

	In original currency (EURO in Lakhs)	In local currency (₹)	In original currency (USD in Lakhs)	In local currency (₹)	In original currency (JPY in Lakhs)	In local currency
31 March 2021						
Financial Assets						
Trade receivables	-	-	46.10	3,388.30	-	-
Cash and cash equivalents	-	-	3.59	263.69	-	-
	-	-	49.69	3,651.99	-	-

Notes to the Standalone Financial Statements

for the year ended 31 March 2021 (Contd.)

Amount in Lakhs						
31 March 2021	In original currency (EURO in Lakhs)	In local currency (₹)	In original currency (USD in Lakhs)	In local currency (₹)	In original currency (JPY in Lakhs)	In local currency
Financial Liabilities						
Borrowings (including current maturities of non-current borrowings)	-	-	339.11	24,926.54	-	-
Trade payables	-	-	106.19	7,805.61	-	-
Derivatives	-	-	-	-	-	-
Other financial liabilities	-	-	3.48	255.92	-	-
	-	-	448.78	32,988.07	-	-
Net exposure in respect of recognised financial assets and financial liabilities	-	-	(399.09)	(29,336.08)	-	-

Amount in Lakhs						
31 March 2020	In original currency (EURO in Lakhs)	In local currency (₹)	In original currency (USD in Lakhs)	In local currency (₹)	In original currency (JPY in Lakhs)	In local currency
Financial Assets						
Trade receivables	-	-	21.98	1,656.97	-	-
Cash and cash equivalents	-	-	10.58	797.42	-	-
	-	-	32.56	2,454.39	-	-
Financial Liabilities						
Borrowings (including current maturities of non-current borrowings)	-	-	140.58	10,597.60	430.56	299.88
Trade payables	-	-	207.87	15,670.70	-	-
Derivatives	-	-	0.80	60.27	165.99	115.61
Other financial liabilities	0.07	5.56	4.82	363.61	0.79	0.55
	0.07	5.56	354.07	26,692.18	597.34	416.04
Net exposure in respect of recognised financial assets and financial liabilities	(0.07)	(5.56)	(321.51)	(24,237.79)	(597.34)	(416.04)

Sensitivity analysis

A reasonably possible strengthening (weakening) of the EURO, USD and JPY against Indian rupee at 31 March would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss by the amount shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

Notes to the Standalone Financial Statements

for the year ended 31 March 2021 (Contd.)

Amount in ₹ Lakhs

	(Profit) or loss		Equity (net of tax)	
	Strengthening	Weakening	Strengthening	Weakening
31 March 2021				
EURO (5% Movement)	-	-	-	-
USD (5% Movement)	(1,466.80)	1,466.80	(954.24)	954.24
JPY (10% Movement)	-	-	-	-
31 March 2020				
EURO (5% Movement)	(0.28)	0.28	(0.18)	0.18
USD (5% Movement)	(1,211.89)	1,211.89	(788.41)	788.41
JPY (10% Movement)	(41.60)	41.60	(27.07)	27.07

(b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company exposure to the risk of changes in market interest rates related primarily to the Company's current borrowing (excluding commercial paper and others) with floating interest rates. For all non-current borrowings with floating rates, the risk of variation in the interest rates is mitigated through interest rate swaps. The Company constantly monitors the credit markets and rebalances its financing strategies to achieve an optimal maturity profile and financing cost.

Exposure to interest rate risk

The interest rate profile of the Company's interest bearing financial instruments at the end of the reporting period are as follows:

Amount in ₹ Lakhs

	31 March 2021	31 March 2020
Fixed rate instruments		
Financial assets	9,539.05	678.09
Financial liabilities	(25,133.78)	(42,528.14)
	(15,594.73)	(41,850.05)
Variable rate instruments		
Financial assets	-	-
Financial liabilities	(46,775.51)	(7,961.55)
	(46,775.51)	(7,961.55)

Sensitivity analysis

Fixed rate instruments that are carried at amortised cost are not subject to interest rate risk for the purpose of sensitivity analysis.

Notes to the Standalone Financial Statements

for the year ended 31 March 2021 (Contd.)

A reasonably possible change of 100 basis points in variable rate instruments at the reporting dates would have increased or decreased profit or loss by the amounts shown below:

Amount in ₹ Lakhs				
	(Profit) or loss		Equity (net of tax)	
	Strengthening	Weakening	Strengthening	Weakening
31 March 2021				
Variable rate instruments	(467.76)	467.76	(304.31)	304.31
Cash flow sensitivity (net)	(467.76)	467.76	(304.31)	304.31
31 March 2020				
Variable rate instruments	(79.62)	79.62	(51.80)	51.80
Cash flow sensitivity (net)	(79.62)	79.62	(51.80)	51.80

Interest rate sensitivity has been calculated assuming the borrowings outstanding at the reporting date have been outstanding for the entire reporting period and all other variables, in particular foreign currency exchange rates, remain constant. Further, the calculation for the unhedged floating rate borrowing have been done on the notional value of the foreign currency.

(c) Equity price risks

The Company's quoted and unquoted equity instruments are susceptible to market price risk arising from uncertainties about future values of the investment securities. The reports on the equity portfolio are submitted to the Company's senior management on a regular basis. The senior management reviews and approves all equity investment decisions.

Sensitivity analysis

Investment in equity instruments made by the Company are listed on the Bombay Stock Exchange (BSE), National Stock Exchange (NSE) and Calcutta Stock Exchange (CSE) in India. There is no significant investment outstanding as at 31 March 2021. Hence, sensitivity analysis is not given.

- (d) The following table gives details in respect of outstanding foreign currency forward, cross currency swaps, interest rate swaps and option contracts:

Amount in ₹ Lakhs						
Particulars	Currency pair	Position	31 March 2021		31 March 2020	
			Amount in foreign currency in Lakhs	Amount in ₹ in lakhs	Amount in foreign currency in Lakhs	Amount in ₹ in lakhs
Currency swap [Nil, (previous year 1)]	USD/JPY	Sell	-	-	430.56	299.89
Interest rate swaps [Nil, (previous year 1)]	USD/INR	Notional principal	-	-	138.07	10,408.53

Notes to the Standalone Financial Statements

for the year ended 31 March 2021 (Contd.)

The table below analyses the derivative financial instruments into relevant maturity groupings based on the remaining period as of the Standalone Balance Sheet date:

Amount in ₹ Lakhs		
	31 March 2021	31 March 2020
Later than three months and not later than one year	48.69	(175.88)
Later than one year	-	-
	48.69	(175.88)

The following table provides quantitative information about offsetting of derivative financial assets and derivative financial liabilities:

Amount in ₹ Lakhs				
	31 March 2021		31 March 2020	
	Derivative financial asset	Derivative financial liability	Derivative financial asset	Derivative financial liability
Gross amount of recognised financial asset/liability	48.69	-	-	175.88
Amount set-off	-	-	-	-
Net amount presented in Standalone Balance Sheet	48.69	-	-	175.88

43. Capital management

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The management monitors the return on capital, as well as the level of dividends to equity shareholders. The Company's objective when managing capital are to: (a) maximise shareholders value and provide benefits to other stakeholders and (b) maintain an optimal capital structure to reduce the cost of capital. The Company may take appropriate steps in order to maintain or adjust its capital structure.

The Company monitors capital using debt-equity ratio, which is total debt less investments divided by total equity.

Amount in ₹ Lakhs			
Particulars		31 March 2021	31 March 2020
Borrowings	A	71,909.29	50,489.69
Liquid investments	B	5,027.73	3,743.81
TOTAL	C = A-B	66,881.56	46,745.88
Equity	D	170,828.08	165,150.92
Debt to Equity	E = A / D	0.42	0.31
Debt to Equity (net)	F = C / D	0.39	0.28

For the purpose of the Company's capital management

- (a) Borrowings include as non-current borrowings, current borrowings and current maturities of non-current borrowings as described in note 19 and 22.
- (b) Equity includes issued, subscribed and fully paid-up equity share capital and other equity attributable to the equity holders of the Company as described in note 17 and 18.
- (c) Liquid investments include cash and cash equivalents, mutual funds (refer note 9)

Notes to the Standalone Financial Statements for the year ended 31 March 2021 (Contd.)

44. Segment information

See accounting policy in note 3(u)

The Company has presented segment information in the Consolidated financial statements which are presented in the same annual report. Accordingly, in terms of paragraph 4 of Ind AS 108 'Operating segment', no disclosures related to segments are presented in these Standalone financial statements.

45. The Company has established a comprehensive system of maintenance of information and documents as required by the transfer pricing regulations under Sections 92-92F of the Income-tax Act, 1961. Since the law requires existence of such information and documentation to be contemporaneous in nature, the Company continuously updates its documents for the international transactions entered into with the associated enterprises during the financial year. The management is of the opinion that its international transactions are at arm's length so that the aforesaid legislation will not have any impact on the Standalone financial statements, particularly on the amount of tax expense for the year and that of provision for taxation.

46. Due to micro enterprises, small and medium enterprises

	Amount in ₹ Lakhs	
	31 March 2021	31 March 2020
(a) The amounts remaining unpaid to micro and small suppliers as at the end of each accounting year:		
- Principal	183.54	1.58
- Interest	-	-
(b) The amount of interest paid by the buyer in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act, 2006) along with the amount of the payment made to the supplier beyond the appointed day during each accounting year.	-	-
(c) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act, 2006.	-	-
(d) The amount of interest accrued and remaining unpaid at the end of each accounting year.	-	-
(e) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under Section 23 of the MSMED Act, 2006.	-	-

47. Distribution made and proposed dividend on equity shares

See accounting policy in note 3(q)

	Amount in ₹ Lakhs	
	Year ended 31 March 2021	Year ended 31 March 2020
Dividend on equity shares declared and paid during the year		
Final dividend for the year ended on 31 March 2020: ₹ 0.15 per share (31 March 2019: ₹ 0.15 per share)	628.21	627.91
Dividend distribution tax on final dividend	-	129.07
Total dividend paid	628.21	756.98

Notes to the Standalone Financial Statements for the year ended 31 March 2021 (Contd.)

	Amount in ₹ Lakhs	
	Year ended 31 March 2021	Year ended 31 March 2020
Proposed dividend on equity shares not recognised as liability		
Final dividend for the year ended on 31 March 2021: ₹ 0.15 per share (31 March 2020: ₹ 0.15 per share)	628.45	628.21
Dividend distribution tax on final dividend	-	-
Total dividend proposed for the year	628.45	628.21

Proposed dividend on equity shares is subject to the approval of the equity shareholders of the Company at the Annual General Meeting and not recognised as a liability as at Standalone Balance Sheet date.

48. Exceptional items

See accounting policy in note 3(w)

The Company had made investments in equity shares and given loans and advances to its wholly owned subsidiary, AAT Global Limited ('AAT'), Hongkong. AAT, in turn, invested in equity shares and had given loans and advances to its subsidiary, Shandong Dawn Himadri Chemical Industry Limited ('SDHCIL'), China. There had been shortfall in the business performance of both AAT and SDHCIL as compared with budgets and further changes in the technology, market, economic environment have had adverse impact on the value of the investments and recoverability of loans and advances given. Due to the on-going size of operations and cost-benefit trend, both AAT and SDHCIL had been incurring losses and their net worth are fully eroded. Accordingly, the Company's investments in equity shares of AAT, amounting to ₹ 5,244.64 Lakhs, had been fully impaired and loans and advances given to AAT, amounting to ₹ 7,554.01 Lakhs, had been fully provided during the previous year ended 31 March 2020.

49. Estimation of uncertainty due to COVID-19 pandemic

The Company has considered the possible risk that may result from the pandemic relating to COVID-19 on the carrying amounts of assets including inventories, receivables, investments and other financial and non-financial assets. As per the assessment carried out by the Company based on the internal and external information available up to the date of approval of these standalone financial statements, the Company does not foresee any uncertainty related to recoverability or liquidation of the aforesaid assets and also about the ability of the non-financial assets to generate future economic benefits.

However, the impact assessment of COVID-19 is a continuing process given the uncertainties associated with its nature and duration. The impact of the global health pandemic may be different from that estimated as at the date of approval of these Standalone financial statements and the Company will continue to closely monitor for any material changes to future economic conditions.

As per our report of even date attached

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration Number: 101248W/W-100022

Sd/-
Jayanta Mukhopadhyay
Partner
Membership No. 055757

Place: Kolkata
Date: 30 June 2021

For and on behalf of the Board of Directors of
Himadri Speciality Chemical Limited
CIN: L27106WB1987PLC042756

Sd/-
Anurag Choudhary
Managing Director and Chief
Executive Officer
DIN: 00173934

Sd/-
Kamlesh Kumar Agarwal
Chief Financial Officer

Place: Kolkata
Date: 30 June 2021

Sd/-
Shyam Sundar Choudhary
Executive Director
DIN: 00173732

Sd/-
Monika Saraswat
Company Secretary

Independent Auditors' Report

To the Members of Himadri Speciality Chemical Limited

Report on the Audit of Consolidated Financial Statements

Qualified Opinion

We have audited the consolidated financial statements of Himadri Speciality Chemical Limited (hereinafter referred to as the 'Holding Company') and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group"), which comprise the consolidated balance sheet as at 31 March 2021, and the consolidated statement of profit and loss (including other comprehensive income), consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of other auditors on separate financial statements of such subsidiaries as were audited by the other auditors, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31 March 2021, of its consolidated profit and other comprehensive income, consolidated changes in equity and consolidated cash flows for the year then ended.

Basis for Qualified Opinion

As more fully discussed in note 4A(g) to the consolidated financial statements, as at the balance sheet date, pending reconciliation by an independent financial firm specifically appointed for this purpose, and the consequent approval of the Board of Directors of the Holding Company, the final additional claim of Rs 53.02 crores made by the EPC contractor, a related party, for implementing

the Carbon Black expansion project, has not been accounted for in the books of account. Further, purchase/job orders issued amounting to Rs 22.32 crores to various third-party contractors for certain works relating to project have been partly paid and accounted for. The Board of Directors of the Holding Company, in its meeting held on 22 October 2020, decided to appoint an independent engineering firm and a financial firm to conduct a technical reconciliation and financial reconciliation respectively for examining the justification of these additional claims and purchase/job orders. Subsequently, the Holding Company has received the final report of the independent engineering firm, dated 20 May 2021 as per which there is some overlap in the scope of the original EPC contract and new contracts awarded to the contractors. The findings of this report were discussed and taken on record by the Audit Committee of the Holding Company in its meeting held on 10 June 2021. Further, some of the directors have also raised certain concerns with respect to the above to the audit committee of the Holding Company and the members of the Holding Company's Board at various dates regarding the adherence to due process, compliance with applicable laws relating to transactions with related parties, justification for the additional work awarded to the contractors, findings of the independent engineering firm etc. Thereafter the Holding Company's Board at its meeting held on 22 June 2021 has taken the findings of the technical report of the independent engineering firm on record and approved the appointment of an independent financial firm to carry out financial reconciliation arising out of the observations of the technical report. The Holding Company is thus in the process of reconciling the final value of the claims and the purchase/job orders issued. Final accounting for the additional claims and purchase/ job orders would be after receipt of the report of the independent financial firm and consideration of both the reports in tandem. This also has implications on related financial transactions, internal controls and compliance with laws and regulations. In view of the above, we are unable to comment on adjustments, on the carrying value of the Property, Plant and Equipment, Liability for Capital Goods, Capital Advances, Capital Commitment and depreciation and consequential

Independent Auditors' Report (Contd.)

impact on tax expense and tax balances and other related disclosures as at and for the year ended 31 March 2021. We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in terms of the Code of Ethics issued by the Institute of Chartered Accountants of India and the relevant provisions of the Act, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence obtained by us along with the consideration of audit reports of the other auditors referred to in the "Other Matters" paragraph below, is sufficient and appropriate to provide a basis for our qualified opinion on the consolidated financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matters described in the "Basis for Qualified Opinion" paragraphs, we have determined that the following are the key audit matters:

Description of Key Audit Matter

Litigation and regulatory proceedings

See note 8 and 16 to the consolidated financial statements

The key audit matter	How the matter was addressed in our audit
As at 31 March 2021, the Holding Company has, certain amount receivable from a customer (refer note 8) and given certain advances to a supplier (refer note 16), which are currently under arbitration proceedings from earlier years. The Holding Company applies significant judgement in estimating the likelihood of the future outcome in each case when considering whether, and how much, to provide or in determining the required disclosure for the potential exposure of each matter. This is due to the magnitude of the legal matters involved along with the fact that legal proceedings may span over an extended period and may involve protracted negotiation or litigation. These estimates could change substantially over time as new facts emerge and legal cases progress. The Holding Company has carried out independent assessment of the above matters and also obtained independent legal opinion to support their assessment around the outcome of these litigations that has led to their conclusion that no provision is required to be recognised in the books of account against the same. We considered this to be a matter of significance to our audit, given the inherent complexity of the matters, magnitude of potential exposures and the significant impact that the outcome of these litigations is likely to have on the consolidated financial statements for the year ended 31 March 2021.	In view of the significance of the matter, we applied the following audit procedures in this area, among others, to obtain sufficient appropriate audit evidence: - Understood and evaluated the design and tested the operating effectiveness of controls around the assessment of this matter. - Discussed the status and likelihood of the outcome of the litigation with the external legal counsel engaged by the Holding Company. - Evaluated the independence and competency of legal expert engaged by the Holding Company. - Read the independent legal opinion obtained by the Holding Company from external legal counsel. - Obtained and tested evidence to support the Holding Company's assessment on recoverability of the amount receivable from a customer and advances given to supplier. - Assessed the appropriateness of disclosures in the consolidated financial statements of the Group.

Independent Auditors' Report (Contd.)

Recoverability of MAT credit entitlement (a component of deferred tax assets)

See note 32 to the consolidated financial statements

The Key audit matter	How the matter was addressed in our audit
The Holding Company has recognised Minimum Alternate Tax ('MAT') credit entitlement (a component of deferred tax assets) as at 31 March 2021. The utilisation of this asset will be through offsetting it when the Holding Company pays taxes under the normal provision of Income -tax Act, 1961. Therefore, the recoverability of MAT credit entitlement is dependent upon generation of sufficient future taxable profits within the stipulated period prescribed under the Income -tax Act, 1961. The Holding Company recognises MAT credit only when and to the extent there is convincing evidence that the Holding Company will pay normal income tax during the period for which the MAT credit can be carried forward for set-off against the normal tax liability. This is based on profit earned during the current year and future profitability projections based on approved business plans. Significant estimation is involved in projecting future taxable profits and other assumptions affected by expected future market or economic conditions. Due to significant level of judgement as stated aforesaid we have identified recoverability of MAT credit entitlement as a key audit matter.	In view of the significance of the matter, we applied the following audit procedures in this area, among others, to obtain sufficient appropriate audit evidence: - Evaluated the accounting policy of MAT credit entitlement in terms of relevant accounting standard. - Tested the design, implementation and operating effectiveness of key controls regarding recoverability of MAT credit assets and budgeting procedures upon which the approved business plans are based. - Assessed the profit forecast prepared by the Holding Company by comparing it with the historical trends, current year performance and approved future business plans. Our assessment was based on our knowledge of the business. - Evaluated the Holding Company's estimate regarding the period by which the MAT credit entitlement would be utilised. We compared the Holding Company's assessment to business plans and projections of future taxable profits. We verified such estimate to be within the period prescribed under the Income -tax Act, 1961. - Assessed the adequacy of related disclosures in the consolidated financial statements of the Group.

Other Information

The Holding Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the holding Company's annual report, but does not include the consolidated financial statements and our auditors' report thereon.

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

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

Management's and Board of Directors' Responsibilities for the Consolidated Financial Statements

The Holding Company's Management and Board of Directors are responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Act that give a true and fair view of the consolidated state of affairs, consolidated profit/loss and other comprehensive income, consolidated statement of changes in equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. The respective Management and Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of each company. and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable

Independent Auditors' Report (Contd.)

and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Management and Board of Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Management and Board of Directors of the companies included in the Group are responsible for assessing the ability of each company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group is responsible for overseeing the financial reporting process of each company.

Auditors' 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 auditors' 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 the internal financial controls with reference to the consolidated financial statements and the operating effectiveness of such controls based on our audit.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management and Board of Directors.
- Conclude on the appropriateness of Management and Board of Directors use of the going concern basis of accounting in preparation of consolidated financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the appropriateness of this assumption. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Independent Auditors' Report (Contd.)

- Obtain sufficient appropriate audit evidence regarding the financial information of such entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of financial information of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion. Our responsibilities in this regard are further described in the section titled 'Other Matters' in this audit report.

We believe that the audit evidence obtained by us along with the consideration of audit reports of the other auditors referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

We communicate with those charged with governance of the Holding Company included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we

determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

We did not audit the financial statements / financial information of two (2) subsidiaries, whose financial statements/financial information reflect total assets of ₹ 12,747.05 lakhs as at 31 March 2021, total revenues of ₹ 22,560.06 lakhs and net cash outflows amounting to ₹ 218.85 lakhs for the year ended on that date, as considered in the consolidated financial statements. These financial statements/financial information have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, is based solely on the audit reports of the other auditors.

These subsidiaries are located outside India whose financial statements and other financial information have been prepared in accordance with accounting principles generally accepted in their respective countries and which have been audited by other auditors under generally accepted auditing standards applicable in their respective countries. The Holding Company's management has converted the financial statements of such subsidiaries located outside India from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Holding Company's management. Our opinion in so far as it relates to the balances and affairs of such subsidiaries located outside India is based on the report of other auditors and the conversion adjustments prepared by the management of the Holding Company and audited by us.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

Independent Auditors' Report (Contd.)

Report on Other Legal and Regulatory Requirements

- A. As required by Section 143(3) of the Act, based on our audit and on the consideration of reports of the other auditors on separate financial statements of such subsidiaries as were audited by other auditors, as noted in the 'Other Matters' paragraph, we report, to the extent applicable, that:
- We have sought and, except for the matters described in the "Basis for Qualified Opinion" paragraph above, obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements;
 - Except for the matters described in the "Basis for Qualified Opinion" paragraph above, in our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors;
 - The consolidated balance sheet, the consolidated statement of profit and loss (including other comprehensive income), the consolidated statement of changes in equity and the consolidated statement of cash flows dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements;
 - Except for the matters described in the "Basis for Qualified Opinion" paragraph above, in our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under Section 133 of the Act;
 - On the basis of the written representations received from the directors of the Holding Company as on 31 March 2021 taken on record by the Board of Directors of the Holding Company, none of the directors of the Holding Company, is disqualified as on 31 March 2021 from being appointed as a director in terms of Section 164(2) of the Act;
 - The qualification relating to maintenance of accounts and other matters connected therewith are as stated in the "Basis for Qualified Opinion" paragraph above; and
 - With respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".
- B. With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on separate financial statements of the subsidiaries as noted in the 'Other Matters' paragraph:
- The consolidated financial statements disclose the impact of pending litigations as at 31 March 2021 on the consolidated financial position of the Group. Refer Note 8(c), 16(b), 24 and 34(a) to the consolidated financial statements;
 - The Group did not have any material foreseeable losses on long-term contracts including derivative contracts during the year ended 31 March 2021;
 - There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding during the year ended 31 March 2021; and
 - The disclosures in the consolidated financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in the consolidated financial statements since they do not pertain to the financial year ended 31 March 2021.

Independent Auditors' Report (Contd.)

- C. With respect to the matter to be included in the Auditors' Report under Section 197(16):

In our opinion and according to the information and explanations given to us, the remuneration paid during the current year by the Holding Company to its directors is in accordance with the provisions of Section 197 of the Act read with Schedule V to the Act. The remuneration paid to any director by the Holding Company is not in excess of the limit laid down under Section 197 of the Act read with Schedule V to the Act. The

Ministry of Corporate Affairs has not prescribed other details under Section 197(16) of the Act, which are required to be commented upon by us.

For **B S R & Co. LLP**

Chartered Accountants

Firm's Registration No. 101248W/W-1 00022

Sd/-

Jayanta Mukhopadhyay

Partner

Place: Kolkata

Date: 30 June 2021

Membership Number: 055757

UDIN: 21055757AAAACN9357

Annexure A

to the Independent Auditors' Report on the Consolidated Financial Statements of Himadri Speciality Chemical Limited for the year ended 31 March 2021

Report on the internal financial controls with reference to the aforesaid financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

[Referred to in paragraph (A)(g) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date]

Adverse Opinion

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31 March 2021, we have audited the internal financial controls with reference to consolidated financial statements of Himadri Speciality Chemical Limited (hereinafter referred to as "the Holding Company").

In our opinion and according to the information and explanations given to us, because of the effects/possible effect of the material weaknesses described below in the paragraph 'Basis for adverse opinion', the Company's internal financial controls with reference to financial statements were not operating effectively as of 31 March 2021. In other material respects, the Company has adequate internal financial controls with reference to the financial statements as of 31 March 2021, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

We have considered the material weaknesses identified and reported below in determining the nature, timing, and extent of audit tests applied in our audit of the consolidated financial statements for the year ended 31 March 2021 of the Company, and these material weaknesses has affected our opinion on the said consolidated financial statements of the Company and we have issued a qualified audit opinion on the said consolidated financial statements.

Basis for adverse opinion

As more fully explained in note 4A(g) to the consolidated financial statements and in the Basis for Qualified Opinion paragraph of our main report on the consolidated financial statements for the year ended 31 March 2021, the Board of Directors,

in its meeting held on 22 October 2020, decided to appoint an independent engineering firm and a financial firm to conduct a technical reconciliation and financial reconciliation respectively for examining the justification of the additional claims made by the EPC contractor, a related party and purchase/job orders issued to various third party contractors. The Holding Company is thus in the process of reconciling the final value of the claims and the purchase/job orders issued. Final accounting for the additional claims and purchase/ job orders would be after receipt of the report of the independent financial firm and its consideration in tandem with the report of the technical firm which has already been received.

In relation to the above, material weaknesses have been identified in the operating effectiveness of the Holding Company's internal financial controls with reference to financial statements. The Holding Company's internal control systems for awarding job orders for capital expenditure and related vendor payments were not operating effectively which could potentially result in material misstatements in the financial statements and also for compliances with the requirements of the applicable laws and regulations with respect to related party transactions for awarding job orders for capital expenditure.

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis.

Management's Responsibility for Internal Financial Controls

The Holding Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls with reference to consolidated financial statements based on the criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Holding Company's policies, the safeguarding of its assets, the prevention

Annexure A

to the Independent Auditors' Report on the Consolidated Financial Statements of Himadri Speciality Chemical Limited for the year ended 31 March 2021 (Contd.)

and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (hereinafter referred to as "the Act").

Auditors' Responsibility

Our responsibility is to express an opinion on the internal financial controls with reference to consolidated financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to consolidated financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to consolidated financial statements were established and maintained and if such controls operated effectively in all material respects.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse audit opinion on the internal financial controls with reference to consolidated financial statements.

Meaning of Internal Financial controls with reference to consolidated financial statements

A company's internal financial controls with reference to consolidated financial statements is a

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

Inherent Limitations of Internal Financial controls with reference to consolidated financial statements

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

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No. 101248W/W-1 00022

Sd/-
Jayanta Mukhopadhyay
Partner

Place: Kolkata
Date: 30 June 2021

Membership Number: 055757
UDIN: 21055757AAAACN9357

Consolidated Balance Sheet

as at 31 March 2021

	Note	31 March 2021	31 March 2020
ASSETS			
(1) Non-current assets			
(a) Property, plant and equipment	4A	143,193.81	143,888.11
(b) Capital work-in-progress	5	15,961.03	15,837.73
(c) Right of use assets	4B	3,450.69	3,431.10
(d) Intangible assets	6	130.53	184.25
(e) Financial assets			
(i) Investments	7	6,605.00	4,665.94
(ii) Loans	11	1,809.46	2,047.92
(iii) Trade receivables	8	1,004.25	788.90
(iv) Other financial assets	12	10.25	10.06
(f) Non-current tax assets (net)	13	399.70	224.03
(g) Other non-current assets	14	1,810.54	1,519.79
Total non-current assets		174,375.26	172,597.83
(2) Current assets			
(a) Inventories	15	33,940.21	40,519.10
(b) Financial assets			
(i) Trade receivables	8	46,144.69	29,957.70
(ii) Cash and cash equivalents	9	5,271.66	4,202.83
(iii) Bank balances other than (ii) above	10	8,498.99	453.18
(iv) Loans	11	792.83	348.50
(v) Other financial assets	12	710.91	568.64
(c) Other current assets	16	9,382.80	7,594.49
Total current assets		104,742.09	83,644.44
TOTAL ASSETS		279,117.35	256,242.27
EQUITY AND LIABILITIES			
(1) Equity			
(a) Equity share capital	17	4,189.65	4,188.08
(b) Other equity	18	175,101.21	169,227.32
Equity attributable to the owners of the Company		179,290.86	173,415.40
Non-controlling interests		(68.69)	(45.02)
Total equity		179,222.17	173,370.38
(2) Liabilities			
Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	19	8,439.32	2,244.42
(ii) Other financial liabilities	22	732.16	693.22
(b) Provisions	24	418.29	451.73
(c) Deferred tax liabilities (net)	32	6,178.78	5,196.00
Total non-current liabilities		15,768.55	8,585.37
Current liabilities			
(a) Financial liabilities			
(i) Borrowings	19	59,392.93	31,451.28
(ii) Trade payables	20		
- total outstanding dues of micro enterprises and small enterprises		183.54	1.58
- total outstanding dues of creditors other than micro enterprises and small enterprises		15,107.36	22,938.65
(iii) Derivatives	21	-	175.88
(iv) Other financial liabilities	22	6,872.71	18,594.39
(b) Other current liabilities	23	2,408.33	1,047.77
(c) Provisions	24	161.76	76.97
Total current liabilities		84,126.63	74,286.52
TOTAL EQUITY AND LIABILITIES		279,117.35	256,242.27
Significant accounting policies	3		
The accompanying notes form an integral part of the Consolidated financial statements.			

As per our report of even date attached

For **B S R & Co. LLP**

Chartered Accountants

Firm's Registration Number: 101248W/W-100022

Sd/-

Jayanta Mukhopadhyay

Partner

Membership No. 055757

For and on behalf of the Board of Directors of

Himadri Speciality Chemical Limited

CIN: L27106WB1987PLC042756

Sd/-

Anurag Choudhary

Managing Director and Chief

Executive Officer

DIN: 00173934

Sd/-

Kamlesh Kumar Agarwal

Chief Financial Officer

Sd/-

Shyam Sundar Choudhary

Executive Director

DIN: 00173732

Sd/-

Monika Saraswat

Company Secretary

Place: Kolkata

Date: 30 June 2021

Place: Kolkata

Date: 30 June 2021

Consolidated Statement of Profit & Loss

for the year ended 31 March 2021

		Amount in ₹ Lakhs	
	Note	Year ended 31 March 2021	Year ended 31 March 2020
I. Revenue from operations	25	167,945.80	180,580.03
II. Other income	26	1,404.66	798.50
III. Total income (I + II)		169,350.46	181,378.53
IV. Expenses			
Cost of materials consumed	27	108,208.81	127,343.03
Changes in inventories of finished goods and work-in-progress	28	15,182.91	(4,963.76)
Employee benefits expense	29	7,611.14	7,433.34
Finance costs	30	3,343.43	5,491.35
Depreciation and amortisation expense	4A, 4B and 6	4,697.42	3,924.38
Other expenses	31	23,850.62	22,735.67
Total expenses		162,894.33	161,964.01
V. Profit before tax (III-IV)		6,456.13	19,414.52
VI. Tax expenses			
Current tax	32	1,184.06	3,470.49
Deferred tax charge/ (credit)	32	545.45	(4,591.88)
Total tax expenses		1,729.51	(1,121.39)
VII. Profit for the year (V-VI)		4,726.62	20,535.91
VIII. Other comprehensive income			
A. Items that will not be reclassified subsequently to profit or loss			
(a) Remeasurements of the net defined benefit plan		55.69	(109.31)
(b) Net gain/ (loss) on investment in equity instruments accounted at fair value		1,939.06	(13,254.89)
(c) Income-tax relating to items that will not be reclassified to profit or loss		(437.33)	2,922.06
Net other comprehensive income not to be reclassified subsequently to profit or loss		1,557.42	(10,442.14)
B. Items that will be reclassified subsequently to profit or loss			
(a) Exchange differences in translating financial statements of foreign operations		115.18	707.61
(b) Income tax relating to items that will be reclassified to profit or loss		-	-
Net other comprehensive income to be reclassified subsequently to profit or loss		115.18	707.61
Other comprehensive income for the year (net of income tax)		1,672.60	(9,734.53)
IX. Total comprehensive income for the year (VII+VIII)		6,399.22	10,801.38
X. Profit attributable to:			
Owners of the Company		4,747.76	20,547.63
Non-controlling interests		(21.14)	(11.72)
Profit after tax for the year		4,726.62	20,535.91
XI. Other comprehensive income attributable to:			
Owners of the Company		1,675.13	(9,733.31)
Non-controlling interests		(2.53)	(1.22)
Other comprehensive income for the year		1,672.60	(9,734.53)
XII. Total comprehensive income attributable to:			
Owners of the Company		6,422.89	10,814.32
Non-controlling interests		(23.67)	(12.94)
Total comprehensive income for the year		6,399.22	10,801.38
XIII. Earnings per equity share	33		
[Face value of equity share ₹ 1 each (previous year ₹ 1 each)]			
- Basic		1.13	4.91
- Diluted		1.13	4.91
Significant accounting policies	3		
The accompanying notes form an integral part of the Consolidated financial statements.			

As per our report of even date attached

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration Number: 101248W/W-100022

Sd/-
Jayanta Mukhopadhyay
Partner
Membership No. 055757

For and on behalf of the Board of Directors of
Himadri Speciality Chemical Limited
CIN: L27106WB1987PLC042756

Sd/-
Anurag Choudhary
Managing Director and Chief
Executive Officer
DIN: 00173934

Sd/-
Kamlesh Kumar Agarwal
Chief Financial Officer

Sd/-
Shyam Sundar Choudhary
Executive Director
DIN: 00173732

Sd/-
Monika Saraswat
Company Secretary

Place: Kolkata
Date: 30 June 2021

Place: Kolkata
Date: 30 June 2021

Consolidated Statement of Changes in Equity for the year ended 31 March 2021

A. Equity share capital

Particulars	Amount in ₹ Lakhs		
	Note	Number	Amount
Balance as at 1 April 2019		418,578,745	4,185.79
Changes in equity share capital during the year	17	229,037	2.29
Balance as at 31 March 2020		418,807,782	4,188.08
Changes in equity share capital during the year	17	157,496	1.57
Balance as at 31 March 2021		418,965,278	4,189.65

B. Other equity

Particulars	Note	Reserves and surplus					Items of Other comprehensive income		Total attributable to the owners of the Company	Attributable to Non-controlling interests	Total
		Capital reserve	Securities premium	Debenture redemption reserve	General reserve	Share option outstanding reserve	Retained earnings	Currency translation reserve	Equity instruments through other comprehensive income		
Balance at 1 April 2019		1,280.50	45,435.57	3,321.39	15,419.94	260.27	84,981.56	(2,939.32)	11,233.39	158,993.30	158,961.22
Total comprehensive income for the year ended 31 March 2020		-	-	-	-	-	20,547.63	-	-	20,547.63	20,535.91
Profit for the year 2019-2020		-	-	-	-	-	(71.11)	-	-	(71.11)	(71.11)
Remeasurement of net defined benefit plan		-	-	-	-	-	-	708.83	(10,371.03)	(9,662.20)	(9,663.42)
Net change in fair value of Equity investments	18	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the year		-	-	-	-	-	20,476.52	708.83	(10,371.03)	10,814.32	10,801.38
Dividends (including corporate dividend tax)	47	-	-	-	-	-	(756.98)	-	-	(756.98)	(756.98)
Issue of equity shares on exercise of employee stock option	17 and 38	-	55.46	-	-	(55.46)	-	-	-	-	-
Share based payments- Equity settled	38	-	41.22	-	-	135.46	-	-	-	176.68	176.68
Transfer to debenture redemption reserve	18	-	-	214.28	-	-	(214.28)	-	-	-	-
Balance at 31 March 2020		1,280.50	45,532.25	3,535.67	15,419.94	340.27	104,486.82	(2,230.49)	862.36	169,227.32	169,182.30

Consolidated Statement of Changes in Equity for the year ended 31 March 2021 (Contd.)

Particulars	Note	Reserves and surplus					Items of Other comprehensive income		Total attributable to the owners of the Company	Attributable to Non-controlling interests	Total
		Capital reserve	Securities premium	Debt redemption reserve	General reserve	Share option outstanding reserve	Retained earnings	Currency translation reserve			
		1,280.50	45,532.25	3,535.67	15,419.94	340.27	104,486.82	(2,230.49)	862.36	(45.02)	169,182.30
Balance at 1 April 2020											
Total comprehensive income for the year ended 31 March 2021											
Profit for the year 2020-2021		-	-	-	-	-	4,747.76	-	-	(21.14)	4,726.62
Remeasurement of net defined benefit plan		-	-	-	-	-	36.16	-	-	-	36.16
Net change in fair value of Equity investments	18	-	-	-	-	-	-	117.71	1,521.26	(2.53)	1,636.44
Total comprehensive income for the year		-	-	-	-	-	4,783.92	117.71	1,521.26	(23.67)	6,399.22
Dividends	47	-	-	-	-	-	(628.21)	-	-	-	(628.21)
Issue of equity shares on exercise of employee stock option	17 and 38	-	39.50	-	-	(39.50)	-	-	-	-	-
Share based payments- Equity settled	38	-	28.35	-	-	50.86	-	-	-	-	79.21
Transfer from debt redemption reserve	18	-	-	(3,535.67)	3,535.67	-	-	-	-	-	-
Balance at 31 March 2021		1,280.50	45,600.10	-	18,955.61	351.63	108,642.53	(2,112.78)	2,383.62	(68.69)	175,032.52

Pursuant to the requirements of Division II to Schedule III, below is the nature and purpose of Reserves:

- (i) **Capital reserve:** Capital reserve represents profit or loss on purchase, sale, issue or cancellation of the Holding Company's own equity instruments.
- (ii) **Securities premium:** Securities premium is credited when shares are issued at premium. It is utilised in accordance with the provisions of the Act, to issue bonus shares, to provide for premium on redemption of shares or debentures, write-off equity related expenses like underwriting costs etc. In case of equity settled share based payment transactions, the difference between fair value on grant date and nominal value of share is accounted as securities premium.
- (iii) **Debt redemption reserve (DRR):** The Holding Company is required to create a debt redemption reserve out of the profits as per the requirements of Companies (Share capital and Debentures) Rules, 2014 which will be available for the purpose of redemption of debentures. During the year ended 31 March 2021, entire DRR has been utilised pursuant to redemption of the non convertible debentures.

Consolidated Statement of Changes in Equity for the year ended 31 March 2021 (Contd.)

- (iv) **General reserve:** It represents a portion of the net profit of the Group before declaring dividend to general reserve pursuant to the earlier provisions of the Companies Act, 1956. Transfer of profit to general reserve is not mandatory under the Companies Act, 2013.
- (v) **Share option outstanding reserve:** The Holding Company has a stock option scheme under which options to subscribe for the Holding Company's share have been granted to certain executives and senior employees. The share option outstanding reserve is used to recognise the value of equity-settled share based payments provided to employees, including certain key management personnel, as part of their remuneration. Refer note 38 for further details of these plans.
- (vi) **Retained earnings:** Retained earnings are the profits that the Group has earned till date, less any transfers to general reserve, dividends or other distributions paid to equity shareholders.

Significant accounting policies 3

The accompanying notes form an integral part of the Consolidated financial statements..

As per our report of even date attached

For **B S R & Co. LLP**

Chartered Accountants

Firm's Registration Number: 101248W/W-100022

Sd/-

Jayanta Mukhopadhyay

Partner

Membership No. 055757

Place: Kolkata

Date: 30 June 2021

For and on behalf of the Board of Directors of

Himadri Speciality Chemical Limited

CIN: L27106WB1987PLC042756

Sd/-

Anurag Choudhary

Managing Director and Chief

Executive Officer

DIN: 00173934

Sd/-

Kamlesh Kumar Agarwal

Chief Financial Officer

Place: Kolkata

Date: 30 June 2021

Sd/-

Shyam Sundar Choudhary

Executive Director

DIN: 00173732

Sd/-

Monika Saraswat

Company Secretary

Consolidated Statement of Cash Flows

for the year ended 31 March 2021

	Amount in ₹ Lakhs	
	Year ended 31 March 2021	Year ended 31 March 2020
A. Cash flows from operating activities		
Net profit before tax	6,456.13	19,414.52
Adjustments for:		
Depreciation and amortisation expense	4,697.42	3,924.38
Share based payments - Equity settled	50.86	135.46
Finance costs	3,343.43	5,491.35
Interest income	(286.92)	(37.99)
Net gain on sale of current investments carried at FVTPL	(9.33)	(10.18)
Loss allowance for doubtful trade receivables	300.00	-
Bad Debts written off	-	171.00
Loss allowance for doubtful loans and advances	-	314.59
Unrealised foreign exchange fluctuation losses, net	462.03	556.73
Exchange differences in translating financial statements of foreign operations	(263.77)	415.90
Loss (net) on sale of property, plant and equipments	1.80	0.62
Cash generated from operations before working capital changes	8,295.52	10,961.86
Operating cash flows before working capital changes	14,751.65	30,376.38
Movement in working capital:		
Decrease in inventories	6,578.89	13,798.69
(Increase)/ Decrease in trade receivables	(16,635.12)	6,587.66
(Increase)/ Decrease in financial and other assets	(2,039.74)	9,607.81
(Decrease) in trade payables	(7,765.01)	(21,758.96)
Increase in financial liabilities (net)	1,087.73	171.44
Increase/ (Decrease) in other liabilities and provisions (net)	1,340.41	(7,110.61)
	(17,432.84)	1,296.03
Cash (used in)/ generated from operations	(2,681.19)	31,672.41
Taxes paid	(1,359.73)	(3,413.89)
Net cash (used in)/ generated from operating activities	(4,040.92)	28,258.52
B. Cash flows from investing activities		
Purchase of property, plant and equipments	(3,500.94)	(24,671.60)
Proceeds from sale of property, plant and equipments	1.62	1.43
Purchase of intangible assets	(13.21)	(14.10)
Interest income received	192.97	51.97
Sale of current investments	11,569.33	14,411.43
Purchase of current investments	(11,560.00)	(14,400.00)
Redemption of bank deposits (having maturity of more than 3 months)	15,355.74	5,049.02
Investment in bank deposits (having maturity of more than 3 months)	(23,401.21)	(1,803.43)
Net cash (used in) investing activities	(11,355.70)	(21,375.28)
C. Cash flows from financing activities		
Proceeds from allotment of equity share under employee stock options	29.92	43.51
Proceeds from non-current borrowings	12,902.50	193.56
Repayment of non-current borrowings	(19,471.55)	(4,702.32)
Proceeds from current borrowings (net)	27,888.13	6,400.93
Interest paid	(3,618.53)	(5,680.86)
Payment of lease liabilities (principal portion)	(143.72)	(80.13)
Payment of lease liabilities (interest portion)	(37.68)	(29.74)
Net proceeds on settlement of derivative contracts	(454.76)	533.46
Dividend paid (including dividend distribution tax)	(628.21)	(756.98)
Net cash generated from/ (used in) financing activities	16,466.10	(4,078.57)
Net increase in cash and cash equivalents (A+B+C)	1,069.48	2,804.67

Consolidated Statement of Cash Flows

for the year ended 31 March 2021 (Contd.)

	Amount in ₹ Lakhs	
	Year ended 31 March 2021	Year ended 31 March 2020
Cash and cash equivalents at the beginning of the year (refer note 9)	4,202.83	1,405.65
Effect of exchange rate fluctuations on cash held in foreign currency (EEFC accounts)	(0.65)	(7.49)
Cash and cash equivalents at the end of the year (refer note 9)	5,271.66	4,202.83

Notes:

- Consolidated Statement of Cash Flows has been prepared under the indirect method as set out in Ind AS 7 "Statement of Cash Flows" specified under Section 133 of the Companies Act, 2013.
- Purchase of property, plant and equipment includes movements of capital work-in-progress (including capital advances and liability for capital goods) during the year.
- Changes in liability arising from financing activities:

	Amount in ₹ Lakhs					
	1 April 2020	Cash flow (net)	Foreign exchange movement	Lease additions	Other changes#	31 March 2021
Borrowings (including current maturities of non-current borrowings) - Non-current (refer note 19)	19,038.41	(6,569.05)	5.38	-	41.62	12,516.36
Borrowings - current (refer note 19)	31,451.28	27,888.13	53.52	-	-	59,392.93
Derivative contracts	175.88	(454.76)	-	-	230.19	(48.69)
Lease Liabilities*	803.17	(181.40)	24.74	327.86	37.68	1,012.05

	Amount in ₹ Lakhs					
	1 April 2019	Cash flow (net)	Foreign exchange movement	Lease additions	Other changes#	31 March 2020
Borrowing (including current maturities of non-current borrowings) - Non-current (refer note 19)	23,480.28	(4,508.76)	58.94	-	7.95	19,038.41
Borrowing - current (refer note 19)	24,166.72	6,400.93	883.63	-	-	31,451.28
Derivative contracts	228.05	533.46	-	-	(585.63)	175.88
Lease Liabilities*	718.07	(109.87)	35.46	129.77	29.74	803.17

*Lease liabilities as on 1 April 2019 represents liabilities recognised on account of adoption of Ind AS 116.

#Other changes with respect to borrowings and lease liabilities represent adjustment for effective interest and for derivative contracts it represents fair value changes.

The accompanying notes form an integral part of the Consolidated financial statements.

As per our report of even date attached

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration Number: 101248W/W-100022

Sd/-
Jayanta Mukhopadhyay
Partner
Membership No. 055757

For and on behalf of the Board of Directors of
Himadri Speciality Chemical Limited
CIN: L27106WB1987PLC042756

Sd/-
Anurag Choudhary
Managing Director and Chief
Executive Officer
DIN: 00173934

Sd/-
Kamlesh Kumar Agarwal
Chief Financial Officer

Sd/-
Shyam Sundar Choudhary
Executive Director
DIN: 00173732

Sd/-
Monika Saraswat
Company Secretary

Place: Kolkata
Date: 30 June 2021

Place: Kolkata
Date: 30 June 2021

Notes to the Consolidated Financial Statements

for the year ended 31 March 2021

1. Reporting entity

Himadri Speciality Chemical Limited ("the Holding Company" or "the Company") is a public Company domiciled and headquartered in India, having its registered office situated at 23A, N. S. Road, Kolkata - 700 001 and corporate office situated at 8, India Exchange Place, 2nd floor, Kolkata -700 001. The Holding Company was originally incorporated on 28 July 1987 and its equity shares are listed on National Stock Exchange (NSE) and Bombay Stock Exchange (BSE). The Holding Company is primarily engaged in the manufacturing of carbon materials and chemicals. The Holding Company has operations in India and caters to both domestic and international markets. The Holding Company also has wholly-owned subsidiary in the name of AAT Global Limited, incorporated in Hong Kong and step-down subsidiary with 94% shareholding in the name of Shandong Dawn Himadri Chemical Industry Ltd, incorporated in China, collectively referred to as "the Group".

During the previous year ended 31 March 2020, one of the wholly owned subsidiary of the Company, Equal Commodeal Private Limited, incorporated in India, has merged with the Holding Company pursuant to the Scheme of Amalgamation ("the Scheme") approved by the National Company Law Tribunal ("NCLT") vide order dated 14 October 2019 with effect from the Appointed Date of 1 April 2018.

2. Basis of preparation and measurement of Consolidated financial statements

(a) Basis of preparation

These Consolidated financial statements are prepared in accordance with Indian Accounting Standards (hereinafter referred to as the "Ind AS") notified by the Ministry of Corporate Affairs pursuant to Section 133 of the Companies Act, 2013 (hereinafter referred to as "the Act"), notified under Section 133 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time.

The Consolidated financial statements were authorised for issue by the Board of Directors of the Holding Company at their meeting held on 30 June 2021.

Due to an inadvertent error in the consolidated financial statements of the Company for the previous year ended 31 March 2020, as was approved by the Board of Directors on 21 July 2020, there was a compensating error of classification between finished goods and raw materials, which did not have any impact on the net profits. These consolidated financial statements were subsequently revised to incorporate the necessary rectification relating to the same. The previous year comparatives in the consolidated financial statements as at and for the year ended 31 March 2021, are from the revised consolidated financial statements for the year ended 31 March 2020, duly approved by the Board of Directors on 20 October 2020.

(b) Functional and presentation currency

These Consolidated financial statements are presented in Indian Rupees (₹), which is also the Holding Company's functional currency. All amounts have been rounded-off to the nearest Lakhs, unless otherwise indicated.

(c) Basis of measurement

The Consolidated financial statements have been prepared on historical cost convention on the accrual basis, except for the following items:

- (i) Derivative financial instruments measured at fair value;
- (ii) Certain financial assets and financial liabilities measured at fair value;
- (iii) Employee's defined benefit plan as per actuarial valuation; and
- (iv) Employee share-based payments measured at fair value

Fair value is the price that would be received on the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions, regardless of whether that price is directly observable or estimated using another valuation technique. In determining the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take

Notes to the Consolidated Financial Statements

for the year ended 31 March 2021 (Contd.)

those characteristics into account when pricing the asset or liability at the measurement date.

(d) Key accounting estimates and judgements

The preparation of the Group's Consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Estimates and underlying assumptions are reviewed on an ongoing basis. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. The application of accounting policies that require critical accounting estimates involving complex and subjective judgements and the use of assumptions in these Consolidated financial statements have been disclosed below. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Continuous evaluation is done on the estimation and judgments based on historical experience and other factors, including expectations of future events that are believed to be reasonable. Revisions to accounting estimates are recognised prospectively. The changes in the estimates are reflected in the Consolidated financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the Consolidated financial statements.

Critical accounting estimates and key sources of estimation uncertainty: Key assumptions

(i) Useful lives of Property, plant and equipment and Other intangible assets

The Group uses its technical expertise along with historical and industry trends for determining the economic life of an asset/component of an asset. The useful lives are reviewed by management periodically and

revised, if appropriate. In case of a revision, the unamortised depreciable amount is charged over the remaining useful life of the assets. See note 3(d) and 4A and 6 for details.

(ii) Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using certain valuation techniques. The inputs to these models are taken from observable market data where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as volatility risk and credit risk. See note 3(w) and 41 for details.

(iii) Defined benefit plan

The cost of the defined benefit plan includes gratuity and the present value of the gratuity obligation are determined using actuarial valuation using projected unit credit method. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. See note 3(g) and 37 for details.

(iv) Employee share-based payments

The Group measures the cost of equity-settled transactions with employees using Black Scholes Merton model to determine the fair value of the liability incurred on the grant date. Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which is dependent on

Notes to the Consolidated Financial Statements for the year ended 31 March 2021 (Contd.)

the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in note 3(g)(ii) and 38.

(v) Recognition of current tax and deferred tax (including MAT credit entitlements)

Current taxes are recognised at tax rates (and tax laws) enacted or substantively enacted by the reporting date and the amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used. Section 115BAA of the Income-tax Act, 1961, introduced by the Taxation Laws (Amendment) Act, 2019 gives a one-time irreversible option for payment of income-tax at reduced rate with effect from financial year commencing 1 April 2019 subject to certain conditions. The Holding Company has made an assessment of the impact of the above amendment and decided to continue with the existing tax structure until utilisation of accumulated minimum alternative tax ("MAT"). See note 3(n) and 32 for details.

(vi) Recognition and measurement of provisions and contingencies

The certain key assumptions about the likelihood and magnitude of an outflow of resources. Provision is towards known

contractual obligation, litigation cases and pending assessments in respect of taxes, duties and other levies in respect of which management believes that there are present obligations and the settlement of such obligations are expected to result in outflow of resources, to the extent provided for. In respect of litigation against receivables, advances and other matters, the Group evaluates amount to be provided for, if any, on the basis of merit of the ongoing legal proceedings and independent legal opinion obtained from the lawyers. See note 24 and 34(a) for details.

(vii) Impairment of financial assets

Certain key assumptions used in estimating recoverable cash flows. The Group reviews its carrying value of investment in subsidiaries carried at cost (net of impairment, if any) annually, or more frequently when there is indication for impairment. If the recoverable amount is less than its carrying amount, the impairment loss is accounted for in the Standalone Statement of Profit and Loss. See note 7 for details.

(viii) Determination of Right of use (ROU) assets and liabilities

Certain key assumptions used in determination of ROU assets and liabilities, incremental borrowing rate and lease term. See note 4B and 34(c) for details.

(ix) Loss allowance on trade receivables

The Group determines the allowance for credit losses based on historical loss experience adjusted to reflect current and estimated future economic conditions. The Group considered current and anticipated future economic conditions relating to industries the Group deals with, and the countries where it operates. The identification of credit impaired balances of trade receivable requires use of judgments and estimates. Where the expectation is different from the original estimate, such difference will impact the carrying value of

Notes to the Consolidated Financial Statements for the year ended 31 March 2021 (Contd.)

the trade and other receivables, and credit impaired expenses in the period in which such estimate has been changed. See note 8, 41 and 42 for details.

(e) Measurement of fair values

Number of the Group's accounting policies and disclosures require the measurement of fair values, for financial assets and financial liabilities.

The Group has an established control framework with respect to the measurement of fair values. The management has overall responsibility for overseeing all significant fair value measurements and it regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of Ind AS, including the level in the fair value hierarchy in which the valuations should be classified.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. Further information about the assumptions made in measuring fair values is included in note 41.

(f) Basis of consolidation

(i) Subsidiaries

These Consolidated financial statements are prepared in accordance with Ind AS on "Consolidated Financial Statements" (Ind AS 110), specified under Section 133 of the Act.

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the Consolidated financial statements from the date on which control commences until the date on which control ceases. Subsidiaries considered in the Consolidated financial statements are:

Name of the Company	Country of incorporation	31 March 2020 shareholding %	31 March 2019 shareholding %
Equal Commodore Private Limited (Wholly owned subsidiary upto 31 March 2018) *	India	-	-
AAT Global Limited	Hong Kong	100%	100%
Shandong Dawn Himadri Chemical Industry Ltd	China	94%	94%

*Merged with effect from the Appointed Date of 1 April 2018, pursuant to Scheme approved by National Company Law Tribunal vide order it's dated 14 October 2019.

Notes to the Consolidated Financial Statements

for the year ended 31 March 2021 (Contd.)

(ii) Non-controlling interest (NCI)

NCI are measured at their proportionate share of the acquiree's net identifiable assets at the date of acquisition. Changes in the Group's equity interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

(iii) Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any interest retained in the former subsidiary is measured at fair value at the date the control is lost. Any resulting gain or loss is recognised in profit or loss.

(iv) Transactions eliminated on consolidation

The financial statements of the Holding Company and its subsidiaries used in the consolidation procedures are drawn upto the same reporting date i.e 31 March 2021.

The financial statements of the Holding Company and its subsidiary companies are combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses.

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated.

3. Significant accounting policies

(a) Current and non-current classification

All assets and liabilities are classified as current or non-current as per the Group's normal operating cycle and other criteria set out in the Schedule III to the Act.

Assets

An asset is classified as current when it satisfies any of the following criteria:

- a) it is expected to be realised in, or is intended for sale or consumption in, the Group's normal operating cycle;

- b) it is held primarily for the purpose of being traded;
- c) it is expected to be realised within 12 months after the reporting date; or
- d) it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.

Current assets include current portion of non-current financial assets.

All other assets are classified as non-current.

Liabilities

A liability is classified as current when it satisfies any of the following criteria:

- a) it is expected to be settled in the Group's normal operating cycle;
- b) it is held primarily for the purpose of being traded;
- c) it is due to be settled within 12 months after the reporting date; or
- d) the Group does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Current liabilities include current portion of non-current financial liabilities.

All other liabilities are classified as non-current.

Operating cycle

For the purpose of current and non-current classification of assets and liabilities, the Group has ascertained its normal operating cycle as twelve months. This is based on the nature of business and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents.

(b) (i) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Group companies at the

Notes to the Consolidated Financial Statements

for the year ended 31 March 2021 (Contd.)

exchange rates at an average rate which approximates the actual rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Exchange differences are recognised in the Consolidated Statement of Profit and Loss in the period in which they arise, except:

- exchange differences on qualifying cash flow hedges to the extent that the hedges are effective;
- exchange differences on long term foreign currency monetary items accounted for in accordance with exemption availed by the Group under Ind AS 101.

(ii) Foreign operations

The assets and liabilities of foreign operations (subsidiaries) including fair value adjustments arising on acquisition, are translated into ₹, the functional currency of the Holding Company, at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into ₹ at the exchange rates at the dates of the transactions or any average rate if the average rate approximates the actual rate at the date of the transaction.

When a foreign operation is disposed off in its entirety or partially such that control, significant influence is lost, the cumulative amount of exchange differences related to that foreign operation recognised in Other comprehensive income ("OCI") is reclassified

to profit or loss as part of the gain or loss on disposal. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is re-allocated to Non-controlling interest ("NCI").

(c) Financial instruments

(i) Recognition and initial measurement

Trade Receivables and debt securities issued are initially recognised when they are originated. All financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument. Trade receivables are initially measured at transaction price.

A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through profit and loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue of the financial asset/ financial liabilities.

(ii) Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at:

- amortised cost; or
- fair value through Other Comprehensive Income (FVOCI)- Equity Investment; or
- fair value through Profit or Loss (FVTPL).

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Group changes its business model for managing financial assets.

Financial assets at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

Notes to the Consolidated Financial Statements for the year ended 31 March 2021 (Contd.)

- a. the asset is held within a business model whose objective is to hold assets to collect contractual cash flows and
- b. the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

The effective interest rate (EIR) amortisation is included in finance income in the Consolidated Statement of Profit and Loss. This category generally applies to long-term deposits, loans, and long-term trade receivables.

Financial assets at fair value through Other Comprehensive Income (FVOCI)

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income (designated as FVOCI-equity investment). This election is made on an investment-by-investment basis.

Financial assets are measured at the FVOCI if both of the following conditions are met:

- a) the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and
- b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

Financial assets included within the FVOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognised in the other comprehensive income (OCI).

In accordance with Ind AS 101, the Group has irrevocably designated its investment in equity instruments (other than investment

in subsidiary) as FVOCI on the date of transition to Ind AS.

Financial assets at fair value through Profit or Loss (FVTPL)

All financial assets which are not classified as measured at amortised cost or FVOCI as described above, are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets: Assessment whether contractual cash flows are solely payments of principal and interest (SPPI)

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;

Notes to the Consolidated Financial Statements for the year ended 31 March 2021 (Contd.)

- terms that may adjust the contractual coupon rate, including variable interest rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the sole payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include

reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Financial assets: Subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method (EIR). The amortised cost is reduced by impairment losses, if any. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in Consolidated Statement of Profit and Loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are not reclassified to Consolidated Statement of Profit and Loss.

Financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL.

Financial liabilities through fair value through Profit or Loss (FVTPL)

A financial liability is classified as at FVTPL if it is classified as held-for-trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in Consolidated Statement of Profit and Loss. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships

as defined by Ind AS 109. See note 3 (c) (v) for financial liabilities designated as hedging instruments.

Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on such instruments are recognised in the Consolidated Statement of Profit and Loss.

Financial liabilities at amortised cost

Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in Consolidated Statement of Profit and Loss. Any gain or loss on derecognition is also recognised in Consolidated Statement of Profit and Loss.

Notes to the Consolidated Financial Statements for the year ended 31 March 2021 (Contd.)

Interest bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in Consolidated Statement of Profit and Loss when the liabilities are derecognised as well as through the EIR amortisation process. For trade and other payables (including other financial liabilities) maturing within one year from the balance sheet date, the carrying amounts approximates fair value due to the short maturity of these instruments.

(iii) Derecognition

Financial assets

The Group derecognises a financial asset:

- when the contractual rights to the cash flows from the financial asset expire, or
- it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in Consolidated Statement of Profit and Loss.

(iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the Consolidated balance sheet when, and only when, the Group currently has a legally

enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(v) Derivative financial instruments and hedge accounting

The Group holds derivative financial instruments, such as foreign currency forward contracts, interest rate swaps, cross currency swap and option contracts to hedge its foreign currency and interest rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are recognised in Consolidated Statement of Profit and Loss. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

The Group designates certain derivatives as hedging instruments to hedge the variability in cash flows associated with highly probable forecast transactions and firm commitments arising from changes in foreign exchange rates.

At inception of designated hedging relationships, the Group documents the risk management objective and strategy for undertaking the hedge. The Group also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

Cash flow hedges

The Group uses forward contracts, cross currency swaps and interest rates swaps to hedge its exposure to foreign currency risk and interest rate risk in forecast transactions and firm commitments.

Notes to the Consolidated Financial Statements for the year ended 31 March 2021 (Contd.)

These derivative contracts which qualify as cash flow hedges are recorded in accordance with the recognition and measurement principles set out in the Ind AS 109 "Financial Instruments: Recognition and Measurement". The use of hedge instruments is governed by the Group's policies approved by the Board of Directors. The Group does not use these contracts for trading or speculative purposes.

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in Other Comprehensive Income (OCI) and accumulated in the other equity under 'effective portion of cash flow hedges'. The effective portion of changes in the fair value of the derivative that is recognised in OCI is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in Consolidated Statement of Profit and Loss.

All other hedged forecast transactions, the amount accumulated in other equity is reclassified to Consolidated Statement of Profit and Loss in the same period or periods during which the hedged expected future cash flows affect Consolidated Statement of Profit and Loss.

If a hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in other equity remains there until, for a hedge of a transaction resulting in recognition of a non-financial item, it is included in the non-financial item's cost on its initial recognition or, for other cash flow hedges, it is reclassified to Consolidated Statement of Profit and Loss in the same period or periods as the hedged expected future cash flows affect Consolidated Statement

of Profit and Loss. If the hedged future cash flows/ forecasted transactions are no longer expected to occur, then the amounts that have been accumulated in other equity are immediately reclassified to Consolidated Statement of Profit and Loss.

Derivatives that are not designated as hedge

The Group enters into certain derivative contracts to hedge risks which are not designated as hedges. Such contracts are accounted for at fair value through Consolidated Statement of Profit and Loss.

(d) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalised borrowing costs, less accumulated depreciation and accumulated impairment losses, if any.

The cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use and estimated costs of dismantling and removing the item and restoring the site on which it is located.

Borrowing costs directly attributable to the acquisition or construction of those qualifying property, plant and equipment, which necessarily take a substantial period of time to get ready for their intended use, are capitalised.

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

An item of property, plant and equipment is eliminated from the Consolidated financial statements on disposal or when no further benefit is expected from its use and disposal.

Notes to the Consolidated Financial Statements for the year ended 31 March 2021 (Contd.)

Any gain or loss on disposal of an item of property, plant and equipment is recognised in Consolidated Statement of Profit and Loss. Property, plant and equipment which are not ready for intended use as on the date of Balance Sheet are disclosed as Capital work-in-progress. Assets retired from active use and held for disposal are stated at the lower of their net book value and net realisable value and shown under 'Other current assets'.

Advances paid towards the acquisition of property, plant and equipment outstanding at each balance sheet date is classified as capital advances under "Other Non-current Assets".

Foreign currency exchange differences on loans used for purchases of property, plant and equipment prior to 1 April 2016, are continued to be capitalised as per policy stated in note 3 (c) above.

(ii) Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group. Ongoing repairs and maintenance are expensed as incurred.

(iii) Capital work-in-progress

Capital work-in-progress (CWIP) includes cost of property, plant and equipment under installation/under development as at the balance sheet date. Directly attributable expenditure (including finance costs relating to borrowed funds/general borrowings for construction or acquisition of property, plant and equipment) incurred on project under implementation are treated as Pre-operative expenses pending allocation to the asset and are shown under CWIP.

(iv) Depreciation and amortisation

Depreciation and amortisation for the year is recognised in the Consolidated Statement of Profit and Loss.

Depreciation is calculated on cost of items of property, plant and equipment less their estimated residual values over their estimated useful lives using the written down value method for Property, plant and equipment situated at Liluah Unit - I (Howrah), Vapi and Vizag, and on property, plant and equipment situated at other locations are provided on straight line method over the useful lives of assets, at the rates and in the manner specified in Part C of Schedule II of the Act. The rates of depreciation as prescribed in Part C of Schedule II of the Act are considered as the minimum rates.

Assets acquired under finance leases are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Freehold land is not depreciated.

Leasehold land (includes development cost) is amortised on a straight-line basis over the period of respective lease, except land acquired on perpetual lease. Useful lives and residual values are reviewed at each financial year end and adjusted, as appropriate. Leasehold improvements are amortised/depreciated over the remaining tenure of the contract.

The estimated useful lives of items of property, plant and equipment for the current period are as follows:

Asset	Management estimate of useful life (in years)	Useful life as per Schedule II (in years)
Buildings	10-60	30
Plant and equipment	5-60	8-40
Office equipment	3-25	5
Vehicles	8-10	6-10
Furniture and fittings	10	8-10

Notes to the Consolidated Financial Statements for the year ended 31 March 2021 (Contd.)

Based on technical assessment done by experts and management's estimate:

- Useful life of property, plant and equipment are different than those indicated in Schedule II to the Act, as stated above.
- Residual value on property, plant and equipment has been estimated at 5% of the cost, specified in Schedule II of the Act.

The management believes that these estimated useful lives and residual values are realistic and reflect fair approximation of the period over which the assets are likely to be used.

Depreciation on additions (disposals) is provided on a pro-rata basis i.e. from (upto) the date on which asset is ready for use (disposed off).

(e) Other intangible assets

(v) Recognition and measurement

Other intangible assets includes Computer Software which are acquired by the Group and are initially measured at cost. Such intangible assets are subsequently measured at cost less accumulated amortisation and any accumulated impairment loss.

Revenue expenditure on research and development is charged as an expense through the normal heads of account in the year in which the same is incurred. Capital expenditure incurred on equipment and facilities that are acquired for research and development activities is capitalised and is depreciated according to the policy followed by the Group.

(vi) Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

(vii) Amortisation

Amortisation in respect to all the intangible assets is provided on straight line method

over the useful lives of assets based on evaluation. The useful life of such intangible assets of Computer Software is 5 years. The amortisation period for other intangible assets is reviewed at each financial year end and adjusted prospectively, if appropriate.

(f) Impairment

(i) Impairment of financial instruments: financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

The Group recognises loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit or loss. Loss allowance for trade receivable with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets, expected credit losses are measured at twelve months ECL unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised is recognised as an impairment gain or loss in Consolidated Statement of Profit and Loss.

In case of trade receivables, the Group follows the simplified approach permitted by Ind AS 109 - *Financial Instruments* for recognition of impairment loss allowance. The application of simplified approach does not require the Group to track changes in credit risk. The Group calculates the expected credit losses on trade receivables using a provision matrix on the basis of its historical credit loss experience.

When determining whether the credit risk of

Notes to the Consolidated Financial Statements for the year ended 31 March 2021 (Contd.)

a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including subsequent information.

(ii) Impairment of non-financial assets

The Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets that do not generate independent cash inflows are grouped together into cash-generating units (CGUs). Each CGU represents the smallest group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of a CGU (or an individual asset) is the higher of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the CGU (or the asset).

The Group's corporate assets (e.g. corporate office for providing support to various CGUs) do not generate independent cash inflows. To determine impairment of a corporate asset, recoverable amount is determined for the CGUs to which the corporate asset belongs.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the

Consolidated Statement of Profit and Loss.

Impairment loss recognised in respect of a CGU is allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets of the CGU (or group of CGUs) on a pro rata basis.

In respect of assets for which impairment loss has been recognised in current periods, the Group reviews at each reporting date whether there is any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Such a reversal is made only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(g) Employee benefits

(i) Short-term employee benefits

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

(ii) Employee share-based payment transactions

The Group recognises compensation expense relating to share-based payments in Consolidated Statement of Profit and Loss using fair value in accordance with Ind AS 102, Share Based Payment.

The grant date fair value of equity settled share-based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in

Notes to the Consolidated Financial Statements for the year ended 31 March 2021 (Contd.)

equity, over the period that the employees unconditionally become entitled to the awards. The amount recognised as expense is based on the estimate of the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that do meet the related service and non-market vesting conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

(iii) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. The Group makes specified monthly contributions for (a) employee provident fund to Government administered provident fund scheme and (b) employee state insurance, which are defined contribution plans. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in Consolidated Statement of Profit and Loss in the periods during which the related services are rendered by employees. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

(iv) Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan.

The Group's gratuity benefit scheme is a defined benefit plan. The Group's net obligation in respect of defined benefit plans is calculated by estimating the amount of

future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan ('the asset ceiling'). In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised in Other comprehensive income (OCI). The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service ('past service cost' or 'past service gain') or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Notes to the Consolidated Financial Statements for the year ended 31 March 2021 (Contd.)

The contributions are deposited with the Life Insurance Corporation of India based on information received by the Holding Company. When the benefits of a plan are improved, the portion of the increased benefit related to past service by employees is recognised in profit or loss on a straight-line basis over the average period until the benefits become vested.

(v) Compensated absences

As per policy of the Group, employees can carry forward unutilised accrued compensated absences and utilise it in next service period or receive cash compensation. Since the compensated absences fall due wholly within twelve months after the end of the period in which the employees render the related service and are also expected to be utilised wholly within twelve months after the end of such period, the benefit is classified as a current employee benefit. The Group records an obligation for such compensated absences in the year in which the employee renders the services that increase this entitlement. The obligation is measured at actuals at the year end as per the policy of the Group. The expected cost of accumulating compensated absences is determined by the management at each balance sheet date measured based on the amount expected to be paid / availed as a result of the unused entitlement that has accumulated at the balance sheet date. Non-accumulating compensated absences are recognised in the period in which the absences occur.

(h) Provisions (other than for employee benefits)

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Constructive obligation is an obligation that derives from an entity's actions where:

- i. by an established pattern of past practice, published policies or a sufficiently specific current statement, the entity has indicated to other parties that it will accept certain responsibilities; and
- ii. as a result, the entity has created a valid expectation on the part of those other parties that it will discharge such responsibilities.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle an obligation or a reliable estimate of the amount cannot be made.

The Group does not recognise a Contingent liability but discloses in the Consolidated financial statements.

Provisions are determined by discounting the expected future cash flows (representing the best estimate of the expenditure required to settle the present obligation at the balance sheet date) at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

The unwinding of the discount is recognised as finance cost. Expected future operating losses are not provided for.

(i) Inventories

Inventories which comprise raw materials, work-in-progress, finished goods, packing materials, stores and spares are measured at the lower of cost and net realisable value.

The cost of inventories is based on the first-in first-out (FIFO) formula and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their present location and condition.

In the case of finished goods and work-in-progress, cost includes an appropriate share of

Notes to the Consolidated Financial Statements

for the year ended 31 March 2021 (Contd.)

fixed production overheads based on normal operating capacity.

Raw materials held for use in the production of finished products are not written down below cost except in cases where material prices have declined and it is estimated that the cost of the finished products will exceed their net realisable value.

The comparison of cost and net realisable value is made on an item-by-item basis.

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

Assessment of net realisable value is made at each subsequent reporting date. When the circumstances that previously caused inventories to be written down below cost no longer exist or when there is clear evidence of an increase in net realisable value because of changed economic circumstances, the amount of the write-down is reversed.

(j) Revenue recognition

The Group's revenue primarily from sale of Carbon materials and chemicals, and power (generation and distribution).

Revenue from sale of product is recognised at the point in time when control of the goods is transferred to the customer, generally on delivery of the product.

At contract inception, the Group assess the goods promised in a contract with a customer and identifies as a performance obligation of each promise to transfer to the customer. Revenue from contracts with customers is recognised when control of goods is transferred to customers and the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold. Revenue from the sale of goods is measured at the fair value of the consideration received or receivables, net of returns and allowances and trade discounts.

Revenue is recognised to the extent that it is probable that the economic benefits will flow

to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the Government.

Sale of Power

The Group derives its power revenue from the production and sale of electricity based on long-term Power Purchase Agreements. Revenue is recognised upon delivery of electricity produced to the electricity grid based on the agreed tariff rate. Delivery is deemed complete when all the risks and rewards associated with ownership have been transferred to the grid as contractually agreed, compensation has been contractually established and collection of the resulting receivable is probable.

Significant financing component: Generally, the Group receives short-term advances from its customers. Using the practical expedient in Ind AS 115, the Group does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that goods will be one year or less.

(k) Government grants/subsidy

Government grants are recognised in the Consolidated Statement of Profit and Loss as other operating revenue on a systematic basis over the periods in which the Group recognises the related costs for which the grants are intended to compensate.

Government grants related to income under State Investment Promotion Scheme linked with VAT / GST payment, are recognised in the Consolidated Statement of Profit and Loss in the period in which they become receivable. Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attached to them and that the grants will be received.

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for the year ended 31 March 2021 (Contd.)

Export incentives

Government grants in the form of import duty exemption on purchase of property, plant and equipment, to be used for export of goods, are recognised as an income as and when export obligations are met as specified in EPCG Scheme.

(l) Recognition of dividend income, interest income or expenses

Dividend income is recognised in Consolidated Statement of Profit and Loss on the date on which the Group's right to receive payment is established.

Interest income or expense is recognised using the effective interest rate (EIR) method. The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

(m) Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right of use assets

representing the right to use the underlying assets.

(i) Right of use assets

The Group recognises right of use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right of use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right of use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right of use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right of use assets are also subject to impairment [refer to note 3(f)].

(ii) Lease Liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying

Notes to the Consolidated Financial Statements for the year ended 31 March 2021 (Contd.)

amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying assets.

Lease liabilities are included in Other financial liabilities (see note 22).

Short-term lease and lease of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of twelve months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of offices, godowns, equipment, etc. that are of low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

As a lessor

Lessor accounting under Ind AS 116 is substantially unchanged from Ind AS 17. Lessor will continue to classify leases as either operating or finance leases using similar principles as in Ind AS 17. Therefore, Ind AS 116 does not have an impact for leases where the Group is the lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are

recognised as revenue in the period in which they are earned.

(n) Income-tax

Income tax expense comprises of current tax and deferred tax charge or credit. Current tax and deferred tax is recognised in the Consolidated Statement of Profit and Loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

(i) Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. Current tax is measured on the basis of estimated taxable income for the current accounting period in accordance with the applicable tax rates and the provisions of the Income-tax Act, 1961 and other applicable tax laws.

Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

(ii) Deferred tax

Deferred tax is recognised on temporary differences between the tax bases and accounting bases of assets and liabilities at the tax rates and laws that have been enacted or substantively enacted at the Balance Sheet date.

Deferred tax is also recognised in respect of carried forward tax losses and tax credits. Deferred tax is not recognised for:

- temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of the transaction;
- temporary differences related to investments in subsidiaries to the extent

Notes to the Consolidated Financial Statements for the year ended 31 March 2021 (Contd.)

that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets – unrecognised or recognised, are reviewed at each reporting date and are recognised/ reduced to the extent that it is probable/ no longer probable respectively that the related tax benefit will be realised. Deferred tax assets are not recognised when there is lack of reasonable certainty.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

For items recognised in other comprehensive income or equity, deferred / current tax is also recognised in other comprehensive income or equity.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used. The Group recognises a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which such deferred tax asset can be realised.

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

Minimum Alternate Tax (MAT)

In case of tax payable as Minimum Alternative Tax (“MAT”) under the provisions of the Income-tax Act, 1961, the credit available under the Act in respect of MAT paid is recognised as an asset only when and to the extent there is convincing evidence that the Holding Company will pay normal income tax during the period for which the MAT credit can be carried forward for set-off against the normal tax liability. MAT Credits are in the form of unused tax credits that are carried forward by the Holding Company for a specified period of time, hence it is grouped with Deferred Tax Asset. MAT credit recognised as an asset is reviewed at each balance sheet date and written down to the extent the aforesaid convincing evidence no longer exists.

(o) Borrowing costs

Borrowing costs are interest and other costs (including exchange differences relating to foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs) incurred in connection with the borrowing of funds. Borrowing costs directly attributable to acquisition or construction of an asset which necessarily take a substantial period of time to get ready for their intended use are capitalised as part of the cost of that asset. Other borrowing costs are recognised as an expense in the period in which they are incurred.

Where there is an unrealised exchange loss which is treated as an adjustment to interest and subsequently there is a realised or unrealised gain in respect of the settlement or translation of the same borrowing, the gain to the extent of the loss previously recognised as an adjustment is recognised as an adjustment to interest.

Notes to the Consolidated Financial Statements

for the year ended 31 March 2021 (Contd.)

(p) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

(q) Dividends

Final dividends on shares are recorded as a liability on the date of approval by the shareholders and interim dividends are recorded as a liability on the date of declaration by the Board of Directors of the Holding Company.

(r) Cash and bank balances

Cash and bank balances consist of:

Cash and cash equivalents - which includes cash in hand, cheques in hand, deposits held at call with banks and other short term deposits which are readily convertible into known amounts of cash, are subject to an insignificant risk of change in value and have maturities of less than 3 months from the date of such deposits. These balances with banks are unrestricted for withdrawal and usage.

Other balances with bank- which includes balances and deposits with banks having maturity of more than three months but less than 12 months.

(s) Cash flow statement

Cash flows are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Group are segregated.

(t) Earnings per share

Basic earnings per share ('EPS') is calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

(u) Operating segment

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components, and for which discrete financial information is available. All operating segments' operating results are reviewed regularly by the Group's Managing Director and Chief Executive Officer to make decisions about resources to be allocated to the segments and assess their performance. The Group has currently two reportable segments: (a) Carbon materials and chemicals; and (b) Power.

(v) Contingent liabilities

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

(w) Determination of fair values

Fair values have been determined for measurement and/or disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(i) Separable embedded derivative

The fair value of the separable embedded derivative is measured using the Black-Scholes Merton valuation model.

Notes to the Consolidated Financial Statements for the year ended 31 March 2021 (Contd.)

Measurement inputs include share price on measurement date, expected term of the instrument, risk free rate (based on government bond), expected volatility.

(ii) Non-derivative financial assets

Non-derivative financial assets are initially measured at fair value. If the financial asset is not subsequently accounted for at fair value through profit or loss, then the initial measurement includes directly attributable transaction costs. These are measured at amortised cost or at FVTPL or at FVOCI. Investments in equity instruments are measured at FVOCI and adjusted net assets method has been used for fair valuations of investment in unquoted securities.

(iii) Trade and other receivables

The fair values of trade and other receivables are estimated at the present value of future cash flows, discounted at the market rate of interest at the measurement date. Short-term receivables with no stated interest rate are measured at the original invoice amount. Fair value is determined at initial recognition and, for disclosure purposes, at each annual reporting date.

(iv) Derivative financial liabilities

The Group uses derivative financial instruments, such as forward currency contracts, interest rate swaps, cross currency swap to hedge its foreign currency risks, interest rate risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value as at the reporting date.

(v) Other non-derivative financial liabilities

Other non-derivative financial liabilities are measured at fair value, at initial recognition and for disclosure purposes, at each annual reporting date. Fair value is calculated based on the present value of future principal and

interest cash flows, discounted at the market rate of interest at the measurement date. For finance leases the market rate of interest is determined with reference to similar lease agreements.

(vi) Employee share-based payment transactions

The fair value of employee stock options is measured using the Black-Scholes Merton valuation model. Measurement inputs include share price on grant date, exercise price of the instrument, expected volatility, expected life of the instrument (based on historical experience), expected dividends, and the risk-free interest rate (based on government bonds).

(x) Standard issued but not yet effective

On March 24, 2021, the Ministry of Corporate Affairs ("MCA") through a notification, amended Schedule III of the Companies Act, 2013. The amendments revise Division I, II and III of Schedule III and are applicable from April 1, 2021. Key amendments relating to Division II which relate to companies whose financial statements are required to comply with Companies (Indian Accounting Standards) Rules 2015 are:

Balance Sheet:

- Lease liabilities should be separately disclosed under the head 'financial liabilities', duly distinguished as current or non-current.
- Certain additional disclosures in the statement of changes in equity such as changes in equity share capital due to prior period errors and restated balances at the beginning of the current reporting period.
- Specified format for disclosure of shareholding of promoters.
- Specified format for ageing schedule of trade receivables, trade payables, capital work-in-progress and intangible asset under development.
- If a Company has not used funds for the specific purpose for which it was borrowed

Notes to the Consolidated Financial Statements for the year ended 31 March 2021 (Contd.)

from banks and financial institutions, then disclosure of details of where it has been used.

- Specific disclosure under 'additional regulatory requirement' such as compliance with approved schemes of arrangements, compliance with number of layers of companies, title deeds of immovable property not held in name of Company, loans and advances to promoters, directors, key managerial personnel (KMP) and related parties, details of benami property held etc.

Statement of profit and loss:

- Additional disclosures relating to Corporate Social Responsibility (CSR), undisclosed income and crypto or virtual currency specified under the head 'additional information' in the notes forming part of the standalone financial statements.

The amendments are extensive and the Group will evaluate the same to give effect to them as required by law.

Notes to the Consolidated Financial Statements for the year ended 31 March 2021 (Contd.)

4A. Property, plant and equipment

See accounting policies in note 3(d) and 3(f) (ii)

Reconciliation of carrying amount

	Amount in ₹ Lakhs								
	Freehold Land	Leasehold Land	Buildings	Plant and equipment	Furniture and fixtures	Vehicles	Office equipment	Leasehold improvements	Total
Gross carrying amount									
Balance at 1 April 2019	4,151.27	643.76	11,914.38	146,168.28	945.74	1,498.70	2,103.87	383.89	167,809.89
Transferred to right of use assets [refer note 4B and 34(c)]	-	(520.23)	-	-	-	-	-	-	(520.23)
Additions during the year	74.74	-	1,000.71	29,314.94	82.66	233.60	69.80	7.56	30,784.01
Discard/ disposals during the year	-	-	-	-	-	(6.85)	(3.59)	-	(10.44)
Exchange differences on translation of foreign operations	-	-	138.51	224.06	1.83	2.92	3.59	-	370.91
Balance at 31 March 2020	4,226.01	123.53	13,053.60	175,707.28	1,030.23	1,728.37	2,173.67	391.45	198,434.14
Balance at 1 April 2020	4,226.01	123.53	13,053.60	175,707.28	1,030.23	1,728.37	2,173.67	391.45	198,434.14
Additions during the year	-	-	41.04	3,013.88	14.20	76.98	82.09	-	3,228.19
Discard/ disposals during the year	-	-	-	-	-	(44.51)	(1.63)	-	(46.14)
Exchange differences on translation of foreign operations	-	-	204.61	262.55	2.71	4.11	5.29	-	479.27
Balance at 31 March 2021	4,226.01	123.53	13,299.25	178,983.71	1,047.14	1,764.95	2,259.42	391.45	202,095.46
Accumulated depreciation and amortisation									
Balance at 1 April 2019	-	101.79	3,252.90	44,446.60	644.58	843.84	1,701.29	11.61	51,002.61
Transferred to right of use assets [refer note 4B and 34(c)]	-	(97.14)	-	-	-	-	-	-	(97.14)
Depreciation/ amortisation for the year	-	1.55	270.80	2,903.35	75.10	124.28	124.64	72.98	3,572.70
Discard/ disposals during the year	-	-	-	-	-	(6.51)	(1.87)	-	(8.38)
Exchange differences on translation of foreign operations	-	-	27.25	41.80	1.32	2.60	3.27	-	76.24
Balance at 31 March 2020	-	6.20	3,550.95	47,391.75	721.00	964.21	1,827.33	84.59	54,546.03
Balance at 1 April 2020	-	6.20	3,550.95	47,391.75	721.00	964.21	1,827.33	84.59	54,546.03
Depreciation/ amortisation for the year	-	1.55	291.99	3,607.62	73.35	123.31	101.01	78.24	4,277.07
Discard/ disposals during the year	-	-	-	-	-	(41.59)	(0.67)	-	(42.26)
Exchange differences on translation of foreign operations	-	-	43.37	66.48	2.22	3.88	4.86	-	120.81
Balance at 31 March 2021	-	7.75	3,886.31	51,065.85	796.57	1,049.81	1,932.53	162.83	58,901.65
Net carrying amount									
At 31 March 2020	4,226.01	117.33	9,502.65	128,315.53	309.23	764.16	346.34	306.86	143,888.11
At 31 March 2021	4,226.01	115.78	9,412.94	127,917.86	250.57	715.14	326.89	228.62	143,193.81

Notes:

- (a) As at 31 March 2021, Property, plant and equipment with net carrying amount of ₹ **130,179.83 Lakhs** (31 March 2020: ₹ 130,964.29 Lakhs) are subject to first charge to secure borrowings (refer note 19).

Notes to the Consolidated Financial Statements for the year ended 31 March 2021 (Contd.)

- (b) Gross carrying amount includes Research and development assets (Building, Plant and equipment, Furniture and fixtures and Office equipment) of ₹ **1,847.41 Lakhs** (31 March 2020: ₹ 1,764.69 Lakhs) and net carrying amount of ₹ **1,075.07 Lakhs** (31 March 2020: ₹ 1,067.48 Lakhs). Additions to the Research and development assets during the year 2020-21 is ₹ **82.72 Lakhs** (2019-20: ₹ 194.81 Lakhs).
- (c) Net foreign exchange loss/ (gain) amounting to ₹ **5.38 Lakhs** capitalised during the year (2019-20: ₹ 58.94 Lakhs).
- (d) The title deeds of leasehold Land are duly registered with appropriate authorities and title deeds of Freehold land amounting to ₹ **518.86 Lakhs**, which were transferred to the Holding Company pursuant to the Scheme of Amalgamation, are in the process of transfer in the name of the Holding Company.
- (e) For contractual commitment with respect to Property, plant and equipment, refer note 34(b)(I)(i).
- (f) No indicator of impairment were identified during the current year, hence Property, plant and equipment including Capital work-in-Progress were not tested for impairment.
- (g) The carbon black expansion project, which had started commercial production in the 4th quarter of 2019-20, was set up under an EPC contract executed by a related party, as approved by the Holding Company's Board of Directors and the shareholders. The Holding Company has subsequently received final additional claim of ₹ 53.02 Crores from the EPC contractor for enhancements/additional work which have not been considered in the books of account. Further, the Holding Company has issued final purchase/job orders amounting to ₹ 22.32 Crores to various third-party contractors for certain works, out of which ₹ 14.83 Crores have been paid and accounted for. Some of the directors, vide a letter in August 2020, had raised certain concerns to the audit committee of the Holding Company and the members of the Holding Company's Board regarding adherence to the due process, compliance with applicable laws relating to transactions with related parties etc., justification for the additional work awarded to the EPC contractor / third party contractors. The Holding Company's Board of Directors, in its meeting held on 22 October 2020, decided to appoint an independent engineering firm and a financial firm to conduct a technical reconciliation and financial reconciliation respectively for examining the justification of these additional claims and purchase/job orders. Subsequently, the Holding Company has received the final report of the independent engineering firm, dated 20 May 2021 as per which there is some overlap in the scope of the original EPC contract and new contracts awarded to the contractors. The findings of this report were discussed and taken on record by the Audit Committee of the Holding Company in its meeting held on 10 June 2021 and the Board of Directors of the Holding Company in its meetings held on 10 June and 22 June 2021. Another letter by the directors who had raised concerns earlier, has been received by the Audit Committee of the Holding Company and the Board on 10 June 2021 containing observations/ reservations on various matters relating to the project including findings of the independent engineering firm and the same were deliberated and discussed in Board meeting held on 10 June and 22 June 2021. Post receipt and consideration of the technical report, pursuant to its earlier decision of 22 October 2020, the Board of Directors, in its meeting held on 22 June 2021, has approved the appointment of an independent financial firm to carry out the financial reconciliation. Final accounting for these claims and the above purchase/job orders, would be after receipt of their report and then considering both the reports in tandem.

Notes to the Consolidated Financial Statements for the year ended 31 March 2021 (Contd.)

4B. Right of use assets

See accounting policies in note 3(f) and 3(m)

	Amount in ₹ Lakhs		
	Land	Buildings	Total
Gross carrying amount			
Balance at 1 April 2019	-	-	-
Recognised on account of adoption of Ind AS 116 as at 1 April 2019	692.57	25.50	718.07
Transferred from Property, plant and equipment [note 4A and 34(c)]	520.23	-	520.23
Reclassified on account of adoption of Ind AS 116 [refer note 34(c)]	2,404.84	-	2,404.84
Additions during the year	-	129.77	129.77
Discard/ disposals during the year	-	-	-
Exchange differences on translation of foreign operations	46.44	-	46.44
Balance at 31 March 2020	3,664.08	155.27	3,819.35
Balance at 1 April 2020	3,664.08	155.27	3,819.35
Additions during the year	-	337.14	337.14
Discard/ disposals during the year	-	-	-
Exchange differences on translation of foreign operations	43.84	-	43.84
Balance at 31 March 2021	3,707.92	492.41	4,200.33
Accumulated amortisation			
Balance at 1 April 2019	-	-	-
Transferred from Property, plant and equipment [note 4A and 34(c)]	97.14	-	97.14
Amortisation during the year	272.09	15.81	287.90
Discard/ disposals during the year	-	-	-
Exchange differences on translation of foreign operations	3.21	-	3.21
Balance at 31 March 2020	372.44	15.81	388.25
Balance at 1 April 2020	372.44	15.81	388.25
Amortisation during the year	274.54	78.88	353.42
Discard/ disposals during the year	-	-	-
Exchange differences on translation of foreign operations	7.97	-	7.97
Balance at 31 March 2021	654.95	94.69	749.64
Net carrying amount			
At 31 March 2020	3,291.64	139.46	3,431.10
At 31 March 2021	3,052.97	397.72	3,450.69

5. Capital work-in-progress

See accounting policy in note 3(d)(iii)

	Amount in ₹ Lakhs	
	31 March 2021	31 March 2020
Balance at the beginning of the year	15,837.73	13,331.29
Additions during the year	2,974.99	32,630.13
Capitalised during the year	(2,851.69)	(30,133.69)
Exchange differences on translation of foreign operations	-	10.00
Balance at the end of the year	15,961.03	15,837.73

Notes to the Consolidated Financial Statements

for the year ended 31 March 2021 (Contd.)

6. Intangible assets

See accounting policies in note 3(e) and 3(f) (ii)

Reconciliation of carrying amount of Computer software

Amount in ₹ Lakhs		
	31 March 2021	31 March 2020
Gross carrying amount		
Balance at the beginning of the year	298.12	284.02
Additions during the year	13.21	14.10
Balance at the end of the year	311.33	298.12
Accumulated amortisation		
Balance at the beginning of the year	113.87	50.09
Amortisation during the year	66.93	63.78
Balance at the end of the year	180.80	113.87
Net carrying amount	130.53	184.25

No indicator of impairment were identified during the current year, hence intangible assets were not tested for impairment.

7. Investments

See accounting policies in note 3(c)(i) - (iii) and 3(f)(i)

A. Non-current investments

(All the investments are fully paid, unless otherwise stated)

Amount in ₹ Lakhs		
	31 March 2021	31 March 2020
Investments carried at fair value through other comprehensive income (FVOCI)		
Equity instruments		
Quoted		
334,900 (31 March 2020: 334,900) equity shares of Himadri Credit & Finance Limited (face value - ₹ 10 each)	509.05	381.79
8,000 (31 March 2020: 8,000) equity shares of Transchem Limited (face value - ₹ 10 each)	1.34	1.30
	510.39	383.09
Unquoted		
17,000 (31 March 2020: 17,000) equity shares of Himadri e-Carbon Limited (face value - ₹ 10 each)	2.15	1.45
2 (31 March 2020: 2) equity shares of Modern Hi-Rise Private Limited (face value - ₹ 10 each)	1.93	1.35
1 (31 March 2020: 1) equity share of Himadri Industries Private Limited (formerly known as Shresth Merchandise Private Limited) (face value - ₹ 10 each)	0.02	0.02
	4.10	2.82

Notes to the Consolidated Financial Statements

for the year ended 31 March 2021 (Contd.)

Amount in ₹ Lakhs		
	31 March 2021	31 March 2020
Preference shares (unquoted)		
1,248,774 (31 March 2020: 1,248,774) 1% Non-cumulative optionally convertible preference shares of Modern Hi-Rise Private Limited (face value - ₹ 10 each)	6,044.07	4,233.59
	6,044.07	4,233.59
Investments carried at fair value through profit or loss (FVTPL)		
Preference shares (unquoted)		
463,702 (31 March 2020: 463,702) 1% Non-cumulative redeemable preference shares of Himadri Industries Private Limited (formerly known as Shresth Merchandise Private Limited) (face value - ₹ 10 each)	46.37	46.37
	46.37	46.37
Government securities (unquoted) carried at amortised cost		
Kisan Vikas Patra (deposited with sales tax authorities)	0.07	0.07
	6,605.00	4,665.94
Aggregate book value of quoted investments	510.39	383.09
Aggregate market value of quoted investments	510.39	383.09
Aggregate value of unquoted investments (net)	6,094.61	4,282.85
Investment carried at amortised cost	0.07	0.07
Investment carried at fair value through profit or loss (FVTPL)	46.37	46.37
Investment carried at fair value through other comprehensive income (FVOCI)	6,558.56	4,619.50

Information about the Group's fair value measurement and exposure to credit and market risks are disclosed in note 41 and 42.

B. Investments designated at fair value

Amount in ₹ Lakhs					
	Fair value as at	Dividend income recognised during	Fair value as at	Dividend income recognised during	Fair value as at
	31 March 2021	2020-2021	31 March 2020	2019-2020	1 April 2019
Fair value through other comprehensive income					
Equity shares					
Investment in Himadri Credit & Finance Limited	509.05	-	381.79	-	1,270.61
Investment in Transchem Limited	1.34	-	1.30	-	1.90
Investment in Modern Hi-Rise Private Limited	1.93	-	1.35	-	5.31

Notes to the Consolidated Financial Statements

for the year ended 31 March 2021 (Contd.)

Amount in ₹ Lakhs

	Fair value as at	Dividend income recognised during	Fair value as at	Dividend income recognised during	Fair value as at
	31 March 2021	2020-2021	31 March 2020	2019-2020	1 April 2019
Investment in Himadri Industries Private Limited (formerly known as Shresth Merchandise Private Limited)	0.02	-	0.02	-	0.06
Investment in Himadri e-Carbon Limited	2.15	-	1.45	-	1.51
Preference shares					
Investment in Modern Hi-Rise Private Limited	6,044.07	-	4,233.59	-	16,595.02
Fair value through profit or loss (FVTPL)					
Preference shares					
Investment in Himadri Industries Private Limited (formerly known as Shresth Merchandise Private Limited)	46.37	-	46.37	-	46.37
	6,604.93	-	4,665.87	-	17,920.78

8. Trade receivables

See accounting policy in note 3(c) (i)-(iv) and (f) (i)

Amount in ₹ Lakhs

	31 March 2021	31 March 2020
Trade receivable considered good - secured	1,990.37	1,695.92
Trade receivable considered good - unsecured	45,875.58	29,467.69
	47,865.95	31,163.61
Less: Loss allowance	(717.01)	(417.01)
	47,148.94	30,746.60
Non-current	1,004.25	788.90
Current	46,144.69	29,957.70
	47,148.94	30,746.60
(a) Movement in loss allowance		
Balance as at beginning of the year	417.01	417.01
Change in loss for allowance during the year	300.00	-
Trade receivables written off during the year	-	-
Balance as at the end of the year	717.01	417.01

(b) For trade receivables, secured against borrowings, refer note 19.

(c) Non-current trade receivables represent an amount of ₹ 1,004.25 Lakhs (31 March 2020: ₹ 788.90 Lakhs) due from a customer which is currently under arbitration proceedings. Based on the merits of the case and independent legal opinion obtained by the Holding Company, the Holding Company continues to believe that the outcome of the said proceedings would be in favour of the Holding Company.

Notes to the Consolidated Financial Statements for the year ended 31 March 2021 (Contd.)

- (d) No trade receivables are due from directors of the Group either severally or jointly with any other person. Nor any trade receivables are due from firms or private companies respectively in which any director is a partner, a director or a member.
- (e) Information about the Group's exposure to credit, market and currency risks, and loss allowances related to trade receivables are disclosed in note 42.

9. Cash and cash equivalents

See accounting policy in note 3(r)

	Amount in ₹ Lakhs	
	31 March 2021	31 March 2020
Cash on hand	64.41	80.44
Balances with banks		
- On current accounts	4,127.46	3,320.88
- On EEFC accounts	263.04	797.42
- On deposit account (with original maturities less than 3 months)	816.75	4.09
	5,271.66	4,202.83

Bank deposits of ₹ 816.75 Lakhs (31 March 2020: ₹ 4.09 Lakhs) have been pledged with the banks against various credit facilities availed by the Group.

10. Bank balances other than cash and cash equivalents

	Amount in ₹ Lakhs	
	31 March 2021	31 March 2020
Bank deposits due to mature after 3 months of original maturities but within 12 months of the reporting date [refer note (a) below]	8,470.82	425.10
Earmarked balances with banks		
- Earmarked balances with banks for unpaid dividend accounts	27.90	27.81
- Others deposits [refer note (b) below]	0.27	0.27
	8,498.99	453.18

(a) Bank deposits of ₹ 108.82 Lakhs (31 March 2020: ₹ 425.10 Lakhs) have been pledged with various banks against various credit facilities availed by the Holding Company.

(b) Earmarked balances with banks of ₹ 0.27 Lakhs (31 March 2020: ₹ 0.27 Lakhs) is held as security against various credit facilities availed by the Holding Company.

11. Loans

See accounting policy in note 3(c) (i) - (iv) and 3(f) (i)

(Unsecured and considered good, unless otherwise stated)

	Amount in ₹ Lakhs	
	31 March 2021	31 March 2020
Non-current		
Security and other deposits	1,709.46	1,947.92
Loan to employees	100.00	100.00
	1,809.46	2,047.92

Notes to the Consolidated Financial Statements

for the year ended 31 March 2021 (Contd.)

	Amount in ₹ Lakhs	
	31 March 2021	31 March 2020
Current		
Security and other deposits	547.57	123.82
Loan to employees	160.01	145.42
To related party -		
Loan to employees (including interest receivable) (refer note 39)*	85.25	79.26
	792.83	348.50
	2,602.29	2,396.42
Loan receivables considered good - secured	-	-
Loan receivables considered good - unsecured	2,602.29	2,396.42
	2,602.29	2,396.42

Information about the Group's exposure to credit and market risks are disclosed in note 42.

*Loan to employees include ₹ 85.25 Lakhs (31 March 2020: ₹ 79.26 Lakhs) due from a Key Management Personnel (KMP) of the Holding Company. Maximum balance outstanding during the year is ₹ 85.25 Lakhs (31 March 2020: 79.26 Lakhs)

12. Other financial assets

See accounting policy in note 3(c) (i) - (v) and 3(f) (i)

(Unsecured and considered good, unless otherwise stated)

	Amount in ₹ Lakhs	
	31 March 2021	31 March 2020
Non-current		
Bank deposits due to mature after 12 months of the reporting date	9.67	9.92
Interest accrued on bank deposits	0.58	0.14
	10.25	10.06
Current		
Receivable from parties other than related parties		
Interest accrued on bank deposits	96.23	2.72
Insurance claim receivable	8.30	7.94
Export incentive receivable	0.63	0.92
Derivatives	48.69	-
Government grants receivable	557.06	557.06
	710.91	568.64
	721.16	578.70

Bank deposits of ₹ 9.67 Lakhs (31 March 2020: ₹ 9.92 Lakhs) have been pledged with various banks against various credit facilities availed by the Group.

Information about the Group's exposure to credit and market risks are disclosed in note 42.

Notes to the Consolidated Financial Statements for the year ended 31 March 2021 (Contd.)

13. Non-current tax assets (net)

See accounting policy in note 3(n)

	Amount in ₹ Lakhs	
	31 March 2021	31 March 2020
Advance income tax	399.70	224.03
[net of provision for income tax ₹ 24,591.00 Lakhs (31 March 2020: ₹ 23,409.21 Lakhs)]		
	399.70	224.03

14. Other non-current assets

(Unsecured, considered good)

	Amount in ₹ Lakhs	
	31 March 2021	31 March 2020
Capital advances		
To a related party (refer note 39)	327.70	204.15
Other than related party	510.00	355.06
Deposits with government authorities (Custom, excise etc.)	849.77	843.93
Prepaid expenses	123.07	116.65
	1,810.54	1,519.79

15. Inventories

See accounting policy in note 3(i)

(Valued at the lower of cost and net realisable value)

	Amount in ₹ Lakhs	
	31 March 2021	31 March 2020
Raw materials [including goods-in-transit ₹ 573.55 Lakhs (31 March 2020: ₹ 952.45 Lakhs)]	18,166.27	9,547.24
Work-in-progress	3,336.02	10,153.11
Finished goods	7,889.37	16,348.78
Packing materials	679.43	713.16
Stores and spares	3,869.12	3,756.81
	33,940.21	40,519.10

Carrying amount of inventories pledged as securities for borrowings, refer note 19.

Notes to the Consolidated Financial Statements

for the year ended 31 March 2021 (Contd.)

16. Other current assets

(Unsecured considered good unless otherwise stated)

	Amount in ₹ Lakhs	
	31 March 2021	31 March 2020
Parties other than related parties		
Advances to suppliers		
Unsecured, considered good [refer note (b) below]	7,744.82	6,524.98
Unsecured, considered doubtful	216.75	216.75
	7,961.57	6,741.73
Less: Allowances for unsecured advances [refer note (a) below]	(216.75)	(216.75)
	7,744.82	6,524.98
Others		
Balance with government authorities	1,344.01	693.99
Others (prepaid expenses and other receivables)	293.97	375.52
	9,382.80	7,594.49
(a) Movement in allowances for unsecured advances		
Balance as at beginning of the year	216.75	46.76
Changes in allowances for advances during the year	-	169.99
Advances written off during the year	-	-
Balance as at the end of the year	216.75	216.75

(b) Advances to suppliers includes ₹ 833.93 Lakhs (31 March 2020: ₹ 833.93 Lakhs) as advance given in earlier years to a supplier against supply of raw materials which is currently under arbitration proceedings. Based on the merits of the case and independent legal opinion obtained by the Holding Company, the Holding Company continues to believe that the outcome of the said proceedings would be in favour of the Holding Company.

17. Equity share capital

See accounting policy in note 3(p)

	Amount in ₹ Lakhs	
	31 March 2021	31 March 2020
Authorised*		
700,100,000 (31 March 2020: 700,100,000) equity shares of ₹ 1 each	7,001.00	7,001.00
Issued, subscribed and fully paid-up		
418,965,278 (31 March 2020: 418,807,782) equity shares of ₹ 1 each	4,189.65	4,188.08
	4,189.65	4,188.08

* Pursuant to the merger of Equal Commodore Private Limited with the Holding Company, vide National Company Law Tribunal order dated 14 October 2019 with effect from appointed date of 1 April 2018, authorised share capital amounting to ₹ 1 Lakh of Equal Commodore Private Limited, stands transfer to authorised equity share capital of the Holding Company.

Notes to the Consolidated Financial Statements for the year ended 31 March 2021 (Contd.)

A. Reconciliation of equity shares (ordinary shares) outstanding at the beginning and at the end of the reporting year

	31 March 2021		31 March 2020	
	Number	Amount	Number	Amount
At the beginning of the year	418,807,782	4,188.08	418,578,745	4,185.79
Add: Equity shares issued during the year (refer note 38)	157,496	1.57	229,037	2.29
At the end of the year	418,965,278	4,189.65	418,807,782	4,188.08

B. Rights, preferences and restrictions attached to equity shares

The Holding Company has a single class of equity shares with par value of ₹ 1 per share. Accordingly, all equity shares rank equally with regard to dividends and share in the Holding Company's residual assets on winding up. The equity shareholders are entitled to receive dividend as declared by the Holding Company from time to time. The voting rights of an equity shareholder on a poll (not on show of hands) are in proportion to its share of the paid-up equity capital of the Holding Company.

On winding up of the Holding Company, the holders of equity shares will be entitled to receive the residual assets of the Holding Company, remaining after distribution of all preferential amounts, in proportion to the number of equity shares held.

C. Equity shares held by upstream associates (shareholders of the Holding Company) having significant influence over the Holding Company

	31 March 2021		31 March 2020	
	Number	Amount	Number	Amount
Modern Hi-Rise Private Limited	182,599,607	1,826.00	182,599,607	1,826.00
BC India Investments	-	-	103,178,860	1,031.79

D. Details of equity shareholders holding more than 5% shares of fully paid up equity shares of the aggregate equity shares of the Holding Company

	31 March 2021		31 March 2020	
	Number	% of total shares in the class	Number	% of total shares in the class
Equity shares of ₹ 1 each fully paid up held by:				
Modern Hi-Rise Private Limited	182,599,607	43.58%	182,599,607	43.60%
BC India Investments	48,178,860	11.50%	103,178,860	24.64%

E. Shares reserved for issue under options

See accounting policies in note 3(g)(ii)

	31 March 2021		31 March 2020	
	Number	Amount	Number	Amount
Under Employee Stock Option Plan, 2016 (ESOP 2016): 1,658,343 (31 March 2020: 1,997,855) equity shares of ₹ 1 each (refer note 38)	1,658,343	16.58	1,997,855	19.98

Information of stock options granted to employees are disclosed in note 38 regarding share based payments.

Notes to the Consolidated Financial Statements

for the year ended 31 March 2021 (Contd.)

F. Aggregate number of shares issued for consideration other than cash during the period of five years immediately preceding the reporting date

During the year ended 31 March 2016, 32,675,297 equity shares of ₹ 1 each were allotted by the Holding Company as fully paid up equity shares pursuant to conversion of Deep Discount Debentures (DDD) into 32,675,297 equity shares of ₹ 1 each at a price of ₹ 19 per equity share (including at a premium of ₹ 18 per equity share) on 25 March 2016 to Himadri Coke & Petro Limited, a related party, on preferential basis for consideration other than cash.

18. Other equity

Refer Revised Consolidated statement of changes in equity for detailed movement in other equity balance.

A. Movement in other equity balance

Amount in ₹ Lakhs					
Components	1 April 2019	Movement during the year	31 March 2020	Movement during the year	31 March 2021
Capital reserve	1,280.50	-	1,280.50	-	1,280.50
Securities premium	45,435.57	96.68	45,532.25	67.85	45,600.10
Debenture redemption reserve	3,321.39	214.28	3,535.67	(3,535.67)	-
General reserve	15,419.94	-	15,419.94	3,535.67	18,955.61
Share option outstanding reserve	260.27	80.00	340.27	11.36	351.63
Retained earnings	84,981.56	19,505.26	104,486.82	4,155.71	108,642.53
Items of other comprehensive income:					
- Currency translation reserve	(2,939.32)	708.83	(2,230.49)	117.71	(2,112.78)
- Equity instruments through Other Comprehensive income	11,233.39	(10,371.03)	862.36	1,521.26	2,383.62
	158,993.30	10,234.02	169,227.32	5,873.89	175,101.21

B. Other comprehensive income accumulated in other equity (net of income-tax)

The disaggregation of changes in other comprehensive income by each type of reserve in equity is shown below:

	Currency translation reserve	Equity instruments through other comprehensive income	Total other comprehensive income
As at 1 April 2019	(2,939.32)	11,233.39	8,294.07
Equity instruments through other comprehensive income - net change in fair value	-	(13,254.89)	(13,254.89)
Exchange differences in translating financial statements of foreign operations	708.83	-	708.83
Tax on above items	-	2,883.86	2,883.86
As at 31 March 2020	(2,230.49)	862.36	(1,368.13)
As at 1 April 2020	(2,230.49)	862.36	(1,368.13)
Equity instruments through other comprehensive income - net change in fair value	-	1,939.06	1,939.06
Exchange differences in translating financial statements of foreign operations	117.71	-	117.71
Tax on above items	-	(417.80)	(417.80)
As at 31 March 2021	(2,112.78)	2,383.62	270.84

Notes to the Consolidated Financial Statements for the year ended 31 March 2021 (Contd.)

19. Borrowings

See accounting policy in note 3(b) and (c)(i) - (iv)

Amount in ₹ Lakhs				
	Interest	Maturity	31 March 2021	31 March 2020
Non-current borrowings				
Nil (31 March 2020: 500) 12.50% Redeemable non-convertible debentures of ₹ 1,000,000 each (secured)	12.50%	2020-2021	-	5,000.00
Nil (31 March 2020: 2,500,000) 10% Redeemable non-convertible debentures of ₹ 400 each (secured)	10.00%	2020-2021	-	10,000.00
			-	15,000.00
Term loans				
Rupee term loan (secured)	refer note (b) below			
From banks			12,309.12	3,308.44
Foreign currency loans (secured)	refer note (b) below			
From banks			-	299.43
			12,309.12	3,607.87
Loan against vehicles and equipments (secured)	8.3%-9.8%	2020-2023	207.24	430.54
			12,516.36	19,038.41
Less: Current maturities of non-current borrowings (refer note 22)			(4,077.04)	(16,793.99)
			8,439.32	2,244.42
Current borrowings				
Secured				
From banks (repayable on demand)				
Rupee loans			21,466.39	15,853.68
Foreign currency loans			24,926.54	10,597.60
			46,392.93	26,451.28
Unsecured				
From banks (repayable on demand)				
Rupee loans			13,000.00	-
From others				
Commercial paper			-	5,000.00
			59,392.93	31,451.28

Information about the Group's exposure to fair value measurement, interest rate, currency and liquidity risks related to borrowings are disclosed in note 41 and 42.

Notes to the Consolidated Financial Statements

for the year ended 31 March 2021 (Contd.)

A. Terms of repayment/ conversion/ redemption

(a) Debentures

- (i) The Holding Company, on 29 October 2013, had issued 500 12.50% Redeemable non-convertible debentures of face value of ₹1,000,000 each aggregating ₹ 5,000 Lakhs to be redeemed at par at the end of 7 years from the date of allotment on private placement basis to Life Insurance Corporation of India. During the current financial year, the Holding Company has made full and final payment towards redemption of the captioned debentures including interest to the Debenture Holder on the due date i.e. on 28 October 2020.
- (ii) The Holding Company, on 24 August 2010, had issued 2,500,000 10% Redeemable non-convertible debentures of face value of ₹ 400 each aggregating ₹ 10,000 Lakhs to be redeemed at par at the end of 10 years from the date of allotment on private placement basis to Life Insurance Corporation of India. During the current financial year, the Holding Company has made full and final payment towards redemption of the captioned debentures including interest to the Debenture Holder on the due date i.e. on 24 August 2020.

(b) Term loans

Amount in ₹ Lakhs				
Name of the lender	Interest	Repayment schedule	31 March 2021	31 March 2020
(i) Rupee term loans				
Axis Bank Limited [₹ 1,002.00 Lakhs (31 March 2020: ₹ 1,670.00 Lakhs)]	6 Month MCLR + 0.20%	Repayable at quarterly rest: 6 of ₹ 167.00	1,005.69	1,660.01
IDFC First Bank [Nil (31 March 2020: ₹ 1,650.00 Lakhs)]	12 Month MCLR + 0.15%		-	1,648.43
HDFC Bank [₹ 11,375.00 Lakhs (31 March 2020: ₹ Nil)]	3 Month Repo Rate + 2.75%	Repayable at quarterly rest: 14 of ₹ 812.50	11,303.43	-
(ii) Foreign currency loans				
ICICI Bank Limited [JPY Nil (31 March 2020: JPY 430.56 Lakhs)]	6 Month JPY Libor + 2.00%		-	299.43

- (iii) Loans against vehicles and equipments are for a period of three to five years and repayable by way of equated monthly instalments.

B. Details of security

- (i) Rupee term loans from Axis Bank Limited is secured by way of mortgage of immovable properties situated at Mahistikry Unit (Leasehold Land), Liluah Unit, and Vishakhapatnam Unit and hypothecation of all movable Property, plant and equipment on pari passu basis with other lenders.
- Rupee term loans from HDFC Bank Limited is secured by way of pari passu first charge on the movable fixed assets of the Holding Company and equitable mortgage on the Mahistikry Unit of the Holding Company situated in West Bengal.
- (ii) Foreign currency borrowings from ICICI Bank Limited is secured by way of mortgage of immovable properties (Leasehold Land) and hypothecation of movable Property, plant and equipment situated at Mahistikry on pari passu basis with other secured lenders. During the year ended 31 March 2021, the Holding Company has repaid the amount.
- (iii) Loans against vehicles and equipments are secured by way of hypothecation of the underlying asset financed.

Notes to the Consolidated Financial Statements for the year ended 31 March 2021 (Contd.)

- (iv) Current borrowings from banks aggregating to ₹ **46,392.93 Lakhs** (31 March 2020: ₹ 26,451.28 Lakhs) are secured by hypothecation of current assets of the Holding Company both present and future on pari passu basis. Further, working capital loan from banks aggregating to ₹ **13,002.83 Lakhs** (31 March 2020: ₹ 12,696.71 Lakhs) is also secured by subservient charge on moveable Property, plant and equipment of the Holding Company.

20. Trade payables

See accounting policy in note 3(c) (i) - (iv)

Amount in ₹ Lakhs		
	31 March 2021	31 March 2020
(a) Trade payable for goods and services		
- total outstanding dues of micro enterprises and small enterprises (refer note 46)	183.54	1.58
- total outstanding dues of creditors other than micro enterprises and small enterprises	14,667.15	7,248.60
(b) Acceptances	440.21	15,690.05
	15,290.90	22,940.23
Non-current	-	-
Current	15,290.90	22,940.23
	15,290.90	22,940.23

Information about the Group's exposure to currency and liquidity risks related to trade payables are disclosed in note 42.

21. Derivatives

See accounting policy in note 3(c)(v)

Amount in ₹ Lakhs		
	31 March 2021	31 March 2020
Foreign exchange forward/ interest rate swap contracts	-	175.88
	-	175.88
Non-current	-	-
Current	-	175.88
	-	175.88

Information about the Group's exposure to interest rate and currency risks related to derivatives are disclosed in note 42.

22. Other financial liabilities

See accounting policy in note 3(c) (i) - (ii)

Amount in ₹ Lakhs		
	31 March 2021	31 March 2020
Non-current		
Security deposits	25.77	25.77
Lease liabilities [refer note 34(c)]	706.39	667.45
	732.16	693.22

Notes to the Consolidated Financial Statements

for the year ended 31 March 2021 (Contd.)

	Amount in ₹ Lakhs	
	31 March 2021	31 March 2020
Current		
Current maturities of non-current borrowings (refer note 19)	4,077.04	16,793.99
Interest accrued but not due on borrowings	178.02	580.55
Unclaimed dividend	27.90	27.81
Liability for capital goods	603.63	463.59
Lease liabilities [refer note 34(c)]	305.66	135.72
Others (including Employee benefits expense and Security deposits)	1,680.46	592.73
	6,872.71	18,594.39

(a) There are no amount due and outstanding to be credited by the Holding Company to Investor Education and Protection under Section 125 of the Companies Act, 2013 as at 31 March 2021 (31 March 2020: ₹ Nil).

(b) Information about the Group's exposure to currency and liquidity risks related to the above financial liabilities are disclosed in note 42.

23. Other current liabilities

	Amount in ₹ Lakhs	
	31 March 2021	31 March 2020
Statutory dues (including provident fund, tax deducted at source, goods and services tax and others)	1,509.27	571.54
Advance from customers	899.06	476.23
	2,408.33	1,047.77

24. Provisions

See accounting policies in note 3(g) and (h)

	Amount in ₹ Lakhs	
	31 March 2021	31 March 2020
Non-current		
Net defined benefit liability - Gratuity (refer note 37)	339.87	373.31
Provision for litigation [refer note (a) below]	78.42	78.42
	418.29	451.73
Current		
Liability for compensated absences [refer note (a) below]	161.76	76.97
	161.76	76.97

Notes to the Consolidated Financial Statements

for the year ended 31 March 2021 (Contd.)

(a) Movement of provisions (Non-current and current)

	Amount in ₹ Lakhs	
	Liability for compensated absences	Provision for litigation
Balance as at 1 April 2019	54.92	78.42
Add: Provisions made during the year 2019-20	80.11	-
Less: Amount utilised/ reversed during the year 2019-20	(58.06)	-
Balance as at 31 March 2020	76.97	78.42
Add: Provisions made during the year 2020-21	99.54	-
Less: Amount utilised/ reversed during the year 2020-21	(14.75)	-
Balance as at 31 March 2021	161.76	78.42

Movement of provision for litigation during the year as required by Ind AS 37: "Provisions, Contingent Liabilities and Contingent Asset" specified under Section 133 of the Companies Act, 2013, the Group as a prudent measure had made provisions in the earlier year amounting to ₹ 78.42 Lakhs representing estimates made mainly for probable claims arising out of disputes pending with the sales tax authorities. The probability and timing of the outflow with regard to these matters depend upon the ultimate settlement with the relevant authorities.

25. Revenue from operations

See accounting policies in note 3(j) and (k)

	Amount in ₹ Lakhs	
	Year ended 31 March 2021	Year ended 31 March 2020
Sale of products	167,931.12	179,367.21
Other operating income		
- Export incentive	14.68	1,212.82
Total revenue from operations	167,945.80	180,580.03

(i) Sales are net of price adjustments settled during the year by the Group, discounts and Goods and Services tax (GST) etc.

(ii) Revenue disaggregation is as follows:

	Amount in ₹ Lakhs	
	Year ended 31 March 2021	Year ended 31 March 2020
(a) Disaggregation of goods		
- Carbon materials and chemicals	166,849.44	178,128.14
- Power	1,081.68	1,239.07
	167,931.12	179,367.21
(b) Disaggregation based on geography		
India	148,488.12	164,579.69
Outside India	19,443.00	14,787.52
	167,931.12	179,367.21

Notes to the Consolidated Financial Statements

for the year ended 31 March 2021 (Contd.)

Amount in ₹ Lakhs

	Year ended 31 March 2021	Year ended 31 March 2020
Geographical location is based on the location of customers excluding export incentives		
(c) Reconciliation of Revenue from sale of products with the contracted price		
Contracted price	171,513.21	179,274.65
(Less)/ add: Adjustment for variable consideration	(3,582.09)	92.56
	167,931.12	179,367.21
(d) Information about major customers (refer note 42)		
(e) Contract balances		
Trade receivables (refer note 8)	47,148.94	30,746.60
	47,148.94	30,746.60

26. Other income

See accounting policies in note 3(l)

Amount in ₹ Lakhs

	Year ended 31 March 2021	Year ended 31 March 2020
Interest income under the effective interest method on:		
- Interest on bank deposits	286.92	37.99
- Income from a related party (refer note 39):		
- Others	5.99	4.26
- Unwinding of discount on security deposits and others	171.54	158.58
Gain on sale proceeds of current investments measured at fair value through profit or loss	9.33	10.18
Insurance claims	129.29	60.75
Net foreign exchange gain	521.20	-
Rental income (refer note 39)	86.75	42.00
Miscellaneous income	193.64	484.74
	1,404.66	798.50

27. Cost of materials consumed

Amount in ₹ Lakhs

	Year ended 31 March 2021	Year ended 31 March 2020
Inventory of raw materials at the beginning of the year	9,547.24	26,001.51
Add: Purchases during the year	117,071.78	113,050.92
	126,619.02	139,052.43
Less: Inventory of raw materials at the end of the year	(18,166.27)	(9,547.24)
Less: Material captively consumed in capital projects	(248.09)	(2,165.14)
Add/(Less): Exchange rate fluctuation on account of average rate transferred to currency translation reserve	4.15	2.98
Cost of materials consumed	108,208.81	127,343.03

Notes to the Consolidated Financial Statements for the year ended 31 March 2021 (Contd.)

28. Change in inventories of finished goods and work-in-progress

See accounting policy in note 3(i)

	Amount in ₹ Lakhs	
	Year ended 31 March 2021	Year ended 31 March 2020
Opening inventories		
Finished goods	16,348.78	16,874.88
Work-in-progress	10,153.11	7,671.46
	26,501.89	24,546.34
Closing inventories		
Finished goods	7,889.37	16,348.78
Work-in-progress	3,336.02	10,153.11
	11,225.39	26,501.89
Less: Material captively consumed in capital projects	-	(3,429.61)
Add/(Less): Exchange rate fluctuation on account of average rate transferred to currency translation reserve	(93.59)	421.40
Change in inventories of finished goods and work-in-progress	15,182.91	(4,963.76)

29. Employee benefits expense

See accounting policy in note 3(g)

	Amount in ₹ Lakhs	
	Year ended 31 March 2021	Year ended 31 March 2020
Salaries, wages and bonus	6,639.45	6,444.18
Contribution to provident and other funds	312.25	300.09
Defined benefit plan expenses - Gratuity (refer note 37)	79.75	55.49
Share based payments to employees - Equity settled (refer note 38)	50.86	135.46
Staff welfare expenses	528.83	498.12
	7,611.14	7,433.34

Salaries, wages and bonus includes ₹ **395.88 Lakhs** (31 March 2020: ₹ 349.02 Lakhs) relating to outsource manpower cost.

30. Finance costs

See accounting policy in note 3(o)

	Amount in ₹ Lakhs	
	Year ended 31 March 2021	Year ended 31 March 2020
Interest expense on financial liabilities measured at amortised cost	3,071.77	5,157.84
Exchange difference regarded as an adjustment to borrowing costs	48.13	325.47
Other borrowing costs (including interest on income-tax)	185.85	318.66
Interest cost on lease liability [refer note 34(c)]	37.68	29.74
	3,343.43	5,831.71
Less: Interest capitalised during the year (refer note 5)	-	(340.36)
	3,343.43	5,491.35

Notes to the Consolidated Financial Statements

for the year ended 31 March 2021 (Contd.)

31. Other expenses

	Amount in ₹ Lakhs	
	Year ended 31 March 2021	Year ended 31 March 2020
Consumption of stores and spares	522.20	344.12
Power and fuel	1,260.04	1,175.59
Rent	408.36	384.72
Rates and taxes	99.99	174.66
Repairs to:		
- Building	33.39	39.98
- Plant and equipment	1,795.28	1,771.89
- Others	407.45	447.97
Payment to auditors'	81.48	93.97
Insurance	428.70	257.00
Loss allowance for doubtful trade receivables	300.00	-
Loss allowance for doubtful loans and advances	-	169.99
Loans and advances written off	-	144.60
Bad debts written off	-	171.00
Packing expenses	1,645.07	1,624.56
Freight and forwarding expenses	10,850.33	8,759.77
Commission on sales	1,105.78	1,116.04
Net foreign exchange loss	-	1,414.73
Expenditure on corporate social responsibility [refer note (a) below]	1,309.28	113.68
Miscellaneous expenses	3,603.27	4,531.40
	23,850.62	22,735.67

(a) Expenditure on corporate social responsibility (CSR)

As per Section 135 of the Act, a Holding Company meeting the applicability threshold, is required to spend at least 2% of its average net profit for the immediate preceeding three financial years on CSR activities. The area of CSR activities are eradicating hunger, poverty and malnutrition, promoting education, promoting healthcare including preventive healthcare. A CSR committee has been formed by the Holding Company under the Act.

	Amount in ₹ Lakhs	
Particulars	Year ended 31 March 2021	Year ended 31 March 2020
A. Gross amount required to be spent by the Company	583.57	627.41
B. Amount spent during the year (in cash)		
(i) Construction/acquisition of any asset	-	-
(ii) On purpose other than (i) above	417.01	113.68
C. Related party transactions in relation to corporate social responsibility	315.00	198.00
D. Provision movement during the year		
Opening provision	-	-
Addition during the year	892.27	-
Utilised during the year	-	-
Closing provision	892.27	-

Notes to the Consolidated Financial Statements for the year ended 31 March 2021 (Contd.)

E. Details of ongoing projects

	Amount in ₹ Lakhs	
	Year ended 31 March 2021	Year ended 31 March 2020
(a) Opening unspent amount brought forward *	725.71	211.98
(b) Amount required to be spent by the Company for the year	583.57	627.41
(c) Amount spent during the year from Company's bank account	(417.01)	(113.68)
(d) Amount transferred to CSR unspent account	(892.27)	-
Closing balance*	-	725.71
Closing balance:		
(a) With Company	-	725.71
(b) In CSR unspent account#	892.27	-

* It represents cumulative unspent amount which was disclosed in the Board's report of the Holding Company during the previous year. The Holding Company does not carry any provision for such expenses.

#Transferred to CSR unspent account on 30 April 2021.

32. Income tax

See accounting policy in note 3(n)

A. Reconciliation of effective tax rate

	Amount in ₹ Lakhs			
	Year ended 31 March 2021		Year ended 31 March 2020	
	Percentage	Amount	Percentage	Amount
Profit before tax		6,456.13		19,414.52
Statutory income-tax rate	34.94%	2,256.03	34.94%	6,784.21
Tax Effects of:				
Reversal of deferred tax liabilities (net) due to re-measurement of deferred tax assets / liabilities as per Ind AS 12 "Income Taxes"	(12.39%)	(800.00)	(36.06%)	(7,000.00)
Non - deductible expenses for tax purposes	8.18%	528.01	2.47%	479.99
Tax exempt income/ additional deduction as per income-tax	(3.62%)	(233.76)	(10.70%)	(2,076.61)
Impact of tax on loss components	(0.32%)	(20.77)	0.65%	125.98
Others [refer note (a) below]	0.00%	-	2.91%	565.04
	26.79%	1,729.51	(5.78%)	(1,121.39)
Amount recognised in profit or loss				
- Current tax		1,184.06		3,470.49
- Deferred tax charge/ (credit)		545.45		(4,591.88)
Total tax expenses		1,729.51		(1,121.39)

Notes to the Consolidated Financial Statements

for the year ended 31 March 2021 (Contd.)

B. Movement in deferred tax assets and liabilities

Amount in ₹ Lakhs

Movement during the year ended 31 March 2020	Balance as on 1 April 2019	Charge / (credit) to profit or loss	Charge / (credit) to OCI	Balance as on 31 March 2020
Deferred tax (assets)/liabilities:				
Property, plant and equipment	23,337.04	(4,089.26)	-	19,247.78
Trade receivables	(149.21)	0.28	-	(148.93)
Right of use assets	-	926.39		926.39
Loans	(49.51)	(920.27)	-	(969.78)
Other financial assets	-	(1.83)		(1.83)
Other assets	(16.34)	(1.97)	-	(18.31)
Borrowings	(193.09)	193.76	-	0.67
Other liabilities	-	(80.17)		(80.17)
Other financial liabilities	(498.43)	436.97	-	(61.46)
Share based payments- Equity-settled	(30.90)	(88.00)	-	(118.90)
Provisions	(118.48)	(1.12)	(38.20)	(157.80)
MAT credit entitlement	(12,784.87)	(1,531.70)	-	(14,316.57)
Gain/ loss on fair valuation of Investments in equity instruments	3,778.77	-	(2,883.86)	894.91
Tax losses carried forward	(565.04)	565.04	-	-
Net deferred tax liabilities	12,709.94	(4,591.88)	(2,922.06)	5,196.00

Amount in ₹ Lakhs

Movement during the year ended 31 March 2021	Balance as on 1 April 2020	Charge / (credit) to profit or loss	Charge / (credit) to OCI	Balance as on 31 March 2021
Deferred tax (assets)/liabilities:				
Property, plant and equipment	19,247.78	1,705.79	-	20,953.57
Trade receivables	(148.93)	(106.57)	-	(255.50)
Right of use assets	926.39	117.81		1,044.20
Loans	(969.78)	54.32	-	(915.46)
Other financial assets	(1.83)	1.83		-
Other assets	(18.31)	(13.24)	-	(31.55)
Borrowings	0.67	21.73	-	22.40
Other liabilities	(80.17)	(88.07)		(168.24)
Other financial liabilities	(61.46)	61.46	-	-
Share based payments- Equity-settled	(118.90)	(17.78)	-	(136.68)
Provisions	(157.80)	(7.78)	19.53	(146.05)
MAT credit entitlement	(14,316.57)	(1,184.05)	-	(15,500.62)
Gain/ loss on fair valuation of Investments in equity instruments	894.91	-	417.80	1,312.71
Net deferred tax liabilities	5,196.00	545.45	437.33	6,178.78

a) Deferred tax assets is not recognised on capital loss due to lack of reasonable certainty.

Notes to the Consolidated Financial Statements for the year ended 31 March 2021 (Contd.)

- b) MAT credit entitlement is the amount which is available for set off in subsequent years against income tax liabilities as per the provisions of the Income-tax Act, 1961.
- c) Section 115 BAA of the Income-tax Act, 1961, introduced by the Taxation Laws (Amendment) Act, 2019 gives a one-time irreversible option for payment of income tax at reduced rate with effect from financial year commencing 1 April 2019 subject to certain conditions. The Holding Company has made an assessment of the impact of the above amendment and decided to continue with the existing tax structure until utilisation of accumulated minimum alternative tax ('MAT'). However, the Holding Company has re-measured the deferred tax assets / liability that is expected to reverse on exercising the option on the future date as per Ind AS 12 "Income Taxes" and thus, reversal of net deferred tax liability of ₹ 800.00 Lakhs (31 March 2020: ₹ 7,000.00 Lakhs) has been recognised during the year.

33. Earnings per equity share (EPS)

See accounting policy in note 3(t)

Amount in ₹ Lakhs		
	Year ended 31 March 2021	Year ended 31 March 2020
A. Basic earnings per equity share		
(i) Profit for the year, attributable to the equity share holders of the Group	4,747.76	20,547.63
(ii) Weighted average number of equity shares (basic) (number)	418,812,097	418,647,591
Basic earnings per equity share [(i)/ (ii)]	1.13	4.91
B. Diluted earnings per equity share		
(i) Weighted average number of equity shares (basic) (number)	418,812,097	418,647,591
(ii) Effect of dilutive potential equity shares on account of employee stock options (number)	-	-
(iii) Weighted average number of equity shares (diluted) for the year (i+ii)	418,812,097	418,647,591
Diluted earnings per equity share [(A) (i)/ (B) (iii)]	1.13	4.91

34. Contingent liability and commitments

See accounting policy in note 3(v)

(to the extent not provided for)

(a) Contingent liabilities

Amount in ₹ Lakhs		
	31 March 2021	31 March 2020
<i>Claim against the Group not acknowledged as debts</i>		
Sales tax/VAT matters in dispute/ under appeal	4,732.33	5,437.80
Excise/ Service Tax matters in dispute/under appeal	2,087.33	2,093.25
Custom duty matter in dispute/ under appeal	28.83	28.83
Entry tax in dispute/ under appeal - West Bengal	5,028.82	5,028.82
Entry tax in dispute/ under appeal - Chhattisgarh	479.00	478.89
Income tax in dispute/ under appeal	2,489.16	3,413.28
Others [refer note (iii) below]	266.71	266.71

Notes to the Consolidated Financial Statements

for the year ended 31 March 2021 (Contd.)

Note:

- (i) Cash outflows for the above are determinable only on receipt of final judgments pending at various forums/ authorities. The Group has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed as contingent liabilities where applicable, in its Consolidated financial statements. The Group does not expect the outcome of these proceedings to have a materially adverse effect on its financial position.
- (ii) The Holding Company had filed Writ petition on 7 January 2013 before the Hon'ble High Court of Calcutta and challenged the constitutional validity of Entry Tax levied by the Government of West Bengal. The Hon'ble High Court of Calcutta during the earlier year, passed an order on 24 June 2013 declaring The West Bengal tax on Entry of Goods into Local Areas Act, 2012 as unconstitutional against which the government filed an appeal which is still pending to be disposed off. In the opinion of the Holding Company, there is a strong merit of the case. Hence, the Holding Company has not made provision for entry tax liability in the books for the current year and for the earlier years.
- (iii) Others represents dispute with a lessor in respect of arrear dues. The Holding Company based on independent legal opinion, does not foresee any significant financial liability on this accounts.

(b) Commitments

(I) Capital and other commitments

Amount in ₹ Lakhs		
	31 March 2021	31 March 2020
(i) Estimated amount of contracts in capital account remaining to be executed and not provided for (net of capital advance)	1,325.69	3,122.72

(c) Leases (Ind AS 116)

See accounting policy in note 3(m)

Carrying value of right of use assets at the end of the reporting period by class: Refer note 4B.

Amount in ₹ Lakhs						
Particulars	Year ended 31 March 2021			Year ended 31 March 2020		
	Land	Buildings	Amount	Land	Buildings	Amount
Balance at the beginning of the year	3,291.64	139.46	3,431.10	-	-	-
Recognised on account of adoption of Ind AS 116 as at 1 April 2019	-	-	-	692.57	25.50	718.07
Transferred from Property, plant and equipment (net of accumulated amortisation) (refer note 4A and 4B)	-	-	-	423.09	-	423.09
Reclassified on account of adoption of Ind AS 116	-	-	-	2,404.84	-	2,404.84
Addition during the year	-	337.14	337.14	-	129.77	129.77
Amortisation during the year	(274.54)	(78.88)	(353.42)	(272.09)	(15.81)	(287.90)
Exchange differences on translation of foreign operations	35.87	-	35.87	43.23	-	43.23
Balance at the end of the year	3,052.97	397.72	3,450.69	3,291.64	139.46	3,431.10

Notes to the Consolidated Financial Statements

for the year ended 31 March 2021 (Contd.)

Movement in lease liabilities

Particulars	Amount in ₹ Lakhs	
	Year ended 31 March 2021	Year ended 31 March 2020
Balance at the beginning of the year	803.17	-
Recognised on account of adoption of Ind AS 116 as at 1 April 2019	-	718.07
Additions during the year	327.86	129.77
Finance cost accrued during the year (refer note 30)	37.68	29.74
Payment of lease liabilities during the year (including interest)	(181.40)	(109.87)
Exchange differences on translation of foreign operations	24.74	35.46
Balance at the end of the year	1,012.05	803.17
Lease liabilities - Non-current (refer note 22)	706.39	667.45
Lease liabilities - Current (refer note 22)	305.66	135.72

Maturity analysis of lease liabilities

Maturity analysis - contractual undiscounted cash flows	Amount in ₹ Lakhs	
	31 March 2021	31 March 2020
Less than one year	305.66	135.72
One to five years	617.34	506.82
More than five years	244.67	332.38
Total undiscounted lease liabilities at the end of the year	1,167.67	974.92

Amount recognised in Consolidated Statement of Profit and Loss

Particulars	Amount in ₹ Lakhs	
	Year ended 31 March 2021	Year ended 31 March 2020
Interest on lease liabilities	37.68	29.74
Amortisation during the year	353.42	287.90
Expenses relating to short-term leases and low value assets	408.36	384.72

Amount recognised in the Consolidated Statement of Cash Flows

Particulars	Amount in ₹ Lakhs	
	Year ended 31 March 2021	Year ended 31 March 2020
Interest expenses recognised during the year (refer note 30)	37.68	29.74
Lease payments reflected in Consolidated Statement of Cash Flows	143.72	80.13

- 35.** The disclosures regarding details of specified bank notes held and transacted during 8 November 2016 to 30 December 2016 has not been made in these Consolidated financial statements since the requirement does not pertain to financial year ended 31 March 2021.

Notes to the Consolidated Financial Statements

for the year ended 31 March 2021 (Contd.)

36. Research and development expenses

See accounting policy in note 3(d)

Research and development expenses aggregating to ₹ **494.93 Lakhs** (31 March 2020: ₹ 545.70 Lakhs) in the nature of revenue expenditure and addition of ₹ **82.72 Lakhs** (31 March 2020: ₹ 194.81 Lakhs) in the nature of capital expenditure during the year have been included under the relevant account heads.

37. Employee benefits

See accounting policy in note 3(g)

Defined contribution plan

The Group makes contributions, determined as a specified percentage of employee salaries, in respect of qualifying employees towards Provident and Pension Fund and Employee State Insurance ('ESI') which are defined contribution plans. The Group has no obligations other than to make the specified contributions. The contributions are recognised in the Consolidated Statement of Profit and Loss as they accrue.

The expense for defined contribution plans amounts to ₹ **260.77 Lakhs** (31 March 2020: ₹ 248.05 Lakhs). Out of these, ₹ **237.04 Lakhs** (31 March 2020: ₹ 221.97 Lakhs) pertains to provident fund plan and ₹ **23.73 Lakhs** (31 March 2020: ₹ 26.08 Lakhs) pertains to ESI.

Defined benefits - Gratuity

The Holding Company provides for gratuity for employees in India as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/ termination is the employees last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of years of service. The gratuity plan is a funded plan and the Holding Company makes contributions to recognised funds in India.

Inherent risk

The plan is defined benefit in nature which is sponsored by the Holding Company and hence it underwrites all the risk pertaining to the plan. In particular, this exposes the Holding Company, to actuarial risk such as adverse salary growth, change in demographic experience, inadequate return on underlying plan assets. This may result in an increase in cost of providing these benefits to employees in future. Since the benefits are lump sum in nature, the plan is not subject to longevity risk. These defined benefit plans expose the Holding Company to actuarial risks, such as interest rate risk, salary inflation risk, demographic risk and market (investment) risk.

The following tables analyse present value of defined benefit obligations, expense recognised in Consolidated Statement of Profit and Loss, actuarial assumptions and other information.

Reconciliation of the net defined benefit (asset)/ liability:

(i) Reconciliation of present value of defined benefit obligation

	Amount in ₹ Lakhs	
	31 March 2021	31 March 2020
(a) Balance at the beginning of the year	619.72	434.19
(b) Current service cost	79.75	55.49
(c) Interest cost	39.63	32.90
(d) Actuarial (gains)/ losses recognised in other comprehensive income	(59.87)	110.91
(e) Benefits paid	(65.19)	(13.77)
Balance at the end of the year	614.04	619.72

Notes to the Consolidated Financial Statements for the year ended 31 March 2021 (Contd.)

(ii) Reconciliation of fair value of plan assets

	Amount in ₹ Lakhs	
	31 March 2021	31 March 2020
(a) Balance at the beginning of the year	246.41	217.36
(b) Interest income	17.13	17.14
(c) Actual return on plan asset less interest on plan asset	(4.18)	1.60
(d) Contributions by the employer	80.00	24.08
(e) Benefits paid	(65.19)	(13.77)
Balance at the end of the year	274.17	246.41

(iii) Net liability recognised in the Consolidated Balance Sheet

	Amount in ₹ Lakhs	
	31 March 2021	31 March 2020
(a) Present value of defined benefit obligation	(614.04)	(619.72)
(b) Fair value of plan assets	274.17	246.41
Net liability recognised in the Consolidated Balance Sheet	(339.87)	(373.31)

(iv) Expense recognised in Consolidated Profit or Loss

	Amount in ₹ Lakhs	
	Year ended 31 March 2021	Year ended 31 March 2020
(a) Current service cost	79.75	55.49
(b) Interest cost	39.63	32.90
(c) Expected return on plan assets	(17.13)	(17.14)
Amount charged to Consolidated Profit or Loss	102.25	71.25

(v) Remeasurements recognised in Consolidated Other Comprehensive Income

	Amount in ₹ Lakhs	
	Year ended 31 March 2021	Year ended 31 March 2020
(a) Actuarial loss/ (gain) arising on defined benefit obligation from		
- financial assumptions	(3.44)	58.17
- experience adjustment	(56.43)	52.74
(b) Actual return on plan asset less interest on plan asset	4.18	(1.60)
Amount recognised in Consolidated Other Comprehensive Income	(55.69)	109.31

Notes to the Consolidated Financial Statements for the year ended 31 March 2021 (Contd.)

(vi) The sensitivity of the overall plan obligation to changes in the weighted key assumptions are:

	Amount in ₹ Lakhs	
	31 March 2021	31 March 2020
Impact on defined benefit obligation on discount rate plus 100 basis points (31 March 2020: 100 basis point)	(62.83)	(60.96)
Impact on defined benefit obligation on salary growth rate plus 100 basis points (31 March 2020: 100 basis point)	67.46	64.69
Impact on defined benefit obligation on discount rate minus 100 basis points (31 March 2020: 100 basis point)	75.23	73.18
Impact on defined benefit obligation on salary growth rate minus 100 basis points (31 March 2020: 100 basis point)	(57.46)	(54.89)

The above sensitivity analysis have been determined based on reasonable possible changes of the respective assumptions occurring at the end of the year and may not be representative of the actual change. It is based on a change in the key assumption while holding all other assumptions constant. When calculating the sensitivity to the assumption, the same method is used to calculate the liability recognised in the Consolidated Balance Sheet. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous year.

(vii) Actuarial assumptions

With the objective of presenting the plan assets and plan obligations of the defined benefits plans at their fair value on the Consolidated Balance Sheet, assumptions under Ind AS 19 are set by reference to market conditions at the valuation date.

Financial assumption

	Amount in ₹ Lakhs	
	31 March 2021	31 March 2020
Discount rate	6.80%	6.75%
Expected rate of salary increase	7.00%	7.00%
Retirement age (years)	60	60
Attrition rate based on different age group of employees:		
ages from 20-25	5%	5%
ages from 25-30	3%	3%
ages from 30-35	2%	2%
ages from 35-50	1%	1%
ages from 50-55	2%	2%
ages from 55-58	3%	3%

The estimates of future salary increases, considered in actuarial valuation, takes into account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employee market.

Notes to the Consolidated Financial Statements for the year ended 31 March 2021 (Contd.)

Demographic assumptions

Assumptions regarding future mortality experience are set in accordance with the published rates under Indian Assured Lives Mortality (2006-2008).

(viii) Maturity profile of defined benefit obligation (undiscounted)

	Amount in ₹ Lakhs	
	31 March 2021	31 March 2020
Within next 12 months	77.76	110.06
1-2 year	19.29	22.09
2-3 year	28.66	20.69
3-4 year	33.33	30.67
4-5 year	43.24	36.20
Thereafter	295.08	338.76

	Amount in ₹ Lakhs	
	31 March 2021	31 March 2020
(ix) Weighted average duration of defined benefit obligation	12 years	12 years

- (x) The Holding Company expects to pay ₹ 339.87 Lakhs in contribution to its defined benefit plans during the year 2021-22.

(xi) Asset liability matching strategy:

The defined benefit plans are funded with insurance companies of India. The Holding Company does not have any liberty to manage the funds provided to insurance companies. Thus, the composition of each major category of plan assets has not been disclosed.

There is no compulsion on the part of the Holding Company to fully prefund the liability of the plan. The Holding Company's philosophy is to fund these benefits based on its own liquidity and the level of underfunding of the plan.

38. Share based payments

See accounting policy in note 3(g)(ii)

A. Description of share-based payment arrangement

Himadri Employees Stock Option Plan 2016 (equity-settled)

The Holding Company at its 28th Annual General Meeting held on 24 September 2016, has approved "Himadri Employees Stock Option Plan 2016" (ESOP 2016 or Plan) for granting 4,000,000 Employees Stock Options to certain "eligible employees". The plan is administered by the Nomination and Remuneration Committee of the Board ("the Committee") in compliance with the provisions of SEBI (Share Based Employee Benefits) Regulations, 2014 and other applicable provisions of the Companies Act, 2013 for the time being in force. The option granted to certain eligible employees including certain key management personnel on vesting condition of Time basis, Company performance and individual performance as specified in the grant letter issued to each employee.

Notes to the Consolidated Financial Statements

for the year ended 31 March 2021 (Contd.)

Scheme	Vesting Period	Exercise Period	Year	Date of grant	Number of options granted	Exercise price ₹ per equity share
ESOP 2016 Plan (Tranche I)	Vested after 1 year but not later than 5 years from the date of grant of options.	Any time within a period of 5 years from the date of vesting and will be settled by way of equity shares in accordance with the aforesaid plan.	2016-2017	January 5, 2017	1,304,600	19
ESOP 2016 Plan (Tranche II)			2018-2019	May 8, 2018	2,695,000	140

B. Measurement of fair values

Equity-settled share based payment arrangements

The fair value of the options and the inputs used in the measurement of the grant date fair values of the equity-settled share based payment plan are as follows:

Particulars	ESOP 2016 (Tranche I)		ESOP 2016 (Tranche II)	
	31 March 2021	31 March 2020	31 March 2021	31 March 2020
Fair value at grant date	₹ 24.94	₹ 24.94	₹ 23.01	₹ 23.01
Share price at grant date	₹ 36.70	₹ 36.70	₹ 121.15	₹ 121.15
Exercise price	₹ 19.00	₹ 19.00	₹ 140.00	₹ 140.00
Expected volatility* (weighted average volatility)	57.57%	57.57%	23.77%	23.77%
Expected life (expected weighted average life)	4.39 years	4.39 years	3.07 years	3.07 years
Expected dividends**	0.27%	0.27%	0.41%	0.41%
Risk-free interest rate (based on government bonds)	6.48%	6.48%	7.35%	7.35%

Expected volatility has been based on an evaluation of the historical volatility of the Holding Company's share price, particularly over the historical period commensurate with the expected term. The expected term of the instruments has been based on historical experience and general option holder behavior.

Expected life of the options has been calculated on the assumption that options would exercise within one year from the date of vesting.

The fair value of option on the date of grant have been done by an independent valuer appointed by the management using the Black Scholes Merton Model.

* Expected volatility on the Holding Company's stock price on National Stock Exchange based on the data commensurate with the expected life of the options up to the date of grant.

** Expected dividend on underlying shares is taken as 10% on market price as on the date of grant.

Notes to the Consolidated Financial Statements for the year ended 31 March 2021 (Contd.)

C. Reconciliation of outstanding share options

The number and weighted average exercise prices of share option under the share option plan (see A above) are as follows.

	Weighted average exercise price per option	Number of options	Weighted average exercise price per option	Number of options
Particulars	31 March 2021	31 March 2021	31 March 2020	31 March 2020
Outstanding at 1 April	91.02	1,997,855	83.96	2,258,522
Granted during the year	-	-	-	-
Forfeited during the year	107.61	182,016	108.52	31,630
Exercised during the year	19.00	157,496	19.00	229,037
Outstanding at 31 March	96.04	1,658,343	91.02	1,997,855
Exercisable at 31 March	101.10	778,083	105.80	414,457

A weighted average remaining contractual life of **4.91 years** (31 March 2020: 5.85 years).

The weighted average share price at the date of exercise for share options exercised during the year 2020-21 was ₹ **43.20** (2019-2020: ₹ 69.40).

Weighted average fair value of the options granted during the year 2020-21 was ₹ **Nil** (2019-20: ₹ Nil).

D. Expense recognised in Consolidated Statement of Profit and Loss

During the year ended 31 March 2021, the Holding Company has charged ₹ **50.86 Lakhs** (31 March 2020: ₹ 135.46 Lakhs) as share based payment equity-settled expenses, refer note 29.

E. Details of the liabilities arising the share based payments to employees - Equity settled were as follows:

	Amount in ₹ Lakhs	
Particulars	31 March 2021	31 March 2020
Total carrying amount	351.63	340.27

39. Related party disclosure

A. Enterprises where control exists:

i) Related parties with whom transactions have taken place during the year

a) Key Management Personnel (KMP) and relatives of KMP

Name of the related parties	Relationship
Mr. Bankey Lal Choudhary, Executive Director*	Key Management Personnel
Mr. Shyam Sundar Choudhary, Executive Director	Key Management Personnel
Mr. Vijay Kumar Choudhary, Executive Director	Key Management Personnel
Mr. Anurag Choudhary, Managing Director & Chief Executive Officer**	Key Management Personnel
Mr. Amit Choudhary, Executive Director***	Key Management Personnel
Mr. Tushar Choudhary, Executive Director****	Key Management Personnel
Mr. Kamlesh Kumar Agarwal - Chief Financial Officer	Key Management Personnel

Notes to the Consolidated Financial Statements

for the year ended 31 March 2021 (Contd.)

Name of the related parties	Relationship
Mr. Bajrang Lal Sharma - Company Secretary (upto 14 February 2020)	Key Management Personnel
Mrs. Monika Saraswat - Company Secretary (w.e.f. 15 February 2020)	Key Management Personnel
Mrs. Bijal Malkan - Director in subsidiary (Resigned on 2 February 2021)	Key Management Personnel
Mr. Kalpaj Chandrakant Malkan - Director in subsidiary (Appointed w.e.f. 2 February 2021)	Key Management Personnel
Late Damodar Prasad Choudhary, Chairman Emeritus (demised on 06 October 2020)	Relative of KMPs
Mrs. Sushila Devi Choudhary	Relative of KMPs (wife of Late Damodar Prasad Choudhary)
Mrs. Sheela Devi Choudhary	Relative of KMPs (wife of Mr. Shyam Sundar Choudhary)
Mrs. Saroj Devi Choudhary	Relative of KMPs (wife of Mr. Bankey Lal Choudhary)
Mrs. Kanta Devi Choudhary	Relative of KMPs (wife of Mr. Vijay Kumar Choudhary)
Mrs. Shikha Choudhary	Relative of KMPs (wife of Mr. Anurag Choudhary)
Mrs. Rinku Choudhary	Relative of KMPs (wife of Mr. Amit Choudhary)
Mrs. Swaty Choudhary	Relative of KMPs (wife of Mr. Tushar Choudhary)

b) Non-executive Directors

Name of the related parties
Mr. Sakti Kumar Banerjee, Non-Executive Independent Director
Mr. Hardip Singh Mann, Non-Executive Independent Director
Mr. Santimoy Dey, Non-Executive Independent Director
Late Hanuman Mal Chordia, Non-Executive Independent Director (demised on 26 April 2021)
Mrs. Rita Bhattacharya, Nominee Director (Non-Executive) of Life Insurance Corporation of India (Resigned w.e.f. 8 January 2020)
Mr. Santosh Kumar Agrawala, Non-Executive Independent Director
Mr. Suryakant Balkrishna Mainak, Non-Executive Independent Director (Resigned w.e.f. 15 February 2020)
Mrs. Sucharita Basu De, Non-Executive Independent Director
Mr. Girish Paman Vanvari, Non-Executive Independent Director (Appointed w.e.f. 22 June 2021)

* Executive Chairman till 21 June 2021

** Appointed as Managing Director w.e.f. closing business hours of 14 August 2019

*** President, Projects till 14 August 2019 and appointed as Executive Director w.e.f. closing business hours of 14 August 2019

**** President, Operations till 14 August 2019 and appointed as Executive Director w.e.f. closing business hours of 14 August 2019

Notes to the Consolidated Financial Statements for the year ended 31 March 2021 (Contd.)

ii) Enterprises controlled by the Key Managerial Personnel or relatives of KMP or both

Himadri Credit & Finance Limited
Himadri Industries Private Limited (formerly known as Shresth Merchandise Private Limited)
Sri Agro Himghar Limited
Himadri e-Carbon Limited
Nanhey Lal Mohini Devi Foundation
Bharat Seva Nidhi (New)
Himadri Foundation
Tuaman Engineering Limited (w.e.f. 16 July 2019)

iii) Entities with significant influence over the Holding Company

BC India Investments (till 25 February 2021)
Modern Hi-Rise Private Limited

iv) Firm in which director is a partner

Aquilaw

B. Disclosure of transactions between the Group and related parties

			Amount in ₹ Lakhs
Name of the related party	Nature of transaction	Year ended 31 March 2021	Year ended 31 March 2020
Tuaman Engineering Limited	Engineering, procurement and construction of project (EPC) [excluding Goods and Services Tax amounting to ₹ Nil (31 March 2020: ₹ 3,704.23 Lakhs)]*	-	20,579.07
	Payment for EPC	123.55	9,051.56
	Rental income	86.75	42.00
Modern Hi-Rise Private Limited	Rent paid	0.14	0.14
Sri Agro Himghar Limited	Rent paid	0.06	0.06
Aquilaw	Legal expenses	89.33	102.76
Mr. Bankey Lal Choudhary	Remuneration	200.68	208.03
Mr. Shyam Sundar Choudhary	Remuneration	200.68	204.50
Mr. Vijay Kumar Choudhary	Remuneration	200.68	201.81
Mr. Anurag Choudhary	Remuneration	250.68	261.25
Mr. Amit Choudhary	Remuneration	200.61	201.71
Mr. Tushar Choudhary	Remuneration	200.61	201.94
Mr. Kamlesh Kumar Agarwal	Remuneration	93.49	107.67
Mr. Bajrang Lal Sharma	Remuneration	-	17.33
Mrs. Monika Saraswat	Remuneration	11.39	1.40
Mr. Kamlesh Kumar Agarwal	Loan given	-	75.00
Mr. Kamlesh Kumar Agarwal	Interest receivable on loan given	5.99	4.26
Nanhey Lal Mohini Devi Foundation	Donation/Expenditure on corporate social responsibility	-	12.09

Notes to the Consolidated Financial Statements

for the year ended 31 March 2021 (Contd.)

Amount in ₹ Lakhs

Name of the related party	Nature of transaction	Year ended 31 March 2021	Year ended 31 March 2020
Himadri Foundation	Donation/Expenditure on corporate social responsibility	315.00	198.00
Mr. Sakti Kumar Banerjee	Sitting fees	5.74	2.94
Mr. Hardip Singh Mann	Sitting fees	3.00	1.20
Mr. Santimoy Dey	Sitting fees	5.84	2.94
Late Hanuman Mal Choraria	Sitting fees	5.12	2.38
Mrs. Rita Bhattacharya	Sitting fees	-	1.20
Mr. Santosh Kumar Agrawala	Sitting fees	4.86	1.80
Mr. Suryakant Balkrishna Mainak	Sitting fees	-	0.90
Mrs. Sucharita Basu De	Sitting fees	2.70	1.20
BC India Investments	Dividend paid	147.03	154.77
Modern Hi-Rise Private Limited	Dividend paid	253.36	273.90
Himadri Credit & Finance Limited	Dividend paid	13.16	14.23
Mr. Vijay Kumar Choudhary	Dividend paid	4.53	4.90
Mr. Shyam Sundar Choudhary	Dividend paid	4.49	4.85
Mr. Bankey Lal Choudhary	Dividend paid	2.06	2.23
Late Damodar Prasad Choudhary	Dividend paid	2.06	2.23
Mrs. Sushila Devi Choudhary	Dividend paid	1.18	1.28
Mrs. Sheela Devi Choudhary	Dividend paid	1.06	1.14
Mrs. Saroj Devi Choudhary	Dividend paid	1.14	1.23
Mrs. Kanta Devi Choudhary	Dividend paid	1.14	1.23
Mr. Kamlesh Kumar Agarwal	Dividend paid	0.06	0.03

*Information in respect of these transactions has been given w.e.f. 16 July 2019, the date of Tuaman Engineering Limited becoming related party.

C. Outstanding balances

Amount in ₹ Lakhs

Name of the related party	Nature of transaction	31 March 2021	31 March 2020
Tuaman Engineering Limited	Capital advances	327.70	204.15
Sri Agro Himghar Limited	Rent payable	-	0.06
Mr. Kamlesh Kumar Agarwal	Loan given (including interest receivable)	85.25	79.26

Notes to the Consolidated Financial Statements for the year ended 31 March 2021 (Contd.)

D. Key Management Personnel Remuneration

Key management personnels (KMP) remuneration comprised of the following:

Nature of transaction	Amount in ₹ Lakhs	
	Year ended 31 March 2021	Year ended 31 March 2020
Short-term employee benefits	1,355.17	1,393.37
Share based payments to employees - Equity settled	-	8.42
Other long-term benefits	3.65	3.85
Total remuneration paid to key management personnel	1,358.82	1,405.64

As the future liability for gratuity is provided on an actuarial basis for the Group as a whole, the amount pertaining to the key management personnel is not ascertainable and, therefore, not included above.

Based on the recommendation of the Nomination and Remuneration Committee of the Holding Company, all decisions relating to the remuneration of the KMP's are taken by the Board of Directors of the Holding Company, in accordance with shareholders' approval, wherever necessary.

40. Operating segments:

A. Basis of segment

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components, and for which discrete financial information is available. All operating segments' operating results are reviewed regularly by the Group's Chief operating decision maker (CODM) to make decisions about resources to be allocated to the segments and assess their performance.

The Group has two reportable segments, as described below, which is the Group's strategic business verticals. These business verticals are managed separately because they require different technology and marketing strategies.

The following summary describes the operations in each of the Group's reportable segments:

Reportable segment	Operations
Carbon materials and chemicals	Manufacturing
Power	Generation and Distribution

B. Information about reportable segments

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit (before tax), as included in the internal management reports that are reviewed by the Holding Company's Managing Director and Chief Executive Officer. Segment profit is used to measure performance as Group believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Inter-segment pricing is determined on an arm's length basis.

Notes to the Consolidated Financial Statements

for the year ended 31 March 2021 (Contd.)

Amount in ₹ Lakhs

Year ended 31 March 2021	Reportable segments			Total
	Carbon materials and chemicals	Power	Elimination	
Segment revenue:				
- External revenues	166,864.12	1,081.68	-	167,945.80
- Inter-segment revenue	-	6,483.78	6,483.78	-
Total segment revenue	166,864.12	7,565.46	6,483.78	167,945.80
Segment results*	1,582.55	6,812.35	-	8,394.90
Reconciliation of segment result with profit before tax				
Other income	-	-	-	883.46
Finance costs	-	-	-	(3,343.43)
Foreign exchange gain/(loss) (net)	-	-	-	521.20
Profit before tax	-	-	-	6,456.13
Depreciation and amortisation expense	4,545.76	151.66	-	4,697.42
Segment assets	251,133.39	4,949.49	-	256,082.88
Unallocable corporate assets	-	-	-	23,034.47
Capital expenditure during the year	3,639.86	3.28	-	3,643.14
Segment liabilities	21,443.71	157.48	-	21,601.19
Unallocable corporate liabilities	-	-	-	78,293.99

* Segment results represents earnings before other income, finance cost, foreign exchange gain/(loss) (net) and tax

Amount in ₹ Lakhs

Year ended 31 March 2020	Reportable segments			Total
	Carbon materials and chemicals	Power	Elimination	
Segment revenue:				
- External revenues	179,340.96	1,239.07	-	180,580.03
- Inter-segment revenue	-	5,344.02	5,344.02	-
Total segment revenue	179,340.96	6,583.09	5,344.02	180,580.03
Segment results*	19,650.80	5,871.30	-	25,522.10
Reconciliation of segment result with profit before tax				
Other income	-	-	-	798.50
Finance costs	-	-	-	(5,491.35)
Foreign exchange gain/(loss) (net)	-	-	-	(1,414.73)
Profit before tax	-	-	-	19,414.52
Depreciation and amortisation expense	3,772.81	151.57	-	3,924.38
Segment assets	239,223.01	5,210.47	-	244,433.48
Unallocable corporate assets	-	-	-	11,808.79
Capital expenditure during the year	24,331.61	37.07	-	24,368.68
Segment liabilities	26,370.30	31.66	-	26,401.96
Unallocable corporate liabilities	-	-	-	56,469.93

* Segment results represents earnings before other income, finance cost, foreign exchange gain/(loss) (net) and tax

Notes to the Consolidated Financial Statements for the year ended 31 March 2021 (Contd.)

Secondary segment information (geographical segment)

Particulars	Within India		Outside India		Total	
	31 March 2021	31 March 2020	31 March 2021	31 March 2020	31 March 2021	31 March 2020
External revenue by location of customers	148,502.80	165,792.51	19,443.00	14,787.52	167,945.80	180,580.03
Carrying amount of segment assets by location of assets	265,553.46	237,390.03	13,563.89	18,852.24	279,117.35	256,242.27
Cost incurred on acquisition of property, plant and equipment and other intangible assets	3,643.14	24,368.68	-	-	3,643.14	24,368.68

Major customer

Revenue from one customer of the Group's Carbon material and chemical segment is ₹ 29,566.31 Lakhs (31 March 2020: ₹ 36,093.81 Lakhs) which is more than 17% of the Group's total revenue.

41. Fair value measurement

See accounting policy in note 3(y)

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in forced or liquidation sale.

A. Accounting classification and fair value

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their level in the fair value hierarchy.

Amount in ₹ Lakhs								
As on 31 March 2021	Note	Carrying value				Fair value measurement using		
		Amortised cost	Financial assets/liabilities at FVTPL	Financial assets/liabilities at FVOCI	Total carrying amount	Level 1	Level 2	Level 3
Financial assets:								
Investment in preference shares (unquoted)	7	-	46.37	6,044.07	6,090.44	-	6,044.07	46.37
Investment in equity instruments (unquoted)	7	-	-	4.10	4.10	-	1.93	2.17
Investment in equity instruments (quoted)	7	-	-	510.39	510.39	1.34	-	509.05
Investment in government securities	7	0.07	-	-	0.07	-	-	-
Trade receivables	8	47,148.94	-	-	47,148.94	-	-	-
Cash and cash equivalents	9	5,271.66	-	-	5,271.66	-	-	-
Bank balances other than cash and cash equivalents	10	8,498.99	-	-	8,498.99	-	-	-
Loans	11	2,602.29	-	-	2,602.29	-	-	-

Notes to the Consolidated Financial Statements

for the year ended 31 March 2021 (Contd.)

Amount in ₹ Lakhs

As on 31 March 2021	Note	Carrying value				Fair value measurement using		
		Amortised cost	Financial assets/liabilities at FVTPL	Financial assets/liabilities at FVOCI	Total carrying amount	Level 1	Level 2	Level 3
Other financial assets	12	672.47	48.69	-	721.16	-	48.69	-
Financial liabilities:								
Non convertible debentures	19	-	-	-	-	-	-	-
Term loans*	19	12,516.36	-	-	12,516.36	-	-	-
Current borrowings	19	59,392.93	-	-	59,392.93	-	-	-
Trade payables	20	15,290.90	-	-	15,290.90	-	-	-
Derivatives	21	-	-	-	-	-	-	-
Lease liabilities	22	1,012.05	-	-	1,012.05	-	-	-
Other financial liabilities (other than lease liabilities and current maturities of non-current borrowings)	22	2,515.78	-	-	2,515.78	-	-	-

Amount in ₹ Lakhs

As on 31 March 2020	Note	Carrying value				Fair value measurement using		
		Amortised cost	Financial assets/liabilities at FVTPL	Financial assets/liabilities at FVOCI	Total carrying amount	Level 1	Level 2	Level 3
Financial assets:								
Investment in preference shares (unquoted)	7	-	46.37	4,233.59	4,279.96	-	4,233.59	46.37
Investment in equity instruments (unquoted)	7	-	-	2.82	2.82	-	1.35	1.47
Investment in equity instruments (quoted)	7	-	-	383.09	383.09	1.30	-	381.79
Investment in government securities	7	0.07	-	-	0.07	-	-	-
Trade receivables	8	30,746.60	-	-	30,746.60	-	-	-
Cash and cash equivalents	9	4,202.83	-	-	4,202.83	-	-	-
Bank balances other than cash and cash equivalents	10	453.18	-	-	453.18	-	-	-
Loans	11	2,396.42	-	-	2,396.42	-	-	-
Other financial assets	12	578.70	-	-	578.70	-	-	-

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for the year ended 31 March 2021 (Contd.)

Amount in ₹ Lakhs

As on 31 March 2020	Note	Carrying value				Fair value measurement using		
		Amortised cost	Financial assets/liabilities at FVTPL	Financial assets/liabilities at FVOCI	Total carrying amount	Level 1	Level 2	Level 3
Financial liabilities:								
Non convertible debentures	19	15,000.00	-	-	15,000.00	-	-	-
Term Loans*	19	4,038.41	-	-	4,038.41	-	-	-
Current borrowings	19	31,451.28	-	-	31,451.28	-	-	-
Trade payables	20	22,940.23	-	-	22,940.23	-	-	-
Derivatives	21	-	175.88	-	175.88	-	175.88	-
Lease liabilities	22	803.17	-	-	803.17	-	-	-
Other financial liabilities (other than lease liabilities and current maturities of non-current borrowings)	22	1,690.45	-	-	1,690.45	-	-	-

*It includes Current maturities of non-current borrowings and Loan against vehicles/ equipments

The Group assessed that trade receivables, cash and cash equivalent, bank balances other than cash and cash equivalent, loans, trade payable and other financial assets and liabilities except derivative financial instruments approximate their carrying amounts largely due to the short term maturities of these instruments. The Group's borrowings have been contracted at market rates of interest. Accordingly, the carrying value of such borrowings approximate fair value.

B. Fair value hierarchy

The Group has established the following fair value hierarchy that categories the value into 3 levels. The inputs to valuation techniques used to measure fair value of financial instruments are:

Level 1: The hierarchy uses quoted (adjusted) prices in active markets for identical assets or liabilities. The fair value of all bonds which are traded in the stock exchanges is valued using the closing price or dealer quotations as at the reporting date.

Level 2: The fair value of financial instruments that are not traded in an active market (for example traded bonds, over the counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on Company specific estimates. The mutual fund units are valued using the closing net asset value. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

The following methods and assumptions were used to estimate the fair values:

- The fair value of the quoted investments are based on market price at the respective reporting date.
- The fair value of the unquoted investments included in level 2 has been determined using valuation techniques with market observable inputs. The model incorporate various inputs including prevailing market value of investments in listed Company.

Notes to the Consolidated Financial Statements for the year ended 31 March 2021 (Contd.)

- (c) The fair value of the quoted /unquoted investments included in level 3 are based on the cost approach to arrive at their fair value. The cost of unquoted investments approximate the fair value because there is a range of possible fair value measurements and the cost represents estimate of fair value within that range.
- (d) The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.
- (e) The fair value of forward foreign exchange contracts is calculated as the present value determined using forward exchange rates and interest rate curve of the respective currencies.
- (f) The fair value of currency swap is calculated as the present value determined using forward exchange rates, currency basis spreads between the respective currencies and interest rate curves.
- (g) The fair value of the remaining financial instruments is determined using discounted cash flow analysis. The discount rate used is based on the Group's estimates.

There were no transfer of financial assets or liabilities measured at fair value between level 1 and level 2, or transfer into or out of level 3 during the year ended 31 March 2021 and 31 March 2020.

Reconciliation of level 3 fair value measurements

The following table shows a reconciliation from opening balances to closing balances for level 3 for fair values on a recurring basis.

	Amount in ₹ Lakhs	
	31 March 2021	31 March 2020
Balance as at beginning of the year	429.63	1,318.55
Change in value of investment in equity instruments measured at FVTOCI (unrealised)	127.96	(888.92)
Balance as at end of the year	557.59	429.63

Calculation of fair values

The fair values of the financial assets and liabilities are defined as the price that would be received on sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Methods and assumptions used to estimate the fair values are consistent with those used for the year ended 31 March 2020.

Financial assets and liabilities measured at fair value as at Consolidated Balance Sheet date:

- The fair values of investments in mutual fund units is based on the net asset value ('NAV') as stated by the issuers of these mutual fund units in the published statements as at Consolidated Balance Sheet date. NAV represents the price at which the issuer will issue further units of mutual fund and the price at which issuers will redeem such units from the investors.
- The fair values of the derivative financial instruments has been determined using valuation techniques with market observable inputs. The models incorporate various inputs including the credit quality of counter-parties and foreign exchange forward rates.

Other financial assets and liabilities

- Cash and Cash equivalents, trade receivables, investments in term deposits, other financial assets (except derivative financial instruments), trade payables, and other financial liabilities (except derivative financial instruments) have fair values that approximate to their carrying amounts due to their short-term nature.
- Loans have fair values that approximate to their carrying amounts as it is based on the net present value of the anticipated future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities.

Notes to the Consolidated Financial Statements for the year ended 31 March 2021 (Contd.)

Significant unobservable inputs used in level 3 fair values

Certain investments are valued using level 3 techniques. A change in one or more of the inputs to reasonably possible alternative assumptions would not change the value significantly.

42. Financial risk management

The Group has exposure to the following risks arising from financial instruments:

- (i) Credit risk
- (ii) Liquidity risk
- (iii) Market risk

Risk management framework

The Group's principal financial liabilities, other than derivatives, comprises of borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Group operations. The Group's principal financial assets, other than derivatives include trade and other receivables, investments and cash and cash equivalents that derive directly from its operations.

The Group's activities expose it to a variety of financial risks, including market risk, credit risk and liquidity risk. The Group's primary risk management focus is to minimise potential adverse effects of market risk on its financial performance. The Group uses derivative financial instruments to mitigate foreign exchange related risk exposures. The Group's exposure to credit risk is influenced mainly by the individual characteristic of each customer and the concentration of risk from the top few customers. The Group's risk management assessment and policies and processes are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor such risks and compliance with the same. Risk assessment and management policies and processes are reviewed regularly to reflect changes in market conditions and the Group's activities.

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. The key risks and mitigating actions are also placed before the audit committee of the Group.

The sources of risks which the Group is exposed to and their management is given below:

Risk	Exposure arising from	Measurement	Management
Credit risk	Trade receivables, Investments, Derivative financial instruments, Loans	Ageing analysis, Credit rating	Credit limit and credit worthiness monitoring, credit based approval process
Liquidity risk	Borrowings and Other liabilities	Rolling cash flow forecasts	Adequate unused credit lines and borrowing facilities
Market risk			
Foreign exchange risk	Committed commercial transaction Financial asset and liabilities not denominated in INR	Cash flow forecasting Sensitivity analysis	Forward foreign exchange contracts. Foreign currency options principal only/currency swaps
Interest rate	Long term borrowings at variable rates and other debt securities	Sensitivity analysis Interest rate movements	Interest rate swaps
Commodity price risk	Movement in prices of raw materials	Commodity price tracking	Maintaining inventory at optimum level
Security prices	Investment in equity instruments	Sensitivity analysis	Portfolio diversification

The Group has standard operating procedures and investment policy for deployment of surplus liquidity, which allows investment in debt securities and mutual fund schemes of debt categories only and restricts the exposure in equity markets.

Notes to the Consolidated Financial Statements

for the year ended 31 March 2021 (Contd.)

(i) Credit risk

Credit risk is the risk of financial loss of the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group receivables from customers and loans. Credit arises when a customer or counterparty does not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing/investing activities, including deposits with bank, investments in debt securities and foreign exchange transactions. The carrying amount of financial assets represent the maximum credit risk exposure.

Trade receivable

The Group has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. All trade receivables are reviewed and assessed for default on a quarterly basis. Our historical experience of collecting receivables indicate a low credit risk.

Exposure to credit risks

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, the Group also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and country in which customer operates. The Group limits its exposure to credit risk from trade receivables by establishing a maximum payment period of three months for customers.

Details of concentration percentage of revenue generated from a top customer and top five customers are stated below:

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Revenue from a top customer	18%	20%
Revenue from top five customers	44%	45%

Trade receivables are primarily unsecured and are derived from revenue earned from customers. Credit risk is managed through credit approvals, establishing credit limits and by continuously monitoring the creditworthiness of customers to which the Group grants credit terms in the normal course of business. As per simplified approach, the Group makes provision of expected credit losses on trade receivables using a provision matrix to mitigate the risk of default payments and makes appropriate provisions at each reporting date whenever is for longer period and involves higher risk. The Group uses expected credit loss model to assess the impairment loss or gain. The Group uses a provision matrix to compute the credit loss allowance for trade receivables.

Movement in impairment loss:

	Amount in ₹ Lakhs	
	Year ended 31 March 2021	Year ended 31 March 2020
Balance at the beginning of the year	417.01	417.01
Add: Provided during the year	300.00	-
Less: Utilised during the year	-	-
Balance at the end of the year	717.01	417.01

Notes to the Consolidated Financial Statements for the year ended 31 March 2021 (Contd.)

(ii) Liquidity risk

Liquidity risk is defined as the risk that the Group will not be able to settle or meet its obligations on time or at reasonable price. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of credit facilities to meet obligations when due. The Group's finance team is responsible for liquidity, finding as well as settlement management. In addition, processes and policies related to such risks are overseen by senior management. Management monitors the Group's liquidity position through rolling forecasts on the basis of expected cash flows.

The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Exposure to liquidity risk

The table below provides details regarding the remaining contractual maturities of financial liabilities at the reporting date based on contractual undiscounted payments.

	Amount in ₹ Lakhs					
31 March 2021	Less than 1 year	1-2 years	2-3 years	3-5 years	> 5 years	Total
Borrowings (including estimated interest)	64,229.51	4,230.89	3,497.47	1,666.17	-	73,624.04
Trade payables (including acceptances)	15,290.90	-	-	-	-	15,290.90
Derivatives	-	-	-	-	-	-
Other financial liabilities (other than lease liabilities and current maturities of non-current borrowings)	2,490.01	-	-	25.77	-	2,515.78
Lease liabilities including lease interest	305.66	262.05	130.59	224.70	244.67	1,167.67

	Amount in ₹ Lakhs					
31 March 2020	Less than 1 year	1-2 years	2-3 years	3-5 years	> 5 years	Total
Borrowings (including estimated interest)	49,307.60	1,579.13	862.63	-	-	51,749.36
Trade payables (including acceptances)	22,940.23	-	-	-	-	22,940.23
Derivatives	175.88	-	-	-	-	175.88
Other financial liabilities (other than lease liabilities and current maturities of non-current borrowings)	1,664.68	-	-	25.77	-	1,690.45
Lease liabilities including lease interest	135.72	132.29	125.24	249.29	332.38	974.92

(iii) Market risk

Market risk is the risk of loss of future earnings, fair value or future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change as a result of changes in the interest rates, foreign currency exchange rates, commodity prices, equity prices and other market changes that effect market risk sensitive instruments. Market risk is attributable to all market risk sensitive financial instruments including investments and deposits, foreign currency receivables, payables and borrowings.

Notes to the Consolidated Financial Statements

for the year ended 31 March 2021 (Contd.)

(a) Currency risk

Foreign currency risk is the risk impact related to fair value or future cash flows of an exposure in foreign currency, which fluctuate due to changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the foreign currency borrowings, import of raw materials and spare parts, capital expenditure, exports of finished goods. The currency in which these transactions are primarily denominated are EURO, USD and JPY. The Group manages currency exposures within prescribed limits, through use of forward exchange contracts and cross currency swap. Foreign exchange transactions are covered with strict limits placed on the amount of uncovered exposure, if any, at any point of time.

The Group evaluates exchange rate exposure arising from foreign currency transactions. The Group follows established risk management policies and standard operating procedures. It uses derivative instruments like foreign currency swaps and forwards to hedge exposure to foreign currency risk. When a derivative is entered into for the purpose of being a hedge, the Group negotiates the terms of those derivatives to match the terms of the hedged exposure.

Exposure to currency risk

The Group's exposure to foreign currency as at the end of the reporting period are as follows:

Amount in Lakhs						
	In original currency (EURO)	In local currency (₹)	In original currency (USD)	In local currency (₹)	In original currency (JPY)	In local currency
31 March 2021						
Financial Assets						
Trade receivables	-	-	46.10	3,388.30	-	-
Cash and cash equivalents	-	-	3.59	263.69	-	-
	-	-	49.69	3,651.99	-	-
Financial Liabilities						
Borrowings (including current maturities of non-current borrowings)	-	-	339.11	24,926.54	-	-
Trade payables	-	-	106.19	7,805.61	-	-
Derivatives	-	-	-	-	-	-
Other financial liabilities	-	-	3.48	255.92	-	-
	-	-	448.78	32,988.07	-	-
Net exposure in respect of recognised financial assets and financial liabilities	-	-	(399.09)	(29,336.08)	-	-

Amount in Lakhs						
	In original currency (EURO)	In local currency (₹)	In original currency (USD)	In local currency (₹)	In original currency (JPY)	In local currency
31 March 2020						
Financial Assets						
Trade receivables	-	-	21.98	1,656.97	-	-
Cash and cash equivalents	-	-	10.58	797.42	-	-
	-	-	32.56	2,454.39	-	-

Notes to the Consolidated Financial Statements

for the year ended 31 March 2021 (Contd.)

Amount in Lakhs

31 March 2020	In original currency (EURO)	In local currency (₹)	In original currency (USD)	In local currency (₹)	In original currency (JPY)	In local currency
Financial Liabilities						
Borrowings (including current maturities of non-current borrowings)	-	-	140.58	10,597.60	430.56	299.88
Trade payables	-	-	207.87	15,670.70	-	-
Derivatives	-	-	0.80	60.27	165.99	115.61
Other financial liabilities	0.07	5.56	4.82	363.61	0.79	0.55
	0.07	5.56	354.07	26,692.18	597.34	416.04
Net exposure in respect of recognised financial assets and financial liabilities	(0.07)	(5.56)	(321.51)	(24,237.79)	(597.34)	(416.04)

Sensitivity analysis

A reasonably possible strengthening (weakening) of the EURO, USD and JPY against Indian rupee at 31 March would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss by the amount shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

Amount in ₹ Lakhs

	(Profit) or loss		Equity (net of tax)	
	Strengthening	Weakening	Strengthening	Weakening
31 March 2021				
EURO (5% Movement)	-	-	-	-
USD (5% Movement)	(1,466.80)	1,466.80	(954.24)	954.24
JPY (10% Movement)	-	-	-	-
31 March 2020				
EURO (5% Movement)	(0.28)	0.28	(0.18)	0.18
USD (5% Movement)	(1,211.89)	1,211.89	(788.41)	788.41
JPY (10% Movement)	(41.60)	41.60	(27.07)	27.07

(b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group exposure to the risk of changes in market interest rates related primarily to the Group's current borrowing (excluding commercial paper and others) with floating interest rates. For all non-current borrowings with floating rates, the risk of variation in the interest rates is mitigated through interest rate swaps. The Group constantly monitors the credit markets and rebalances its financing strategies to achieve an optimal maturity profile and financing cost.

Notes to the Consolidated Financial Statements

for the year ended 31 March 2021 (Contd.)

Exposure to interest rate risk

The interest rate profile of the Group's interest bearing financial instruments at the end of the reporting period are as follows:

Amount in ₹ Lakhs		
	31 March 2021	31 March 2020
Fixed rate instruments		
Financial assets	9,642.50	763.79
Financial liabilities	(25,133.78)	(42,528.14)
	(15,491.28)	(41,764.35)
Variable rate instruments		
Financial assets	-	-
Financial liabilities	(46,775.51)	(7,961.55)
	(46,775.51)	(7,961.55)

Sensitivity analysis

Fixed rate instruments that are carried at amortised cost are not subject to interest rate risk for the purpose of sensitivity analysis.

A reasonably possible change of 100 basis points in variable rate instruments at the reporting dates would have increased or decreased profit or loss by the amounts shown below:

Amount in ₹ Lakhs				
	(Profit) or loss		Equity (net of tax)	
	Strengthening	Weakening	Strengthening	Weakening
31 March 2021				
Variable rate instruments	(467.76)	467.76	(304.31)	304.31
Cash flow sensitivity (net)	(467.76)	467.76	(304.31)	304.31
31 March 2020				
Variable rate instruments	(79.62)	79.62	(51.80)	51.80
Cash flow sensitivity (net)	(79.62)	79.62	(51.80)	51.80

Interest rate sensitivity has been calculated assuming the borrowings outstanding at the reporting date have been outstanding for the entire reporting period and all other variables, in particular foreign currency exchange rates, remain constant. Further, the calculation for the unhedged floating rate borrowing have been done on the notional value of the foreign currency.

(c) Equity price risks

The Group's quoted and unquoted equity instruments are susceptible to market price risk arising from uncertainties about future values of the investment securities. The reports on the equity portfolio are submitted to the Group's senior management on a regular basis. The senior management reviews and approves all equity investment decisions.

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for the year ended 31 March 2021 (Contd.)

Sensitivity analysis

Investment in equity instruments made by the Group are listed on the Bombay Stock Exchange (BSE), National Stock Exchange (NSE) and Calcutta Stock Exchange (CSE) in India. There is no significant investment outstanding as at 31 March 2021. Hence, sensitivity analysis is not given.

- (d) The following table gives details in respect of outstanding foreign currency forward, cross currency swaps, interest rate swaps and option contracts:

Amount in ₹ Lakhs						
Particulars	Currency pair	Position	31 March 2021		31 March 2020	
			Amount in foreign currency in Lakhs	Amount in ₹ in lakhs	Amount in foreign currency in Lakhs	Amount in ₹ in lakhs
Currency swap [Nil, (previous year 1)]	USD/JPY	Sell	-	-	430.56	299.89
Interest rate swaps [Nil, (previous year 1)]	USD/INR	Notional principal	-	-	138.07	10,408.53

The table below analyses the derivative financial instruments into relevant maturity groupings based on the remaining period as of the Consolidated Balance Sheet date:

Amount in ₹ Lakhs		
	31 March 2021	31 March 2020
Later than three months and not later than one year	48.69	(175.88)
Later than one year	-	-
	48.69	(175.88)

The following table provides quantitative information about offsetting of derivative financial assets and derivative financial liabilities:

Amount in ₹ Lakhs				
	31 March 2021		31 March 2020	
	Derivative financial asset	Derivative financial liability	Derivative financial asset	Derivative financial liability
Gross amount of recognised financial asset/liability	48.69	-	-	175.88
Amount set-off	-	-	-	-
Net amount presented in Consolidated Balance Sheet	48.69	-	-	175.88

Notes to the Consolidated Financial Statements for the year ended 31 March 2021 (Contd.)

43. Additional information pursuant to paragraph 2 of Division II of Schedule III to the Companies Act, 2013

	Net assets (total assets minus total liabilities)		Share in Profit or Loss		Share in OCI		Share in total comprehensive income	
	As % of Consolidated net assets	Amount in ₹ Lakhs	As % of Consolidated profit or loss	Amount in ₹ Lakhs	As % of Consolidated other comprehensive income	Amount in ₹ Lakhs	As % of Consolidated total comprehensive income	Amount in ₹ Lakhs
Parent								
Himadri Speciality Chemical Limited	95.32%	170,828.08	98.75%	4,667.17	93.11%	1,557.42	97.28%	6,224.59
Subsidiaries:								
Foreign								
1. AAT Global Limited	(3.33%)	(5,959.49)	8.53%	403.28	0.00%	-	6.30%	403.28
2. Shandong Dawn Himadri Chemical Industry Ltd	(0.60%)	(1,078.23)	(7.01%)	(331.25)	0.00%	-	(5.18%)	(331.25)
Non-controlling interests in all subsidiaries	(0.04%)	(68.69)	(0.45%)	(21.14)	(0.15%)	(2.53)	(0.37%)	(23.67)
Inter company eliminations on consolidation	8.65%	15,500.50	0.18%	8.56	0.00%	-	0.13%	8.56
Exchange differences in translating financial statements of foreign operations	0.00%	-	0.00%	-	7.04%	117.71	1.84%	117.71
At 31 March 2021	100.00%	179,222.17	100.00%	4,726.62	100.00%	1,672.60	100.00%	6,399.22

44. Capital management

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The management monitors the return on capital, as well as the level of dividends to equity shareholders. The Group's objective when managing capital are to: (a) maximise shareholders value and provide benefits to other stakeholders and (b) maintain an optimal capital structure to reduce the cost of capital. The Group may take appropriate steps in order to maintain or adjust its capital structure.

The Group monitors capital using debt-equity ratio, which is total debt less investments divided by total equity.

Particulars		Amount in ₹ Lakhs	
		31 March 2021	31 March 2020
Borrowings	A	71,909.29	50,489.69
Liquid investments	B	5,271.66	4,202.83
TOTAL	C = A - B	66,637.63	46,286.86
Equity	D	179,222.17	173,370.38
Debt to Equity	E = A / D	0.40	0.29
Debt to Equity (net)	F = C / D	0.37	0.27

Notes to the Consolidated Financial Statements for the year ended 31 March 2021 (Contd.)

For the purpose of the Group's capital management

- (a) Borrowings includes as non-current borrowings, current borrowings and current maturities of non-current borrowings as described in note 19 and 22.
- (b) Equity includes issued, subscribed and fully paid-up equity share capital and other equity attributable to the equity holders of the Group as described in note 17 and 18.
- (c) Liquid investments include cash and cash equivalents, mutual funds (refer note 9)

45. The Group has established a comprehensive system of maintenance of information and documents as required by the transfer pricing regulations under Sections 92-92F of the Income-tax Act, 1961. Since the law requires existence of such information and documentation to be contemporaneous in nature, the Group continuously updates its documents for the international transactions entered into with the associated enterprises during the financial year. The management is of the opinion that its international transactions are at arm's length so that the aforesaid legislation will not have any impact on the Consolidated financial statements, particularly on the amount of tax expense for the year and that of provision for taxation.

46. Due to micro enterprises, small and medium enterprises

Amount in ₹ Lakhs		
	31 March 2021	31 March 2020
(a) The amounts remaining unpaid to micro and small suppliers as at the end of each accounting year:		
- Principal	183.54	1.58
- Interest	-	-
(b) The amount of interest paid by the buyer in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act, 2006) along with the amount of the payment made to the supplier beyond the appointed day during each accounting year.	-	-
(c) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act, 2006.	-	-
(d) The amount of interest accrued and remaining unpaid at the end of each accounting year.	-	-
(e) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under Section 23 of the MSMED Act, 2006.	-	-

Notes to the Consolidated Financial Statements for the year ended 31 March 2021 (Contd.)

47. Distribution made and proposed dividend on equity shares by the Holding Company

See accounting policy in note 3(q)

	Amount in ₹ Lakhs	
	Year ended 31 March 2021	Year ended 31 March 2020
Dividend on equity shares declared and paid during the year		
Final dividend for the year ended on 31 March 2020: ₹ 0.15 per share (31 March 2019: ₹ 0.15 per share)	628.21	627.91
Dividend distribution tax on final dividend	-	129.07
Total dividend paid	628.21	756.98
Proposed dividend on equity shares not recognised as liability		
Final dividend for the year ended on 31 March 2021: ₹ 0.15 per share (31 March 2020: ₹ 0.15 per share)	628.45	628.21
Dividend distribution tax on final dividend	-	-
Total dividend proposed for the year	628.45	628.21

Proposed dividend on equity shares is subject to the approval of the equity shareholders of the Holding Company at the Annual General Meeting and not recognised as a liability as at Consolidated Balance Sheet date.

48. Estimation of uncertainty due to COVID-19 pandemic

The Group has considered the possible risk that may result from the pandemic relating to COVID-19 on the carrying amounts of assets including inventories, receivables, investments and other financial and non-financial assets. As per the assessment carried out by the Group based on the internal and external information available up to the date of approval of these Consolidated financial statements, the Group does not foresee any uncertainty related to recoverability or liquidation of the aforesaid assets and also about the ability of the non-financial assets to generate future economic benefits.

However, the impact assessment of COVID-19 is a continuing process given the uncertainties associated with its nature and duration. The impact of the global health pandemic may be different from that estimated as at the date of approval of these Consolidated financial statements and the Group will continue to closely monitor for any material changes to future economic conditions.

As per our report of even date attached

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration Number: 101248W/W-100022

Sd/-
Jayanta Mukhopadhyay
Partner
Membership No. 055757

Place: Kolkata
Date: 30 June 2021

For and on behalf of the Board of Directors of
Himadri Speciality Chemical Limited
CIN: L27106WB1987PLC042756

Sd/-
Anurag Choudhary
Managing Director and Chief
Executive Officer
DIN: 00173934

Sd/-
Kamlesh Kumar Agarwal
Chief Financial Officer

Place: Kolkata
Date: 30 June 2021

Sd/-
Shyam Sundar Choudhary
Executive Director
DIN: 00173732

Sd/-
Monika Saraswat
Company Secretary

CORPORATE INFORMATION

CHAIRMAN EMERITUS

Late Damodar Prasad Choudhary

MANAGING DIRECTOR & CEO

Mr. Anurag Choudhary
(DIN: 00173934)

EXECUTIVE DIRECTORS

Mr. Shyam Sundar Choudhary
(DIN: 00173732)

Mr. Bankey Lal Choudhary
(DIN: 00173792)

Mr. Vijay Kumar Choudhary
(DIN: 00173858)

Mr. Amit Choudhary
(DIN: 00152358)

Mr. Tushar Choudhary
(DIN: 00174003)

INDEPENDENT DIRECTORS

Mr. Santimoy Dey
(DIN: 06875452)

Mr. Sakti Kumar Banerjee
(DIN: 00631772)

Mr. Hardip Singh Mann
(DIN: 00104948)

Mr. Santosh Kumar Agrawala
(DIN: 00364962)

Mrs. Sucharita Basu De
(DIN: 06921540)

Mr. Girish Paman Vanvari
(DIN: 07376482)

Mr. Gopal Ajay Malpani
(DIN: 02043728)

SENIOR MANAGEMENT TEAM

Mr. Kamlesh Kumar Agarwal
– Chief Financial Officer

Mrs. Monika Saraswat
– Company Secretary &
Compliance Officer

Dr. Soumen Chakraborty
– President, Carbon Black Division

Mr. Monojit Mukherjee
– Business President, Carbon Black Division

Mr. Somesh Satnalika
– Executive Vice President, CTD and
Strategy

Mr. Kunal Mukherjee
– Assistant Vice President, HR

BANKERS

Axis Bank Limited
Bank of Baroda
Central Bank of India
Citi Bank, N.A.
DBS Bank India Limited
The Federal Bank Limited
HDFC Bank Limited
The Hong Kong & Shanghai
Banking Corporation Limited
ICICI Bank Limited
IDFC First Bank Limited
IndusInd Bank Limited
Kotak Mahindra Bank Limited
RBL Bank Limited
Standard Chartered Bank
State Bank of India
Yes Bank Limited

REGISTRAR & SHARE TRANSFER AGENT

M/s. S.K. Infosolutions Pvt. Ltd
D/42, Katju Nagar Colony,
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Kolkata - 700 032
Tel: (033) 2219 6797/4815
E-mail: contact@skcinfo.com/
skcdilip@gmail.com
Website: www.skcinfo.com

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E-mail: info@himadri.com
Website: www.himadri.com
CIN: L27106WB1987PLC042756

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Sector-V
Salt Lake City
Kolkata - 700 091

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M/s Aquilaw
9 Old Post Office Street
8th Floor
Kolkata - 700 001

WORKS

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58 N.S. Road, Liluah, Howrah (W.B.)

Unit number 2
27B Gadadhar Bhatt Road, Liluah,
Howrah (W.B.)

Mahistikry Plant
Mahistikry, P.S. – Haripal District
Hooghly (W.B.)

Visakhapatnam Unit
Ancillary Industrial Estate
Visakhapatnam (A.P.)

Korba Unit
Jhagrah, Rajgamar Colliery Korba
(Chhattisgarh)

Sambalpur Unit
Kenghati, P.O. Jayantpur,
Sambalpur 768112

Falta (SEZ unit)
Falta Special Economic Zone
Sector - II, Vill - Simulberia, Falta,
Dist - 24 Pgs (South), West Bengal

Windmills
1. Village Amkhel, Taluka-Sakri,
District Dhule, Maharashtra
2. Village Titane, Taluka-Sakri,
District Dhule, Maharashtra

China Unit
Longkou, Shandong China

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