

POWERING GROWTH

Actual photograph of CFS' Diphenol plant at Dahej, India



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Corporate Information

Board of Directors

Dilip Dandekar - Chairman
(Resigned w.e.f. - June 1, 2021)

Ashish Dandekar - Managing Director
(Appointed as Chairman & Managing Director -
w.e.f. June 17, 2021)

Nirmal Momaya -
Non-Executive Non-Independent Director
(Appointed as Managing Director - w.e.f. June 1, 2021)

Arjun Dukane - Executive Director - Technical

Anagha Dandekar -
Non-Executive Non-Independent Director

Harsha Raghavan -
Non-Executive Non-Independent Director
(Appointed w.e.f. August 10, 2020)

Sarvjit Bedi - Non-Executive Non-Independent Director
(Appointed w.e.f. September 29, 2020)

Atul Pradhan - Independent Director

Nicola Paglietti - Independent Director

Amol Shah - Independent Director

Sutapa Banerjee - Independent Director

Conrad D'souza - Independent Director
(Appointed w.e.f. September 29, 2020)

Mahabaleshwar Palekar - Independent Director
(Appointed w.e.f. December 24, 2020)

Thomas Videbaek - Independent Director
(Appointed w.e.f. March 31, 2021)

Key Managerial Personnel

Santosh Parab - Chief Financial Officer

Mandar Godbole -
Company Secretary and General Manager - Legal

Registered Office

F/11-12, WICEL, Opp SEEPZ Main Gate,
Central Road, Andheri East,
Mumbai - 400093
Tel No - 91-22-28324404
Fax : 91-22-28324404
www.camlinfs.com
E : secretarial@camlinfs.com
CIN : L74100MH1993PLCO75361

Works

Plot No. D-2/3, M.I.D.C Boisar
Tarapur (Dist. Thane) 401506 (Unit-1)

Plot No. N-165, M.I.D.C Boisar
Tarapur (Dist. Thane) 401506 (Unit-2)

Plot No. Z/96/D, Dahej SEZ Ltd;
Part-II, Tal. Varga, Dist. Bharuch,
Pin Code: 392130, Gujarat, India

Auditors

M/s Kalyaniwalla & Mistry LLP
Chartered Accountants, Mumbai

Banks and Financial Institutions

State Bank of India
IDBI Bank Limited
Punjab National Bank (erstwhile Oriental Bank of
Commerce)
Bank of India
International Finance Corporation
Export-Import Bank of India

Registrars and Share Transfer Agent

Link Intime India Pvt.Ltd.
C101, 247 Park, LBS Marg,
Vikhroli West, Mumbai - 400 083
Tel No - +91 22 4918 6000 / 4918 6270
Fax : +91 22 49186060
Email : rnt.helpdesk@linkintime.co.in

Powering Growth

Diphenols from Dahej

At Camlin Fine Sciences (CFS), Powering Growth is embedded in the very DNA of the company. Amidst the global pandemic in the past year, CFS stood firmly on the strong foundation it built over the years, to overcome various challenges during the year and in fact thrived to have one of its best annual performances.

CFS has grown over the years organically and inorganically and continues to exploit its growth opportunities to date. From acquiring the Diphenols facility of Borregaard Italia SpA in 2011, to expanding its global footprint across many other countries across North America, Europe, Latin America, Asia and the Far East, and to complete its largest greenfield capacity expansion plant of a Diphenols facility in Dahej, India during one of the worst hit years in modern history, the company has proven that nothing can stand on its growth path.

The past year brought about major challenges due to the pandemic and prolonged lockdown restrictions imposed therefor. But these obstacles are what make this year all the more memorable for the company. Through the relentless

push by the management and the dedicated execution of the workforce the obstacles were overcome and the project ultimately started commercial production in September 2020.

The strength of any plan depends on the foundation on which it is built. The objective for setting up the Dahej facility was clear, but CFS also had to ensure that the technical details of the project were implemented in the best manner. The facility is built with world-class infrastructure and a state-of-the-art highly automated plant that employs a lean workforce of around 70 people. It is also one of the most cost-effective plants and is designed using a heat conservation system to lower utility costs and reduce the carbon footprint.

This project marks a crucial turning point in CFS' history that will add significant value to the company's businesses. Now with the cumulative availability of close to 20,000 MT of Diphenols, the company stands in an enviable position as one of the most integrated manufacturers in the world. The Dahej plant would not only provide additional raw material security, but would also reduce the turnaround time to produce the downstream products, resulting in higher volumes at lower costs and ultimately boosting topline and improving margins. With this, CFS would fulfill its promise of Powering Growth and creating higher value for all its stakeholders.

Actual photograph of CFS' Diphenol plant at Dahej, India



Growing the Sustainable Way

As CFS continues on its transformational journey towards Powering Growth, it has done so by becoming a truly environmentally conscious and sustainable organization, that focuses on all aspects of the society, with a strong governance framework. The company continued to traverse through the challenging times during the Covid-19 pandemic, taking active steps towards business risk mitigation - ensuring safe, sustainable, and timely response across the operations.

The past year has taught us all to adapt to a new set of challenges - shortage of labour, logistics issues, and working under the restrictions imposed. CFS' primary focus during this time was towards ensuring the safety of its employees by providing medical aid, health infrastructure support, and basic amenities wherever required. The company took utmost care to ensure employee safety by enabling work from home and to ensure uninterrupted operations, and provided personalized transportation as well. CFS also donated INR 1 Mn to an oxygen-generation plant to pledge support for local communities during this time of need.

The company has carefully adopted operations, raw materials sourcing, product portfolio expansion and practices that are friendly from an environmental and social perspective. CFS is also proactively working towards sourcing clean energy from wind energy farms with a capacity of 1.25 MW. This renewable energy could replace up to 20% of the existing grid power supply.

CFS' business solutions address large societal challenges such as food waste prevention across all levels - consumer, retail, and production. There has been a rising demand for food derived from natural sources and by having minimalistic impact on the environment. This has supported the growth of the global nutraceuticals market. CFS remains focused on providing natural, clean, free-from, and sustainable health and nutrition solutions, and to do this, the company is in the process of acquiring AlagalR NutraPharms, an India-based manufacturer of nutritional lipids or omega-3 fatty acids that emphasizes on the fermentation process, which significantly reduces the burden on marine life.

CFS also has a strategic tie-up with Lockheed Martin, a US-based company which is working on innovative technologies to unlock the full potential of green energy of flow batteries to store renewable energy. CFS would be supplying the key raw material for this project and the company is immensely proud to be associated with Lockheed Martin on its path to developing sustainable products that will benefit the environment at large.

On the governance front too, CFS has ensured that the company has a diverse Board so that their different perspectives can lead to healthy and mindful decisions for the betterment of the company. The Board also has a fair share of Independent Directors, who guide the company constantly towards improving governance and transparency standards. The management has also been very proactive and forthcoming in their communication with shareholders on a regular basis to provide timely updates.



Sustainable
Omega-3 Acids



Renewable Energy
Storage



Wind Energy
Farm



Preventing
Food Waste



Donation To
O₂ Generation Plant

Camlin Fine Sciences

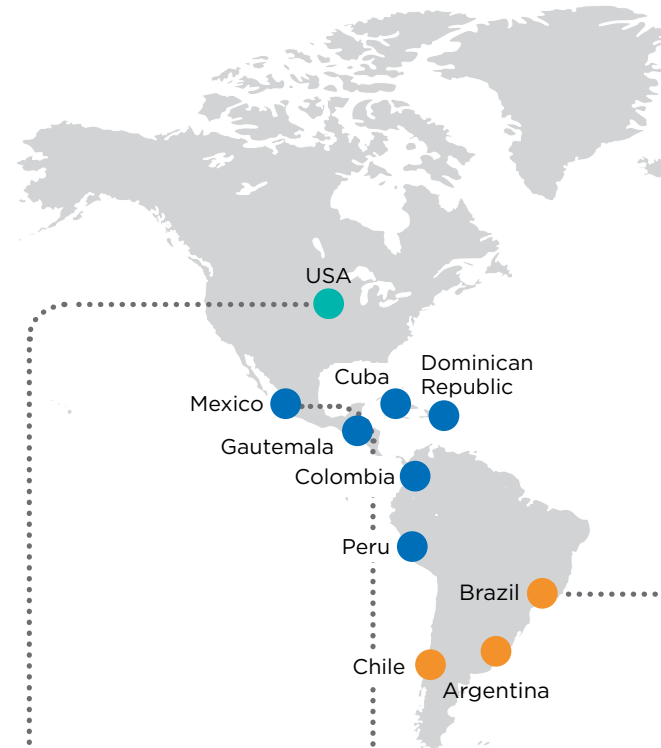
Camlin Fine Sciences Ltd. (CFS) has a 90 year old legacy, starting from manufacturing ink powders and tablets in 1931, to expanding into stationery products, to diversifying into research, development, manufacturing and marketing of specialty chemicals, ingredients and additive blends.

Over the last decade the company has grown organically and inorganically to establish itself into becoming one of the few fully integrated global manufacturers of specialty chemicals and their blends, that are widely used in everyday life across Foods, Animal Nutrition and Pet Food, Flavours & Fragrances, Pharmaceuticals, Agro Chemicals, Petro chemicals, Dyes and Pigments, Polymers and Bio Diesel, to name a few. It offers over 100 blend formulations and manufactures a variety of downstream products of Hydroquinone and Catechol.

CFS' manufacturing operations are spread across in India, Mexico, Brazil, Europe, and China from where it serves over 1,000 customers spread across more than 80 countries. It also has 2 R&D centers located in India and 5 dedicated application labs across the globe which carry out research, studies and testing of processes and applications. With a very large global market potential and high entry barriers there is significant potential for the company to increase its product portfolio as well as enter into new geographies.

The financial year 2021 was marked by few major milestones for CFS. In the early part of the financial year, marquee investors, Infinity Holdings and Infinity Direct Holdings agreed to invest INR 170 crore in the company for growth capital of future expansions and enhancement of the company's operations.

In late September 2020, the company also commissioned its much anticipated 10,000 MTPA greenfield plant in Dahej to manufacture Diphenols like Hydroquinone and Catechol which are the major raw materials for all of the company's downstream products. Lastly, the company also began work on setting up a 6,000 MTPA Ethyl Vanillin plant in Dahej to further bring down operating costs for the company and improve the profitability.



**CFS North America
LLC
USA**



Products Manufactured
Shelf Life Solutions

Capacity (in MT)
NA

Employee Strength
10+

Customers
15+

**CFS Dresen
(Dresen Quimica
SAPI de CV)
MEXICO**



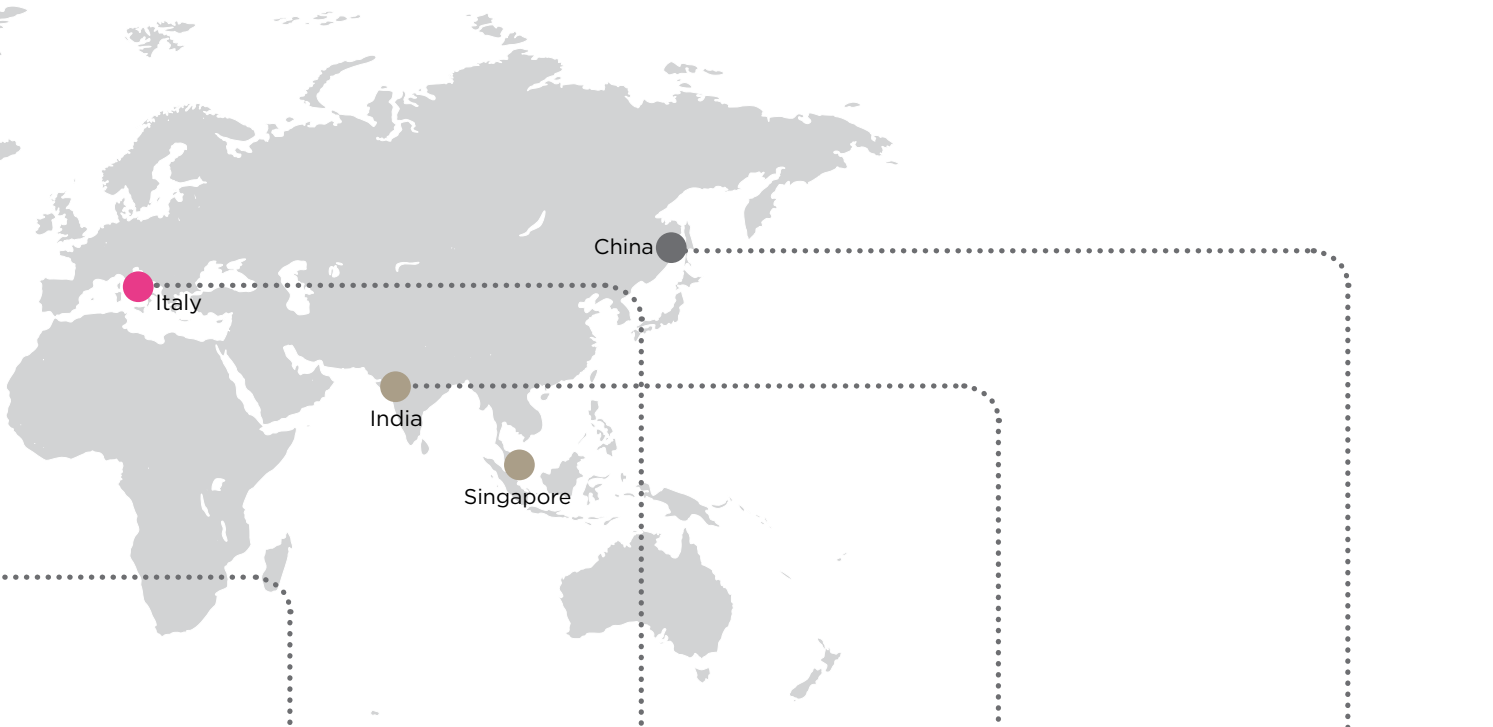
Products Manufactured
Shelf Life Solutions




Capacity (in MT)
12,000

Employee Strength
130+

Customers
400+

Global Reach



CFS do Brasil Ltda. BRAZIL	CFS Europe SpA ITALY	Camlin Fine Sciences Ltd. INDIA	CFS Wanglong Flavours (Ningbo), Co. Ltd. CHINA
			
<p>Products Manufactured Shelf Life Solutions</p>	<p>Products Manufactured Diphenols, Performance Chemicals & Shelf Life Solutions</p>	<p>Products Manufactured Diphenols, Shelf Life Solutions, Aroma Ingredients & Performance Chemicals</p>	<p>Product Manufactured Vanillin (Aroma Ingredients)</p>
<p>Capacity (in MT) 6,000</p>	<p>Capacity (in MT) 12,000</p>	<p>Capacity (in MT) 25,000</p>	<p>Capacity (in MT) 4,200</p>
<p>Employee Strength 30+</p>	<p>Employee Strength 50+</p>	<p>Employee Strength 400+</p>	<p>Employee Strength 75+</p>
<p>Customers 85+</p>	<p>Customers 15+</p>	<p>Customers 500+</p>	<p>Customers 15+</p>

Shelf Life Solutions

The shelf life of any food or feed can be impacted by spoilage. Spoilage is generally of two types - visible and most of the time, intrinsic. Lipid oxidation, microbial spoilage are some that can affect safety, protection, and organoleptic properties of food making it unfit for consumption by the time it reaches a consumer's plate. Today, food protection has become an increasing concern more than ever before. CFS delivers a comprehensive solution to drive food/feed safety and protection.

Oil and fats are common in most food items. When these come in contact with air, they oxidize which can ruin the quality of the food over time. Adding antioxidants to the food preserves it for a longer period of time without altering its colour, taste and quality. This segment comprises of antioxidants and its blends. It caters to the Human Food, Animal Food, Rendering, Aquaculture and Bio-fuels industries.

Tertiary butylhydroquinone (TBHQ) is one of the known antioxidants used in protecting oxidation of oils and fats, thus, prolonging shelf life. It finds application in pastas, noodles, frying oils, snack foods, condiments, sweets etc. Butyl Hydroxyanisole (BHA) is the preferred antioxidant for animals and fats. It is generally used in the synergistic combination with other antioxidants like BHT and propyl gallate. CFS holds a process patent for manufacturing BHA. It also offers Ascorbyl Palmitate, a fat soluble form of ascorbic acid, recognised universally as a safe ingredient for use in food, cosmetics, and many other application areas.

CFS also develops blends to provide customized solutions of antioxidant blends that are manufactured and marketed under the brand names 'Xtendra' and 'NaSure'. CFS ensures that the different blends of BHA, TBHQ, Ascorbyl Palmitate and/ or other traditional antioxidants

catering to a wide range of industries are developed with the objective of giving customers greater control over their product basket. NaSure, the brand of natural shelf life extension solution, uses plant-based antioxidants such as Rosemary extract, Green Tea extract and Mixed Tocopherols. They encourage high antioxidant activity and ensure that food stays fresher and longer.

Apart from these, CFS offers a range of antimicrobial agents such as bactericides, toxin binders, mold inhibitors, acidifiers etc. The company has also expanded its portfolio with nutritional additives such as energizers, enzymes, minerals, amino acids, silage inoculants to name a few.

CFS is one of the leading manufacturers of traditional antioxidants in the world. Leveraging on the company's technical capabilities, CFS has kept pace with the evolving consumer trends. The company offers an experienced team and an integrated manufacturing process to the advantage of customers.



Pet Food



Food and Beverages



Animal Nutrition



Rendering



Aquaculture



Bio-Fuels

Performance Chemicals



Performance Chemicals are speciality chemicals used for niche applications to enhance the properties of various products across industries like Pharmaceuticals, Petrochemicals, Agrochemicals, and Dyes & Pigments industries, among others.

With the acquisition of the Italy plant in 2011, the company was able to meet its captive requirement of key raw materials - Hydroquinone and Catechol (collectively referred to as Diphenols). Vertical integration enabled the company to supply a range of products to Europe, United States, Latin America, Asia and Far East.

CFS' Performance Chemicals division includes fine chemicals derived from Diphenols. Some of the products sold under this division are CME, PDMB (for dyes and pigments), TBC (used in petrochemicals), MEHQ (Petrochemicals, Polymers, Agrochemicals), HQEE (for polyurethanes), Guaiacol (in Pharmaceuticals, Flavour & Fragrance industries), etc.

The recent commercialization of another 10,000 MT Diphenol facility at Dahej, Gujarat, has doubled CFS' diphenol capacity and has enabled the Company to strengthen and expand its downstream production. The facility is built to produce Hydroquinone and Catechol at a much reduced cost compared to the cost of producing in Italy.



Petrochemicals



Pharmaceuticals



Agrochemicals



Dyes & Pigments



Polymers

Aroma Ingredients

Under the Aroma Ingredients segment, CFS is a leading manufacturer of Vanillin – a key product in the portfolio, which gives the Vanilla note in various FMCG products but also finds application in the Pharmaceutical and Animal Feed industry for manufacturing Active Pharmaceutical Ingredients (API) and to mask off-taste in feed as well as medicines.

Vanillin produced through Catechol-Guaiacol route is one of the most favoured routes of synthesis. With a progressive approach towards

product quality, CFS produces Vanillin using global standards of safety and quality. CFS manufactures Methyl Vanillin which is sold under the company's brand name Vanesse™; and Ethyl Vanillin, which is a 3x stronger note of Vanillin, sold under the brand name Evanil™. These products are used in chocolates, ice creams, bakery products, incense sticks, perfumes, soaps, personal care and cosmetic products. The demand for Vanillin has been consistently growing and the company continues to increase its presence in this segment and has a strong supporting order book as well.

The company is setting up a 6,000 MTPA greenfield Ethyl Vanillin plant at Dahej, Gujarat, which represents CFS' agility, capabilities and expertise to provide end-to-end manufacturing under one roof, providing quality, complete traceability, and reliability to live up to its commitments. The complete benefit of the facility will be realised from FY2023 onwards.



Fragrances



Food and Beverages



Animal Nutrition



Pharmaceuticals



Health & Wellness

CFS launched the Health & Wellness division in 2019 to cater to the rising awareness and growing demand of consuming natural products. This division offers nutraceutical products derived by Plant Extraction and Fermentation.

Today, consumers are focusing on ‘convenience food’ and are paying extra attention to healthy replacements. In this scenario, CFS believes it is the company’s responsibility to extract what is of most value from nature to provide sensory enhancement as well as adequate nutrition.

Almost all segments within the Food and Beverage industry have introduced a wide range of innovations, giving consumers products formulated with plant protein, healthier fats, creative flavor and colour combinations, and fewer synthetic ingredients. Also factors such as ageing population; growing levels of obesity, comorbidities have urged consumers to seek beyond nutritional requirements. There is a rising trend of “guilt-free” indulgence in segments such as bakery, snack foods, ice-creams allowing usage of “functional ingredients.” Functional ingredients (functional foods) on a broader level could be defined as foods that display health promoting properties over and above their nutritional value.

CFS has tie-ups with farmers who cultivate raw materials that help the Company offer complete traceability of ingredients, maintain sustainability and deliver products consistently. CFS offers products such as natural colours, functional ingredients, plant-based extracts in natural and organic form to the Food and Beverage industry, Pet Food and Dietary Supplement markets for humans, pet and livestock consumption. The company has approved to acquire a stake in AlgalR NutraPharms, an India-based manufacturer of omega-3 fatty acids. These acids have been associated with a number of health benefits. Omega-3 manufactured from microalgae is considered as 100% vegetarian, environmental-friendly, sustainably sourced compared to fish-based omega acids.



Pet Food



Nutraceuticals



Functional Foods



Dietary Supplement



Animal Nutrition



Board of Directors

Dilip Dandekar - Chairman

- Been with the Company since 2006 and has long and vast experience in Marketing, Administration and overall Management.

Ashish Dandekar - Managing Director

- Wide experience over 28 years in Pharmaceuticals and Fine Chemical Products including Business Planning, Information Systems, Research & Development, Product Development and Marketing.
- BA in Economics and Management studies from Temple University, USA.

Nirmal Momaya - Non-Executive Non-Independent Director

- CA with over 25 years of experience in Finance, Taxation, Audit and Management Consultancy.
- Professional with a focus on consulting for various businesses as well as advising CFS on important business and strategic matters since 2009.

Arjun Dukane - Executive Director - Technical

- Chemical Engineer with 34 years of experience in the Chemical Industry and has been associated with CFS for about 14 years.

Anagha Dandekar - Non-Executive Non-Independent Director

- President, Co-founder of Hardware Renaissance, a manufacturer of high-end, handcrafted door hardware and accessories.
- MBA in Finance from University of South Carolina, USA.

Harsha Raghavan - Non-Executive Non-Independent Director

- Managing Partner of Convergent Finance LLP. Harsha was previously the founding MD & CEO of Fairbridge Capital Private Limited (a Fairfax Company) from its inception in 2011 where he led all investment advisory activities in India. During his time, he sourced and advised on over USD 2.1 Bn worth of investments.
- In previous roles, Harsha advised on more than two dozen transactions totalling over USD 1.5 Bn in value.
- Holds an MBA and MSc degree in industrial engineering both from Stanford University and a Bachelor of Arts degree from the University of California at Berkeley, where he double majored in Computer Science and Economics.

Sarvjit Bedi - Non-Executive Non-Independent Director

- Partner of Convergent Finance LLP. Currently on the boards of Hindustan Foods Limited and Jyoti International Foods Private Limited.
- Holds a BA in Economics from Delhi University. Is also a Chartered Accountant and MBA from Johnson Graduate School of Business, Cornell University.

Atul Pradhan - Independent Director

- Senior business advisor with more than 25 years of experience in Management Consultancy industry.
- Holds Diploma in Electronics and Electrical Communication Engineering and MBA.

Nicola Paglietti - Independent Director

- Masters in Law and member of the Bar of New York and Rome and possesses over 20 years of professional experience in Contracts and Corporate law.

Amol Shah - Independent Director

- Currently the Managing Director of the MJ Group with more than 25 years of experience in the industry covering human healthcare, flavors/fragrances compounds, plant protection and water treatment chemicals.
- Bachelor of Science (Electronics Engineering) from University of Kent, Canterbury and MBA from University of Southern California.

Sutapa Banerjee - Independent Director

- Over 24 years of experience in the financial services industry and currently serves as an Independent Director on the boards of several companies.
- Gold medalist in Economics from the XLRI school of Management in India, and an Economics Honours graduate from Presidency College Kolkata.

Conrad D'souza - Independent Director

- Member of Executive Management and Chief Investor Relations Officer with HDFC Limited. Is on the boards of Chalet Hotels Limited and Nations Trust Bank plc, Sri Lanka.
- Holds a Master's Degree in Commerce and a Diploma in Financial Management from the University of Bombay and a Master's Degree in Business Administration from South Gujarat University. Also a graduate of the Senior Executive Programme of the London Business School.

Mahabaleshwar Palekar - Independent Director

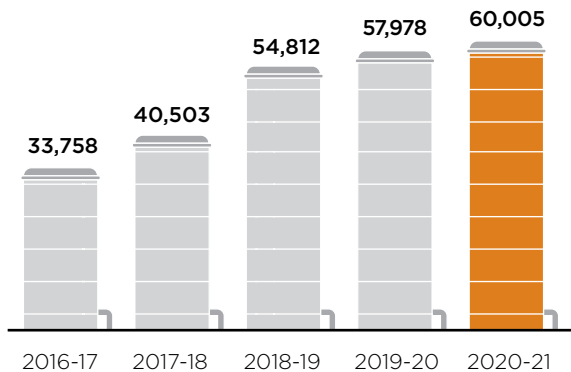
- 25+ years of experience with Corporates in India (Polychem & Atul) and multinationals (Unilever India and Rhodia India).
- Chemical Engineer with a doctorate degree from University Department of Chemical Technology (UDCT, now ICT), Mumbai, India.

Thomas Videbaek - Independent Director

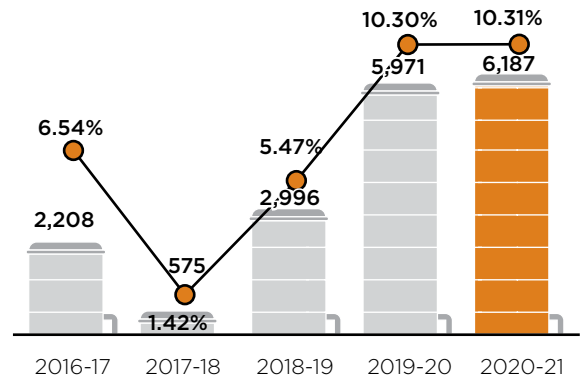
- Currently serves as member of the board of Evolva AG.
- Holds a Ph.D. and a M.Sc. in Chemical Engineering from the Technical University of Denmark, as well as a B.Com. in International Business from Copenhagen Business School.

Financial Highlights - Standalone

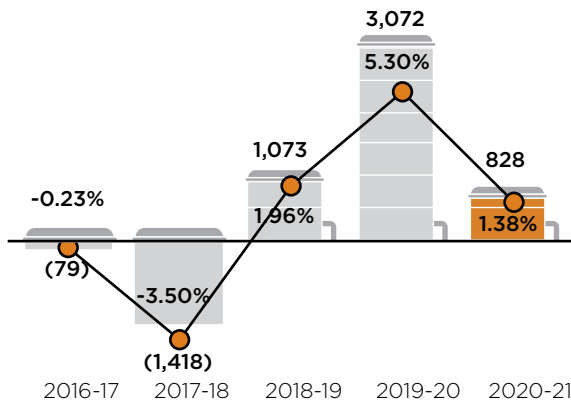
Operational Revenue (INR in Lakhs)



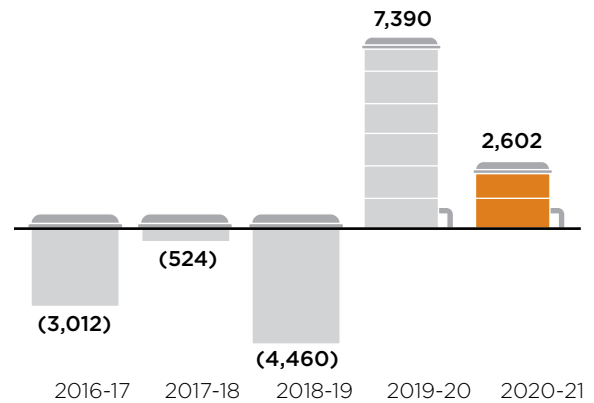
EBITDA (INR in Lakhs) & EBITDA Margin (%)



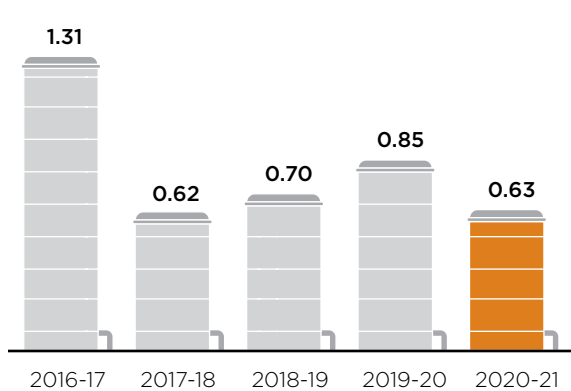
PAT (INR in Lakhs) & PAT Margin (%)



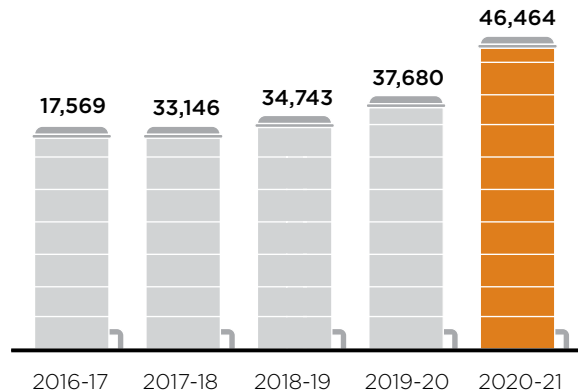
Cash from Operations (INR in Lakhs)



Net Debt to Equity

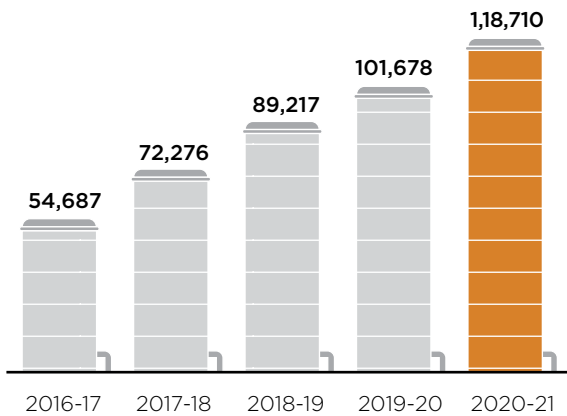


Net Worth (INR in Lakhs)

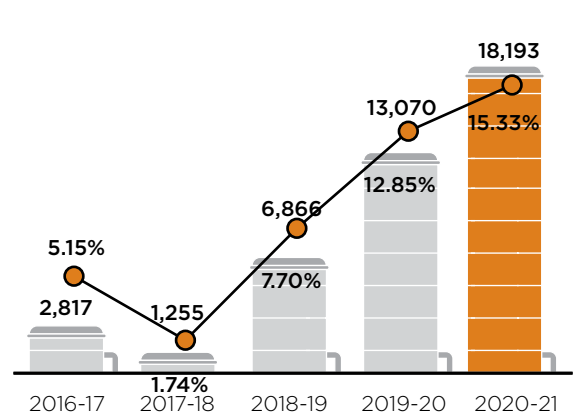


Financial Highlights - Consolidated

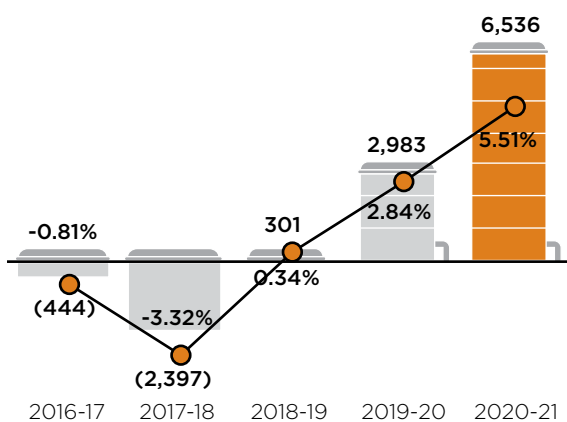
Operational Revenue (INR in Lakhs)



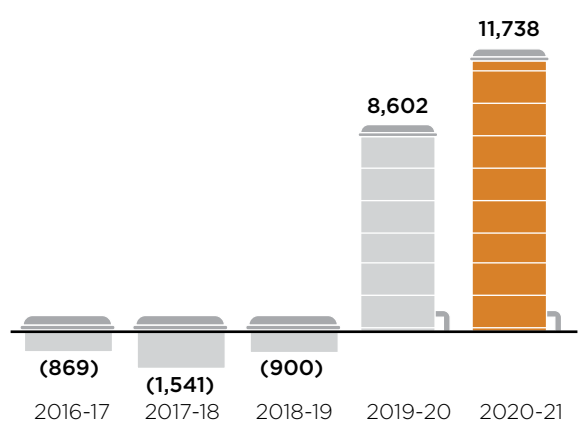
EBITDA (INR in Lakhs) & EBITDA Margin (%)



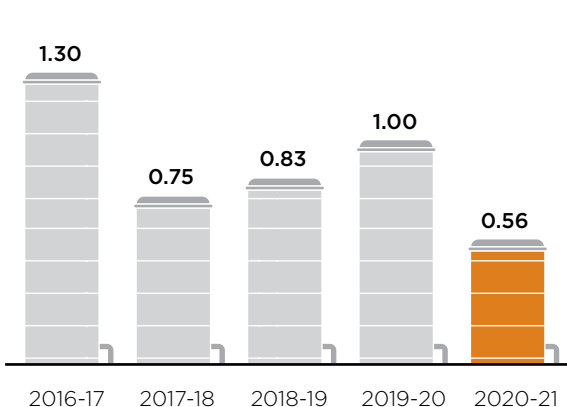
PAT (INR in Lakhs) & PAT Margin (%)



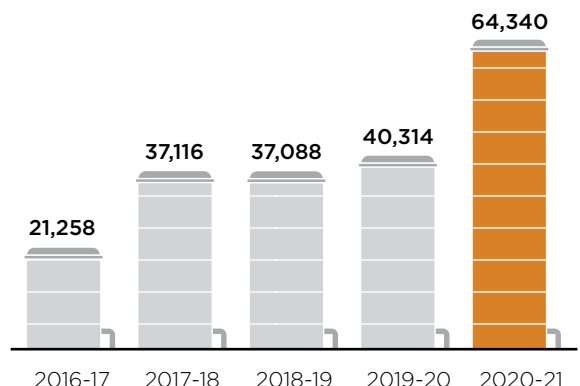
Cash from Operations (INR in Lakhs)



Net Debt to Equity



Net Worth (INR in Lakhs)
(excluding NCI)



FINANCIAL HIGHLIGHTS (STANDALONE)					
	2020-2021	2019-2020	2018-19	2017-18	2016-17
Revenue from operations	60,004.83	57,977.90	54,812.29	40,502.79	33,757.90
Earnings before Exceptional items, Interest, Tax, Depreciation and Amortisation (EBITDA)	6,187.27	5,971.28	2,996.02	575.03	2,207.58
Earnings before Exceptional items, Interest and Tax (EBIT)	4,258.97	4,843.07	2,087.20	(331.12)	1,048.61
Profit before Exceptional items and Tax	1,552.14	4,442.69	1,418.63	(1,806.91)	10.70
Profit Before Tax	1,501.82	4,128.62	1,418.63	(1,806.91)	10.70
Profit After Tax	828.12	3,072.13	1,072.82	(1,417.88)	(79.15)
Other Comprehensive Income	(37.97)	(29.14)	(30.12)	12.43	(10.19)
Total Comprehensive Income	790.15	3,042.99	1,042.70	(1,405.45)	(89.34)
ASSETS					
Net Fixed Assets	29,373.07	11,962.48	9,777.35	7,938.95	8,741.34
Capital Work in Progress	1,844.26	17,421.46	5,237.16	1,202.84	523.93
Investments (Non-Current)	7,356.42	7,402.24	6,571.95	4,000.71	3,224.54
Other Non-Current Assets	2,300.58	1,231.35	5,757.68	2,821.24	3,425.99
Investments (Current)	-	-	325.49	10,807.63	1,169.90
Other Current Assets	65,797.12	51,117.30	50,426.83	41,006.69	30,281.27
Total	106,671.45	89,134.83	78,096.46	67,778.06	47,366.97
EQUITY					
Equity Share Capital	1,274.98	1,212.54	1,212.54	1,212.30	1,037.10
Other Equity	45,188.57	36,467.78	33,530.10	31,933.54	16,531.74
Total	46,463.55	37,680.32	34,742.64	33,145.84	17,568.84
LIABILITIES					
Borrowings (Non-Current)	16,273.39	11,296.43	11,110.46	1,449.86	1,105.25
Other Non-Current Liabilities	1,360.82	1,099.72	375.10	367.46	599.65
Borrowings (Current)	20,074.04	21,841.64	19,900.13	20,029.44	22,275.60
Other Current Liabilities	22,499.65	17,216.72	11,968.13	12,785.46	5,817.63
Total	60,207.90	51,454.51	43,353.82	34,632.22	29,798.13
Networth	46,463.55	37,680.32	34,742.64	33,145.84	17,568.84
Face Value per Share	1.00	1.00	1.00	1.00	1.00
Basic Earnings Per Share	0.67	2.53	0.88	(1.67)	(0.23)
Diluted Earnings Per Share	0.60	2.53	0.88	(1.63)	(0.23)
Book Value Per Share	36.44	31.08	28.65	27.34	16.94
Market Price Per Share	140.45	39.00	49.75	101.25	89.50
Shareholders (Numbers)	39,382	42,469	36,656	32,672	29,216

FINANCIAL HIGHLIGHTS (CONSOLIDATED)					
	2020-2021	2019-2020	2018-19	2017-18	2016-17
Revenue from operations	118,710.31	101,678.32	89,216.67	72,276.17	54,686.90
Earnings before Exceptional items, Interest, Tax, Depreciation and Amortisation (EBITDA)	18,193.34	13,070.47	6,866.48	1,255.21	2,817.26
Earnings before Exceptional items, Interest and Tax (EBIT)	13,763.92	9,790.24	3,967.16	(1,410.21)	636.97
Profit before Exceptional items and Tax	10,509.57	5,820.17	1,669.28	(3,072.63)	(603.41)
Profit Before Tax	10,509.63	5,820.08	1,669.28	(3,072.63)	(601.70)
Profit After Tax	6,535.80	2,983.08	300.58	(2,397.22)	(443.92)
Other Comprehensive Income	11,350.04	130.19	53.33	1,236.51	(544.91)
Total Comprehensive Income	17,885.84	3,113.27	353.91	(1,160.71)	(988.83)
ASSETS					
Net Fixed Assets	58,366.54	30,852.50	27,411.34	27,886.22	20,088.39
Capital Work in Progress	2,367.71	17,604.06	5,733.22	1,285.28	762.35
Investments (Non-Current)	735.88	735.82	727.61	733.49	716.33
Other Non-Current Assets	7,220.82	6,718.39	7,559.48	5,189.96	3,745.35
Investments (Current)	-	-	-	10,807.63	1,169.90
Other Current Assets	79,469.49	67,495.58	67,247.64	55,747.24	40,769.63
Total	148,160.44	123,406.35	108,679.29	101,649.82	67,251.95
EQUITY					
Equity Share Capital	1,274.98	1,212.54	1,212.54	1,212.30	1,037.10
Other Equity	63,065.10	39,101.14	35,875.57	35,903.97	20,221.14
Total	64,340.08	40,313.68	37,088.11	37,116.27	21,258.24
Non-Controlling Interests	6,974.95	5,696.84	5,939.91	6,221.73	1,761.48
LIABILITIES					
Borrowings (Non-Current)	27,324.97	21,151.27	19,363.44	11,024.49	5,131.61
Other Non-Current Liabilities	1,757.17	1,461.41	248.72	196.40	528.84
Borrowings (Current)	21,690.49	27,807.11	24,433.51	24,678.60	26,989.57
Other Current Liabilities	26,072.78	26,976.04	21,605.60	22,412.33	11,582.21
Total	76,845.41	77,395.83	65,651.27	58,311.82	44,232.23
Networth	64,340.08	40,313.68	37,088.11	37,116.27	21,258.24
Face Value per Share	1.00	1.00	1.00	1.00	1.00
Basic Earnings Per Share	4.13	2.50	0.05	(3.07)	(1.26)
Diluted Earnings Per Share	3.68	2.50	0.05	(3.01)	(1.25)
Book Value Per Share	50.46	33.25	30.59	30.62	20.50
Market Price Per Share (NSE)	140.45	39.00	49.75	101.25	89.50
Shareholders (Numbers)	39,382	42,469	36,656	32,672	29,216

An aerial view of the plant area of CFS' Dahej facility





Managing Director's Message

Dear Fellow Shareholders,

The past year has been an incredibly challenging one for all human beings. The COVID-19 pandemic has led to a dramatic loss of human life worldwide and presents an unprecedented challenge to public health, food systems and the world of work. The economic and social disruption caused by the pandemic is devastating. It heightened human suffering, undermined the economy and turned the lives of billions of people around the globe upside down. The Covid-19 emergency in India was a humanitarian crisis of monumental proportions having negative repercussions for global economic growth, and supply chains for a wide variety of products, including vaccines.

Amidst all the challenges like lockdowns, logistical issues, surging raw material prices, your company was steadfast, delivering a 13% growth in Consolidated Revenues compared to the previous year, while more than doubling the profits to INR 65 Crores. We also significantly improved across many other financial parameters compared to the previous year, including EBITDA and Gross Margins, Return Ratios, Debt to Equity Ratio amongst others.

Even though the economy practically shut down and most production activities came to a standstill, essential industries could continue operations. At CFS, our businesses manufacture products that have application in food, feed and other essential commodities, hence our manufacturing was also classified as essential services. During this time, we took all the necessary precautions to ensure the safety and wellbeing of our employees first, and thanks to their resilient hard work, your company was able to meet the needs of markets across the world.

One of the other major milestones for the company was when Infinity Holdings decided to join us in our growth journey by investing INR 170 Crores in the early part of the year. This will be utilized as growth capital for future expansion and enhancement of the company's operations.

“ *Most importantly, our biggest milestone by far was surpassing all the challenges faced to ensure the successful commissioning of our path breaking Dahej diphenol facility - the moment we have all been waiting for a long time. As you know, this project is of immense importance to unlock the growth potential of your company.* ”

This challenging task of commissioning the Dahej plant was accomplished thanks to the relentless efforts of our management team and execution by our work force, who pushed their boundaries to a different paradigm to make the plant operational as early as possible amidst the lockdown and other restrictions faced due to the pandemic. Soon, we will also have the Ethyl Vanillin facility set up at Dahej. This will double the capacity and further strengthen our position in the market to serve our customers more efficiently.



Having successfully implemented forward and backward integration plans, we now continue to focus on leveraging the strong market position that we have very successfully managed to create with innovative and insightful solutions for our customers. And finally inducting my long supporting colleague, Nirmal Momaya on board as a Co-Managing Director, who has been the strategic visionary of the transformation of CFS over the last many years, there is no doubt in my mind that your company will continue to grow by leaps and bounds in coming years as well. I thank you all for being a part of this growth journey of ours and for having your faith and confidence in your company.

Sincerely,
Ashish Dandekar

NOTICE

NOTICE is hereby given that the 28th Annual General Meeting of the members of Camlin Fine Sciences Limited, will be held on Tuesday, July 20, 2021 at 11:00 a.m. IST through Video Conferencing (“VC”) / Other Audio Visual Means (“OAVM”), to transact the following businesses:

ORDINARY BUSINESS:

1. To consider and adopt the audited financial statements (including the consolidated financial statements) of the Company for the financial year ended March 31, 2021 and the reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Anagha Dandekar (DIN: 07897205), who retires by rotation and being eligible, offers herself for re-appointment.
3. To appoint a Director in place of Nirmal V. Momaya (DIN: 01641934) who retires by rotation and being eligible, offers himself for re-appointment.

SPECIAL BUSINESS:

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

“RESOLVED THAT pursuant to the provisions of Sections 149, 150 and 152 and other applicable provisions, if any, of the Companies Act, 2013, and the Rules made thereunder, Harsha Raghavan (DIN: 01761512), who was appointed as an Additional Non-Executive Director of the Company with effect from August 10, 2020 under Section 161 of the Companies Act, 2013, be and is hereby appointed as a Non-Executive Director of the Company to hold office for a term of five consecutive years commencing from August 10, 2020.”

5. 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 and 152 and other applicable provisions, if any, of the Companies Act, 2013, Sarvjit Singh Bedi (DIN: 07710419), who was appointed as an Additional Non-Executive Director of the Company with effect from September 29, 2020 under Section 161 of the Companies Act, 2013, be and is hereby appointed as a Non-Executive Director of the Company to hold office for a term of five consecutive years commencing from September 29, 2020.”

6. 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 and 152 and other applicable provisions, if any, of

the Companies Act, 2013, and the Rules made thereunder Conrad D’Souza (DIN: 00010576), who was appointed as an Additional Independent Director of the Company with effect from September 29, 2020 under Section 161 of the Companies Act, 2013, be and is hereby appointed as an Independent Director of the Company to hold office for a term of five consecutive years commencing from September 29, 2020.”

7. 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 and 152 and other applicable provisions, if any, of the Companies Act, 2013, and the Rules made thereunder, Mahabaleshwar G. Palekar (DIN: 02455892), who was appointed as an Additional Independent Director of the Company with effect from December 24, 2020 under Section 161 of the Companies Act, 2013, be and is hereby appointed as an Independent Director of the Company to hold office for a term of five consecutive years commencing from December 24, 2020.”

8. 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 and 152 and other applicable provisions, if any, of the Companies Act, 2013, and the Rules made thereunder, Thomas Videbaek (DIN: 09110625), who was appointed as an Additional Independent Director of the Company with effect from March 31, 2021 under Section 161 of the Companies Act, 2013, be and is hereby appointed as an Independent Director of the Company to hold office for a term of five consecutive years commencing from March 31, 2021.”

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

“RESOLVED THAT pursuant to Section 148 and other applicable provisions, if any, of the Companies Act, 2013 (“Act”) and the Companies (Audit and Auditors) Rules, 2014, as amended from time to time, the members hereby ratify the remuneration of INR 1,25,000/- plus applicable taxes and out of pocket expenses payable to M/s. ABK & Associates, Cost Accountants who are appointed by the Board of Directors as Cost Auditors of the Company to conduct cost audit of the Company for the financial year ending on March 31, 2022;

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

10. To consider and if thought fit, to pass the following resolution as a Special Resolution:

“RESOLVED THAT pursuant to the provisions of Section 196, 197 and other applicable provisions of the Companies Act, 2013 (“Act”) and the rules made there under, as amended from time to time, read with Schedule V to the Act, and Articles of Association of the Company and upon the recommendation of the Nomination and Remuneration Committee, approval of the members be and is hereby accorded to re-appoint Arjun S. Dukane [DIN: 06820240] as Executive Director - Technical of the Company for a further period of three (3) years with effect from June 1, 2021 on a remuneration, as detailed in the Explanatory Statement annexed herewith;

RESOLVED FURTHER THAT the terms of remuneration as set out in the Explanatory Statement of this resolution shall be deemed to form part hereof and in the event of any inadequacy or absence of profits in any financial year(s), the aforementioned remuneration approved herein be continued to be paid as minimum remuneration to Arjun S. Dukane for his entire term subject to such other approvals as may be necessary;

RESOLVED FURTHER THAT the Board of Directors of the Company (including any Committee of Directors) be and is hereby authorised to do all such acts, deeds and things and execute all such documents, instruments and writings as may be required and to delegate all or any of its powers to any Committee of Directors to give effect to the aforesaid Resolution.”

11. To consider and if thought fit, to pass the following resolution as a Special Resolution:

“RESOLVED THAT pursuant to the provisions of Section 196, 197, 203 and other applicable provisions of the Companies Act, 2013 (“Act”) and the rules made there under, as amended from time to time, read with Schedule V to the Act, and Articles of Association of the Company and upon the recommendation of the Nomination and Remuneration Committee, approval of the members be and is hereby accorded to appoint Nirmal V. Momaya [DIN: 01641934] as Managing Director of the Company, not liable to retire by rotation, for a period of three (3) years with effect from June 1, 2021 on a remuneration, as detailed in the Explanatory Statement annexed herewith;

RESOLVED FURTHER THAT the terms of remuneration as set out in the Explanatory Statement of this resolution shall be deemed to form part hereof and in the event of any inadequacy or absence of profits in any financial year(s), the aforementioned remuneration approved herein be continued to be paid as minimum remuneration

to Nirmal V. Momaya for his entire term subject to such other approvals as may be necessary;

RESOLVED FURTHER THAT the Board of Directors of the Company (including any Committee of Directors) be and is hereby authorised to do all such acts, deeds and things and execute all such documents, instruments and writings as may be required and to delegate all or any of its powers to any Committee of Directors to give effect to the aforesaid Resolution.”

12. To consider and if thought fit, to pass the following resolution as a Special Resolution:

“RESOLVED THAT pursuant to the provisions of Section 197 and other applicable provisions of the Companies Act, 2013 (“Act”) and the rules made there under, as amended from time to time, read with Schedule V to the Act, and upon the recommendation of the Nomination and Remuneration Committee, consent of the members be and is hereby accorded for payment of excess remuneration of INR 16.13 Lakh to Ashish S. Dandekar - Managing Director [DIN: 01077379] for the financial year 2020-21;

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board of Directors or Nomination and Remuneration Committee be and is hereby authorized to finalize, settle and execute such document(s) / deed(s) / writing(s) / paper(s) / agreement(s) as may be required, to settle any question, difficulty or doubt that may arise in respect of the aforesaid payment of remuneration, to delegate all or any of the above powers to any Committee of the Board of Directors or any Director(s) / Official(s) of the Company and generally to do all acts, deeds, matters and things that may be deemed necessary, proper, expedient or incidental, in its absolute discretion for the purpose of giving effect to this resolution.”

13. To consider and if thought fit, to pass the following resolution as a Special Resolution:

“RESOLVED THAT pursuant to the provisions of Section 196, 197, 203 and other applicable provisions of the Companies Act, 2013 (“Act”) and the rules made there under, as amended from time to time, read with Schedule V to the Act, and Articles of Association of the Company and upon the recommendation of the Nomination and Remuneration Committee, consent of the members be and is hereby accorded to appoint Ashish S. Dandekar [DIN: 01077379] as Chairman & Managing Director of the Company not liable to retire by rotation, for period of three (3) years with effect from August 1, 2021 on a remuneration, as detailed in the Explanatory Statement annexed herewith;

RESOLVED FURTHER THAT the terms of remuneration as set out in the Explanatory Statement of this resolution shall be deemed to form part hereof and in the event of any inadequacy or absence of profits in any financial year(s), the aforementioned remuneration approved herein be continued to be paid as minimum remuneration to Ashish S. Dandekar for his entire term subject to such other approvals as may be necessary;

RESOLVED FURTHER THAT the Board of Directors of the Company (including any Committee of Directors) be and is hereby authorised to do all such acts, deeds and things and execute all such documents, instruments and writings as may be required and to delegate all or any of its powers herein conferred to any Committee of Directors to give effect to the aforesaid Resolution."

14. To consider and if thought fit, to pass the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Section 196, 197 and any other applicable provisions of the Companies Act, 2013 ("Act") and the rules made there under, as amended from time to time, read with Schedule V to the Act, and Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and upon the recommendation of the Nomination and Remuneration Committee, consent of the members be and is hereby accorded for ratification of remuneration of INR 32.40 Lakh paid to Dilip D. Dandekar, Chairman & Non-Executive Director [DIN: 00846901] for the financial year 2020-21."

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board of Directors or Nomination and Remuneration Committee be and is hereby authorized to finalize, settle and execute such document(s) / deed(s) / writing(s) / paper(s) / agreement(s) as may be required, to settle any question, difficulty or doubt that may arise in respect of the aforesaid payment of remuneration, to delegate all or any of the above powers to any Committee of the Board of Directors or any Director(s) / Official(s) of the Company and generally to do all acts, deeds, matters and things that may be deemed necessary, proper, expedient or incidental, in its absolute discretion for the purpose of giving effect to this resolution."

15. To consider and, if thought fit, to pass the following resolution as a Special Resolution:

"RESOLVED THAT in accordance with the provisions contained in the Memorandum and Articles of Association and pursuant to the provisions of Section 62, and all other applicable provisions, if any, of the Companies Act, 2013 (the 'Act') and the rules made thereunder and the

provisions contained in the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 ("the Regulations") and such other applicable laws (including any statutory modification(s) or re-enactment of the Act or the Regulations, for the time being in force), the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations'), as amended, the Foreign Exchange Management Act, 1999, as amended and other applicable regulations, rules and circulars / guidelines in force, from time to time and subject to such other approvals, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions which may be agreed by the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall deem to include any committees thereof, including the Nomination and Remuneration Committee to exercise its powers, including the powers conferred by this resolution), consent of the Members of the Company be and is hereby accorded to the Board to offer, issue, and allot 45,00,000 (Forty Five Lakh) options exercisable into equivalent number of Equity Shares of face value of INR 1/- each fully paid up, under Camlin Fine Sciences Employee Stock Option Plan 2021 ('the Plan' or 'the Scheme' or 'CFS ESOP 2021') to or to the benefit of such person(s) who are permanent employees of the Company, whether working in India or outside India, and / or to the directors of the Company, whether whole-time or not but excluding independent director(s) and to such other persons as may be decided by the Board and / or permitted under Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (hereinafter referred to as 'Eligible Employees') but does not include an employee who is a promoter or a person belonging to the promoter group or a director who either himself or through his relative or through any body corporate, directly or indirectly, holds more than 10% of the outstanding equity shares of the Company, on such terms and conditions as may be fixed or determined by the Nomination and Remuneration Committee in accordance with the provisions of the law or Regulations issued by the relevant authority.

RESOLVED FURTHER THAT the Board or the Nomination and Remuneration Committee be and is hereby authorized to issue and allot equity shares upon exercise of Options from time to time in accordance with the Scheme and such equity shares shall rank pari passu in all respects with the then existing equity shares of the Company.

RESOLVED FURTHER THAT the Board be and is hereby authorized to take necessary steps for listing of the Securities allotted under the Plan on the Stock Exchanges as per the provisions of the Listing Regulations and other applicable laws and regulations.

RESOLVED FURTHER THAT the Board be and is hereby authorized to make any modification(s), change(s), variation(s), alteration(s) or revision(s) in the terms and conditions of the Plan from time to time including, but not limited to, amendment(s) with respect to vesting period and schedule, exercise price, exercise period, eligibility criteria or to suspend, withdraw, terminate or revise the Plan, in compliance with applicable regulations and to do all such acts, deeds, matters and things as it may in its absolute discretion deem fit or necessary or desirable for such purpose and with power on behalf of the Company to settle any questions, difficulties or doubts that may arise in this regard without requiring the Board to secure any further consent or approval of the Members of the Company.

RESOLVED FURTHER THAT subject to applicable provisions of the Act and other applicable laws, the Board be and is hereby authorized to delegate all or any powers conferred herein, to any Committee of Directors or Chairman or Managing Director of the Company with a power to further delegate to any executives or officer of the Company to do all such acts, deeds, matters and things as also to execute such documents, writings etc. as may be necessary in this regard.”

16. To consider and, if thought fit, to pass the following resolution as a Special Resolution:

“RESOLVED THAT in accordance with the provisions contained in the Memorandum and Articles of Association and pursuant to the provisions of Section 62, and all other applicable provisions, if any, of the Companies Act, 2013 (the ‘Act’) and the rules made thereunder and the provisions contained in the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (“the Regulations”) and such other applicable laws (including any statutory modification(s) or re-enactment of the Act or the Regulations, for the time being in force), the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (‘Listing Regulations’), as amended, the Foreign Exchange Management Act, 1999, as amended and other applicable regulations, rules and circulars /guidelines in force, from time to time and subject to such other approvals, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions which may be agreed by the Board of Directors of the Company (hereinafter referred to as “the Board” which term shall be deemed to include any committees thereof, including the Nomination and Remuneration Committee to exercise its powers, including the powers conferred by this resolution), consent of the Members of the Company be and is

hereby accorded to the Board to extend the benefits of the ‘Camlin Fine Sciences Employee Stock Option Plan 2021 referred in Item No. 15 of this notice to the benefit of the permanent employee(s) and directors of any existing and future subsidiary company(ies) of the Company whether in or outside India, as may be permissible under the Regulations from time to time, subject to the overall limits specified under the Plan.

RESOLVED FURTHER THAT the Board or the Nomination and Remuneration Committee be and is hereby authorized to issue and allot equity shares upon exercise of Options from time to time in accordance with the Scheme and such equity shares shall rank pari passu in all respects with the then existing equity shares of the Company.

RESOLVED FURTHER THAT the Board be and is hereby authorized to take necessary steps for listing of the Securities allotted under the Plan on the Stock Exchanges as per the provisions of the Listing Regulations and other applicable laws and regulations.

RESOLVED FURTHER THAT the Board be and is hereby authorized to make any modification(s), change(s), variation(s), alteration(s) or revision(s) in the terms and conditions of the Plan from time to time including, but not limited to, amendment(s) with respect to vesting period and schedule, exercise price, exercise period, eligibility criteria or to suspend, withdraw, terminate or revise the Plan, in compliance with applicable regulations and to do all such acts, deeds, matters and things as it may in its absolute discretion deem fit or necessary or desirable for such purpose and with power on behalf of the Company to settle any questions, difficulties or doubts that may arise in this regard without requiring the Board to secure any further consent or approval of the Members of the Company.

RESOLVED FURTHER THAT subject to applicable provisions of the Act and other applicable laws, the Board be and is hereby authorized to delegate all or any powers conferred herein, to any Committee of Directors or Chairman or Managing Director of the Company with a power to further delegate to any executives or officer of the Company to do all such acts, deeds, matters and things as also to execute such documents, writings etc. as may be necessary in this regard”

17. To consider and, if thought fit, to pass the following resolution as a Special Resolution:

“RESOLVED THAT pursuant to the applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory amendment(s) or modification(s) or re-enactment(s) thereof, for the time

being in force), the Memorandum of Association and Articles of Association of the Company, Regulation 6(3) of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (including any statutory amendment(s) or modification(s) or re-enactment(s) thereof, for the time being in force) (hereinafter referred to as "SEBI SBEB Regulations") and subject to such other approvals, permissions, consents and sanctions as may be necessary and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions, consents and sanctions, which may be accepted by the Board of Directors of the Company (hereinafter referred to as the "Board" which term shall be deemed to include any Committee, including the Nomination and Remuneration Committee, which the Board has constituted to exercise its powers, including the powers conferred by this resolution), approval of the members of the Company be and is hereby accorded for creation, offer and grant of employee stock options ("ESOPs") and offer, issue and allotment of fully paid-up equity shares of the Company of face value of INR 1 (Rupee One Only) each, pursuant to the conversion of the ESOPs, equal to or more than 1% of the issued, subscribed and paid-up capital of the Company (excluding outstanding warrants and conversions) at the time of grant of ESOPs, during any one year, to the eligible employees and any Director, whether whole time or otherwise of the Company and its subsidiaries (other than promoters of the Company, Independent Directors and Directors holding directly or indirectly more than 10% of the outstanding equity shares of the Company) in accordance with the provisions of the SEBI SBEB Regulations and the terms of "CFSL Employee Stock Option Plan 2021";

RESOLVED FURTHER THAT for the purpose of giving effect to the aforesaid resolutions, the Board be and is hereby authorized on behalf of the Company to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary, expedient or desirable for such purpose, on behalf of the Company including to decide the number of options to be granted to each of eligible employees and/or Directors of the Company and to settle all questions, difficulties or doubts that may arise in this regard, as it may, in its absolute discretion deem fit, without being required to seek any further consent or approval of the members of the Company."

By Order of the Board
Mandar Godbole
Company Secretary &
General Manager - Legal

Place : Mumbai
Dated : June 17, 2021

Notes:

1. In view of the continuing outbreak of the COVID-19 pandemic, social distancing is a norm to be followed and pursuant to the Circular No. 14/2020 dated April 08, 2020, Circular No.17/2020 dated April 13, 2020 issued by the Ministry of Corporate Affairs ("MCA") followed by Circular No. 20/2020 dated May 05, 2020 and Circular No. 02/2021 dated January 13, 2021 and all other relevant circulars issued from time to time, physical attendance of the Members to the AGM venue is not required and general meeting can be held through video conferencing (VC) or other audio visual means (OAVM). Hence, Members can attend and participate in the ensuing AGM through VC/OAVM.
2. Pursuant to the Circular No.14/2020 dated April 08, 2020, issued by the Ministry of Corporate Affairs, the facility to appoint proxy to attend and cast vote for the members is not available for this AGM. However, the Body Corporates are entitled to appoint authorised representatives to attend the AGM through VC/OAVM and participate there at and cast their votes through e-voting.
3. The deemed venue for the 28th e-Annual General Meeting ("e-AGM") shall be the registered office of the Company.
4. Pursuant to the provisions of the Act, a member entitled to attend and vote at the e-AGM is entitled to appoint a proxy to attend and vote on his/her behalf and the proxy need not be a member of the Company. Since this e-AGM is being held pursuant to the MCA Circulars through VC/OAVM facility, physical attendance of members has been dispensed with. Accordingly, the facility for appointment of proxies by the members will not be available for the e-AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice.
5. Statement pursuant to section 102 of the Companies Act, 2013 ("Act") forms part of this Notice.
6. Brief details of the directors, who are seeking appointment/re-appointment, are annexed hereto as per requirements of regulation 36(3) of the Listing Regulations and as per provisions of the Act.
7. The facility of joining the e-AGM through VC/OAVM will be opened 15 minutes before and will be open upto 15 minutes after the scheduled start time of the e-AGM, i.e. from 10:45 a.m. to 11.15 a.m.
8. Institutional Investors, who are members of the Company are encouraged to attend and vote at the 28th e-AGM of the Company.

9. SEBI has mandated the submission of Permanent Account Number (PAN) by every person dealing in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their depository participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company or Link Intime.
10. In terms of section 101 and 136 of the Act, read together with the Rules made thereunder, the listed companies may send the notice of Annual General Meeting and the Annual Report, including Financial Statements, Board Report etc. by electronic mode. Pursuant to the said provisions of the Act read with MCA Circulars, Notice of the AGM along with the Annual Report 2020-21 is being sent only through electronic mode to those members whose e-mail addresses are registered with the Company/Depositories. Members may note that the Notice and Annual Report 2020-21 will also be available on the Company's website at www.camlinfs.com, website of the Stock Exchanges i.e. BSE Ltd. at www.bseindia.com and National Stock Exchange of India Ltd. at www.nseindia.com and on the website of Link Intime at www.linkintime.co.in.
11. To receive members communications through electronic means, including Annual Reports and Notices, members are requested to kindly register/update their e-mail address with their respective depository participant, where shares are held in electronic form. Where shares are held in physical form, members are advised to register their e-mail address with Link Intime.

Further, those members who have not registered their e-mail addresses and mobile nos. and in consequence could not be served the Annual Report and Notice of 28th e-AGM, may temporarily get themselves registered with Link Intime. Members are requested to support our commitment to environmental protection by choosing to receive the Company's communication through e-mail going forward.
12. With a view to helping us serve the members better, members who hold shares in identical names and in the same order of names in more than one folio are requested to write to the Company to consolidate their holdings in one folio.
13. SEBI has mandated that the transfer of securities (except transmission or transposition of shares) shall not be processed, unless the securities are held in the dematerialized form. To comply with the above mandate, members who still hold share certificates in physical form are advised to dematerialise their shareholding to also avail of numerous benefits of dematerialisation, which include easy liquidity, ease of trading and transfer, savings in stamp duty and elimination of any possibility of loss of documents and bad deliveries.
14. In case of joint holders, the member whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote at the 28th e-AGM.
15. For ease of conduct, members who would like to ask questions/express their views on the items of the businesses to be transacted at the meeting can send in their questions/comments atleast 7 days before the 28th e-AGM to the Company at secretarial@camlinfs.com mentioning their name, demat account no./Folio no., e-mail Id, mobile number etc. The queries may be raised precisely and in brief to enable the Company to answer the same suitably depending on the availability of time at the meeting.
16. Pursuant to section 72 of the Act, members holding shares in physical form are advised to file nomination in the prescribed Form SH-13 with the Company's share transfer agent. In respect of shares held in electronic/demat form, the members may please contact their respective depository participant.
17. In terms of section 124(5) of the Act, dividend amount for the year ended March 31, 2014 remaining unclaimed for a period of 7 years shall become due for transfer in August 2021 to the Investor Education and Protection Fund (IEPF) established by the Central Government. Further, in terms of section 124(6) of the Act, in case of such members whose dividends are unpaid for a continuous period of 7 years, the corresponding shares shall be transferred to the IEPF demat account. Members who have not claimed dividends in respect of the financial years from 2013-14 onwards are requested to approach the Company/ Link Intime India Private Limited, Registrar and Share Transfer Agent for claiming the same as early as possible, to avoid transfer of the relevant shares to the IEPF demat account.
18. For more details on shareholders' matters, please refer to the chapter on General Shareholder Information, included in the Annual Report.
19. Since the meeting will be conducted through VC/ OAVM facility, the Route Map is not annexed to this Notice.
20. In case a person has become a member of the Company after dispatch of AGM Notice, but on or before the cut-off date for e-voting, i.e., Tuesday, July 13, 2021, such person may obtain the User ID and Password from Link Intime. Alternatively, member may send signed copy of the request letter providing the e-mail address, mobile number, self-attested PAN copy along with client master

copy (in case of electronic folio)/copy of share certificate (in case of physical folio) via e-mail to Link Intime for obtaining the Annual Report and Notice of e-AGM.

21. The Board of Directors has appointed JHR & Associates, Practicing Company Secretaries as the Scrutinizer for the e-voting process and voting at the 28th e-AGM in a fair and transparent manner.
22. The Chairman shall formally propose to the members participating through VC/OAVM facility to vote on the resolutions as set out in the Notice of the 28th e-AGM and announce the start for casting of vote through the e-voting system of NSDL.
23. The Scrutinizer shall, immediately after the conclusion of voting at the 28th e-AGM, first count the votes cast at the meeting, thereafter unblock the votes through e-voting in the presence of at least two witnesses, not in the employment of the Company and make a consolidated report of the total votes cast in favour or against, if any, and submit the same to the Chairman of the Company, who shall countersign the same.
24. The results declared along with the Scrutinizers Report shall be placed at the Company's website www.camlinfs.com immediately after the results are declared by the Company and simultaneously communicated to the stock exchanges.
25. The attendance of the Members attending the 28th e-AGM through VC/OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013.
26. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), and the Circulars issued by the Ministry of Corporate Affairs dated April 08, 2020, April 13, 2020 and May 05, 2020 the Company is providing facility of remote e-Voting to its Members in respect of the business to be transacted at the 28th e-AGM. For this purpose, the Company has entered into an agreement with National Securities Depository Limited (NSDL) for facilitating voting through electronic means, as the authorized agency. The facility of casting votes by a member using remote e-Voting system as well as venue voting on the date of the AGM will be provided by NSDL.

27. In line with the MCA Circular No. 17/2020 dated April 13, 2020, the Notice calling the AGM has been uploaded on the website of the Company at www.camlinfs.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.
28. The 28th e-AGM is being convened through VC/OAVM in compliance with applicable provisions of the Companies Act, 2013 read with MCA Circular No. 14/2020 dated April 08, 2020 and MCA Circular No. 17/2020 dated April 13, 2020, MCA Circular No. 20/2020 dated May 05, 2020 and MCA Circular No. 2/2021 dated January 13, 2021.

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

The remote e-voting period begins on Saturday, July 17, 2021 at 9:00 A.M. and ends on Monday, July 19, 2021 at 5:00 P.M. The remote e-voting module shall be disabled by NSDL for voting thereafter. The Members, whose names appear in the Register of Members / Beneficial Owners as on the record date (cut-off date) i.e. Tuesday, July 13, 2021, may cast their vote electronically. The voting right of shareholders shall be in proportion to their share in the paid-up equity share capital of the Company as on the cut-off date, being Tuesday, July 13, 2021.





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

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

Step 1: Access to NSDL e-Voting system

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

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

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

Type of shareholders	Login Method
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. upon logging in, you will be able to see e-Voting option. Click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider i.e. NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.

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 e-Voting and joining virtual meeting 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. 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 General Meeting on NSDL e-Voting system.

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

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

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

General Guidelines for shareholders

1. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to jhr@jhrasso.com with a copy marked to evoting@nsdl.co.in.
2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details/Password?" or "Physical User Reset Password?" option available on www.evoting.nsdl.com to reset the password.
3. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of www.evoting.nsdl.com or call on toll free no.: 1800 1020 990 and 1800 22 44 30 or send a request at evoting@nsdl.co.in

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

1. In case shares are held in physical mode please provide Folio No., Name of shareholder, scanned

copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to secretarial@camlinfs.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 secretarial@camlinfs.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 December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are required to update their mobile number and email ID correctly in their demat account in order to access e-Voting facility.

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 EGM/ AGM THROUGH VC/OAVM ARE AS UNDER:

1. Member will be provided with a facility to attend the EGM/AGM through VC/OAVM through the NSDL e-Voting system. Members may access by following the steps mentioned above for Access to NSDL e-Voting system. After successful login, you can see link of "VC/OAVM link" placed under "Join General meeting" menu against company name. You are requested to click on VC/OAVM link placed under Join General Meeting menu. The link for VC/OAVM will be available in Shareholder/Member login where the EVEN of Company will be displayed. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice to avoid last minute rush.
2. Members are encouraged to join the Meeting through Laptops for better experience.
3. Further Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
4. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
5. Shareholders who would like to express their views/ have questions may send their questions in advance mentioning their name demat account number/folio number, email id, mobile number at secretarial@camlinfs.com. The same will be replied by the company suitably.
6. Member 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.

7. Members are encouraged to join the Meeting through Laptops for better experience.
8. Further Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
9. 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.

By Order of the Board
Mandar Godbole
Company Secretary &
General Manager - Legal

Place : Mumbai
 Dated : June 17, 2021

ANNEXURE FORMING PART OF THE NOTICE

(Explanatory Statement Pursuant to Section 102 of the Companies Act, 2013)

SPECIAL BUSINESS:

Item Nos. 4 to 8:

- (a) Harsha Raghavan:** In terms of the Investment Agreement executed by the Company with Infinity Holdings and Infinity Direct Holdings (collectively the "Investors"), the Company was required to appoint 2 Investor Directors on its Board. Accordingly, the Board of Directors of the Company appointed Harsha Raghavan as an Additional Non-Executive Director of the Company with effect from August 10, 2020. In accordance with the provisions of Section 161 of Companies Act, 2013, Harsha Raghavan shall hold office up to the date of the ensuing Annual General Meeting and is eligible to be appointed as Non-Executive Director. A brief profile of Harsha Raghavan is annexed to this Notice. The Company has received notice under Section 160 of the Companies Act, 2013 from Harsha Raghavan signifying his candidature as an Non-Executive Director of the Company. None of the Directors or Key Managerial Personnel and their relatives, except Harsha Raghavan, are concerned or interested (financially or otherwise) in this Resolution.
- (b) Sarvjit Singh Bedi:** In terms of the Investment Agreement executed by the Company with Infinity Holdings and Infinity Direct Holdings (collectively the "Investors"), the Company was required to appoint 2 Investor Directors on its Board. Accordingly, the Board of Directors of the Company appointed Sarvjit Singh Bedi as an Additional Non-Executive Director of the Company with effect from September 29, 2020. In accordance with the provisions of Section 161 of Companies Act, 2013, Sarvjit Singh Bedi shall hold office up to the date of the ensuing Annual General Meeting and is eligible to be appointed as Non-Executive Director. A brief profile of Sarvjit Singh Bedi is annexed to this Notice. The Company has received

notice under Section 160 of the Companies Act, 2013 from Sarvjit Singh Bedi signifying his candidature as an Non-Executive Director of the Company. None of the Directors or Key Managerial Personnel and their relatives, except Sarvjit Singh Bedi, are concerned or interested (financially or otherwise) in this Resolution.

- (c) Conrad D'Souza:** The Board of Directors of the Company had appointed Conrad D'Souza as an Additional Independent Director of the Company with effect from September 29, 2020. In accordance with the provisions of Section 161 of Companies Act, 2013, Conrad D'Souza shall hold office up to the date of the ensuing Annual General Meeting and is eligible to be appointed as an Independent Director for a term of five years. The Company has received notice under Section 160 of the Companies Act, 2013 from Conrad D'Souza signifying his candidature as an Independent Director of the Company. A brief profile of Conrad D'Souza is annexed to this Notice. The Company has received a declaration of independence from Conrad D'Souza. In the opinion of the Board, Conrad D'Souza fulfills the conditions specified in the Companies Act, 2013 and the Equity Listing Agreement, for appointment as Independent Director of the Company. None of the Directors or Key Managerial Personnel and their relatives, except Conrad D'Souza, are concerned or interested (financially or otherwise) in this Resolution.
- (d) Mahabaleshwar G. Palekar:** The Board of Directors of the Company had appointed Mahabaleshwar G. Palekar as an Additional Independent Director of the Company with effect from December 24, 2020. In accordance with the provisions of Section 161 of Companies Act, 2013, M. G. Palekar shall hold office up to the date of the ensuing Annual General Meeting and is eligible to be appointed as an Independent Director for a term of five years.

The Company has received notice under Section 160 of the Companies Act, 2013 from Palekar signifying his candidature as an Independent Director of the Company. A brief profile of Palekar is annexed to this Notice. The Company has received a declaration of independence from Palekar. In the opinion of the Board, Palekar fulfills the conditions specified in the Companies Act, 2013 and the Equity Listing Agreement, for appointment as Independent Director of the Company. None of the Directors or Key Managerial Personnel and their relatives, except Palekar, are concerned or interested (financially or otherwise) in this Resolution.

- (e) Thomas Videbaek:** The Board of Directors of the Company had appointed Thomas Videbaek as an Additional Independent Director of the Company with effect from March 31, 2020. In accordance with the provisions of Section 161 of Companies Act, 2013, Thomas shall hold office up to the date of the ensuing Annual General Meeting and is eligible to be appointed as an Independent Director for a term of five years. The Company has received notice under Section 160 of the Companies Act, 2013 from Thomas signifying his candidature as an Independent Director of the Company. A brief profile of Thomas is annexed to this Notice. The Company has received a declaration of independence from Thomas. In the opinion of the Board, Thomas fulfills the conditions specified in the Companies Act, 2013 and the Equity Listing Agreement, for appointment as Independent Director of the Company. None of the Directors or Key Managerial Personnel and their relatives, except Thomas, are concerned or interested (financially or otherwise) in this Resolution.

The Board commends the Ordinary Resolutions set out at item nos. 4 to 8 for approval of the Members.

Disclosure required under the Act, Listing Regulations and Secretarial Standard-2 of ICSI with respect to item ns. 4 to 8 are annexed herewith.

Item No. 9:

The Board of Directors at its Meeting held on May 28, 2021, upon the recommendation of the Audit Committee, approved the appointment of M/s. ABK & Associates, Cost Accountants, to conduct the audit of the Cost records of the Company on a remuneration of INR 1,25,000/- (Rupees One Lakh Twenty Five Thousand Only) (excluding all applicable taxes and reimbursement of out of pocket expenses) for the financial year ending March 31, 2022. In terms of the provisions of Section 148 of the Companies Act, 2013 read with Rule 14 of the Companies (Audit and Auditors) Rules, 2014, (as amended or re-enacted from time to time) the remuneration as mentioned above, payable to the Cost Auditor is required to

be ratified by the Members of the Company. Accordingly, the Members are requested to ratify the remuneration payable to the Cost Auditors for the financial year ending March 31, 2022, as set out at Item No. 9 of this Notice for the aforesaid services to be rendered by them. None of the Directors and / or Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the said Resolution.

The Board commends the Ordinary Resolution set out at item no. 9 for approval of the Members.

Item No. 10:

The Members at their 25th Annual General Meeting (“AGM”) had approved appointment of Arjun S. Dukane as Whole-time Director designated as Executive Director - Technical for a period of three years effective June 1, 2018 on the terms and conditions as were set out in the Notice of the 25th AGM. Accordingly, the term of office of Dukane expires on May 31, 2021 and it is proposed to re-appoint him for a further period of three years effective June 1, 2021. The Board considers that his association would be of immense benefit to the Company and it is desirable to avail services of Arjun S. Dukane as Executive Director.

The Board, upon the recommendation of the Nomination and Remuneration Committee, approved re-appointment of Arjun S. Dukane as Executive Director - Technical for a further period of three years effective June 1, 2021 on remuneration as stated below, subject to approval of the members.

Arjun S. Dukane aged 52 years, is a Chemical Engineer (Diploma). He has an overall experience of 32 years in the Chemical Industry out of which he has been associated with the Company for about last 14 years. Dukane, is responsible for the operations of the Company's manufacturing facilities located in India. He oversees production at the Company's plants situated at Tarapur and Dahej as also works located at Mahad and Khopoli. Dukane has been instrumental in improving the operations of the Company, setting up of new projects and smooth implementation thereof.

Remuneration Terms comprising of the following:

(a) Basic Salary:

INR 3,08,300/- per month as a basic salary which shall be subject to annual increment, as given below, subject to the approval of the Nomination and Remuneration Committee and the Board of Directors.

(b) Perquisites and Other Allowances:

Upto INR 56,78,430/- per annum as perquisites and other allowances such as house rent allowance or rent-free

accommodation, gas, electricity, water, furnishings and repairs, medical reimbursement, leave travel concession, club fees, provision of car with driver, telephone /mobile/ communication facilities, personal accident insurance cover and such other perquisites and allowances. Perquisites and allowances shall be evaluated as per the Income Tax Rules, 1962, wherever applicable and in the absence of any such rules, perquisites shall be evaluated at actual cost.

(c) Commission:

The Executive Director may also be paid remuneration by way of commission (in addition to salary, perquisites and other allowances) calculated with reference to the Net Profits of the Company for a particular financial year as the Board may decide, subject to the overall ceilings laid down under the provisions of Sections 197 of the Companies Act, 2013.

(d) Provident Fund, Superannuation and Gratuity:

Company's contribution to the Provident Fund, Family Pension Scheme and Superannuation Fund as per the rules of the Company.

Contribution to provident fund, superannuation fund or annuity fund, gratuity and encashment of leave at the end of the tenure shall not be included in the computation of limits for the remuneration or perquisites.

Annual increase not to exceed 20% of the aggregate of salary, perquisites and allowances i.e. aggregate of clauses (a) and (b) of the Terms of Remuneration as mentioned above.

The perquisite arising from exercise of the stock options by Dukane pursuant to any employee stock option scheme, approved / which may be approved by the Board of Directors and the members during his tenure as director shall be part of the Minimum Remuneration referred below. Further, the perquisite arising from the exercise of the stock options, as mentioned above, shall be in addition to the amount of perquisites mentioned in clause (b) of the Remuneration Terms.

Arjun S. Dukane has been granted 150,000 stock options under the Company's existing stock option schemes as approved by the Board of Directors and the members. As on the date of this Notice, 131,750 stock options are unvested/unexercised.

Minimum Remuneration:

In the event of inadequacy of profits calculated as per Section 198 of the Companies Act, 2013 in any financial year(s) during the tenure of Dukane as Executive Director - Technical, Dukane, shall be entitled to a minimum remuneration comprising of salary, perquisites, allowances and benefits and perquisite

arising from the exercise of the stock options as mentioned above, for a period of three years i.e., from June 1, 2021 to May 31, 2024.

General:

- Dukane shall not be paid any sitting fee for attending meeting of the Board or Committee(s) thereof.
- Subject to the superintendence, control and direction of the Managing Director, Dukane shall exercise powers as may be delegated to him by the Board of Directors from time to time.
- The appointment is terminable by either party giving the other three (3) months' notice in writing.

The statement as required under Section II, Part II of the Schedule V of the Companies Act, 2013 with reference to Special Resolution at Item No. 10 is annexed hereto.

Past remuneration (as computed pursuant to the Companies Act, 2013)

Financial Years	Amount (in Lakh)
2020-21	82.10
2019-20	61.30

Memorandum of Concern or Interest:

Apart from Arjun S. Dukane, none of the Directors and the Key Managerial Personnel of the Company or their relatives are in any way concerned or interested in the above appointment.

The Board commends the resolution at item no. 10 for the approval by the members of the Company.

Item No. 11:

The Board, upon the recommendation of the Nomination and Remuneration Committee, approved appointment of Nirmal V. Momaya as Managing Director for a period of three years effective June 1, 2021 on remuneration as stated below, subject to approval of the members.

Nirmal V. Momaya has been a Non-Executive Director on the Board since August 4, 2014. In the opinion of the Board, his knowledge, expertise, experience and his substantial contribution to the company till date will prove valuable to help the business to grow strategically and efficiently in future.

Nirmal V. Momaya possess over 25 years of professional experience in finance, taxation, audit and management consultancy.

Nirmal aged 54 years, holds Bachelor's degree in Commerce and is a Chartered Accountant. He has been involved in several consulting assignments for various businesses like quick service restaurants, FMCG, Pharmaceuticals, Weight Loss & Health Center's, Chemicals, Engineering, Infrastructure, Bio medical Waste treatment, Real Estate, Agriculture and Luxury Retail.

Terms of Remuneration:

(a) Basic Salary:

INR 10,00,000/- per month as a basic salary which shall be subject to annual increment, as given below, subject to the approval of the Nomination and Remuneration Committee and the Board of Directors.

(b) Perquisites and Other Allowances:

Upto INR 1,09,82,800/- per annum as perquisites and other allowances such as house rent allowance or rent-free accommodation, gas, electricity, water, furnishings and repairs, medical reimbursement, leave travel concession, club fees, provision of car with driver, telephone /mobile/ communication facilities, personal accident insurance cover and such other perquisites and allowances. Perquisites and allowances shall be evaluated as per the Income Tax Rules, 1962, wherever applicable and in the absence of any such rules, perquisites shall be evaluated at actual cost.

(c) Commission:

Momaya may also be paid remuneration by way of commission (in addition to salary, perquisites and other allowances) calculated with reference to the Net Profits of the Company for a particular financial year as the Board may decide, subject to the overall ceilings laid down under the provisions of Sections 197 of the Companies Act, 2013.

(d) Provident Fund, Superannuation and Gratuity:

Company's contribution to the Provident Fund, Family Pension Scheme and Superannuation Fund as per the rules of the Company.

Contribution to provident fund, superannuation fund or annuity fund, gratuity and encashment of leave at the end of the tenure shall not be included in the computation of limits for the remuneration or perquisites.

Annual increase not to exceed 20% of the aggregate of salary, perquisites and allowances i.e. aggregate of clauses (a) and (b) of the Terms of Remuneration as mentioned above.

The perquisite arising from exercise of the stock options by Momaya pursuant to any employee stock option scheme, approved / which may be approved by the Board of Directors and the members during his tenure as director shall be part of the Minimum Remuneration referred below. Further, the perquisite arising from the exercise of the stock options, as mentioned above, shall be in addition to the amount of perquisites mentioned in clause (b) of the Remuneration Terms.

Nirmal V. Momaya has been granted 37,62,096 stock options under the Company's existing stock option schemes as approved by the Board of Directors and the members. As on the date of this Notice, all the stock options are unexercised.

Minimum Remuneration:

In the event of inadequacy of profits calculated as per Section 198 of the Companies Act, 2013 in any financial year(s) during the tenure of Nirmal V. Momaya as Whole time Director, Momaya, shall be entitled to a minimum remuneration comprising of salary, perquisites, allowances and benefits and perquisite arising from the exercise of the stock options as mentioned above, for a period of three years i.e., from June 1, 2021 to May 31, 2024.

The statement as required under Section II, Part II of the Schedule V of the Companies Act, 2013 with reference to Special Resolution at Item No. 11 is annexed hereto.

Past remuneration (sitting fees)

Financial Years	Amount (in Lakh)
2020-21	5.00
2019-20	4.00

General

The Managing Director shall devote the whole of his time and attention to the business and affairs of the Company during the normal business hours of the Company and shall use his best endeavours to promote its interest and welfare. He shall conduct the day-to-day management of the Company subject to the supervision, direction and control of the Board.

Nirmal V. Momaya shall be eligible for Leave, its accumulation/ encashment as per the HR policy of the Company. He shall also be covered under group medi-claim policy of the Company and other benefits to employees as per the HR policy of the Company.

Nirmal V. Momaya shall not be entitled for sitting fees for attending Board/ Committee Meetings. Nirmal V. Momaya shall not be liable to retire by rotation as a Managing Director, subject to provisions of Section 152 of the Companies Act, 2013 and Articles of Association of the Company.

Other Terms and Conditions:

Nirmal V. Momaya shall oversee the following functional areas, namely sales & marketing, business strategy, mergers & acquisitions, foreign operations, corporate communications & investor relationship, sourcing & supply chain and legal matters.

Nirmal V. Momaya shall not, during the continuance of his employment or at any time thereafter divulge or disclose to any person whomsoever or make any use whatsoever for his own or for whatever purpose, of any confidential information or knowledge obtained by him during his employment as to the business or affairs of the Company and he shall, during the continuance of his employment there under, shall also use his best endeavors to prevent any other person from doing so.

The Company or Nirmal V. Momaya shall be entitled to terminate the agreement by giving three calendar months' notice in writing in that behalf to the other party and on the expiry of the period of such notice, the Agreement shall stand terminated. The Company shall also be entitled to terminate the Agreement on giving to Nirmal V. Momaya three months' salary in lieu of notice required to be given under this clause.

Loss of office

Subject expressly to the provisions of Section 202 of the Companies Act, 2013, the Company shall pay to the Director compensation for loss of office or consideration for retirement from office or in connection with such loss or retirement. The amount of such compensation shall be strictly in accordance with the provisions of Section 202 of the Companies Act, 2013.

Memorandum of Concern or Interest:

Apart from Nirmal V. Momaya, none of the Directors and the Key Managerial Personnel of the Company or their relatives are in any way concerned or interested in the above appointment.

The Board considers that his association would be of immense benefit to the Company and it is desirable to avail services of Nirmal V. Momaya as Managing Director.

Accordingly, the Board commends the resolution at item no. 11 for the approval by the members of the Company.

Item No. 12:

Ashish S. Dandekar was paid remuneration of INR 136.65 Lakh (as computed under the Companies Act, 2013) during the financial year 2020-21 which has exceeded the limits prescribed under Section 198, 309 and other applicable provisions of the Companies Act, 2013 (the "Act") read with Schedule V thereto by INR 16.13 Lakh.

As per requirement of Schedule V of the Act, members approval by way of special resolution is required for payment

of remuneration to Whole-time Directors in excess of limits prescribed under the Companies Act, 2013, in case of absence of profits in any financial year.

The Nomination & Remuneration Committee and Board of Directors of the Company at their meeting held on May 28, 2021 have approved payment of excess remuneration of INR 16.13 Lakh to Ashish S. Dandekar for the financial year 2020-21 subject to the approval of the members by way of special resolution at this Annual General Meeting.

The statement as required under Section 11, Part II of the Schedule V of the Companies Act, 2013 with reference to Special Resolution at Item No. 12 is annexed hereto.

Apart from Ashish S. Dandekar and Anagha Dandekar, none of the Directors and the Key Managerial Personnel of the Company or their relatives are in any way concerned or interested in the above appointment.

Accordingly, the Board commends the resolution at item no. 12 for the approval by the members of the Company.

Item No. 13:

The Members, at the 25th Annual General Meeting held on August 13, 2018, had approved the re-appointment and terms of remuneration of Ashish S. Dandekar as Managing Director of the Company for a period of three years w.e.f. August 1, 2018 to July 31, 2021. Ashish S. Dandekar is responsible for the day-to-day operations of the Company under the overall superintendence, direction and control of the Board.

The Board, upon the recommendation of the Nomination and Remuneration Committee, at its meeting held on May 28, 2021, approved re-appointment of Ashish S. Dandekar as Whole-time Director designated as Managing Director further period of three years effective August 1, 2021 on remuneration as stated below, subject to approval of the members.

In view of the resignation tendered by Dilip D. Dandekar on June 1, 2021 as Non-Executive Director and Chairman, the Board, vide resolution passed on June 17, 2021, appointed Ashish S. Dandekar as the Chairman and re-designated him as Chairman & Managing Director with effect from June 17, 2021.

Accordingly, the Board commends appointment of Ashish S. Dandekar as Chairman & Managing Director for a period of three years on the terms as set out below.

Terms of Remuneration:

(a) Basic Salary:

INR 10,00,000/- per month as a basic salary which shall be subject to annual increment, as given below, subject to the approval of the Nomination and Remuneration Committee and the Board of Directors.

(b) Perquisites and Other Allowances:

Upto INR 1,09,82,800/- per annum as perquisites and other allowances such as house rent allowance or rent-free accommodation, gas, electricity, water, furnishings and repairs, medical reimbursement, leave travel concession, club fees, provision of car with driver, telephone /mobile/ communication facilities, personal accident insurance cover and such other perquisites and allowances. Perquisites and allowances shall be evaluated as per the Income Tax Rules, 1962, wherever applicable and in the absence of any such rules, perquisites shall be evaluated at actual cost.

(c) Commission:

Ashish S. Dandekar may also be paid remuneration by way of commission (in addition to salary, perquisites and other allowances) calculated with reference to the Net Profits of the Company for a particular financial year as the Board may decide, subject to the overall ceilings laid down under the provisions of Sections 197 of the Companies Act, 2013.

(d) Provident Fund, Superannuation and Gratuity:

Company's contribution to the Provident Fund, Family Pension Scheme and Superannuation Fund as per the rules of the Company.

Contribution to provident fund, superannuation fund or annuity fund, gratuity and encashment of leave at the end of the tenure shall not be included in the computation of limits for the remuneration or perquisites.

Annual increase not to exceed 20% of the aggregate of salary, perquisites and allowances i.e. aggregate of clauses (a) and (b) of the Remuneration Terms as mentioned above.

Minimum Remuneration:

In the event of inadequacy of profits calculated as per Section 198 of the Companies Act, 2013 in any financial year(s) during the tenure of Ashish S. Dandekar as Whole time Director, Ashish, shall be entitled to a minimum remuneration comprising of salary, perquisites, allowances and benefits as mentioned above, for a period of three years i.e., from August 1, 2021 to July 31, 2024.

Past remuneration (as computed under the Companies Act, 2013)

Financial Years	Amount (in Lakh)
2020-21	136.65
2019-20	138.44

Loss of office

Subject expressly to the provisions of Section 202 of the Companies Act, 2013, the Company shall pay to the Director compensation for loss of office or consideration for retirement from office or in connection with such loss or retirement. The amount of such compensation shall be strictly in accordance with the provisions of Section 202 of the Companies Act, 2013.

General

Chairman & Managing Director shall devote the whole of his time and attention to the business and affairs of the Company during the normal business hours of the Company and shall use his best endeavours to promote its interest and welfare. He shall conduct the day-to-day management of the Company subject to the supervision, direction and control of the Board.

Ashish S. Dandekar shall be eligible for Leave, its accumulation/ encashment as per the HR policy of the Company. He shall also be covered under group medi-claim policy of the Company and other benefits to employees as per the HR policy of the Company.

Ashish S. Dandekar shall not be entitled for sitting fees for attending Board/ Committee Meetings. Ashish S. Dandekar shall not be liable to retire by rotation as a Managing Director, subject to provisions of Section 152 of the Companies Act, 2013 and Articles of Association of the Company.

Other Terms and Conditions:

Ashish S. Dandekar shall oversee the following functional areas, namely finance, corporate affairs, human resource and administration, information technology, business strategy and mergers & acquisitions.

Ashish S. Dandekar shall not, during the continuance of his employment or at any time thereafter divulge or disclose to any person whomsoever or make any use whatsoever for his own or for whatever purpose, of any confidential information or knowledge obtained by him during his employment as to the business or affairs of the Company and Ashish S. Dandekar during the continuance of his employment there under, shall also use his best endeavors to prevent any other person from doing so.

The employment of Ashish S. Dandekar under the Agreement shall forthwith determine if he shall become insolvent or makes any composition or arrangement with his creditors or shall cease to be a Director of the Company.

The Company or Ashish S. Dandekar shall be entitled to determine Agreement by giving three calendar months'

notice in writing in that behalf to the other party and on the expiry of the period of such notice, the Agreement shall stand terminated. The Company shall also be entitled to terminate the Agreement on giving to Ashish S. Dandekar three months' salary in lieu of notice required to be given under this clause.

Memorandum of Concern or Interest:

Apart from Ashish S. Dandekar and Anagha Dandekar, none of the Directors and the Key Managerial Personnel of the Company or their relatives are in any way concerned or interested in the above appointment.

The statement as required under Section II, Part II of the Schedule V of the Companies Act, 2013 with reference to Special Resolution at Item No. 13 is annexed hereto.

The Board commends the resolution at item no. 10 for the approval by the members of the Company.

Item No. 14:

The Company had paid remuneration of INR 32.40 Lakh to Dilip D. Dandekar, Chairman & Non-Executive Director during the financial year 2020-21. The same has exceeded the limits prescribed under Section 198, 309 and other applicable provisions of the Companies Act, 2013 read with Schedule V by INR 7.88 Lakh.

As per requirement of Schedule V of the Act (including Schedule XIII of the Companies Act, 1956 to the extent applicable), members approval by way of special resolution is required for ratification of remuneration paid to non-Executive in excess of limits prescribed under the Companies Act, 2013, in case of absence of profits in any financial year.

Pursuant to Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulation 2015, the approval of members by Special Resolution shall be obtained every year, in which the annual remuneration payable to a single Non-Executive Director exceeds fifty per cent of the total annual remuneration payable to all Non-Executive Directors, giving details of the remuneration thereof.

The Nomination & Remuneration Committee and Board of Directors of the Company at their meeting held on May 28, 2021 have ratified remuneration of INR 32.40 Lakh paid to Dilip D. Dandekar for the financial year 2020-21 which is in excess of

the limits prescribed under Schedule V of the Companies Act, 2013 subject to the approval of the members by way of Special Resolution at this annual General Meeting. Dilip D. Dandekar resigned as Chairman & Non-Executive Director with effect from June 1, 2021.

Dilip D. Dandekar, Non-Executive Non-Promoter Director, a well-known and experienced industrialist, has been actively involved in providing guidance for framing business policies of the Company. Besides, he also advised the Company on various issues and strategic plans. In achieving all round progress in terms of expansion of product range and geographical reach role of Dandekar has been critical and important.

Past remuneration

Financial Years	Amount (in Lakh)
2020-21	32.40
2019-20	32.40

Memorandum of Concern or Interest:

Apart from Ashish S. Dandekar and Anagha Dandekar, none of the Directors and the Key Managerial Personnel of the Company or their relatives are in any way concerned or interested in the above appointment.

Accordingly, the Board commends the resolution at item no. 14 for the approval by the members of the Company.

Statement containing additional information as required pursuant to clause (iv) of Schedule V of the Companies Act, 2013 with respect to Item Nos. 10 to 14:

I. General Information:

1. Nature of Industry: Chemical manufacturing industry.
2. Date or expected date of commencement of commercial production: Not Applicable as the Company is an existing company.
3. In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus: Not Applicable as the Company is an existing company.

4. Financial performance based on given indicators:

(a) Standalone

(Amt. In Lakh)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020	Year ended March 31, 2019
Total revenue	60,004.83	57,977.90	54,812.29
EBIDTA*	6,187.26	5,971.28	2,996.02
Profit before tax	1,501.82	4,128.62	1,418.63
Profit after tax	828.12	3,072.13	1,072.82

*Operational EBIDTA i.e. excluding other income and exceptional item

(b) Consolidated

(Amt. In Lakh)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020	Year ended March 31, 2019
Total revenue	118,710.31	104,914.84	89,216.67
EBIDTA*	18,193.34	13,070.47	6,866.48
Profit before tax	10,509.63	5,820.08	1,669.28
Profit after tax	6,535.80	2,983.08	300.58

*Operational EBIDTA i.e. excluding other income and exceptional item

5. Foreign investments or collaborators, if any: The Company is listed on the BSE Limited and National Stock Exchange of India Limited. As at March 31, 2021, the foreign holding in the Company was at 10.12% of the issued equity capital. The Company does not have any Foreign Collaborations.

II. Information about the Directors:

	Arjun S. Dukane	Nirmal V. Momaya	Ashish S. Dandekar	Dilip D. Dandekar
Background details, Recognition/ Awards, Job Profile and Suitability to the role, Past Remuneration and Remuneration proposed	As mentioned in Explanatory Statement under Item 10	As mentioned in Explanatory Statement under Item No. 11	As mentioned in Explanatory Statement under Item No. 13	As mentioned in Explanatory Statement under Item No. 14
Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person	Considering the significant expertise of the directors in their respective areas and acknowledging the responsibilities shouldered by them, the remuneration proposed to be paid is commensurate with the remuneration packages paid to similar level counterpart(s) in other companies to encourage good professionals with a sound career record.			

	Arjun S. Dukane	Nirmal V. Momaya	Ashish S. Dandekar	Dilip D. Dandekar
Pecuniary relationship directly or indirectly with the Company or relationship with the managerial personnel, if any	Dukane does not have any pecuniary relationship with the Company other than the remuneration he received as Executive Director of the Company. He is also not related to any director/managerial personnel of the Company.	Momaya does not have any pecuniary relationship with the Company other than (a) the remuneration in the form of sitting fees he received as Non-Executive Director of the Company & (b) Payment of consultancy fees to Pagoda Advisors Pvt. Ltd. of which Momaya is Director. He is not related to any director/managerial personnel of the Company.	Ashish S. Dandekar does not have any pecuniary relationship with the Company other than the remuneration he received as Managing Director of the Company. Except Anagha Dandekar, he is not related to any director/managerial personnel of the Company.	Dilip D. Dandekar does not have any pecuniary relationship with the Company other than the remuneration he received as Non-Executive Director of the Company. Except Ashish S. Dandekar and Anagha Dandekar, he is not related to any director/managerial personnel of the Company.

III. Other Information:

(a) Reasons of loss or inadequate profits:

Company's operations of FY 2020-21 were severely impacted due to significant economic uncertainty arising out of COVID-19 pandemic. Prolonged lockdowns announced by the Governments to contain the pandemic resulted in disruption of production, sluggishness market conditions, increase in raw material and logistic costs, elongation of working capital cycle. The commercial production at the newly set up Diphenol Plant at Dahej was also delayed due to the pandemic restrictions as well as incident of explosion at the adjacent factory. In these circumstances, though the operating revenues of the Company increased by 3.50%, the net profit for the year reduced to INR 828.12 Lakh from INR 3,072.13 Lakh in previous year.

Owing to above factors, despite the best efforts of the Management, the financial performance of the Company was not as per the expectation primarily due to pandemic, the Company had inadequate profits for the financial year ended 31st March, 2021. It may be noted that the reasons for inadequacy of profits were beyond the control of the Company and its Management.

(b) Steps taken or proposed to be taken for improvement:

Our strategy has always been to maintain steady focus on key markets, where we can penetrate new

segments, differentiate our portfolio and maximize margins. Our focus primarily is on those markets, where we can develop and manufacture a wide range of technically innovative products with a high technology barrier.

Our value enhancers comprise of our global presence, growing scale, reliable supply chain, rationalized cost structure, intelligent synergies, smart R&D and technology acumen. Since the past few years, decades, we have meticulously sharpened our strategy to build on our core competence.

(c) Expected increase in productivity and profits in measurable terms:

The Company has taken various initiatives to maintain its leadership, improve market share and financial performance. It has been aggressively pursuing and implementing its strategies to improve financial performance. We continue to expand our scale across key markets to take the fastest lane to relevant opportunity, maximize our portfolio, reach out to more customers and strengthen our margins.

Item Nos. 15, 16 & 17:

The Company currently has 2 (two) ESOP Schemes, viz CFS ESOP 2018 and CFS ESOP 2020 under which the Company has sought and received approval for grant of 15,00,000 options and 44,00,000 options respectively. Outstanding options available for grant under CFS ESOP 2018 is 10,14,500 and CFS ESOP 2020 is 4,87,904.

Both the above Schemes are aimed at granting employee stock options on retention basis.

In addition to the above 2 schemes, the Company now proposes to roll out a ESOP Scheme for rewarding employees through Stock Options which will vest purely on performance basis measured against pre-agreed Key performance indicators.

Accordingly, the Board of Directors (“the Board”) of the Company at its meeting held on May 28, 2021, based on the recommendation of the Nomination and Remuneration Committee, approved introduction of Camlin Fine Sciences Employees Stock Option Plan 2021 (“Plan”) under which the maximum number of equity shares of the Company that could be created, offered, issued and allotted should not exceed 45,00,000 (Forty Five Lakh) options exercisable into equivalent number of Equity Shares of INR 1/- each fully paid up of the Company.

The first lot of Grants is proposed to be issued at an Exercise Price of INR 150/- per option. The Nomination and Remuneration Committee will decide on the exercise price for future grants, which shall be at a discount of upto 25% to the ‘Market Price’.

The Board has accordingly decided to seek the approval of the Members for the same.

Disclosure in terms of Regulation 6(2) of the SEBI (Share Based Employee Benefits) Regulations, 2014 as notified by SEBI vide Circular CIR/CFD/POLICY CELL/2/2015 dated June 16, 2015 are as under:

A	Brief Description of the Scheme	Camlin Fine Sciences Employee Stock Option Plan 2021
B	The total number of options to be granted	45,00,000 (Forty Five Lakh) employee stock options convertible into equivalent number of equity shares of INR 1/- each.
C	Identification of classes of employees entitled to participate and be beneficiaries in the scheme	Permanent employees of the Company, whether working in India or outside India, and / or to the directors of the Company, whether whole-time or not but excluding independent director(s) and to such other persons as may be decided by the Board and / or permitted under Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (hereinafter referred to as ‘Eligible Employees’) but does not include an employee who is a promoter or a person belonging to the promoter group and a director(s) who either himself or through his relative or through any body corporate, directly or indirectly, holds more than 10% of the outstanding equity shares of the Company Permanent employee(s) and Directors of any existing and future subsidiary company(ies) of the Company whether in or outside India, as may be permissible under the Regulations from time to time,
D	Requirements of vesting and period of vesting	The Options granted under the Scheme shall vest on the 4th anniversary of the grant, in one tranche, subject to the Company achieving the Key Performance Indicators for the financial year ended March 31, 2025, either in terms of Revenue, EBITDA or ROI or such other quantifiable financial matrix either on a Group Level or on a Regional Level or Divisional level (‘KPI’). The KPI so agreed between the Individual Optionee and the NRC shall be specified in the Option Letter to be granted to respective Optionee. In the event of pre-defined KPI not being achieved, as on March 31, 2025, the NRC will have powers to allow vesting of options on a pro-rata basis, linked to actual KPIs achieved.
E	Maximum period (subject to regulation 18(1) and 24(1) of the regulations, as the case may be) within which the options shall be vested	The maximum period within which the options shall be vested would be on completion of 4 years from the date of grant.
F	Exercise price or pricing formula	The first lot of Grants is proposed to be issued at an Exercise Price of INR 150/- per option. The Nomination and Remuneration Committee will decide on the exercise price for future grants, which shall be at a discount of upto 25% to the ‘Market Price’.

G	Exercise period and process of exercise	<p>All Vested Options shall be exercised in one or more tranches within a period of two years ('Exercise Period') from the date of Vesting, failing which the Options shall lapse.</p> <p>The options would be exercisable by submitting the requisite application form/ exercise notice to the Company as the Company may prescribe, subject to conditions for payment of Exercise Price in the manner prescribed by the Board / Committee. All the participants in the Scheme shall deliver a written notice of exercise, in the prescribed form, to the Nomination and Remuneration Committee on or before the expiry of the exercise period.</p>
H	The appraisal process for determining the eligibility of employees for the scheme	<p>The appraisal process shall include evaluation of an employee based on one or more criteria for determining eligibility of the employees to be granted options, including but not limited to the following:</p> <ul style="list-style-type: none"> i Work related or academic performance of the employee ii Length of service iii Potential of the employee to contribute to the Company's / Subsidiary's performance iv Position held v The extent of contribution made by the employee towards business results. vi High market value /difficulty in replacement. vii High risk of losing the employee to competition.
I	Maximum number of options to be issued per employee and in aggregate	<p>The number of ESOPs / Shares that may be granted to any specific Employee/ Director of the Company under CFSL ESOP 2021, in any financial year and in aggregate under the Scheme shall be decided by the Committee.</p> <p>As per Regulation 6(3) of the SEBI SBEB Regulations, a separate special resolution is required to be passed if the benefits of CFSL ESOP 2021 are to be extended to identified Employees/Directors, during any one year, equal to or exceeding one per cent of the issued capital of the Company at the time of grant of ESOPs/Shares. Further, the Committee may identify certain Employee(s)/Directors to whom it may be necessary to grant ESOPs/Shares exceeding one per cent in one year to ensure continuity of their service with the Company. The resolution as set out in Item No. 17 provides that the Company may grant ESOPs/Shares equal to or exceeding 1% of the issued, subscribed and paid-up capital of the Company (excluding outstanding warrants and conversions) at the time of grant of ESOPs/Shares under CFSL ESOP 2021, during any one year to the Employee(s)/Directors identified by the Committee.</p>
J	Maximum quantum of benefits to be provided per employee under the scheme;	The maximum quantum of benefits to be provided per employee shall be equal to the difference between the exercise price and market price as on date of exercise date.
K	Whether the scheme is to be implemented and administered directly by the company or through a trust	Scheme to be implemented and administered directly by the Company
L	Whether the scheme(s) involves new issue of shares by the company or secondary acquisition by the trust or both	The scheme involves new issue of shares by the Company

M	The amount of loan to be provided for implementation of the scheme(s) by the company to the trust, its tenure, utilization, repayment terms, etc.	Not applicable
N	Maximum percentage of secondary acquisition (subject to limits specified under the regulations) that can be made by the trust for the purposes of the scheme;	Not applicable
O	Confirmation with accounting policies	The Company shall confirm to the Accounting Policies specified under the Regulations.
P	The method which the company shall use to value its options	The company shall use fair value method for the valuation of the options granted.

The equity shares allotted pursuant to the exercise of the Options shall be listed on the BSE Limited and the National Stock Exchange of India Limited and necessary applications will be made to those Stock Exchanges.

In terms of Regulation 6(1) of the Regulations, any Employees Stock Option Scheme must be approved by way of a special resolution. Further as the Scheme will entail further shares to be offered to persons other than existing members of the Company, consent of the Members is required for issue of the equity shares and / or instruments entitling the holder to subscribe to or purchase equity shares, in terms of the provisions of Section 62(1)(b) of the Companies Act, 2013. Regulation 6(3)(c) of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 requires that a separate resolution is required to be passed if the benefits of the Scheme are to be extended to eligible employees of the subsidiary companies.

A draft copy of the CFS ESOP 2021 will be made available for inspection at the Registered Office of the Company on all working days between 10.00 A.M. to 01.00 P.M. upto the date of closing of e-voting.

The options to be granted / shares to be issued under the Scheme shall not be treated as an offer or invitation made to public for subscription in the securities of the Company.

None of the Directors or Key Managerial Personnel of the Company are, in any way, concerned or interested in the resolutions, except to the extent of their shareholding in the Company or the options, which may be granted to them pursuant to the Plan.

The Company is seeking approval of the Members for the CFS ESOP 2021 which is intended to grant upto 45,00,000 Stock Options to eligible employees of the Company.

In terms of Regulation 6(3)(d) of the SEBI (Share Based Employee Benefit) Regulations, 2014, a separate resolution is required to be passed by shareholders if it is intended to grant options to identified employees, during any one year, equal to or exceeding one per cent of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant of options.

To enable grant of such options, the Board of Directors are seeking approval of shareholders by way of separate resolution as required under the SEBI (Share Based Employee Benefit) Regulations, 2014.

None of the other Directors or Key Managerial Personnel of the Company are, in any way, concerned or interested in the resolution.

The Board accordingly recommends the resolutions as set out in Item nos. 15 to 17 of the Notice for approval of members.

By Order of the Board
Mandar Godbole
Company Secretary &
General Manager - Legal

Place : Mumbai
Dated : June 17, 2021

Disclosure required under the Act, Listing Regulations and Secretarial Standard-2 of ICSI

Name	Harsha Raghavan
Director Identification Number	01761512
Date of first Appointment on the Board	August 10, 2020
Experience in Specific Functional Area	Harsha Raghavan, based in Mumbai, is the Managing Partner of Convergent Finance LLP. Harsha was previously the founding MD & CEO of Fairbridge Capital Private Limited (a Fairfax Company) from its inception in 2011 where he led all investment advisory activities in India. During his time, he sourced and advised on over \$2.1 billion worth of investment activity. Previously, Harsha served as Head of India for Candover Investments, Co-Head of India for Goldman Sachs Principal Investment Area and Vice President of Indocean Chase Capital. In these roles, Harsha advised on more than two dozen transactions totaling over \$1.5 billion in value.
Qualifications	Harsha holds a Master of Business Administration degree and Master of Science degree in industrial engineering both from Stanford University and a Bachelor of Arts degree from the University of California at Berkeley, where he double majored in computer science and economics.
Terms and Conditions of Appointment	As per the Explanatory Statement
Details of remuneration sought to be paid	Not Applicable
Last drawn remuneration	Not Applicable
Relationship with other Directors and Key Managerial Personnel	None
Directorship in other Companies*/ Body Corporates	Hindustan Foods Limited Jyoti International Foods Private Limited
Chairman/Member in the Committees of the Boards of other Listed companies	Nil
No. of Shares held in the Company	Nil
Number of meetings of the Board attended during the year	3

*Includes Directorship in Private Limited Companies and Companies under section 8.

Name	Sarvjit Singh Bedi
Director Identification Number	07710419
Date of first Appointment on the Board	September 29, 2020
Experience in Specific Functional Area	Sarvjit Bedi aged 43 years is a Partner of Convergent Finance LLP. He has 18 years of experience in India and US across private equity, investment banking, corporate M&A, consulting, audit and financial diligence with expertise in forensic due diligence, business process re-engineering and cost optimization. Sarvjit was previously associated with Fairbridge Capital as Vice President, General Manager, M&A with Vedanta Resources, Vice President, M&A with Credit Suisse, Accenture and KPMG.
Qualifications	Sarvjit has done B.A. (Economics) from Delhi University. He is also a Chartered Accountant and MBA from Johnson Graduate School of Business, Cornell University.
Terms and Conditions of Appointment	As per the Explanatory Statement
Details of remuneration sought to be paid	Not Applicable
Last drawn remuneration	Not Applicable

Name	Sarvjit Singh Bedi
Relationship with other Directors and Key Managerial Personnel	None
Directorship in other Companies*/ Body Corporates	Hindustan Foods Limited Jyoti International Foods Private Limited
Chairman/Member in the Committees of the Boards of other Listed companies	Nil
No. of Shares held in the Company	Nil
Number of meetings of the Board attended during the year	2

*Includes Directorship in Private Limited Companies and Companies under section 8.

Name	Conrad D'Souza
Director Identification Number	00010576
Date of first Appointment on the Board	September 29, 2020
Experience in Specific Functional Area	Conrad aged 61 years has been associated with HDFC Limited since 1984 and his current responsibilities include corporate planning and budgeting and investor relations. He is currently Member of Executive Management and Chief Investor Relations Officer. He was earlier Treasurer of HDFC Limited.
Qualifications	Conrad holds a Masters Degree in Commerce and a Diploma in Financial Management from the University of Bombay and a Master's Degree in Business Administration from South Gujarat University. He is also a graduate of the Senior Executive Programme of the London Business School.
Terms and Conditions of Appointment	As per the Explanatory Statement
Details of remuneration sought to be paid	Not Applicable
Last drawn remuneration	Not Applicable
Relationship with other Directors and Key Managerial Personnel	None
Directorship in other Companies*/ Body Corporates	Chalet Hotels Limited HDFC Sales Private Limited HDFC Investments Limited HDFC Holdings Limited Association of Finance Professionals of India HDFC Education and Development Services Private Limited
Chairman/Member in the Committees of the Boards of other Listed companies	yes
No. of Shares held in the Company	Nil
Number of meetings of the Board attended during the year	Not Applicable

*Includes Directorship in Private Limited Companies and Companies under section 8.

Name	Mahabaleshwar G. Palekar
Director Identification Number	02455892
Date of first Appointment on the Board	December 24, 2020
Experience in Specific Functional Area	Palekar has worked in University of Ghent, Belgium for 2 years, and has 25+ years of experience in corporates in India (Polychem & Atul) and multi-nationals (Unilever India & Rhodia India). He has working experience across the globe with long experience of doing business in China & Japan. Palekar has experience in range of business areas with expertise in techno- commercial issues of specialty chemicals business. For the last 12 years he is focused on sustainability and process intensification areas. Palekar is also associated with Japanese companies for contract research and manufacturing (CRAM) projects to produce specialty chemicals including patented chemicals. He also works with financial institutes, mutual funds and private equity companies advising them for investment in Indian chemical companies.
Qualifications	Palekar is a chemical engineer with a doctorate degree from University Department of Chemical Technology (UDCT now ICT), Mumbai, India.
Terms and Conditions of Appointment	As per the Explanatory Statement
Details of remuneration sought to be paid	Not Applicable
Last drawn remuneration	Not Applicable
Relationship with other Directors and Key Managerial Personnel	None
Directorship in other Companies/ Body Corporates	Nil
Chairman/Member in the Committees of the Boards of other Listed companies	NA
No. of Shares held in the Company	6,000
Number of meetings of the Board attended during the year	Not Applicable

Name	Thomas Videbæk
Director Identification Number	09110625
Date of first Appointment on the Board	March 31, 2021
Experience in Specific Functional Area	Thomas Videbæk, born 1960, is a chemical engineer with an eye for the next big idea and great business solution, Thomas comes to role from the company's former BioBusiness, which he headed from 2007-2013 and which encompassed business ventures outside of Novozymes' established areas. Previously, he developed diverse key functions within the organization, spanning both the commercial and operational side of the business. He was Vice President of Sales & Customer Solutions from 2005-2007 and served as Vice President for Supply Chain Operations from 2003-2005, where he helped build a global organization for Novozymes' supply chain. From 1998-2003, during the demerger, Thomas served as both Vice President for Cereal Food and Beverage Marketing and General Manager for Novozymes Switzerland. In Novo Nordisk A/S, Thomas' roles included Director for Strategic Marketing, Food and Feed enzymes, where he set strategy for the food and feed industries. He also worked in a leadership position within the starch and textile businesses, the latter in the company's U.S. operations.

Name	Thomas Videbæk
Qualifications	Thomas holds a Ph.D. and a M.Sc. in Chemical Engineering from the Technical University of Denmark, as well as a B.Com. in International Business from Copenhagen Business School.
Terms and Conditions of Appointment	As per the Explanatory Statement
Details of remuneration sought to be paid	Not Applicable
Last drawn remuneration	Not Applicable
Relationship with other Directors and Key Managerial Personnel	None
Directorship in other Companies/Body Corporates	Nil
Chairman/Member in the Committees of the Boards of other Listed companies	NA
No. of Shares held in the Company	Nil
Number of meetings of the Board attended during the year	Not Applicable

DIRECTORS' REPORT

Dear Members,

Your Directors are pleased to present the 28th Annual Report of Camlin Fine Sciences Limited (the Company or CFS) along with the Audited Financial Statements for the financial year ended March 31, 2021. The consolidated performance of the Company and its subsidiaries and associate has been referred to wherever required.

1. Financial Results & State of Affairs:

(INR In Lakh)

Particulars	Standalone		Consolidated	
	2020-21	2019-20	2020-21	2019-20
Revenue from Operations	60,004.83	57,977.90	118,710.31	104,914.84
Other Income	546.83	2,406.43	498.42	342.84
Earnings before Interest, Tax, Depreciation & Amortisation	6,187.27	5,971.29	18,193.34	13,070.47
Less: Finance Cost	3,253.65	2,806.82	3,752.77	4,312.91
Less: Depreciation & Amortisation expenses	1,928.30	1,128.21	4,429.42	3,280.23
Less: Share of Loss of associate	-	-	0.06	(0.09)
Profit before exceptional item and tax	1,552.14	4,442.69	10,509.63	5,820.08
Less: Exceptional Item	50.32	314.07	-	-
Less: Tax Expenses	673.70	1,056.49	3,973.83	2,837.00
Profit After Tax	828.12	3,072.13	6,535.80	2,983.08
Other Comprehensive Income net of tax	(37.97)	(29.14)	11,350.04	130.19
Total Comprehensive Income for the Year	790.15	3,042.99	17,885.84	3,113.26
Retained Earnings- Opening Balance	9,684.25	6,637.75	10,437.28	6,689.89
Add: Profit for the year	828.12	3,072.13	5,096.34	3,031.86
Add: Adjustments with Other Equity including Other Comprehensive Income	(76.06)	(25.63)	(79.95)	715.53
Amount appropriated during the year:	-	-	-	-
Dividend including Dividend Tax paid	-	-	-	-
Transfer to General Reserve	-	-	-	-
Retained Earnings- Closing Balance	10,436.31	9,684.25	15,453.67	10,437.28

COVID -19

The COVID-19 pandemic has emerged as a global challenge, disrupting the entire scenario of the world. The world is bracing for a new normal as the impact of the pandemic tapers with time.

With the breakout of the pandemic, the Company swiftly reacted to the challenge by providing the required support to its employees, clients and other stakeholders. Efforts were quickly initiated to restore normalcy of the operations worldwide. Of course, emphasis of these efforts centred to ensure physical and mental well-being of the employees.

With the resurgence of pandemic with recent second wave, the Company ramped up its efforts to vaccinate not only its direct employees but also the employees of its service providers. As a support to the community, the Company donated INR 10.00 Lakh towards erection of medical oxygen generation plant around Tarapur MIDC area.

Though there was no major impact observed on the revenues of the Company, the management is closely monitoring the virulent surges that are threatening the world.

In spite of such an unprecedented global crisis, the Company continues to balance its business with efficient governance and swift response to the requirements of the business.

Equity Share Capital

On July 25, 2020, the members of the Company approved preferential allotment of 3,55,00,000 (Warrants) to Infinity Holdings and Infinity Direct Holdings (the "Investors") where each warrant is convertible into one equity share of the Company of face value of INR 1/- each.

On September 17, 2020, the Company allotted preferential warrants to the afore-mentioned two investors as follows: (a) 1,00,00,000 warrants to Infinity Holdings (IH) and 2,55,00,000 warrants to Infinity Direct Holdings (IDH) at an issue price of INR 47.89/- per warrant aggregating to INR 17,000.00 Lakh. The Investors subscribed to the warrants by paying an amount equivalent to 33% of the issue price i.e. INR 5,610.31 Lakh at the time of allotment of the said warrants. As per SEBI regulations, the Warrants are to be exercised any time before the expiry of 18 (Eighteen) months from the date of allotment of the Warrants.

On November 24, 2021, Infinity Direct Holdings exercised its option to convert 61,50,000 warrants into equivalent number of equity shares of the Company. On November 17, 2021, IDH paid the balance 67% amount of INR 1,973.30 Lakh subsequent to which the Company issued 61,50,000 equity shares to IDH after complying with the necessary formalities.

Further during the year, the Company also issued 94,475 equity shares pursuant to ESOP 2018.

Borrowings and Liquidity

In these difficult times, your Company has focused on conserving the liquidity as well as to control the debt which has resulted in enabling the Company to be ready to meet unforeseen business and strategic needs.

The consolidated debt of the group increased from INR 52,556.72 Lakh to INR 53,790.34 Lakh during the year.

The Company has consolidated cash equivalents of INR 13,834.30 Lakh as on March 31, 2021 which included unutilized monies from preferential warrant issue and ECB drawdown from IFC of INR 7,198.44 Lakh.

This resulted in improvement of Debt to EBITDA from 4.02 times to 2.96 times while Net Debt to EBITDA from 3.53 times to 2.20 times on consolidated basis.

Capital Expenditure

During the year on a consolidated basis, the capital expenditure on tangible assets stood at INR 20,439.83 Lakh which primarily included capitalization on account of Dahej Diphenol Plant of INR 18,254.40 Lakh.

As on March 31, 2021, the capital work in progress stood at INR 2,367.71 Lakh on a consolidated basis, which included INR 1,241.43 Lakh for the Vanillin plant being erected at Dahej.

Company's Performance:

On a consolidated basis, the revenues for FY 2020-21 was INR 118,710.31 Lakh, higher by 13.15% over the previous year's revenue of INR 104,914.84 Lakh. The profit after tax (PAT) attributable to members and non-controlling interests for FY 2020-21 and FY 2019-20 was INR 6,535.80 Lakh and INR 2,983.08 Lakh respectively. While PAT attributable to members for the corresponding periods was INR 5,096.34 Lakh and INR 3,031.86 Lakh respectively.

Consolidated EBITDA (after excluding foreign exchange loss / gain) stood at INR 19,681.86 Lakh against INR 13,070.47 Lakh in the last year.

On a standalone basis, the revenue for FY 2020-21 grew by 3.50% to INR 60,004.83 Lakh from INR 57,977.90 Lakh last year. PAT attributable to members for FY 2020-21 and FY 2019-20 was INR 828.12 Lakh and INR 3,072.13 Lakh respectively.

Standalone EBITDA (after excluding foreign exchange loss / gain) was at INR 7,059.94 Lakh as compared to INR 5,971.28 Lakh in the last year.

Dividend

The Company has formulated a dividend policy which was approved by the Board in its meeting held on May 28, 2021. The policy is hosted on the website at <https://www.camlinfs.com/BusinessConductEthics>

In line with the policy and considering the future growth requirements of the business, your Directors do not recommend any dividend for the financial year 2020 - 2021.

Particulars of Loans, Guarantees or Investments

Loans, Guarantees and Investments covered under Section 186 of the Companies Act, 2013 form part of the Notes to the Financial Statements provided in this Annual Report.

Transfer to reserves

We do not propose to transfer any amount to General Reserve.

Deposits

During the year under review, your Company neither accepted nor renewed any fixed deposits falling under Section 73 of the Companies Act, 2013. The total unclaimed Deposits as on March 31, 2021 were INR 2.30 Lakh.

Transactions with Related Parties

The policy on Related Party Transactions as approved by the Board is uploaded on the Company's website and the weblink for the same is <https://www.camlinfs.com/BusinessConductEthics>.

The Company has not entered into any transaction of material nature with the Promoters, subsidiaries, directors, Key managerial personnel or their relatives, etc. that may have potential conflict with the interests of the Company. The disclosure of Related Party Transactions as required under Section 134 (3) (h) of the Companies Act 2013 in form AOC-2 is given in the "Annexure E" to this report.

Further, transactions with Related Parties are disclosed in the notes to the Financial Statements.

Management Discussion and Analysis

In terms of the Regulation 34 of the Listing Regulations, the Management Discussion and Analysis Report is appended to the Annual Report.

Material changes and commitments affecting financial position between the end of the financial year and date of the report

There are no material changes and commitments which affect the financial position of the Company that have occurred between the end of the financial year and date of this report.

2. Business & Strategy:

Your Company alongwith its subsidiaries, is engaged in research, development, manufacturing and marketing of specialty chemicals, ingredients and additive blends which are in the broad product portfolio of:

- (i) Shelf Life Solutions
- (ii) Aroma Ingredients
- (iii) Performance Chemicals and
- (iv) Health & Wellness

The Company has emerged successful in tackling the challenges posed by the COVID 19 pandemic that has impacted the economies and businesses of the world.

The Company strives to take relevant measures to mitigate and minimize the pandemic surges that are being expected.

The Company's Diphenol Plant at Dahej commenced its commercial operations on September 21, 2020. The plant is being gradually scaled on optimum capacity with a plan to balance the output to suit the business needs with a goal to maximise the yields. This successful commercialization of Diphenol Plant at Dahej is expected to be the stepping stone for the second phase of growth. The Company is bracing for this exciting phase by focusing on widening of an array of downstream products, de-risking the existing business verticals, developing natural ingredients as a parallel to the existing portfolio, realigning the management and empowering and incentivizing the Human Resource.

As a part of this initiative, your Company recently acquired a company situated in Southern part of India, namely, AlgalR Nutraceuticals Private Limited which manufactures Omega 3 Fatty Acids. This is a first step towards the exciting technology of fermentation and extraction which are termed to be the technologies of the future. It is an opportune time to enter into such business. Your Company will expand this business in due course.

Capital investment program for erection of Vanillin plant with a capacity of 6000 MT in Dahej is on track. In spite of challenges of second wave of pandemic and multiple cyclones affecting the western coasts, the management is confident of completing the erection of the plant by the end of the financial year 2021-22.

As you are aware, as a realignment of the management, Nirmal V. Momaya has now been appointed as Managing Director of the Company with effect from June 1, 2021. His rich experience and management prowess will certainly help in growing the business further. With the business expanding exponentially, its complexity and increasing geographical spread, it is imperative that Ashish S. Dandekar deserves an able partner.

The Company is also incentivizing the top tier employees with performance-based ESOP by offering 45,00,000 ESOPs which are convertible into one equity share each. These ESOPs will vest after 4 years and the option grantees will be allowed to exercise the options on achieving pre-decided target on defined financial metrics generally related to revenue EBITDA and ROC, etc. The said ESOP Scheme is being placed before the members of the Company in the ensuing Annual General Meeting for seeking their approval.

It is indeed an exciting future ahead for the Company.

3. Subsidiaries:

Company has 15 subsidiaries with 1 associate company as on March 31, 2021. At the beginning of the year, we had 16 subsidiaries and 1 associate company. The changes in subsidiaries and associates during the year has been included in the Standalone financial statements of the Company.

Our partner Wanglong Technology Company Limited in the vanillin manufacturing joint venture in China (CFS Wanglong Flavours (Ningbo) Co., Ltd.) was levied with a penalty of RMB 159 million (USD 25 million) (INR 183.76 crore) by the Supreme Court of People of China in the month of February 2021 for alleged infringement of intellectual property for manufacturing of Vanillin. Similarly, a penalty of RMB 11.15 million (USD 1.70 million) (INR 12.50 crore) was also levied on our subsidiary. Our partner is in the process of filing a retrial application before the Court to reconsider the judgement. Our partner is confident of a favourable decision in the matter. In the meantime, as legally advised, the operations of the Joint Venture are shut since February 2021 and likely to remain shut until the final decision of the Court is delivered.

Under the shareholders' agreement with the partner, our subsidiary and group are completely indemnified against any financial impact arising out of the aforesaid matter. Management does not envisage a major impact on the affairs of the subsidiary and group and has drawn a mitigation plan in case of an adverse decision by the Court. Consequently, no impairment in the value of investment, assets, goodwill or other receivables is considered necessary at this stage. The Statutory Auditor has concurred this view and has provided emphasis on the matter in his report.

During the year, the Board of Directors reviewed the affairs of the subsidiaries. In accordance with Section 129(3) of the Companies Act, 2013, we have prepared the Consolidated financial statements of the Company, which form part of this Annual Report. Further, a statement containing the salient features of the financial statement of our subsidiaries in the prescribed format AOC-I is appended to this report. The statement also provides details of the performance and financial position of each of the subsidiaries, alongwith the changes that occurred during the financial year 2020-21.

Though, the copies of Audited/Unaudited Financial Statements of the Subsidiaries have not been attached to the Annual Accounts of the Company, these documents will be made available upon request by any member of the Company and also shall be available for inspection

at the registered office of the Company during business hours on working days of the Company up to the date of the ensuing Annual General Meeting. Further, the accounts of the Subsidiaries shall also be uploaded on the Company's website and the weblink for the same is <http://www.camlinfs.com/Subsidiaries>.

The Policy for Determining Material Subsidiaries is disclosed on the Company's website and the weblink for the same is <https://www.camlinfs.com/BusinessConductEthics>

4. Human Resource:

Particulars of Employees

The information required pursuant to Section 197 read with Rule, 5 of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of employees of the Company, is annexed herewith as "Annexure C".

No employees other than Managing Director were in receipt of the remuneration as stated in sub-rule (2) of rule (5) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended, and hence the relevant disclosures as stated in the said Rule (5) is not applicable.

Employee Stock Option Scheme

Pursuant to the approval accorded by the members in the Annual General Meeting held on August 13, 2018, the Company can issue and allot up to 15,00,000 (Fifteen Lakh) equity shares of INR 1/- each at the exercise price which shall be at the maximum 20% (twenty percent) discount of the market price of the equity shares on the Stock Exchange(s) on the date of grant of Options under the CFS Employees Stock Option Scheme, 2018 ("CFSL ESOP 2018"). The applicable disclosure as stipulated under SEBI Guidelines as at March 31, 2021 is given in "Annexure A" to this report.

Further, on July 25, 2020, pursuant to the approval of the members in the Extra Ordinary General Meeting, the Company can issue and allot up to 44,00,000 (Forty Four Lakh) equity shares of INR 1/- each at the exercise price which shall be at the market price of the equity shares on the Stock Exchange(s) on the date of grant of Options under the CFS Employees Stock Option Plan, 2020 ("CFSL ESOP 2020").

The details of the above scheme /plan, including the terms of reference, and the requirement as stipulated under SEBI Guidelines as at March 31, 2021 is given in

“Annexure A” to this report. Further, the details of these scheme / plan also form part of the Notes to Financial statements in this Annual Report.

5. Corporate Governance:

Corporate Governance Report

As required under Regulation 27 of SEBI LODR 2015, a detailed Report on Corporate Governance is given as a part of Annual Report. The Company is in full compliance with the requirements and disclosures that have to be made in this regard.

Board Policies

Vigil Mechanism / Whistle Blower Policy

The Company has a vigil mechanism named Whistle Blower Policy to deal with instance of fraud and mismanagement, if any. The objective of the said policy is to explain and encourage the directors and employees to raise any concern about the Company's operations and working environment, including possible breaches of Company's policies and standards or values or any laws within the country or elsewhere, without fear of adverse managerial action being taken against such employees.

The Whistle Blower Policy is disclosed on the Company's website and the web link for the same <https://www.camlinfs.com/BusinessConductEthics>

Sexual Harassment of Women at Workplace:

The Company is an equal opportunity employer and consciously strives to build a work culture that promotes dignity of all employees. During the year under review, no cases of sexual harassment were reported. The Company has complied with provisions relating to the constitution of Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

Risk Management Policy

The Company is aware of the risks associated with the business. It regularly analyses and takes corrective actions for managing / mitigating the same.

Your Company has institutionalized the process for identifying, minimizing and mitigating risks which is periodically reviewed. Some of the risks identified and been acted upon by your Company are: Securing critical resources; ensuring sustainable plant operations; ensuring cost competitiveness including logistics; completion of CAPEX; maintaining and enhancing customer service

standards and resolving environmental and safety related issues.

Number of Meetings of the Board

During the year, the Board met 5 times. The details of the same along with other Committee's of the Board are given in the Corporate Governance Report. The intervening gap between the Board Meetings was within the period prescribed under the Companies Act, 2013.

Declaration by independent directors

The Company has received necessary declaration from each independent director under Section 149(7) of the Companies Act, 2013, that he / she meets the criteria of independence laid down in Section 149(6) of the Companies Act, 2013 and Regulation 25 of the Listing Regulations.

Board Evaluation

Pursuant to the provisions of the Companies Act, 2013 and SEBI Listing Regulations, the Board has carried out an annual performance evaluation of its own performance, the directors individually as well as the evaluation of the working of its Audit, Nomination & Remuneration and other Committees.

The Board has, on the recommendation of the Nomination & Remuneration Committee, framed a policy for selection and appointment of Directors, Key Managerial Personnel, Senior Management and their remuneration and evaluation criteria for performance evaluation & terms and conditions of appointment of Independent Directors.

The Nomination and Remuneration Policy and evaluation criteria of Independent Directors have been provided under Corporate Governance Report. The aforesaid policy, terms as well as evaluation criteria is also disclosed on the Company's website at <http://www.camlinfs.com/BusinessConductEthics>.

Familiarisation programme for the Directors

The details of familiarisation programmes held for the directors are disclosed on the Company's website and the weblink for the same is <http://www.camlinfs.com/BusinessConductEthics>.

Directors - Reappointments & Inductions

Anagha S. Dandekar (DIN: 07897205) and Nirmal V. Momaya (DIN: 01641934) are retiring by rotation and being eligible offer themselves for re-appointment. The Board commends their re-appointment.

The Board of Directors upon the recommendation of the Nomination and Remuneration Committee, has appointed Harsha Raghavan (Din: 01761512) and Sarvjit Singh Bedi (Din: 07710419), as Non-Independent Directors and Conrad D'Souza (Din: 00010576), Mahabaleshwar G. Palekar (Din: 02455892) and Thomas Videbaek (Din : 09110625) as Independent Directors on the Board of the Company. Being eligible and offering themselves for appointment, resolution is being placed before the Members for approval at the ensuing Annual General Meeting.

Directors - Retirements

Tenure of Sharad Kulkarni and Pramod Sapre, Independent Directors, expired on September 30, 2020. The Board in its meeting held on November 12, 2020 took the note of the same and placed on record its appreciation for the services rendered by Sharad Kulkarni and Pramod Sapre during their respective tenures as Independent Director.

As required under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI LODR 2015), particulars of Directors seeking appointment/reappointment at the ensuing General Meeting have been given under Corporate Governance Report and in the Notice of the 28th Annual General Meeting.

None of the Directors are disqualified from being appointed as Directors, as specified in Section 164 of the Companies Act, 2013.

Appointment of Nirmal V. Momaya as Managing Director

Nirmal V. Momaya was appointed as Managing Director effective June 1, 2021 for a period of 3 years subject to the approval of members. He has been a Non-Executive Director on the Board since August 4, 2014. In the opinion of the Board, his knowledge, expertise, experience and his substantial contribution to the company till date will prove valuable to help the business to grow strategically and efficiently in future. He will share the burden of Ashish S. Dandekar in managing the group.

Remuneration in excess of limit provided in the Companies Act

During the financial year, due to inadequacy of profits the remuneration paid to Ashish S. Dandekar, Managing Director and Dilip D. Dandekar, Chairman & Non-Executive Director has exceeded the limits prescribed under Schedule V of the Companies Act by INR 24.01 Lakh. The Company is seeking approval of the members for payment of such excess remuneration in the ensuing AGM.

Committees of the Board

As on March 31, 2021, the Board had 4 mandatory committees : (a) Audit Committee (b) Nomination and Remuneration Committee (c) Stakeholders Grievances Committee and (d) Corporate Social Responsibility Committee. All the committees are well represented by participation of the Independent Directors.

A detailed note on the composition of the Board and its committees is provided in the Corporate Governance Report.

Internal financial controls and its adequacy

The Company has an Internal Control System, commensurate with its size, scale and complexity of its operations. To maintain its objectivity and independence, the Internal Auditor reports to the Chairman of the Audit Committee of the Board.

The Internal Auditor monitors and evaluates the efficacy and adequacy of internal control system in the Company, its compliance with operating systems, accounting procedures and policies at all locations of the Company. Based on the report of Statutory Auditor and the Internal Auditor, corrective actions are undertaken in the respective areas and thereby strengthening the controls. Significant audit observations and corrective actions thereon are presented to the Audit Committee of the Board.

For further details, refer to the Internal Control Systems section in the Management Discussion and Analysis Report, which forms part of this Annual Report.

Significant and Material Orders passed by the Regulators/Courts, if any

During the year under review, there are no significant or material orders passed by the Regulators or Courts or Tribunals which would impact the going concern status of your Company and its future operations, except the penalty levied by National Green Tribunal (NGT) on alleged violation of environmental norms by the Company and the Order of Supreme Court of People of China against Company's subsidiary namely, CFS Wanglong Flavors (Ningbo) Co. Ltd. Details of NGT Order and its status has been disclosed in the Notes to the Financial Statements. An elaborate discussion on the Supreme Court order and its implications has been detailed under "Subsidiaries" section of this report.

Reporting of Frauds

There have been no instances of fraud reported by the Statutory Auditors under Section 143(12) of the Act and Rules framed thereunder either to the Company or to the Central Government.

Annual Return

Pursuant to section 92(3) read with Section 134(3)(a) of the Act, the Annual Return as on March 31, 2021 is available on the company website on www.camlinfs.com/annualreturn-20-21.

By virtue of amendment to Section 92(3) of the Companies Act, 2013, the Company is not required to provide extract of Annual Return (form MGT - 9) as part of the boards report.

Investor Education and Protection Fund (IEPF)

During the year, the Company has transferred the unclaimed dividend of INR 3.95 Lakh to the Investor Education and Protection Fund. The details of the year-wise amounts of unclaimed / un-encashed dividends lying in the unpaid dividend account up to the year, and the corresponding shares, which are liable to be transferred, are uploaded on the Company's website at <https://www.camlinfs.com/unclaimeddividends>

Directors' Responsibility Statement

Pursuant to the requirement u/s 134(3)(c) of the Companies Act, 2013 (the "Act") with respect to Directors' Responsibility Statement, the Directors hereby confirm that:

- (a) in the preparation of the annual accounts for the financial year ended March 31, 2021, the applicable accounting standards have been followed and there are no material departures;
- (b) they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
- (c) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

- (d) they have prepared the annual accounts on a 'going concern' basis;
- (e) they have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively; and
- (f) they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

6. Auditors & Audit Reports:

Audit Reports

- The Statutory Auditors Report on the Financial Statements for the financial year ended March 31, 2021 does not contain any qualification, reservations or adverse remarks, except emphasis of matter concerning the issues of Order of Supreme Court of People of China and payment of excess managerial remuneration, which have been self-explanatory and adequately addressed in the financial statements. The said report is enclosed with the financial statements in this Annual Report.
- The Report of the Secretarial Audit is annexed herewith as "Annexure B". The Management has taken note of the observations and accordingly, the Company is seeking approval of the members in connection with payment of excess remuneration to the Managing Director and a Non-Executive Director.
- The Certificate of the compliance with Corporate Governance requirements by the Company for the financial year ended March 31, 2021 issued by the Practicing Company Secretaries is attached to the Report on Corporate Governance.
- The auditor's certificate on the implementation of ESOP schemes in accordance with SEBI (Share Based Employee Benefits) Regulations, 2014, will be made available at the AGM

Statutory Auditors

Kalyaniwalla & Mistry LLP, Chartered Accountants (Firm Registration No. 104607W/W100166), were appointed as Statutory Auditors of your Company at the 24th Annual General Meeting held on July 21, 2017 for a term of five consecutive years, that is till the conclusion of the 29th AGM to be held in 2022.

Secretarial Auditors

Company has appointed JHR & Associates, a firm of Company Secretaries in Practice to undertake the Secretarial Audit of the Company for the financial year ended March 31, 2022.

Cost Records & Cost Auditors

Maintenance of Cost records and requirement of cost audit as prescribed under the provisions of Section 148(1) of the Companies Act, 2013 are applicable to the Company effective from April 1, 2021. The Company has appointed ABK & Associates (Firm Registration No. 000036) as Cost Auditors to audit cost records of the Company for the financial year 2021-22. The remuneration payable to the Cost Auditors is subject to approval of the Members at the Annual General Meeting. Accordingly, the necessary Resolution for ratification of the remuneration payable to ABK & Associates to conduct the audit of cost records of the Company for the financial year 2021-22 has been included in the Notice of the ensuing AGM of the Company and the Resolution is recommended for your approval.

7. Corporate Social Responsibility (CSR):

Company operates CSR Policy in the areas of promoting healthcare, education including special education and employment enhancing vocation skills especially among children, the differently abled, tribal communities and measures for reducing inequalities faced by socially and economically backward classes.

The projects identified and adopted are as per the activities included and amended from time to time in Schedule VII of the Companies Act, 2013. The Company endeavors to make CSR a key business process for sustainable development and welfare of the needy sections of the society.

During the Financial Year 2020-21, the Company has spent the entire amount of INR 20.38 Lakh towards CSR activities through NGO operating in the said areas. The Annual Report on CSR activities forming part of this Board's report is annexed herewith as "Annexure D".

8. Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo

As required by the Companies (Accounts) Rules, 2014, the relevant information pertaining to conservation of energy, technology absorption, foreign exchange earnings and outgoings respectively, is given in the "Annexure F" to this report.

Business Responsibility Report (BRR)

The listing regulations require disclosure of the BRR as a part of the Annual Report for the top 1,000 listed entities based on market capitalisation. In compliance thereto, we have annexed the BRR disclosure to our Annual Report.

Environmental, Social & Governance (ESG)

Company has initiated various ESG initiatives with an objectives :

- Safeguard employee well being by enabling work from home
- Significant focus on 'sustainable solutions' regarding wastage of food
- Energy conservation measures
- Environment friendly technologies
- Strategic collaborations for renewable energy sources
- Enhancing well being of the community

Social initiatives through the CSR activity have been discussed under "CSR" section of this Report.

9. Acknowledgements:

Pramod Sapre, erstwhile Independent Director passed away on December 30, 2020. The Directors place on record their deep appreciation for his guidance, support and contribution to the business and growth of the Company.

We thank our clients, customers, vendors, investors, bankers, financial institutions and business associates for their continued support during the year. We place on record our appreciation for the contribution made by our employees. The growth of the Company was made possible by their hard work, co-operation and support.

We thank the Governments of various countries where we have our operations. We also thank the various regulatory authorities namely GST authorities, the Reserve Bank of India, SEBI, Pollution Control Boards, Dahej SEZ Authority as well as State Governments of Maharashtra and Gujarat and its various departments for their support and look forward to their continued support in the future.

For & On behalf of the Board

Dilip D. Dandekar
Chairman

Ashish S. Dandekar
Managing Director

Place : Mumbai
Dated : May 28, 2021

ANNEXURE 'A' TO DIRECTORS' REPORT

DISCLOSURES PURSUANT TO SECURITIES AND EXCHANGE BOARD OF INDIA (SHARE BASED EMPLOYEE BENEFITS) REGULATION, 2014.

The Company granted options to its eligible employees under CFS Employees Stock Option Scheme, 2018 (ESOP 2018) approved vide Shareholders resolution passed at their 25th Annual General Meeting held on August 13, 2018. Further, the Company at its 10th Extra Ordinary General Meeting held on July 25, 2020 approved the CFS Employees Stock Option Plan, 2020. The details of the schemes are given in notes the Financial Statements and other details of the scheme are summarized below:

		ESOP - 2018	ESOP - 2020
A	Options granted	5,41,000	39,12,096
B	Options outstanding at the beginning of the year	-	-
C	Exercise price	INR 50/-plus applicable taxes, as may be levied on the Company.	INR 63.59 plus applicable taxes, as may be levied on the Company.
D	Option vested	2,70,500	Nil
E	Options exercised during the year	94,475	Nil
F	Total number of shares arising as a result of exercise of these options	Nil	Nil
G	Option lapsed /expired / forfeited during the year	55,500	Nil
H	Variation in terms of option	-	-
I	Money realized by exercise of these options during the year	47.24 Lakh	Nil
J	Employee-wise details of options granted to Key Managerial Personnel / Director / Senior Management	Arjun S. Dukane - 50,000 Santosh Parab - 50,000	Nirmal V. Momaya - 37,62,096 Arjun S. Dukane - 100,000 Santosh Parab - 50,000
	1. Any other employee who received a grant in any one year of options amounting to 5% or more of options granted during the year.	None	None
	2. Identified employees who were granted options, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant.	None	None
K	Diluted earning per share (EPS) pursuant to the issue of shares on exercise of options calculated in accordance with Accounting Standard (AS) 20 'earning per share'.	0.60	0.60

As per the terms of the CFS Employees Stock Option Scheme 2018 (CFS ESOP 2018), the options lapsed under CFS ESOP 2018 shall form part of the overall options granted that can be granted under CFS ESOP 2018. 55,500 options lapsed under CFS ESOP 2018 can be re-granted by the Company to the eligible employees.

The company has adopted fair value method in accounting for employee cost on account of ESOP 2018.

The total expense charged to the statement of profit and loss in respect of the options granted aggregated INR 464.70 Lakh (previous year INR 39.97 Lakh).

For & On behalf of the Board

Dilip D. Dandekar
Chairman

Ashish S. Dandekar
Managing Director

Place : Mumbai
Dated : May 28, 2021

ANNEXURE 'B' TO DIRECTORS' 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]

The Members,
CAMLIN FINE SCIENCES LIMITED
Plot No. F/11 & F/12, WICEL,
Opp. SEEPZ Main Gate Central Road,
Andheri East Mumbai 400093

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by CAMLIN FINE SCIENCES LIMITED (CIN: L74100MH1993PLC075361) (hereinafter called 'the Company'). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts /statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information / representations provided by the Company, its officers, agents and authorised representatives; during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March 2021, complied with the statutory provisions as mentioned 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, registers, minute books, forms and returns filed and other records maintained by the Company, for the financial year ended on 31st March, 2021 according to the provisions of: -

- i. The Companies Act, 2013 (the Act) and the rules made thereunder;
- ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made thereunder;
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- iv. Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder (FEMA) to the extent of Overseas Direct Investments including loans and guarantees and External Commercial Borrowings.
- v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'): -
 - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
 - d. Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
 - e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 **(Not applicable to the Company during audit period)**;
 - f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 **(Not applicable to the Company during audit period)**;

- h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 (**Not applicable to the Company during audit period**);
 - i. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015;
 - j. The Securities and Exchange Board of India (Issue and Listing of Non-Convertible and Redeemable Preference Shares) Regulations, 2013; - (**Not applicable to the Company during audit period**);
 - k. The Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018.
- vi. The law which is specifically applicable to the Company is as under: -

Food Safety and Standards Act, 2006 (FSSAI) and Rules thereunder;

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

- i. Secretarial Standards issued by The Institute of Company Secretaries of India as in force from time to time.
- ii. The Listing Agreements entered into by the Company with National Stock Exchange of India Limited and BSE Limited.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above except for the payment of remuneration to a Non-Executive Director without obtaining approval of the shareholders under Section 197 read with Schedule V of the Act and Regulation 17(6) of LODR and also payment of remuneration to Managing Director exceeding the approval of Members under Section 197 read with schedule V of the Companies Act 2013.

We further report that: -

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

Adequate notice of at least seven days was 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.

As per the minutes of the meetings duly recorded and signed by the Chairman, the decisions of the Board were unanimous and no dissenting views have been recorded.

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

We further report that, during the audit period the Company has sought an approval of the members in the Extra Ordinary General Meeting dated July 25, 2020 for issue and allotment of 3.55 crore Warrants (aggregate), convertible into equity shares on preferential basis to Infinity Holdings - Mauritius (1 crore) and Infinity Direct Holdings - Mauritius (2.55 crore).

For **JHR & Associates**
Company Secretaries

J. H. Ranade
(Partner)

FCS: 4317, CP: 2520
UDIN: F004317C000388250

Place: Thane
Date: May 28, 2021

ANNEXURE TO SECRETARIAL AUDIT REPORT

The Members,
CAMLIN FINE SCIENCES LIMITED
Plot No. F/11 & F/12, WICEL,
Opp. SEEPZ Main Gate Central Road,
Andheri East Mumbai 400093

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

1. Maintenance of secretarial records is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
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. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

For **JHR & Associates**
Company Secretaries

J. H. Ranade
(Partner)

FCS: 4317, CP: 2520
UDIN: F004317C000388250

Place: Thane
Date: May 28, 2021

ANNEXURE 'C' TO DIRECTORS' REPORT

Information required pursuant to Section 197 read with Rule, 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended, in respect of employees of the Company

A) Information as per Rule 5(1) of Chapter XIII, Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended.

(i) Ratio of remuneration of each director to the median remuneration of the employees of the Company for the Financial Year 2020-21 are as follows:

(INR In Lakh)

Sr. No.	Name of the Director	Remuneration Per Annum* (INR)	Median Remuneration Per Annum (INR)	Ratio (Remuneration of Director to Median Remuneration)	Remarks
1	Ashish S. Dandekar	180.43	4.37	41.29:1	--
2	Arjun S. Dukane	84.22	4.37	19.27:1	--
3	Dilip D. Dandekar	32.40	4.37	7.41:1	--

* excludes sitting fees, if any.

(ii) The percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year:

- Dilip D. Dandekar - Nil
- Ashish S. Dandekar - Nil
- Arjun S. Dukane - 27.00%
- Santosh Parab (Chief Finance Officer) - 26.00%
- Mandar Godbole (Company Secretary & GM Legal) - N.A.

(iii) the percentage increase in the median remuneration of employees in the financial year: 0.69%

(iv) the number of permanent employees on the rolls of Company: 430

(v) 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;

	% change in remuneration
Average increase in salary of employees (other than managerial personnel)	10.42
Average increase/decrease in remuneration of managerial personnel	27.00

(vi) affirmation that the remuneration is as per the remuneration policy of the Company:

The appointment/re-appointment of the directors /KMP is on the recommendation of the Nomination and Remuneration Committee. The Company has adopted the policy on Nomination and Remuneration at the board Meeting held on May 12, 2015.

B) Information as per Rule 5(2) of Chapter XIII, Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended:

No employee other than Managing Director who were employed throughout the financial year, was in receipt of remuneration of INR 1.02 crore and above.

For & On behalf of the Board

Dilip D. Dandekar
Chairman

Ashish S. Dandekar
Managing Director

Place : Mumbai

Dated : May 28, 2021

ANNEXURE ‘D’ TO DIRECTORS’ REPORT

[Pursuant to clause (o) of sub-section (3) of section 134 of the Act and Rule 9 of the Companies (Corporate Social Responsibility) Rules, 2014]

1. **A brief outline of the Company’s Corporate Social Responsibility (CSR) policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.**

Company operates CSR Policy in the areas Education, Health care, Sustainable livelihood and espousing social causes. The projects identified and adopted as per the activities included and amended from time to time in Schedule VII of the Companies Act, 2013. The Company endeavors to make CSR a key business process for sustainable development.

During the Financial Year 2020-21, the Company has spent INR 20.38 Lakh towards CSR activity.

The Corporate Responsibility Policy is disclosed on the Company’s website and the weblink for the same is <https://www.camlinfs.com/BusinessConductEthics>.

2. **The Composition of the CSR Committee:**

Composition:

Atul R. Pradhan – Chairman

Dilip D. Dandekar – Member

Ashish S. Dandekar – Member

3. **Average net profit of the company for last three financial years:**

Financial Year	Profit/(Loss) in Lakh
2017 - 2018	(2,357.79)
2018 - 2019	1,303.02
2019 - 2020	4,111.55
Average net profit	1,018.93

4. **Prescribed CSR Expenditure (two per cent of the amount as in item 3 above):**

5. **Details of CSR spent during the financial year.**

a) Total amount to be spent for the financial year: 20.38 Lakh

b) Amount unspent, if any: Nil

c) Manner in which the amount spent during the financial year:

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sr. No	Project / Activity	Sector	State and district	Amount outlay (budget) (INR in Lakh)	Amount spent (INR in Lakh)	Cumulative expenditure (INR in Lakh)	Amount spent : Director through implementing agency
1	Development support to people belonging to tribal backward class	Upliftment Tribal Backward Class	Nashik, Maharashtra	20.38	20.38	20.38	Vanvasi Kalyan Ashram, a public trust formed since 1952.

6. **The Company has not failed to spend any recommended amount of CSR calculated on the basis of the two per cent of the average net profit of the last three financial years or any part thereof.**

7. **CSR Committee states that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.**

Ashish S. Dandekar
Managing Director

Atul R. Pradhan
Chairman CSR Committee

Dilip D. Dandekar
Chairman

Place : Mumbai

Dated : May 28, 2021

ANNEXURE 'E' TO DIRECTORS' 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)

1. Details of contracts or arrangements or transactions not at arm's length basis: Nil
 - (a) Name(s) of the related party and nature of relationship
 - (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

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

- (a) Name(s) of the related party and nature of relationship - NA
- (b) Nature of contracts/arrangements/transactions -

Sale, purchase, supply of any goods, including raw materials, finished products, scrap and capital goods, availing / rendering of marketing and other services or any other transactions.

- (c) Duration of the contracts/arrangements/transactions -

Duration	Amount of Contract or arrangement (INR in crore)
April 1, 2018 till March 31, 2019*	INR 120
April 1, 2019 till March 31, 2020#	INR 160
April 1, 2020 till March 31, 2021@	INR 160

* Approved by Shareholders through Postal Ballot.

Approved by the Shareholders at the 26th Annual General Meeting.

@ Approved by the Shareholders at the 27th Annual General Meeting.

- (d) Salient terms of the contracts or arrangements or transactions including the value, if any: N.A.
- (e) Date(s) of approval by the Board, if any: N.A.
- (f) Amount paid as advances, if any: NIL

For & On behalf of the Board

Dilip D. Dandekar
Chairman

Ashish S. Dandekar
Managing Director

Place : Mumbai

Dated : May 28, 2021

ANNEXURE 'F' TO DIRECTORS' REPORT

PARTICULARS PURSUANT TO SECTION 134 (3) (m) OF THE COMPANIES ACT, 2013 READ WITH COMPANIES (ACCOUNTS) RULES, 2014.

The details of conservation of energy, technology absorption, foreign exchange earnings and outgo are as follows:

A. CONSERVATION OF ENERGY

- (i) the steps taken on conservation of energy;

Energy conservation measures taken:

The major steps taken towards energy conservation were the installation of;

- i. Steam Generation Equipment.
 - ii. Shift from Light Diesel Oil (LDO) to Furnace Oil (FO).
 - iii. Additional accessories to Boiler System
 - iv. Installation of biomass resources for generation of thermal energy.
- (ii) the steps taken by the company for utilising alternate sources of energy;

Additional investments for installation of biomass resources for generation of thermal energy are envisaged. Steps are also taken to introduce improved operational methods, rationalization and better methods of lighting, aimed to save consumption of power and fuel.

- (iii) the capital investment on energy conservation equipments; Nil
- (iv) impact of the above matters:

As a result of measures taken enumerated above, further economy in conservation of energy coupled with reduction in cost of production shall be possible. Necessary measures are taken to make the change clean and environmental friendly by installation of additional accessories to Boiler System.

Substantial savings in steam generation cost will be felt due to the substitution of furnace oil with biomass resources.

B. TECHNOLOGY ABSORPTION

- (i) the efforts made towards technology absorption;

The Company's R & D Laboratory is recognised by the Department of Scientific & Industrial Research, Government of India, where continuous efforts are made to innovate new products and improve the quality of Fine Chemicals and products manufactured /procured by the Company and to make the manufacturing process safe, cost effective and environment friendly.

- (ii) the benefits derived like product improvement, cost reduction, product development or import substitution;

Technology, innovations and improvements undertaken at the Laboratory scale have been successfully absorbed at plant level. These efforts shall benefit the Company in increasing sales, reducing cost, and improving quality and scale of the production. The Company is heading towards global leadership in food grade antioxidants.

- (iii) in case of imported technology (imported during the last three years reckoned from the beginning of the financial year)- NIL

- (a) the details of technology imported;
- (b) the year of import;

- (c) whether the technology been fully absorbed;
 - (d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof;
- (iv) the expenditure incurred on Research and Development.

(INR in Lakh)

Expenditure on R&D		2020 - 2021	2019 - 2020
a)	Capital	23.45	13.66
b)	Recurring	444.72	404.56
c)	Total	468.17	418.22
d)	Total R&D Expenditure as a Percentage of total turnover	0.78%	0.72%

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

(INR in Lakh)

	2020 - 2021	2019 - 2020
Foreign exchange outgo	32,140.10	29,401.94
Foreign exchange earned	42,225.62	40,947.51

For & On behalf of the Board

Dilip D. Dandekar
Chairman

Ashish S. Dandekar
Managing Director

Place : Mumbai
Dated : May 28, 2021

BUSINESS RESPONSIBILITY REPORT

ANNEXURE G

SUGGESTED FORMAT FOR BUSINESS RESPONSIBILITY REPORT

The Directors present the Business Responsibility Report of the Company for the financial year ended on March 31, 2021, pursuant to Regulation 34(2) (f) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

Corporate Identity Number (CIN) of the Company	L74100MH1993PLC075361
Name of the Company	CAMLIN FINE SCIENCES LIMITED
Registered address	Plot No. F/11 & F/12, WICEL, Opp. SEEPZ Main Gate, Central Road, Andheri East, Mumbai - 400093
Website	www.camlinfs.com
E-mail id	secretarial@camlinfs.com
Financial Year reported	April 1, 2020 - March 31, 2021
Sector(s) that the Company is engaged in (industrial activity code-wise)	Speciality Chemicals
List three key products/services that the Company manufactures/provides (as in balance sheet)	BHA , TBHQ , GUAIACOL BULK
Total number of locations where business activity is undertaken by the Company	<p>Plant Location:</p> <p>D-2/3, M.I.D.C. Boisar, Tarapur, Dist. Thane 401 506.</p> <p>E – 44, M.I.D.C. Boisar, Tarapur, Dist. Thane 401 506.</p> <p>Plot No. Z/96/D, Dahej SEZ Ltd; Part-II, Tal. Varga, Dist. Bharuch, Pin Code:392130,Gujarat,India</p> <p>R & D Location:</p> <p>N/165 M.I.D.C. Boisar, Tarapur, Dist. Thane 401 506.</p> <p>Sales Office and Manufacturing facility:</p> <p>CFS Europe S.p.A Via Agostino De Pretis 6, 48123 Ravenna Italy.</p> <p>Sales Office:</p> <p>Dresen Química S.A.P.I. de C.V. Av. Miguel Hidalgo 71, Colonia del Carmen, Del. Coyoacán, C.P. 04100, Ciudad de México, México</p> <p>Sales Office:</p> <p>CFS North America LLC 3179, 99th Street, Urbandale, Iowa 50322, USA</p> <p>Sales Office and Manufacturing facility:</p> <p>CFS Do Brasil Industria, Comercio, Importacao E Exportacao De Aditivos Alimenticios Ltda Alameda Vênus, 512, American Park Empresarial, Indaiatuba - SP 13347-659, Brazil 57</p> <p>Sales Office:</p> <p>CFS Argentina S.A Av. Gaona 2612, (1704) oficina D. Ramos Mejía, Pcia de Buenos Aires, Argentina.</p>

	<p>Sales Office: CFS Chile SpA San Antonio 19, oficina 1602, Santiago Centro.</p> <p>Sales Office: CFS Pahang Asia Pte. Ltd. 20 Maxwell Road, #09-17 Maxwell House, Singapore 069113</p> <p>Sales Office and Manufacturing facility: CFS Wanglong Flavours (Ningbo) Co. Ltd. No. 19 Langhai North Road, Xiaocao's Town, Yuyao City, Zhejiang Province, China 315475</p>
Markets served by the Company - Local /State /National / International	Domestic and International

SECTION B: FINANCIAL DETAILS OF THE COMPANY

Paid up Capital (INR)	127498471
Total Turnover (INR)	60,004.83 Lakh
Total profit after taxes (INR)	828.12 Lakh
Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	Please refer Annexure D to Directors' Report.
List of activities in which expenditure in 4 above has been incurred	Please refer Annexure D to Directors' Report.

SECTION C: OTHER DETAILS

Does the Company have any Subsidiary Company/ Companies?	Yes. Please refer Directors' Report for details of Subsidiary Companies
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
Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]	The other entity/entities including stakeholders such as suppliers, distributors participate in the BR initiatives of the Company to the maximum extent possible under various programmes initiated by the Company. With numerous stakeholders working across the Company's different locations and operations, it is difficult to estimate the percentage of such initiatives

SECTION D: BR INFORMATION

1. Details of Director/Directors responsible for BR

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

- a) DIN Number - 01077379
- b) Name - ASHISH S. DANDEKAR
- c) Designation - Managing Director
- d) Details of the BR head

No.	Particulars	Details
1	DIN Number (if applicable)	01077379
2	Name	ASHISH S. DANDEKAR
3	Designation	Managing Director
4	Telephone number	022 67001000
5	e-mail id	corporate@camlinfs.com

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

(a) Details of compliance (Reply in Y/N)

No.	Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
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
4	Has the policy being approved by the Board? Is yes, has it been signed by MD/ owner/ 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
6	Indicate the link for the policy to be viewed online?	https://www.camlinfs.com/Business-ConductEthics	N	N	https://www.camlinfs.com/Business-ConductEthics	N	N	https://www.camlinfs.com/Business-ConductEthics	https://www.camlinfs.com/Business-ConductEthics	
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
8	Does the company have in-house structure to implement the policy /policies.	Y	Y	Y	Y	Y	Y	Y	Y	Y

No.	Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
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

(b) If answer to the question at serial number 1 against any principle, is 'No', please explain why: (Tick up to 2 options) - Not Applicable

3. Governance related to BR

a) Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company.

The Board/Committee will review the BR performance atleast annually.

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

Yes, the BRR 2021 is part of the Annual Report, which is available on the website of the Company and the same is available on the Company's website www.camlinfs.com in the Investors Relations and financials/annual reports and is published annually.

SECTION E: PRINCIPLE-WISE PERFORMANCE

Principle 1

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

YES, We are committed to adopting the best corporate governance practices as manifested in the company's functioning to achieve business excellence by enhancing the long term shareholder's value. Efficient conduct of the business of the company through commitment to transparency and business ethics in discharging its corporate responsibilities are hallmarks of the best practices being followed at Camlin Fine Sciences Limited. The composition of the Board of Directors of the company is governed by the Company's Act 2013 and SEBI Regulations 2015. As on March 31, 2021, the Company has 14 directors on its board (including the Chairman), of which 7 are independent, 5 are non-independent, and 2 are whole time directors. To ensure accountability and monitoring, the Board has constituted various committees such as: Audit Committee, Nomination & Remuneration Committee, Corporate Social Responsibility (CSR) Committee and Stakeholders' Relationship Committee. The committees meet periodically during the year to supervise, review performance and advice on the necessary direction to be taken.

Code of Conduct: Camlin has its Code of Conduct which extends to all its directors and senior employees which aims at maintaining highest standards of business conduct in line with the Ethics of the Company, provides guidance in difficult situations involving conflict of interest & moral dilemma and ensures compliance with all applicable laws. All senior employees have to read and understand this code and agree to abide by it. The policy code of conduct is available on the Company's website.

Vigil Mechanism/ Whistle Blower Policy: The Vigil Mechanism of the Company, which also incorporates a whistle blower policy aims to provide a channel to the employees and Directors to report to the management concerns about unethical behavior, actual or suspected fraud or violation of the Codes of Conduct or policy. The mechanism provides for adequate safeguards against victimization of employees and Directors to avail of the mechanism and also provide for direct access to the Chairman/ Chairman of the Audit Committee in exceptional cases. The Vigil Mechanism/Whistle Blower Policy is available on the Company's website.

2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.

During the year, no complaints were received from stakeholders

Principle 2

1. List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.
 - (a) TBHQ (Tertiary Butyl Hydroquinone)- (To reduce environmental contamination, evaporation of solvent reduced by applying new technology)
 - (b) BHA (Butylated Hydroxy Anisole)- (To reduce environmental contamination, evaporation of solvent reduced by applying new technology)
 - (c) ASP (Ascorbyl Palmitate)- (Palmitic Acid is raw material for Ascorbyl Palmitate which is procured RSPO (Roundtable on Sustainable Palm Oil) certified)
2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product(optional):
 - (a) Reduction during sourcing/production/ distribution achieved since the previous year throughout the value chain? and
 - (b) Reduction during usage by consumers (energy, water) has been achieved since the previous year?

The Company follows a series of Environmental Performance Indicators to monitor its efforts for sustainable use of natural resources in manufacturing. The Company is committed to conservation and optimal utilisation of all resources, reducing waste to zero and full recovery of unavoidable by-products.

During the last 5 years, for every tonne of production, the Company has reduced the usage of energy, water, wastewater wherever possible.

3. Does the company have procedures in place for sustainable sourcing (including transportation)?
 - (a) If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.

The Company chooses its suppliers through strictly laid out procedures and engages with them according to the non-negotiable minimum standards. The requirements of Business Integrity, Human Rights (labour standards), Health and Safety and Sustainable environmental standards in their business activities, production processes, services provision and their own purchasing procedures apply to all suppliers and their sub-tier suppliers.

4. Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work?

(a) If yes, what steps have been taken to improve their capacity and capability of local and small vendors?

Yes, Company has taken steps to procure goods and services from local Vendors & small producers.

Following Steps has been taken by the Company

1. Identifying Potential vendor in local vicinity.
2. Vendor Evaluation Based on the Capabilities.
3. Encouraging vendor to enhance the Production capacity by offering Long terms contracts like 3 years or 5 years.
4. Extending technical support to local vendors to improve upon the quality & capacity.
5. Hiring Cafeteria , Local Transportation , Unskilled Manpower , Housekeeping services from communities surrounded to work place.

5. Does the company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.

As a responsible manufacturer of food antioxidants, the Company has mechanism to recycle products and waste. The Company recycles > 10% of products and waste.

Principle 3

1. Please indicate the Total number of employees.- 975
2. Please indicate the Total number of employees hired on temporary/contractual/casual basis.- . 640
3. Please indicate the Number of permanent women employees.- 30
4. Please indicate the Number of permanent employees with disabilities - NIL
5. Do you have an employee association that is recognized by management.- Yes, 22 Worker association with Mumbai Labor Union
6. What percentage of your permanent employees is members of this recognized employee association?- 4 %
7. Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year. - No such complaints were received by the Company during the year.
8. What percentage of your under mentioned employees were given safety & skill up- gradation training in the last year?
 - a) Permanent Employees - > 80%
 - b) Permanent Women Employees - > 80%
 - c) Casual/Temporary/Contractual Employees - > 80%
 - d) Employees with Disabilities - N.A.

Principle 4

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

Yes, as a result of regular and extensive stakeholder engagement over many years, the Company's business operations have evolved, balancing business priorities and responsibility towards economic, environmental and social sustainability.

The Company builds trust through productive relationships, fosters working partnerships and considers stakeholders both internal and external as integral to its business.

2. Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders. - No
3. Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders. If so, provide details thereof, in about 50 words or so. - No

Principle 5

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 Policy covers the Company and all suppliers, sub suppliers, contractors and associates.
2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management? – During 2021, the Company did not receive any complaints with regard to human rights.

Principle 6

1. Does the policy related to Principle 6 cover only the company or extends to the Group/Joint Ventures/Suppliers/Contractors/NGOs/others.

The Policy covers the Company and all its vendors, contractors and associates.

2. Does the company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc.

The Company assists food manufacturers with prevention of food wastage. For details, refer <https://www.camlinfs.com/CSRFood>. Most of our products are packed in HMHDPE containers that are recyclable considering environment safety.

3. Does the company identify and assess potential environmental risks? Y/N

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, whether any environmental compliance report is filed? - No

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. – Production of vanillin uses clean technology Refer <https://www.camlinfs.com/cfsamea/Wanglong> for brief detailing.

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

Yes

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. - Nil

Principle 7

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) Maharashtra Chamber of Commerce, Industry & Agriculture.
- b) Federation of Indian Export Organisations

2. Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)

Yes. The Company engages with government, regulatory authorities and relevant public bodies for the development of public policies in keeping with the Company's business and its work in Society, sustainability and compliance commitments. These include Food Regulations, Environment among others. The Company engages with Government and Food Authorities to establish science-based regulations for protecting the health of consumers and development of other best practices in areas of food processing.

Principle 8

1. Does the company have specified programmes/initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof.

Yes. The Company works in the areas of rural development initiatives. Further details available in the Corporate Social Responsibility Policy

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

Projects are undertaken through external NGO and in partnership with like-minded expert partner organisations that share the Company's ambition towards creating inclusive growth.

3. Have you done any impact assessment of your initiative? - No
4. What is your company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken. - Refer Annual Report (CSR)
5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so. - Refer Annual Report (CSR)

Principle 9

1. What percentage of customer complaints/consumer cases are pending as on the end of financial year.

As on end 2021, the Company has no pending consumer complaints.

2. Does the company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A. /Remarks(additional information) -

Yes, over and above compliance with applicable product packaging and labelling requirements including declaration of appropriate method of preparation of products for safe and proper consumption.

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.

The Company does not have any stakeholder complaints with regard to unethical or unfair trade practices, irresponsible advertising and/or anti-competitive behaviour, which are pending as at the end of 2021.

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

The Company continuously carries out consumer surveys to understand consumer feedback, product satisfaction and preference while measuring consumer response and satisfaction regularly through the Company's continuous and periodic tracking studies, through a random sampling approach among target consumers.

MANAGEMENT DISCUSSION AND ANALYSIS

GLOBAL ECONOMY OVERVIEW

The financial year 2020-21 was a unique and challenging year, deterred by a viral pandemic that hit the world economy very hard. The pandemic spread like a forest fire, reaching every corner of the world, infecting more than 144 million and killing close to 3 million people worldwide (as of March 2021). For several months, uncertainties and panic paralysed most economic activities in both developed and developing economies. The pandemic has exposed the systemic vulnerability of the world economy.

World gross product fell by an estimated 4.3 percent in 2020, the sharpest contraction of global output since the Great Depression. The pandemic hit the developed economies the hardest, given the strict lockdown measures that many countries in Europe and several states of the United States of America imposed early on during the outbreak. The developing countries experienced a relatively less severe contraction, with output shrinking by 2.5 percent in 2020. Their economies are projected to grow by 5.7 percent in 2021.

The activity around the world is expected to strengthen in the second half of the current year due to improved COVID-19 management and the ongoing vaccination program, allowing for easing of pandemic control measures. Global economic output is expected to expand 4 percent in 2021 but still remain more than 5 percent below pre-pandemic projections.

Global growth is projected to moderate to 3.8 percent in 2022, weighed down by the pandemic's lasting damage to potential growth. The global economic recovery, which has been dampened in the near term by a resurgence of COVID-19 cases is expected to strengthen over the coming months as confidence, consumption, and trade gradually improves, supported by ongoing vaccination. Building economic, social and environmental resilience must guide the recovery from the crisis.

INDIAN ECONOMY OVERVIEW

Financial Year 2020-21 started with a nation-wide lockdown in India. However, India emerged as the fastest-growing major economy in the world. It is expected to be one of the top three economic powers in the world over the next 10-15 years. It is backed by robust democracy and strong partnerships. The Economic Survey has projected that the economy will grow at 11 percent, up from an estimated historic decline of 7.7 percent in 2020-21, on account of the COVID-19 pandemic. Also, the vaccination drive is expected to provide an impetus for the restoration of contact-intensive sectors and a leading edge to the Indian pharma industry in the global market.

The Government of India, under its Make in India initiative, is trying to boost the contribution made by the manufacturing sector with an aim to take it to 25% of the GDP from the current 17%. India's retail inflation, measured by the Consumer Price Index (CPI), rose to 5.52% in the month of March. Separately, the country's factory output, measured in terms of the Index of Industrial Production (IIP), witnessed a contraction of (-)3.6 per cent in February, as per Ministry of Statistics & Programme Implementation (MoSPI). The retail inflation during the month of February was at 5.03%. The rise in retail inflation in March can be attributed to the rise in food prices. The Consumer Food Price Index (CFPI) or the inflation in the food basket rose to 4.94% in the month of March.

The government has the ambition of making India a USD 5 trillion economy by 2024 for which various initiatives have been undertaken in the last few years to improve ease of doing business, encourage Make in India, invite foreign companies to India with schemes like PLI (production-linked incentive) and tweak the legacy labour laws, Agri policies, etc.

With the shift in sentiment to reduce dependence on a single country i.e. China, there is an increasing interest from international companies wanting to invest in India. Interest is largely from Asia led by Japan, Korea and Thailand, although there is some interest from Europe. Some of these enquiries are in sectors such as agrochemicals, building products, logistics, packaging, and new-age technology including electronics, sectors where there were no significant interest in the past.

GLOBAL CHEMICAL INDUSTRY OVERVIEW

The year 2020 was destined to be a year of transition for the chemical industry as a prelude to recovery. But then the COVID-19 pandemic struck and changed everything. The collapse of supply chains, production stops, closed borders, and week-long lockdowns led to a global economic slump and transformed 2020 into a crisis year of unprecedented dimensions. However, the major issues preoccupying the chemical industry before COVID-19 have remained. And the pandemic has added new challenges the industry must tackle and finance. And so 2021 will be a year of re-orientation with business models being put to the test and adapted to the new environment.

After the global lockdown the market bottomed out in mid-2020. In the second half of the year, the rise of domestic demand in China marked the onset of the recovery phase. However, it has not been homogeneous, as some subsectors have fared better

than others. For example, chemicals for electronic applications, specialty polymers, catalysts, and nutraceutical ingredients are currently experiencing above-average growth prospects in 2021, similar to segments that have already seen increased demand as a result of the healthcare crisis (e.g. packaging, Plexiglas, medical gases, etc).

Geographically the recovery has also been uneven, with a strong recovery in China, a slower recovery in Europe, and the U.S. somewhere in between. In terms of prices, this was even more pronounced: Prices and margins bottomed out in the first half of the year due to inventory reductions and low utilization rates, as well as falling raw material prices, only to rebound sharply in the second half thanks to sequential recoveries, low inventory levels and restocking, and isolated capacity outages. As vaccines should become more easily available during 2021 and infection rates start to decline, demand in chemical markets will continue to recover - in line with improved expectations for global GDP growth. However, the predictability of demand growth remains volatile.

Against this background, analysts see volume growth of 4-6% for the sector, depending on the business and product mix. Those seem realistic at the moment. However, compared to Asia and the Americas, recovery of the chemical sector in Europe is most at risk in the coming months due to the strong Euro and the increasing infection rates, social restrictions and Brexit. Therefore, chances are 2021 will be another transition year for chemicals in Europe, with a slow start and a stronger second half.

“De-globalization” was already in the agenda before the pandemic due to Brexit and trade tensions between the U.S. and China. The pandemic has highlighted the vulnerability of many international chemical supply chains and reinforced the need to strengthen local supply channels and production facilities. This will lead to an increase in local investment in chemical production facilities (near- and on-shoring) in 2021 as well as a broader distribution chain, particularly for critical raw materials used in industries such as agriculture, aerospace, pharmaceuticals, and semiconductors. This increases capital requirements for chemical companies for investment and for higher working capital.

The global chemical market is expected to increase from USD 32 billion in 2020 to USD 3728.43 billion in 2021 at a compound annual growth rate (CAGR) of 11.6%. The growth is mainly due to the companies rearranging their operations and recovering from the COVID-19 impact. Asia Pacific was the largest region in the global chemicals market, accounting for 49% of the market in 2020. North America was the second largest region accounting for 17% of the global chemicals market. Africa was the smallest region in the global chemicals market.

INDIAN CHEMICAL INDUSTRY OVERVIEW

India has one of the largest global chemical markets, and is ranked sixth in the world and fourth in Asia in terms of global sale of chemicals. India accounts for 2.5% of the world’s global chemical sales. More than 80,000 chemicals are manufactured in the country and are consumed in diverse end-use sectors including textiles, automotive, agriculture, packaging, pharmaceuticals, healthcare, construction, and electrical and electronics.

The Indian chemical industry is fragmented with large, medium and small companies manufacturing major petrochemicals, alkali chemicals, inorganic chemicals, organic chemicals, pesticides, dyes and pigments and other chemicals. It contributes 2.1% to total FDI equity inflows and 11.3% to India’s exports. India ranks sixth in imports and ninth in exports of global chemicals and chemical products (excluding pharmaceutical products). Specialty chemicals account for a major share of more than 50% of chemical exports, dominated by agrochemicals, dyes and pigments, etc.

The Indian chemical industry was estimated to be worth USD 178 billion in FY20 and has a significant potential to reach USD 300 billion by FY25. In terms of demand, the industry has grown at approximately 1.3 times the country’s average GDP growth in the last five years and shows a strong linkage with its GDP. Shift in customers’ preferences, increasing per capital consumption, digitalization, increasing M&A and investment-related activity, and the shift from China have been the key trends shaping the Indian chemical industry.

COVID-19 has severely affected the Indian chemical industry and disrupted supply chains and the demand for chemicals. Consequently, it is expected to show a downturn in FY21 while still adapting to the shock expected in India’s GDP. With the IIP of chemical and chemical products manufacturing being on the verge of attaining the pre-COVID index, the chemical industry is expected to witness a V-shaped recovery by FY22 by adapting to India’s GDP growth trend. The industry is expected to grow at a CAGR of 9.2% by FY25, reaching up to USD 276 billion in the next five years. In order to achieve its target of USD 300 billion by FY25, the chemical industry needs to grow at a CAGR of 11% in the next five years, which is possible considering Government initiatives and the growth in the consumer base, changes in lifestyle, increase in disposable incomes and focus on healthcare and hygiene.

The specialty chemicals segment has grown at an impressive rate of approximately 11.7% in terms of value in the last five years. It reached an estimated market size of USD 70 billion in 2020 and is likely to clock a 12-13% CAGR over the next 5 years. The COVID-19 pandemic had a positive impact on the demand for flavours and fragrances, personal care chemicals, nutraceutical ingredients and surfactants as a result of increased consumption of hygiene products, packaged foods, energy drinks and nutraceuticals. The

pandemic had a neutral or negative impact on the demand for other products such as polymer additives, paints and coatings, dyes and pigments, water treatment chemicals, and textile and construction chemicals due to the lockdown.

The segment has immense growth potential due to the increasing demand from construction, automotive, packaging, water treatment, home and personal care, food processing, nutraceuticals and other demand-driven sectors. Under the Union Budget 2021-22, the government allocated INR 233.14 crore (USD 32.2 million) to the Department of Chemicals and Petrochemicals.

BUSINESS OVERVIEW

CFS's specialty chemicals caters to four different businesses – Shelf Life Solutions, Performance Chemicals, Aroma Ingredients and Health & Wellness. An overview of these business verticals operations for FY2020-21 is covered in this section.

Table 1.1: Core Businesses and Sectors Covered

Sr. No.	Businesses	Industries
A	Shelf Life Solutions	Food & Beverages, Petfood, Animal Nutrition, Aquaculture, Biodiesel etc.
B	Aroma Ingredients	Food & Beverages, Flavour & Fragrance Houses, Pharmaceutical, Incense sticks and others, etc.
C	Performance Chemicals	Petrochemicals, Agrochemicals, Polymer, Dyes & Pigments, Pharmaceuticals
D	Health and Wellness	Food & Beverages, Petfood, Animal Nutrition, Nutraceuticals and other dietary supplement industries

SHELF LIFE SOLUTIONS

“Safety first” rung most true in times of Covid-19 pandemic. When supply chain disruptions hinder the timely arrival of food products on supermarket shelves, all of those food production efforts could go waste. Extending shelf life of foods provide buffer time that the pandemic steals within the food supply chain. Also, globalization of food systems has demanded more sophisticated shelf life solutions from the sector. The most common additives to appear on food labels are antioxidants that prevent deterioration caused by oxidation, followed by colours, emulsifier, stabilizers, thickeners, preservatives and sweeteners. Be it freshness, preservation or food loss, with more and more startups and businesses expanding the food sector in the past few years; the Shelf Life Solutions vertical of CFS has been educating the sector on the functionality, creating brand awareness and positives of using such products.

The Shelf Life Solutions business markets antioxidants, other additives and blends for human food, petfood, animal feed (including aquaculture) and biodiesel, giving it the necessary protection.

With the growing trend to adopt natural solutions, CFS has developed and marketed natural shelf life solution products (under the “NaSure” brand) in all its operating markets for premium offerings of packaged food and petfood.

The Shelf Life Solutions business for India and rest of the Asian markets were quite stable during the year. The Company has successfully increased its distribution network. It has plans to widen the product basket to the application industries using its antioxidants. Also, the division is working to launch new products for various food and beverage industries in the Asia Pacific markets in FY2021-22.

Though India launched several new products for snack food and bakery industry in 2020-21, the major contributors were from existing brands. During the pandemic, there were constraints for new trials and introductions at the customer's end. The demand for comfort eating products has dramatically reduced and industries such as cakes, sweets and icecreams were badly affected during the lockdown. Oils and fats, bread and biscuits units were fully operational which helped recover losses from the other segments. With the lockdown withdrawal in last two quarters for most of the states, businesses started slowly gaining traction. There is a positive trend with natural extracts for premium range of products; the Company's NaSure range fullfills the shelf life challenges.

The Shelf Life Solutions business in CFS Europe SpA saw stability compared to last fiscal year. In EU, there are several projects running with the core focus on antioxidant range, for the animal nutrition, rendering and aquafeed segments. During the financial year, for brand awareness and presence, the Company conducted few webinars that received large participation as well as acknowledgement from the industry. With the highest purpose of contributing to the fight against the COVID-19 pandemic, CFS Europe SpA developed and launched disinfectants and hand-sanitizers designed based on WHO formulation and received authorization by the Italian Health Ministry to promote.

Moving on to the operations of its subsidiary in Brazil, the Latin American market was quite challenging with the pandemic outbreak reducing the antioxidant consumption. Yet, CFS ensured greater reliability for its customers through its unwavering service. The region had large wins including bids from edible oil and fat manufacturers, and other food and animal nutrition

companies from different parts of the continent during the year. With the objective of market expansion, it has focused on strengthening the portfolio and aggressively expanding its distributorship. The gaps that were not filled by some of the existing partnerships were also discontinued, so that customers could be served directly. The pandemic has considerably affected the performance of distributors during 2020 and now it has reinitiated discussions in 2021 with new opportunities and aiming major customers. Besides these, the Company supports its customers with value-added services.

The business has provided great insights for exploring opportunities in various food segments locally. FY2021-22 would definitely see a good mix of natural and traditional shelf-life solution portfolio for the food industry. Using its global pool of expertise, efforts are being made to localize and launch products for multiple food and beverage segments that has shown success in other CFS geographies. Strengthening CFS' brand image will be also key. It will participate at major food ingredient exhibitions through both physical presence and using digital platform.

As consumers have become increasingly concerned about their own health, especially their diet, similar concerns about the pet diets also seem obvious. The outbreak of COVID-19 acted as a massive restraint on the Brazilian pet food market in 2020, as supply chains were disrupted due to trade restrictions and consumption declined due to lockdowns imposed globally. Currently, CFS caters the Brazil pet food market with a lean portfolio of protection solutions. These categories have a sizeable market to increase CFS presence. Generally, the pet food manufacturers takes sufficient time to validate and accept new products as part of their formulation or allow access into their manufacturing plant. It has been in constant contact with the industry, which has led to important projects with petfood brands in 2020. In a breakthrough, CFS received global approvals from a leading petfood company and has opened the doors with its complete Group Company.

Chile is the biggest South American market for fish production and its exports (mainly salmon and shrimp feed). The salmon feed, meal and fish oil produced in Chile also goes to the petfood industry. The industry is presently trapped by an uncertain long-term immobility due to fragile public health situation from COVID-19. CFS holds strong position in Chilean fishmeal market by providing feed protection solutions. The Company has identified potential safety solutions that could complement with it's existing range and add voluminous growth.

Projections presented by Brazilian Animal Protein Association (ABPA) point out that despite a highly challenging year for the Brazilian poultry sector, with costs at historical levels, causing economic and social breakdown from the pandemic, the Brazilian poultry farming, and pork production did remarkably well on both export markets and domestic front with an increase in 0.5% and 4.2% respectively, and will continue to do so in FY2021-22. The beef production too is estimated to see an increase of 4% in 2021 with improved exports, domestic demand and stable feed cost.

The animal nutrition segment needs effective solutions for protection of nutrient-rich feed for optimum feed conversion. CFS has developed few products that are added directly in the plants of poultry and pig farms. The Company' successful farm trials in the previous year will enable to confidently introduce new products in FY2021-22 specifically for Brazil and Argentinian livestock market.

The Brazil biodiesel market is expected to rise at a CAGR of more than 4% during the forecast period of 2021-2025. Factors such as concerns about the environment, peak oil, energy security, fuel diversity, and sustainability are likely to drive the biodiesel market in the country. The key decisive factor for biodiesel producers is to adapt their business into the new open-market model with the end of the tender system that laid bare its inadequacies during the pandemic. 2022 is anticipated to supersede the current heavily-regulated auctions. The introduction of the RenovaBio policy is likely to stimulate more output from lower-carbon waste oil and animal fat feedstocks.

In Argentina too, the pandemic impacted the biodiesel production which fell to 1.15 million tons, the lowest since 2009. Although the Company aggressively competes with other renowned players in Argentina and Brasil, it aims to have sizeable market share with its product basket in coming years.

CFS operates in Mexico, Central America & Andean states through its 65% subsidiary CFS Dresen (Dresen Quimica SAPI de CV). In 2020, Mexico's economy suffered its biggest annual contraction since the 1930s due to the Covid-19 pandemic. In addition, the region of Central America has been affected by hurricanes. Although Mexico recovered better than expected from the ravages of the COVID-19 pandemic during the final quarter. For 2021, a minor improvement from the previous year is estimated as necessary actions have been taken by the Mexican government to mitigate the economic slowdown, especially the private sector.

Though food is the most essential commodity for humans, the Mexican food market didn't see much decline. However, the premium and super-premium range suffered an ebb to nearly 28%. During the year, the Company also added new products for the food segment in many markets. The Central American region saw an increase in usage of additives, but with intense price wars. In Peru, premium brands of edible oils were more affected than the affordable ones. However, the sale of additives improved compared to the previous year. In contrast, the subsidiary in Colombia saw a major production shrinkage of 20% in food and feed markets affecting additives sales. Bolivia too, had a stable business with products for industrial, agricultural and institutional sanitization.

On the pet food segment, Mexican petfood companies offering premium and super premium range were greatly affected. Some of the pet food companies withdrew few additives in order to make formulations that were simpler and affordable. The interlinked rendering industry too saw a slight slowdown on production which led to low usage of additives. Similar trends were observed in Colombia. CFS still holds a majority position for selective additives in the Central American region and it will continue its expansion plans in 2022. The company has started a few new projects with petfood and animal feed customers who have begun the construction of new production lines or plants for their businesses. Unlike the other operating regions of CFS Dresen, the pet food segment for Peru region saw 10% growth and the rendering industry too was quite stable.

In the animal nutrition segment, the Company launched several nutritional additives and other traditional products with new customers in its operating markets during the year. The Company has extended its expertise in swine production, feed flavours and aromas. In the Peruvian region, an increase in grain prices resulted in cheaper feed formulations for livestock. Though animal nutrition in the region saw 25% reduction in poultry feed production, egg production observed a 5% jump over previous year. Considering the partnership with few global feed integrators, it took the opportunity to expand its local portfolio of products to the region. The Company also expanded its presence in Ecuador, working on multiple projects with different industries, product categories and building distribution network.

In the aquaculture sector, it was rather a good year for the Mexican northwest pacific shrimp harvest but, hit the prices drastically ending up with buying limits. Providing prolonged protection to sea produce, especially shrimp, after harvesting is the key to getting it to consumers in a healthy condition. Currently, it launched product for post-harvest preservation and remains an important opportunity for 2021. The Company also initiated a line of products for the fish meal industry in Peru. The overall operations in Peru saw growth of 23.5% over the previous year. During 2020, the feed sector in Mexico had shown a growth of 4.1% compared to the previous year and expects the same pace for 2021.

Amidst the global pandemic, CFS North America (CFSNA) couldn't accomplish several key projects that were growth opportunities in FY 2020-21. The fresh meat and poultry sector was ripe for opportunity with its distinct label-friendly offering of natural extracts. However, the meat industry collapsed when COVID-19 outbreak spread rapidly into hundreds of processing facilities early in the pandemic. Dozens of plants were shut down and most certainly all were disrupted resulting in a sharp decrease in supply of meat to consumers that lasted months. The food industry, in general, saw a quick shift from food service to more retail production of food items which negatively impacted sales of its additives.

There is a close relationship between rendering and the petfood industry. Due to the large reduction in the rendering industry's overall capacity, they were unable to supply their raw materials and that crippled the petfood manufacturers. Similarly, new suppliers or ingredients were not welcome during this time as renderers were more concerned with the basic ability to even continue supplying to their customers. However, with a commitment to keep pushing projects forward, the CFSNA team thought out-of-the-box and found creative ways of moving forward. It's customer relationships will reap benefits for CFSNA going into FY2021-22. With the rising requirement for nutritious, sound, and organic pet food on account of an increasing awareness with respect to animal health is anticipated to pick up traction.

In North America, the animal nutrition business has shown growth due to higher demand from existing customers for nutritional additives, yet raw material shortages and feed price increases should be considered for FY 2021-22. It has explored partnership opportunities to penetrate the market with more value-added products for the poultry and swine markets. The regulatory systems including certifications for production, storage and trading of premix and additives are in place. The R&D activity is also focused on setting up the formulation and analytical methods for the animal nutrition business.

Overall, CFS Shelf Life Solutions business generated a consolidated revenue of over INR 608.94 crore globally with 11 % growth over FY2019-20. With a robust product basket and expertise, CFS is optimistic about its growth in the coming years.

PERFORMANCE CHEMICALS

CFS started its Performance Chemicals division in 2011 with the production of di-phenols (hydroquinone and catechol) through a 100% owned subsidiary, CFS Europe SpA. It has since been dedicated to the development and production of various downstream products like TBC, Veratrole, MEHQ, Guaiacol, HQEE, etc. These downstream products are manufactured in its state-of-the-art facility in Tarapur, India. With the commencement of Company's Dahej plant in India, the capacities are further enhanced for Hydroquinone, Catechol and possibilities with downstream products.

While the pandemic affected the performance of the division, with the overall global demand plummeting, CFS Europe provided positive results with higher hydroquinone sales in the European market in FY2020-21. Furthermore, concentrated efforts continued to be on the improvement of the diphenol plants. As a result, the production of FY2020-21 has been the highest ever. It undertook various improvement projects and successfully renewed necessary certifications. In spite of the few stumbling blocks in supply chain due to pandemic, CFS managed to get the plants across all its locations up and running.

The growth drivers for the overall Performance Chemicals business over the past few years has come from HQ, CME, TBC and Veratrole with its entry into new markets including India.

CFS's vertical integration continues to provide an edge with steady supply of its products all over the world. The Company attained its historic milestone with the expansion of its capacity for Hydroquinone and Catechol at Dahej, Gujarat, India, in 2020. The expansion has coincided with the needs of industries such as petrochemicals, polymers, agrochemicals, dyes, and pigments that will be high-performance gainers in the near future. This doubled capacities will further contribute to the fast-growing, customer demand for high-quality additives for food and feed globally.

Overall, the Performance Chemicals business generated a consolidated revenue of close to INR 344.41 crore globally and with 40% growth over FY2019-20.

AROMA INGREDIENTS

Flavors and fragrances have a wide application in the food, feed, cosmetic, chemical, and pharmaceutical sector. Nowadays, they represent over a quarter of the world market for food additives and most of them are provided by extraction from natural sources or by traditional methods, as chemical synthesis. Nevertheless, extraction from plants has limitations such as low concentration of the product of interest, seasonal variation, risk of plant diseases, stability of the compound, and trade restrictions. In fact, chemical synthesis still represents cost-effective technologies for their production and applications within reach.

CFS is the third largest global manufacturer of synthetic Vanillin, an aroma ingredient. The global Vanillin market size reached volumes of 37,296 tons in 2020 and is expected to reach almost 60,847.2 tons, growing at a CAGR of around 8.5% during the period. The global vanillin market is driven by the rising demand for comfort foods across the world. The market's growth is driven by its diversified applications in end-user industries, ranging from food & beverages to pharmaceuticals. Synthetic Vanillin dominates the market, as a flavoring agent in beverages, due to the low availability of natural vanilla and comparatively lower cost.

Vanillin and Ethyl vanillin are a major part of the aroma ingredients' business offering. It provides the universal vanilla top note for use in the flavor and fragrance market all over the world. CFS uses clean method of manufacturing vanillin through Catechol-Guaiacol route, one of the most favored synthetic routes in India and China. Over the years, it has perfected the development of vanillin by having full traceable vertically integrated production.

For the FY2020-21 financial year, the Company supplied vanillin to clients in several continents, generating revenue of INR192.97 crore. The Company won key accounts with reputed companies in Europe, Brazil, Asia and Middle East. The division also catered to leading and popular chocolate and cocoa product firms, flavour and fragrance houses and many other global taste and nutrition solutions company. There were few untapped markets that were also explored during the period.

CFS produces vanillin at its plant in Yuyao City, Zhejiang Province, China. It is a joint venture between CFS and Wanglong Technology where Wanglong holds 49% stake and the Company with 51%. In the Financial year 2020, CFS Wanglong contributed 16.83% of the total consolidated revenues of the Company.

In February 2020, CFS was informed by its joint venture partner that a penalty of about INR 180 crore (RMB 159.32 million) has been levied by Supreme Court of China on them for alleged infringement of intellectual property used in the process for manufacturing Vanillin. CFS has been attributed 7% of the aforesaid penalty of about INR 12.65 crore (amounting to RMB 11.15 million). In pursuant to the order, the Company has extended the maintenance shut-down of its vanillin plant as an abundant caution. The partner is filing a re-trial application and confident about the positive outcome, until then the plant is likely to be under shutdown.

In terms of the shareholders agreement entered into with Wanglong Technology, Wanglong Technology is required to indemnify CFS Wanglong from any economic consequences emanating from any such infringement. CFS Group will assess the situation from time-to-time and will initiate appropriate steps to protect the asset and business.

As per the derisking measures, the Company has already started erecting 6000 MT multipurpose manufacturing unit for production of Ethyl Vanillin at its Dahej facility. The said plant is expected to commence commercial production by the end of the current financial year, FY2021-22.

HEALTH & WELLNESS

The launch of Health & Wellness business vertical has demonstrated the Company's agility to stay relevant with times. It has committed to offer pure, ethically priced, natural, organic, and biotechnology- based ingredients such as plant extracts, proteins, fibers, omega-3 fatty acids, and carotenoids. These products are further segmented by application industries such as food & beverages, petfood, animal nutrition, and dietary supplements.

CFS would actively promote the portfolio of products in FY 2021-22 in order to meet the needs of the growing population who aspire to live a healthy lifestyle. The Company has already approved its strategic investment in AlgalR NutraPharms (AlgalR) by way of acquisition. AlgalR uses exclusive fermentation-based technology for manufacturing omega-3 acids from algal source. Compared to fish oil, it has the advantage of being sustainable, clean as well as vegetarian.

CFS ensures through its products, stability, its consistent supply, transparency and complete traceability. It is a culture when the Company takes any product under its wings. CFS is also contemplating investing in its Health & Wellness division with the production of new products in its own facility. Considering biotech-based products are more sustainable, eco-friendly and cost efficient, an investment in research and development of such projects will enable CFS to deliver clean label, sustainable ingredients to all the operating segments.

RESEARCH AND DEVELOPMENT

During FY2020-21, the R&D centre in India focused on numerous products and process improvements for all its business verticals with a pipeline of developments leaning towards Performance Chemicals and Shelf Life Solutions.

CFS India developed a green and commercially viable product with one of its antioxidants for industrial production. Work has also begun on newer antioxidant developments both synthetic and plant-based. In addition, development of products for the bakery and snack food industries are at commercial phases. There have been focused efforts to develop products for the animal nutrition industry to promote growth and health of birds (poultry).

CFS Europe R&D situated in Ravenna, Italy focused on di-phenols research, carried out internally and in close collaboration with external laboratories. The main activities included study of the deactivation of catalyst in collaboration with one of Italy's leading universities having a strong engagement in research and the European Green Deal. Furthermore, a project has also been initiated to research the safe disposal methods of waste. There are some developments in partnership with Universities for Shelf Life Solutions business. The studies on the effect of Tannin and Fatty acid which has been initiated along with an Italian public university.

To expand its current offering to the biodiesel industry, the Research and Development team at CFS do Brasil is working jointly with a technological firm in Argentina for commercializing few innovative products.

CFS Dresen's R&D unit continues to focus on winning the confidence of its customers by creating customer specific solutions. The animal nutrition is a key segment moving at a rapid pace.

CUSTOMER SERVICE APPLICATIONS LABORATORY

The Customer Service Applications Laboratory of CFS group works on 3 key areas - Product Development, Application Services and Technical Services. These network of CFS laboratories located in India, Italy, Mexico, the United States and Brazil serve the local needs of customers by providing solutions for the food, feed and feed ingredients in accordance with the highest standards. A host of advanced analytical technologies and state-of-the-art instruments are used to deliver technical support services. CFS conducts internal analysis to evaluate the customers' product needs and recommend corrective actions through its products.

During FY2020-21, the laboratory placed emphasis on further NaSure™ developments to keep up with the clean label requirements for applications in human food and petfood for the developed markets.

For the Asia and Middle East markets, Xtendra™ and NaSure™ range expansion for Oils and fats, Feed and Petfood applications were implemented. Value-added products for Bakery, Traditional Sweets, Ice cream & Frozen desserts were developed and commercialized for the Indian market.

For Europe region, CFS's key antioxidants are periodically evaluated for reducing cost-of-production and yield improvement so as to pass the benefit to its customers. For solutions to the petfood industry, it has partnered with a reputed University in Italy.

CFS Applications laboratory in Brazil has concentrated on local opportunities in segments other than oils and fats. The development work has begun for these sectors and also plans to offer few additive replacements is in progress. The plant-based food products market has been growing aggressively in South America and Company's development of protection and safety products will be initiated soon for these segments. It has also developed several on-site ready assessment test kits for customers to carry out analytical testing and observations on their own within the shortest possible time.

CFS has added safety solutions in the development pipeline for the petfood industry. Some of these are under laboratory production stage and in vitro trials are in progress through University tie-ups. The development of flavours for ruminants is under trial with few feed plants and the next step would be its sensorial analysis. The Company's brand claims that its products improve animal nutrition and performance are strengthened by statistical data derived from various analytical studies. In 2021, the key focus will be to strengthen new product developments and launches, besides differentiated services.

On the development front, the Applications Laboratory in CFS Dresen has laid emphasis on the gut health market for ruminants, poultry and swine. The Company has invested its expertise on developments for dairy, petfood and other livestock feed customers. Few other developments which are ready for marketing includes solutions for the food and beverage industries.

With the meat industry grappling in North America and to deal with the damages brought on by the pandemic, several food development projects of the USA Application Laboratory were put on hold which would restart in the coming financial year.

It's a collaborative network of the Customer Service Applications Laboratory across all regional offices that allows CFS to support customers across the globe. The Laboratory team also plays a pivotal role in delivering technical trainings and seminars to its distributors and customers for knowledge sharing and business promotions.

DAHEJ DI-PHENOL PROJECT

The company embarked upon its largest greenfield expansion in 2018 in Dahej, Gujarat for a green-technology-based Di-Phenol plant for a 10,000 MT Di-Phenol facility. And in September 2020, the Company announced the commercial production of Hydroquinone and Catechol. The Dahej facility includes world-class infrastructure and a state-of-the-art highly automated plant that employs a lean workforce of around 70 people. The plant is designed using a heat conservation system, consumes less raw materials that reduces utility costs, provides better yields, deliver consistent results and low carbon footprint. It's uses environment friendly system that allows safe in-house waste disposal system. It uses Safety Management Systems that make the plant very safe against any hazards for its people.

The erection of this plant faced multiple hurdles in its final phase. First off, the Covid-19 pandemic led to plant shutdown halting its construction in March-April 2020. With necessary government permission, CFS started the trial runs. It faced crucial practical problems in improving the plant process efficiency. It introduced several stabilization processes that aided in building momentum to the work around mid-May 2020.

There was an ill-fated explosion at a neighboring plant in July of 2020, causing the Company's production to come to a halt. The after-effects led to maintenance activities at the plant and delay in resuming operations till end of June 2020. Fortunately, there was no danger to people's lives. Although the plant faced a number of obstacles along the way, the company entered commercial production and has overcome them all with the team's positive spirit. The diphenol plant is a symbol of perseverance and hard work.

CFS can proudly cater to the global demands of numerous sectors with its combined production of diphenols from Italy and India plant. It also provides flexibility and reliability of supply than ever before. The site will not only support current developments but also future projects using its technological know-how and strong base.

ENVIRONMENT, SOCIAL AND GOVERNANCE (ESG) INITIATIVES

The company has carefully adopted operations, raw materials sourcing, product portfolio expansion and practices that are friendly from an environmental and social perspective. CFS is also proactively working towards sourcing renewable energy and aligned with this, it will collaborate with a wind energy farm with a capacity of 1.25 MW that could replace upto 20% of the existing grid power supply. CFS also has a strategic tie-up with Lockheed Martin to unlock the full potential of green energy of flow batteries to store renewable energy. This will lead to sustainability and benefit the environment in the near future.

Food waste prevention is a major societal challenge that the Company addresses through its products across all levels - consumer, retail, and production. In recent years, consumers have become more interested in food derived from natural sources and that has minimal environmental impact. As a result, the Company's portfolio of natural, clean, free-from, and sustainable value-added solutions has expanded. The Company is certain of acquiring fermentation technology in order to manufacture omega acids and to reduce the negative impact on marine life.

In the past year, the company has paid more attention to employee wellbeing, whether they are working from home, on-field, or in the factory. CFS's primary focus during this time was towards ensuring the safety of its employees by providing medical aid, health infrastructure support, and basic amenities wherever required. CFS also donated INR 1 Mn to an oxygen-generation plant to pledge support for local communities during this time of need. Through the Company's CSR initiatives, it promotes healthcare, education, as well as employment that enhances vocation skills among the less advantaged, the differently abled, and tribal communities, as well as measures for reducing inequalities faced by socially and economically disadvantaged groups.

On the governance front too, CFS has ensured that the company has a diverse Board so that their different perspectives can lead to healthy and mindful decisions for the betterment of the company. The Board also has a fair share of Independent Directors, who guide the company constantly towards improving governance and transparency standards. The management has also been very proactive and forthcoming in their communication with shareholders on a regular basis to provide timely updates.

RISKS AND CONCERNS

The Company maintains a strategic approach to risk management and approaches it cautiously to reap its rewards and accelerate growth. The Company's expansion strategy includes expansion into various countries around the world. It is their risking ability of the Company which makes the difference.

In international markets, the risk associated with currency fluctuation has been mitigated by effective forex management policy along with judicious use of natural hedge provided by exports against its imports in view of the Company being the net exporter on the currency front.

As regards inflationary pressures and its impacts on the cost of manufacturing gets monitored regularly to ensure that they would not affect the operating margins of the Company.

A significant boost to India's manufacturing sector has been given by the Government's "Make in India" initiative and, as a consequence, the company has taken further steps to add manufacturing units, improve its process, yields and technological up-gradation as well as bring-in cost optimization.

COVID-19 pandemic has been an unprecedented humanitarian challenge for all countries. Though it's little uncertain to predict the impact of Covid on the business of the Company due to the nature of the pandemic. Even in times of turmoil, businesses and key sectors continued catering to mankind relentlessly. Positive developments are expected with vaccination programmes and getting the business in order.

INFORMATION & TECHNOLOGY

In line with the overall growth objective and strengthening of infrastructure base, the Company has heavily invested in Information Technology such as Enterprise Resource Planning system for leveraging its business values. It helps automate workflows to support faster, leaner accounting processes while ensuring to fulfil the regulatory requirements. With the implementation of such a system, the Company has smoothened collaboration across borders with all its subsidiaries and improved its operational efficiency, inventory management, cost optimization, record management, traceability, etc. Cybersecurity Specific advanced controls (Capability Level is 4) are implemented to protect against, and respond to advanced threats.

In the lockdown period, IT is an enabler for the Company to return to work remotely with ease and efficiency - building financial, procurement and supply chain resiliency; helping business continuity.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has adequate internal control procedures commensurate with its size and nature of business in India and also its subsidiaries abroad. The Company has clearly laid down policies, guidelines and procedures that form a part of the internal control systems. The adequacy of Internal Control Systems, which encompasses the Company's business processes and financial reporting systems, is examined by the management as well as by its internal auditors at regular intervals. The internal auditors carry out audits at regular intervals in order to identify weaknesses and suggest improvements for better functioning. The observations and recommendations of the Internal Auditors are discussed by the Audit Committee, to ensure effective corrective action.

FINANCIAL PERFORMANCE REVIEW

(INR in Lakh)

Particulars	Standalone		Consolidated	
	2020-21	2019-20	2020-21	2019-20
Revenue from Operations & Other Income	60,551.66	60,384.34	119,208.73	105,257.68
Earnings before Interest, Tax, Depreciation & Amortisation	6,734.09	8,377.72	18,691.76	13,413.31
Less: Finance Cost	3,253.65	2,806.82	3,752.77	4,312.91
Less: Depreciation & Amortisation expenses	1,928.30	1,128.21	4,429.42	3,280.23
Less: Share of Loss of associate			0.06	(0.09)
Profit before exceptional item and tax	1,552.14	4,442.69	10,509.63	5,820.08
Less: Exceptional Item	50.32	314.07	-	-
Less: Tax Expenses	673.70	1,056.49	3,973.83	2,837.00
Profit After Tax	828.12	3,072.13	6,535.80	2,983.08
Other Comprehensive Income net of tax	(37.97)	(29.14)	11,350.04	130.19
Total Comprehensive Income for the Year	790.15	3,042.99	17,885.84	3,113.26

(INR in Lakh)

Particulars	Standalone		Consolidated	
	2020-21	2019-20	2020-21	2019-20
Retained Earnings- Opening Balance	9,684.25	6,637.75	10,437.28	6,689.89
Add: Profit for the year	828.12	3,072.13	5,096.34	3,031.86
Add: Adjustments with Other Equity including Other Comprehensive Income	(76.06)	(25.63)	(79.95)	715.53
Amount appropriated during the year:				
Dividend including Dividend Tax paid		-		-
Transfer to General Reserve		-		-
Retained Earnings- Closing Balance	10,436.31	9,684.25	15,453.67	10,437.28

HUMAN RESOURCES AND INDUSTRIAL RELATIONS

Work from home continued in 2020-21 with the challenge thrown by the pandemic in early 2020. The Human Resource department at CFS ensured smooth functioning with necessary infrastructure and access to virtual communication tools between departments, business units and its customers. IT systems were well equipped for its employees to continue working remotely. The Company has been instrumental in providing a favourable work environment to all its employees with support at both professional and emotional front. The department boosted the morale of its employees and/or their family members who suffered from COVID-19 infection. The team extended help by sharing responsibilities for mediclaim facilities, arrangement of hospital beds or plasma for employees /their family members.

The lockdown prompted the Company to seek permission for restarting its production in order to cater to essential services from the local authorities. With necessary compliances in place, the manufacturing units of Tarapur and Dahej started its operations in the month of April 2020. It escaped the possible challenges that could have emanated with cease of operations. In response, the workforce resumed production at factories. Consequently, efforts to restart its R&D facility with minimum manpower in Mumbai was fruitful. The facility is a crucial support to all manufacturing sites and kept the momentum of projects in the pipeline.

The Company provided dedicated transport facilities and safe meals to ease commute and working within the premises. It conducted training programmes for the employees to prevent COVID-19 infections. Housekeeping and sanitization procedures were given highest importance to keep the work place hygienic and safe at all times.

HR supported its on-ground sales employees too with necessary documentations, safety kits for their safe movement in their respective territories. To evade possible risk-prone practices, HR equipped the Head Office with modern technologies for attendance and its integration to a software. The Company also organized a special Health Consultation program for its women employees on Women's day.

At a time, when the global economy crippled and several Corporations were defeated with the adverse effects of the pandemic, it created anxious moments for people world over. At CFS, the employees were humbled to receive support from the Management. The Company ensured full salary release to all its employees without any delays. Furthermore, the Company announced and disbursed increments for performance to those applicable. CFS has always demonstrated to be not just an employee-friendly but also an employee-caring organization.

As on March 31, 2021, the Company has 430 permanent employees in India. The industrial relations remain cordial.

Sources:

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Internal Data

REPORT ON CORPORATE GOVERNANCE

Your Directors present the Company's Report on Corporate Governance as per the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the year ended March 31, 2021.

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE:

Your Company's philosophy of corporate governance is to conduct its business on the basis of ethical business value and maximise its value to all its stakeholders. The Company has inculcated a culture of transparency, accountability and integrity. The Company has already put in place systems and procedures and has complied with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

2. BOARD OF DIRECTORS:

Composition

As on March 31, 2021 the Company has a Non-Executive Chairman and the number of Independent Directors is more than half of the total strength of the Board. The Company has complied with the requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI LODR, 2015) in respect of the Composition of the Board.

None of the Independent Directors have any material pecuniary relationship or transactions with the Company.

Necessary disclosures regarding composition of the Board, category, attendance of Directors at the Board Meetings and last Annual General Meeting, number of other Directorship and other Committee Memberships (Audit/Stakeholder Relationship Committee) are given below:-

Name & Designation of Directors	Category	No. of Board Meetings attended	No. of Directorships held in other Companies	Attendance at last AGM	No. of Committee positions held in other Companies	
					Chairman of Committee	Member of Committee
Dilip D. Dandekar Chairman	NED	5	10	Yes	Nil	Nil
Ashish S. Dandekar Managing Director	ED / Promoter	5	8	Yes	Nil	Nil
Pramod M. Sapre	NED (I)	3	1	Yes	Nil	Nil
Sharad M. Kulkarni	NED (I)	3	2	Yes	2	Nil
Nirmal V. Momaya	NED	5	14	Yes	1	Nil
Atul R. Pradhan	NED (I)	5	7	Yes	Nil	Nil
Nicola A. Paglietti	NED (I)	5	-	Yes	Nil	Nil
Anagha S. Dandekar	NED	5	-	Yes	Nil	Nil
Arjun S. Dukane	ED	5	2	Yes	Nil	Nil
Amol J. Shah	NED (I)	4	10	Yes	Nil	Nil
Sutapa Banerjee	NED (I)	5	8	Yes	2	6
Harsha Raghavan	NED	3	2	NA	Nil	Nil
Sarvjit Bedi	NED	2	2	NA	Nil	Nil
Conrad D'Souza	NED (I)	2	5	NA	3	4
Mahabaleshwar G. Palekar	NED (I)	1	-	NA	Nil	Nil
Thomas Videbaek	NED (I)	-	-	NA	Nil	Nil

ED - Executive Director/ NED - Non-Executive Director / NED (I) - Non-Executive Director (Independent)

- Pramod M. Sapre - Retirement upon completion of term w.e.f. - September 30, 2020.
- Sharad M. Kulkarni - Retirement upon completion of term w.e.f. - September 30, 2020.
- Harsha Raghavan - Appointed w.e.f. - August 10, 2020.
- Sarvjit Bedi - Appointed w.e.f. - September 29, 2020.
- Conrad D'Souza - Appointed w.e.f. - September 29, 2020.
- Mahabaleshwar G. Palekar - Appointed w.e.f. - December 24, 2020.
- Thomas Videbaek - Appointed w.e.f. - March 31, 2021.

None of the Directors on the Board is a member of more than 10 committees or Chairman of more than 5 Committees as specified in SEBI LODR 2015 across all the Companies in which he/she is a Director.

Dilip D. Dandekar is the paternal uncle of Ashish S. Dandekar and Anagha S. Dandekar. Also, Ashish S. Dandekar is brother of Anagha S. Dandekar. None of the other Directors on the Board are related to each other.

Web link of Familiarisation Programmes imparted to NED(I) is <http://www.camlinfs.com/BusinessConductEthics>.

Details of Directorship in listed Companies:

Sr. No.	Name of the Director	Name of the Company	Category
1.	Dilip D. Dandekar	Kokuyo Camlin Ltd.	Chairman & Executive Director
2.		Datamatics Global Services Limited	Non-Executive/ Independent
3.	Nirmal V. Momaya	Dhanvarsha Finvest Ltd	Non-Executive/ Independent
4.	Sutapa Banerjee	JSW Holdings Limited	Independent Director
		Manappuram Finance Limited	Independent Director
		JSW Ispat Special Products Limited	Independent Director
		Niyogin Fintech Limited	Independent Director
		Godrej properties Limited	Independent Director
4.	Harsha Raghavan	Hindustan Foods Limited	Independent Director
5.	Sarvjit Bedi	Hindustan Foods Limited	Independent Director
6.	Conrad D'Souza	Chalet Hotels Limited	Independent Director

Following is the chart setting out the skills/expertise/competence of the board of directors and the list of core skills/expertise/competencies identified by the board of directors as required in the context of the business of the Company for it to function effectively and those actually available with the board;

Sr. No.	Areas of core skills/expertise/competencies
1	Business Development
2	Marketing
3	Technical
4	Finance & Accounting
5	Law
6	Engineering

Number of Board Meetings:-

During the financial year 2020-2021, 5 (five) Board Meetings were held on the following dates:

Sr. No.	Date	Board Strength	No. of Directors Present
1	June 19, 2020	11	11
2	June 25, 2020	11	11
3	August 10, 2020	12	12
4	November 12, 2020	12	12
5	February 8, 2021	13	12

CODE OF CONDUCT

The Board has laid down a Code of Conduct for all Board members and Senior Managerial Personnel of the Company. The Code of conduct is available on web site of the Company at <http://www.camlinfs.com/BusinessConductEthics>.

All Board Members and Senior Managerial Personnel have affirmed compliance with the Code of Conduct.

PROFILE OF THE MEMBERS OF THE BOARD OF DIRECTORS BEING RE-APPOINTED/APPOINTED:

(A) Anagha S. Dandekar

Anagha Subhash Dandekar aged 53 years is MBA in Finance from the University of South Carolina, USA. She is President and co-founder of Hardware Renaissance, a manufacturer of high end, hand crafted door hardware and accessories.

She is a director in the following Companies:

Sr. No.	Names of the Companies/Bodies Corporate
1	Hardware Renaissance
2	DHC corporation

Anagha holds 15,17,056 shares of the Company.

(B) Nirmal V. Momaya

Nirmal V. Momaya possess over 25 years of professional experience in finance, taxation, audit and management consultancy.

Nirmal aged 54 years, holds Bachelor's degree in Commerce and is a Chartered Accountant. He has been involved in several consulting assignments for various businesses like quick service restaurants, FMCG, Pharmaceuticals, Weight Loss & Health Center's, Chemicals, Engineering, Infrastructure, Bio medical Waste treatment, Real Estate, Agriculture and Luxury Retail.

He is director in the following Companies/LLP:

Sr. No.	Names of the Companies
1	Dhanvarsha Finvest Limited
2	Smokin Joes Pizza Private Limited
3	Ashar Locker (India) Private Limited
4	Fine Lifestyle Brands Limited
5	Fine Lifestyle Solutions Limited
6	Abana Medisys Private Limited
7	Fine Renewable Energy Limited
8	Payce Business Solutions Private Limited
9	MJ Medical Devices Private Limited
10	Manmoth Etail Private Limited
11	Netopia E-Sports Private Limited
12	Health on Demand Private Limited
13	Shatrunjaya Traders Private Limited
14	Twilit Corporation Private Limited
15	Momaya Investments Private Limited
16	CFS Europe S.p.A
17	Dresen Quimica SAPI De C.V.
18	CFS Wanglong Flavours (Ningbo) Co., Limited

Nirmal V. Momaya holds 36,01,520 equity shares of the Company.

(C) Harsha Raghavan

Harsha Raghavan aged 49 years is the Managing Partner of Convergent Finance LLP. Harsha was previously the founding MD & CEO of Fairbridge Capital Private Limited (a Fairfax Company) from its inception in 2011 where he led all investment advisory activities in India. During his time, he sourced and advised on over \$2.1 billion worth of investment activity. Previously, he served as Head of India for Candover Investments, Co-Head of India for Goldman Sachs Principal Investment Area and Vice President of Indocean Chase Capital. In these roles, Harsha advised on more than two dozen transactions totaling over \$1.5 billion in value. Raghavan holds a Master of Business Administration degree and Master of Science degree in industrial engineering both from Stanford University and a Bachelor of Arts degree from the University of California at Berkeley, where he double majored in computer science and economics.

He is director in the following Companies:

Sr. No.	Names of the Companies /Bodies Corporate
1.	Hindustan Foods Limited
2.	Jyoti International Foods Private Limited

Raghavan does not hold any shares of the Company.

(D) Sarvjit Bedi:

Sarvjit Bedi aged 43 years is a Partner of Convergent Finance LLP. He has 18 years of experience in India and US across private equity, investment banking, corporate M&A, consulting, audit and financial diligence with expertise in forensic due diligence, business process re-engineering and cost optimization. Sarvjit was previously associated with Fairbridge Capital as Vice President, General Manager, M&A with Vedanta Resources, Vice President, M&A with Credit Suisse, Accenture and KPMG.

Sarvjit has done B.A. (Economics) from Delhi University. He is also a Chartered Accountant and MBA from Johnson Graduate School of Business, Cornell University.

He is director in the following Companies:

Sr. No.	Names of the Companies /Bodies Corporate
1.	Hindustan Foods Limited
2.	Jyoti International Foods Private Limited

Bedi does not hold any shares of the Company.

(E) Conrad D'Souza:

D'Souza aged 61 years holds a Masters Degree in Commerce and a Diploma in Financial Management from the University of Bombay and a Master's Degree in Business Administration from South Gujarat University. He is also a graduate of the Senior Executive Programme of the London Business School.

D'Souza has been associated with HDFC Limited since 1984 and his current responsibilities include corporate planning and budgeting and investor relations. He is currently Member of Executive Management and Chief Investor Relations Officer. He was earlier Treasurer of HDFC Limited.

D'Souza is, interalia, on the Boards of Chalet Hotels Limited and Nations Trust Bank plc, Sri Lanka.

He is director in the following Companies:

Sr. No.	Names of the Companies /Bodies Corporate
1.	Chalet Hotels Limited
2.	HDFC Sales Private Limited
3.	HDFC Investments Limited
4.	HDFC Holdings Limited
5.	Association of Finance Professionals of India
6.	HDFC Education and Development Services Private Limited

D'Souza does not hold any shares of the Company.

(F) Mahabaleshwar G. Palekar;

Palekar aged 63 years is chemical engineer with a doctorate degree from University Department of Chemical Technology (UDCT now ICT), Mumbai, India. He worked in University of Ghent, Belgium for 2 years, and has 25+ years of experience in corporates in India (Polychem & Atul) and multi-nationals (Unilever India & Rhodia India). He has working experience across the globe with long experience of doing business in China & Japan. Palekar has experience in range of business areas with expertise in techno- commercial issues of specialty chemicals business. For the last 12 years he is focused on sustainability and process intensification areas. Palekar is also associated with Japanese companies for contract research and manufacturing (CRAM) projects to produce specialty chemicals including patented chemicals. He also works with financial institutes, mutual funds and private equity companies advising them for investment in Indian chemical companies.

Palekar holds 6,000 equity shares of the Company.

(G) Thomas Videbaek

Thomas Videbaek, aged 61, holds a Ph.D. and a M.Sc. in Chemical Engineering from the Technical University of Denmark, as well as a B.Com. in International Business from Copenhagen Business School. Thomas is currently the Executive Vice President of Business Development for Novozymes, where he is responsible for nurturing and realizing the potential of the company's new platforms. A chemical engineer with an eye for the next big idea and great business solution, Thomas comes to role from the company's former BioBusiness, which he headed from 2007-2013 and which encompassed business ventures outside of Novozymes' established areas. Previously, he developed diverse key functions within the organization, spanning both the commercial and operational side of the business. He was Vice President of Sales & Customer Solutions from 2005-2007 and served as Vice President for Supply Chain Operations from 2003-2005, where he helped build a global organization for Novozymes' supply chain. From 1998-2003, during the demerger, Thomas served as both Vice President for Cereal Food and Beverage Marketing and General Manager for Novozymes Switzerland. In Novo Nordisk A/S, Thomas' roles included Director for Strategic Marketing, Food and Feed enzymes, where he set strategy for the food and feed industries. He also worked in a leadership position within the starch and textile businesses, the latter in the company's U.S. operations.

Thomas does not hold any shares of the Company.

3. COMMITTEES OF THE BOARD:

As required under the Companies Act, 2013, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and ESOP Guidelines, the Board of Directors has in place five (5) Committees: Audit Committee, Stakeholders Relationship Committee, Nomination and Remuneration Committee, Corporate Social Responsibility Committee and Compensation Committee. The role and responsibilities assigned to these Committees are covered under the terms of reference approved by the Board and are subject to review by the Board from time to time. The minutes of the Audit Committee, Stakeholders Relationship Committee, Nomination and Remuneration Committee, Corporate Social Responsibility Committee and Compensation Committee are placed before the Board periodically for its information and noting. The details as to the composition, terms of reference, number of meeting and the related attendance etc., of these Committees are given below:

a) AUDIT COMMITTEE:

Composition, meetings and the attendance during the year:

The Audit Committee was constituted on November 27, 2006. The Company has complied with all the requirements of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 (SEBI LODR 2015) relating to the composition of the Audit Committee.

During the financial year 2020-2021, 5 (five) meetings of the Audit Committee were held on the June 19, 2020, June 25, 2020, August 10, 2020, November 12, 2020 and February 8, 2021.

The details of the composition of the Committee and attendance of the members at the meetings are given below:

Name	Designation	Category	No. of Meetings attended
Sharad M. Kulkarni	Chairman	NED (I)	3
Pramod M. Sapre	Member	NED (I)	3
Atul R. Pradhan	Member	NED (I)	5
Amol J. Shah	Member	NED (I)	4
Sutapa Banerjee	Member	NED (I)	5
Harsha Raghavan	Member	NED	3
Sarvjit Singh Bedi	Member	NED	2
Conrad D'Souza	Member	NED (I)	2

- Pramod M. Sapre - Retirement upon completion of term w.e.f. - September 30, 2020.
- Sharad M. Kulkarni - Retirement upon completion of term w.e.f. - September 30, 2020.
- Harsha Raghavan - Appointed w.e.f. - August 10, 2020.
- Sarvjit Singh Bedi - Appointed w.e.f. - November 12, 2020.
- Conrad D'Souza - Appointed w.e.f. - November 12, 2020.

The Audit Committee meetings were attended by the Non-Executive Chairman, Independent Directors, the Managing Director and the Chief Financial Officer. The representatives of the Internal Auditor, Statutory Auditors were also invited to the meeting. The Company Secretary acted as the Secretary to the Committee.

Terms of reference:

The terms of reference of the Committee, inter alia covers the matters specified under Regulation 18 of SEBI LODR 2015 as amended from time to time as well as specified in Section 177 of the Companies Act, 2013 read along with rules made thereunder. Besides, in additions to other terms as may be referred by the Board of Directors, the Audit Committee has the power inter alia, to investigate any activity within its terms of reference and to seek information from any employee of the Company and seek legal and professional advice.

b) NOMINATION AND REMUNERATION COMMITTEE:

Composition, meetings and the attendance during the year:

The Nomination and Remuneration Committee was constituted on May 12, 2014 in place of earlier Remuneration Committee.

During the financial year 2020-2021, 1 (one) meeting of the Committee was held on the August 10, 2020.

The details of the composition of the Committee and attendance of the members at the meetings are given below:

Name	Designation	Category	No. of Meetings attended
Pramod M. Sapre	Chairman	NED (I)	1
Sharad M. Kulkarni	Member	NED (I)	1
Atul R. Pradhan	Member	NED (I)	1
Amol J. Shah	Member	NED (I)	1
Sutapa Banerjee	Member	NED (I)	1
Harsha Raghavan	Member	NED	-
Sarvjit Singh Bedi	Member	NED	-
Mahabaleshwar G. Palekar	Member	NED (I)	-

- Pramod M. Sapre - Retirement upon completion of term w.e.f. - September 30, 2020.
- Sharad M. Kulkarni - Retirement upon completion of term w.e.f. - September 30, 2020.
- Harsha Raghavan - Appointed w.e.f. - August 10, 2020.
- Sarvjit Singh Bedi - Appointed w.e.f. - November 12, 2020.
- Mahabaleshwar G. Palekar - Appointed w.e.f. - February 8, 2021.

Terms of reference:

The role, broad terms and reference of the committee includes the following:

- a. Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;
- b. Formulation of criteria for evaluation of Independent Directors and the Board;
- c. Devising a policy on Board diversity;
- d. Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal. The company shall disclose the remuneration policy and the evaluation criteria in its Annual Report.

Remuneration Policy and Performance evaluation criteria for Independent Directors

The Board has, on the recommendation of the Nomination & Remuneration Committee framed a policy for selection and appointment of Directors, Key Managerial Personnel, Senior Management and their remuneration and evaluation criteria for performance evaluation of Independent Directors. The Nomination and Remuneration Policy and evaluation criteria of Independent Directors have been appended herewith as Annexure- A & B.

The aforesaid Policy and evaluation criteria is disclosed on the Company's website and the weblink for the same is <http://www.camlinfs.com/BusinessConductEthics>.

Remuneration to Directors:

(A) MANAGING DIRECTOR

Following are the remuneration details of the Managing Director for the financial year ended March 31, 2021:

(INR In Lakh)

Name	Salary	Perquisites #	Commission	Contribution to P.F. and Other Funds	Total
Ashish S. Dandekar	113.03	49.06	-	18.34	180.43

#Perquisites interalia, include reimbursement of expenses/allowances for utilities such as rent, gas, electricity, water, furnishing and repairs, medical reimbursement, leave travel concession, club fees, provision of car with driver, telephone/fax facilities, benefit of personal accident insurance scheme etc.,

The Managing Director is also entitled to Company's contribution to provident fund, superannuation, gratuity and encashment of leave at the end of tenure as per the rules of the Company & Commission on net profit of the Company.

(B) EXECUTIVE DIRECTOR

Following are the remuneration details of the Executive Director for the financial year ended March 31, 2021:

(INR In Lakh)

Name	Salary	Perquisites #	Contribution to P.F. and Other Funds	Total
Arjun S. Dukane	29.68	49.43	5.11	84.22

#Perquisites interalia, include reimbursement of expenses/allowances for utilities such as gas, electricity, water, furnishing and repairs, medical reimbursement, leave travel concession, club fees, provision of car with driver, telephone/fax facilities, benefit of personal accident insurance scheme etc.,

(C) NON-EXECUTIVE DIRECTORS / INDEPENDENT DIRECTORS

During the financial year 2020-2021, the Company has paid remuneration (excluding sitting fees) to Dilip D. Dandekar. The detail of payment is given below:

(INR In Lakh)

Name	Category	Amount Paid
Dilip D. Dandekar	NED	32.40

Besides the above payment of remuneration, the Company pays sitting fees to Non-Executive Directors / Independent Directors for attending the meetings of the Board / Committees of the Board and reimbursement of conveyance for attending such meetings.

Additionally, the Company pays commission to Non-Executive Directors / Independent Directors, subject to profitability except to Dilip D. Dandekar. However, no commission was recommended for the financial year 2020-2021. The details of remuneration (including sitting fees, salaries, arrears, commission and perquisites) of the existing Non-Executive Directors during the year 2020-2021 are given below:

(INR In Lakh)

Name	Category	Commission / Remuneration	Sitting Fees	Total
Dilip D. Dandekar	NED (Chairman)	32.40	6.00	38.40
Sharad M. Kulkarni	NED (I)	-	6.50	6.50
Pramod M. Sapre	NED (I)	-	6.55	6.55
Nirmal V. Momaya	NED	-	5.00	5.00
Atul R. Pradhan	NED (I)	-	11.25	11.25
Nicola A. Paglietti	NED (I)	-	5.25	5.25
Anagha S. Dandekar	NED	-	5.00	5.00
Amol J. Shah	NED (I)	-	8.50	8.50
Sutapa Banerjee	NED (I)	-	10.75	10.75
Harsha Raghavan	NED	-	-	-
Sarvjit Bedi	NED	-	-	-
Conrad D'Souza	NED (I)	-	4.35	4.35
Mahabaleshwar G. Palekar	NED (I)	-	1.45	1.45

NED - Non-Executive Director / NED (I) - Non-Executive Director (Independent)

- Pramod M. Sapre - Retirement upon completion of term w.e.f. - September 30, 2020.
- Sharad M. Kulkarni - Retirement upon completion of term w.e.f. - September 30, 2020.
- Harsha Raghavan - Appointed w.e.f. - August 10, 2020.
- Sarvjit Bedi - Appointed w.e.f. - September 29, 2020.
- Conrad D'Souza - Appointed w.e.f. - September 29, 2020.
- Mahabaleshwar G. Palekar - Appointed w.e.f. - December 24, 2020.

Details of Shareholding of Present Non-Executive Director/Independent Directors as on March 31, 2021.

Presents Directors Name	Shares held
Dilip D. Dandekar	15,89,443
Atul R. Pradhan	15,000
Nirmal V. Momaya	36,01,520
Anagha S. Dandekar	15,17,056
Mahabaleshwar G. Palekar	6000

c) STAKEHOLDERS RELATIONSHIP COMMITTEE:

Composition, meetings and the attendance during the year.

The Stakeholders Relations Committee was constituted on May 29, 2014 in place of Shareholders/Investors Grievance Committee for redressal of Shareholders and Investors complaints concerning transfer of shares, non-receipt of Annual Reports, and non receipt of Dividend etc.

During the financial year 2020-2021 one (1) meeting was held on February 8, 2021.

The Details of composition of the Committee and attendance of the members at the meetings are given below:

Name	Designation	Category	No. of Meetings attended
Atul R. Pradhan	Chairman	NED (I)	1
Dilip D. Dandekar	Member	NED	1
Ashish S. Dandekar	Member	ED	1
Conrad D'Souza	Member	NED (I)	1
Mahabaleshwar G. Palekar	Member	NED (I)	1

- Conrad D'Souza - Appointed w.e.f. - November 12, 2020.
- Mahabaleshwar G. Palekar - Appointed w.e.f. - February 8, 2021.

The Board has designated the Company Secretary as the Compliance Officer.

Complaints received and redressed by the Company during the financial year.

During the year, no complaint was received from the shareholders.

4. COMPENSATION COMMITTEE:

Composition, meeting and the attendance during the year

The Compensation Committee was constituted on April 29, 2008.

During the financial year 2020-2021 one (1) meeting was held on June 25, 2020

Details of Composition of the Committee are given below:

Name	Designation	Category
Atul R. Pradhan	Chairman	NED (I)
Sharad M. Kulkarni	Member	NED (I)
Amol J. Shah	Member	NED (I)
Sutapa Banerjee	Member	NED (I)

- Sharad M. Kulkarni - Retirement upon completion of term w.e.f. - September 30, 2020.

Terms of reference

- To formulate Employees Stock Option Scheme (ESOP) and its implementation.
- To administer and supervise the compliance of the detailed terms and conditions in accordance with SEBI Guidelines.

5. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE:

Composition, meeting and the attendance during the year

The Corporate Social Responsibility Committee was constituted on May 29, 2014.

During the financial year 2020-2021 one (1) meeting was held on February 8, 2021.

Details of Composition of the Committee and attendance of the members at the meeting are given below

Name	Designation	Category	No. of Meetings attended
Atul R. Pradhan	Chairman	NED (I)	1
Dilip D. Dandekar	Member	NED	1
Ashish S. Dandekar	Member	ED	1
Mahabaleshwar G. Palekar	Member	NED (I)	1

- Mahabaleshwar G. Palekar - Appointed w.e.f. - February 8, 2021.

The role, broad terms and reference of the committee shall include the following:

- Formulate and recommend to the Board, a Corporate Social Responsibility Policy;
- Recommend the amount of expenditure to be incurred on the CSR activities to the Board;
- Monitor the Corporate Social Responsibility Policy of the company from time to time.

6. INDEPENDENT DIRECTORS' MEETING:

As required under Schedule IV of the Companies Act, 2013 and Regulation 25 of the SEBI LODR 2015, the Independent Directors have 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 2020-2021 one (1) meeting was held on February 8, 2021.

The role, broad terms and reference of the committee shall include the following:

- Review the performance of Non-Independent Directors and the Board as a whole;
- Review the performance of the Chairperson of the Company, taking into account the views of Executive directors and Non-executive Directors;
- Assess the quality, quantity and timeliness of flow of information between the Company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

In the opinion of the Board, all Independent Directors meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013 and Regulation 16 of SEBI (Listing Obligations and Disclosure Requirements) Regulation 2015, as amended from time to time and they are independent of the management.

7. Chart/ Matrix setting out the skills/ expertise/ competence of the Board of Directors is as follows:

Skills/expertise/competencies identified by the Board as required in the context of the Company's business and sector for it to function effectively	Skills/expertise/competencies available with the Board
Industry knowledge/ experience:	Yes
Industry experience	Yes
Knowledge of FMCG sector	Yes
Understanding of government legislation / legislative process	Yes
Technical skills/ experience:	Yes
Accounting and Finance	Yes
Law	Yes
Marketing experience	Yes
Monitoring risk management systems	Yes
Strategy development and implementation	Yes
Governance Competencies:	Yes

Skills/expertise/competencies identified by the Board as required in the context of the Company's business and sector for it to function effectively	Skills/expertise/competencies available with the Board
Financial literacy	Yes
Strategic thinking/planning from a governance perspective	Yes
Director's performance management	Yes
Compliance focus	Yes
Behavioral competencies:	Yes
Integrity and high ethical standards	Yes
Interpersonal relations	Yes
Communication skills	Yes
Willingness and ability to devote time and energy to the role	Yes

8. The brief summary of the competencies of the Directors is as under:

Dilip D. Dandekar, Chairman

Been with the Company since 2006 and has long and vast experience in Marketing, Administration and overall Management.

Ashish S. Dandekar, Managing Director

BA in Economics and Management studies from Temple University, USA. Wide experience of over 28 years in Pharmaceuticals and Fine Chemical Products including Business Planning, Information Systems, Research & Development, Product Development and Marketing.

Atul R. Pradhan, Independent Director

Holds Diploma in Electronics and Electrical Communication Engineering and MBA. Senior business advisor with more than 25 years of experience in Management Consultancy industry.

Nicola Paglietti, Independent Director

Masters in Law and member of the Bar of New York and Rome and possesses over 20 years of professional experience in Contracts and Corporate law.

Amol J. Shah, Independent Director

Bachelor of Science (Electronics Engineering) from University of Kent, Canterbury and MBA from University of Southern California. Currently the Managing Director of the MJ Group with more than 25 years of experience in the industry covering Human Healthcare, Flavors/ Fragrances compounds, Plant protection and water treatment chemicals.

Anagha S. Dandekar, Non-Executive Director

MBA in Finance from University of South Carolina, USA. President, co-founder of Hardware Renaissance, a manufacturer of highend, hand crafted door hardware and accessories.

Nirmal V. Momaya, Non-Executive Director

CA with over 25 years of experience in Finance, Taxation, Audit and Management consultancy. Founder at Pagoda Advisors Pvt. Ltd. with a focus on consulting for various businesses as well as advising CFS on important business and strategic matters since 2009.

Arjun S. Dukane, Executive Director - Technical

Chemical Engineer with 31 years of experience in the Chemical Industry and has been associated with CFS for about 12 years.

Sutapa Banerjee, Independent Director

Gold medalist in Economics from the XLRI school of Management in India, and an Economics honours graduate from Presidency College Kolkata. Over 24 years of experience in the financial services industry and currently serves as an Independent Director on the boards of several companies

Harsha Raghavan, Non-Executive Director

Raghavan holds a Master of Business Administration degree and Master of Science degree in industrial engineering both from Stanford University and a Bachelor of Arts degree from the University of California at Berkeley, where he double majored in computer science and economics.

Sarvjit Bedi, Non-Executive Director

Sarvjit is B.A. (Economics) from Delhi University. He is also a Chartered Accountant and MBA from Johnson Graduate School of Business, Cornell University.

Conrad D'Souza, Independent Director

D'Souza holds a Masters Degree in Commerce and a Diploma in Financial Management from the University of Bombay and a Master's Degree in Business Administration from South Gujarat University. He is also a graduate of the Senior Executive Programme of the London Business School.

Mahabaleshwar G. Palekar, Independent Director

Palekar is chemical engineer with a doctorate degree from University Department of Chemical Technology (UDCT now ICT), Mumbai, India. He worked in University of Ghent, Belgium for 2 years, and has 25+ years of experience in corporates in India and abroad.

Thomas Videbaek, Independent Director

Thomas holds a Ph.D. and a M.Sc. in Chemical Engineering from the Technical University of Denmark, as well as a B.Com. in International Business from Copenhagen Business School.

9. GENERAL BODY MEETINGS:

Details of location, date and time of Annual General Meetings held during the last three years:

Financial Year (FY)	Venue	Date and Time
2019-2020	Video Conferencing ("VC") / Other Audio Visual Means ("OAVM")	August 10, 2020 at 3.00 p.m.
2018-2019	Walchand Hirachand Hall, Indian Merchants Chamber Marg, Churchgate, Mumbai 400020.	August 2, 2019 at 3.00 p.m.
2017-2018	Walchand Hirachand Hall, Indian Merchants Chamber Marg, Churchgate, Mumbai 400020.	August 13, 2018 at 3.30 p.m.

2 (two) Special Resolutions were passed at the 25th Annual General Meeting for FY 2017-18, 1 (one) Special Resolution was passed at the 26th Annual General Meeting for FY 2018-19 and 1 (one) Special Resolution was passed at the 27th Annual General Meeting for FY 2019-20.

10. DISCLOSURES**Related Party Transactions**

The Company did not enter into any materially significant related party transactions, which had potential conflict with the interest of the Company at large. The register of contracts containing the transactions in which Directors are interested is placed before the Board regularly for its approval.

Transactions with the related parties are disclosed in the notes to the financial statements in the Annual Report.

Weblink where policy for determining 'material' subsidiaries is disclosed; <http://www.camlinfs.com/BusinessConductEthics>.

Weblink where policy on dealing with related party transactions; <http://www.camlinfs.com/BusinessConductEthics>.

Fees paid to the Statutory Auditor

Following is the total fees paid by the Company for all services availed by the Company and its subsidiaries, on a consolidated basis, to the statutory auditor and all entities in the network firm/network entity of which the statutory auditor is a part is as detailed below:

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Audit Fees	32.50	32.50
Certification	3.15	1.92
Reimbursement of Expenses	0.36	0.56
Total	36.01	34.98

Credit Ratings

India Ratings & Research, vide its letter dated May 13, 2020, has revised the outlook of the Company to Stable, from Negative, while reaffirming its Long Term Issuer rating at "IND BBB+"

Compliance with Regulations

The Company has complied with all the requirements of the SEBI LODR 2015 with the Stock Exchanges as well as the regulations and guidelines of SEBI. Consequently, no penalties were imposed or strictures passed against your Company by SEBI, Stock Exchanges or any other statutory authority in any matter relating to capital markets after the listing of Shares on the BSE Ltd. and National Stock Exchange of India Ltd.

Sexual Harassment of Women at Workplace

The Company is an equal opportunity employer and consciously strives to build a work culture that promotes dignity of all employees. Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:

- number of complaints filed during the financial year - Nil
- number of complaints disposed of during the financial year - Not applicable
- number of complaints pending as on end of the financial year - Not applicable

Vigil Mechanism / Whistle Blower Policy

The Company has a vigil mechanism named Whistle Blower Policy to deal with instance of fraud and mismanagement, if any. The objective of the Policy is to explain and encourage the directors and employees to raise any concern about the Company's operations and working environment, including possible breaches of Company's policies and standards or values or any laws within the country or elsewhere, without fear of adverse managerial action being taken against such employees. It is hereby affirmed that in relation to the same, no personnel have been denied access to the Audit Committee.

CEO / CFO Certification

Managing Director and the Chief Financial Officer of the Company have furnished the requisite Compliance Certificates to the Board of Directors under Regulation 17 of the SEBI LODR 2015.

Compliance with Corporate Governance requirements

The Company has complied with the mandatory corporate governance requirements specified in regulations 17 to 27 and clause (b) to (i) of sub-regulation (2) of regulation 46 of SEBI LODR 2015.

Mandatory and non-mandatory requirements

The company has complied with the mandatory requirements of SEBI LODR 2015 which are detailed in the annual report and also have adopted some of the non-mandatory requirements of SEBI LODR 2015 viz. Non-executive Chairman to the Board, reporting of internal auditor to the Audit Committee and separate posts for Chairman and Managing Director.

11. MEANS OF COMMUNICATION:

- The quarterly and half-yearly results are published in widely circulating national and local dailies such as Financial Express and Loksatta.
- Official news releases and presentations made to investors are disclosed to the Stock Exchange(s) and are also provided on the Company's website i.e. www.camlinfs.com within the time frame prescribed in this regard.
- As per requirements of the Listing Agreement, all data relating to the quarterly financial results, shareholding pattern etc., is provided on the Company's website i.e. www.camlinfs.com within the time frame prescribed in this regard.

12. GENERAL SHAREHOLDER INFORMATION:

As indicated in the Notice to our Shareholders, the 28th Annual General Meeting of the members of Camlin Fine Sciences Limited, will be held on Tuesday, July 20, 2021 at 11.00 a.m. IST through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM").

i. Financial Calendar

Financial Year

Unaudited Results for the quarter ending June 30, 2021.

Unaudited Results for the quarter ending September 30, 2021.

Unaudited Results for the quarter ending December 31, 2021.

Audited Results for the year ending March 31, 2022.

ii. Date of Book Closure**iii. Date of Dividend Payment :****iv. Listing of Equity Shares on Stock Exchanges****v. Demat ISIN in CDSL/NSDL****vi. Share Price (High & Low) for the year 2020-2021 at BSE and NSE:-****Financial Reporting by**

: April - March

: Mid of August, 2021

: Mid of November, 2021

: Mid of February, 2022

: end of May, 2022

: July 14, 2021 to July 20, 2021 (both days inclusive)

Not applicable

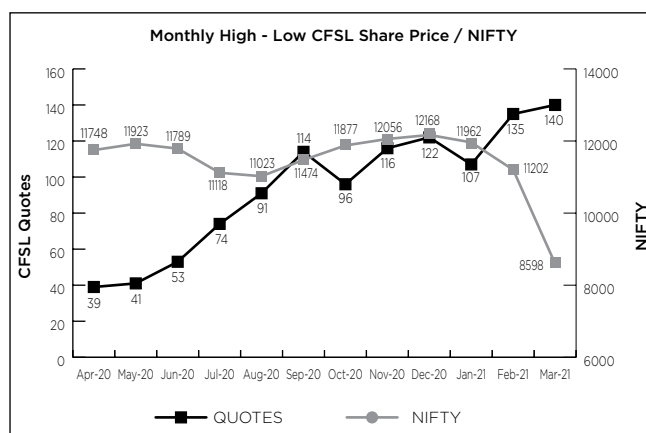
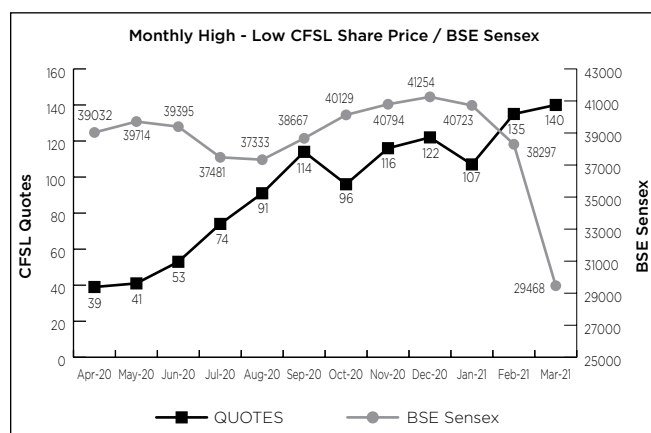
: The Equity Shares of the Company are listed at BSE Limited (Stock Code 532834) & The National Stock Exchange of India Limited (CAMLINFINE). The Company has duly paid the annual listing fees to the respective stock exchange(s)

: INE052I01032

Month	BSE		NSE	
	High (INR)	Low (INR)	High (INR)	Low (INR)
April, 2020	50.25	38.05	50.20	37.95
May, 2020	41.85	35.45	42.05	35.45
June, 2020	57.45	39.00	57.65	38.00
July, 2020	74.15	52.80	74.15	52.60
August, 2020	100.90	70.45	101.20	70.45
September, 2020	114.00	80.20	114.75	80.10
October, 2020	119.90	92.40	120.45	92.15
November, 2020	115.80	94.60	115.90	94.20
December, 2020	133.70	110.00	133.90	110.10
January, 2021	131.70	100.60	131.90	100.40
February, 2021	139.90	103.50	140.00	103.30
March, 2021	160.70	127.35	160.70	127.10

Stock Performance:

The performance of the Company's share in comparison to BSE and NSE Sensex is given in the Chart below:



vii. Registrars and Share Transfer Agents for Shares:

M/s. Link Intime India Private Limited, C 101, 247 Park, L. B .S. Marg, Vikhroli (West), Mumbai - 400083, Toll free number : 1800 2208 78 Email id: rnt.helpdesk@linkintime.co.in

viii. Share Transfer System:

Presently, the Share Transfers which are received in physical form are processed by the Registrars and Share Transfer Agent and approved by the Committee of Directors in their meeting which normally meets twice in a month and the share certificates are returned within a period of 20 to 25 days from the date of lodgment, subject to the transfer instrument being valid and complete in all respects.

ix. Distribution of Shareholding as on March 31, 2021.

No. of Equity Shares Held	No. of Shareholders	Percentage of Shareholders	No. of Shares	Percentage of Shares
Up to 500	31064	78.8787	3875688	3.0398
501 - 1000	3646	9.2580	3034670	2.3802
1001 - 2000	2144	5.4441	3583777	2.8108
2001 - 3000	711	1.8054	1810929	1.4204
3001 - 4000	464	1.1782	1709690	1.3409
4001 - 5000	373	0.9471	1728373	1.3556
5001 - 10000	443	1.1249	3279750	2.5724
10001 and above	537	1.3636	108475594	85.0799
TOTAL	39382	100.0000	127498471	100.0000

x. Dematerialisation of Shares:

The Company's Equity Shares are held in dematerialised form by National Securities Depository Limited (NSDL) and Central Depository Services India Limited (CDSL) under ISIN No. INE052I01032. As on March 31, 2021, 98.94 % of the totals shares of the Company have been dematerialised.

xi. Outstanding: GDR/ADR/Warrants/Options

As of date, the Company has not issued GDRs/ADRs.

The Company at its 25th Annual General Meeting held on August 13, 2018 approved the CFS Employees Stock Option Scheme, 2018 which provides for allotment of up to 15,00,000 (Fifteen Lacs) Options convertible into equivalent number of equity shares of Re. 1/- each at the exercise price which shall be at the maximum 20% (twenty percent) discount of the market price of the equity shares on the Stock Exchange(s) on the date of grant of Options.

The Company at its 10th Extra Ordinary General Meeting held on July 25, 2020 approved the CFS Employees Stock Option Plan, 2020 which provides for allotment of up to 44,00,000 (Forty Four Lacs) Options convertible into equivalent number of equity shares of Re. 1/- each at the exercise price which shall be as per the market price of the equity shares on the Stock Exchange(s) on the date of grant of Options.

On July 25, 2020, the members of the Company approved preferential allotment of 3,55,00,000 (Warrants) to Infinity Holdings and Infinity Direct Holdings (the "Investors") where each warrant is convertible into one equity share of the Company of face value of INR 1/- each.

On September 17, 2020, the Company allotted preferential warrants to the afore-mentioned two investors as follows: (a) 1,00,00,000 warrants to Infinity Holdings (IH) and 2,55,00,000 warrants to Infinity Direct Holdings (IDH) at an issue price of INR 47.89/- per warrant aggregating to INR 17,000.00 Lakh. The Investors subscribed to the warrants by paying an amount equivalent to 33% of the issue price i.e. INR 5,610.31 Lakh at the time of allotment of the said warrants. As per SEBI regulations, the Warrants are to be exercised any time before the expiry of 18 (Eighteen) months from the date of allotment of the Warrants.

On November 24, 2021, Infinity Direct Holdings exercised its option to convert 61,50,000 warrants into equivalent number of equity shares of the Company. On November 17, 2021, IDH paid the balance 67% amount of INR 1,973.30 Lakh subsequent to which the Company issued 61,50,000 equity shares to IDH after complying with the necessary formalities.

Further the approvals were accorded by the Board of Directors of the Company, at its meeting held on May 24, 2018 and the Special Resolution passed by the Members of the Company on June 22, 2018 for raising of funds through borrowing money or issue of securities including QIP/ADR/GDR/FCCB etc. upto INR 250 crores. Pursuant to the said approvals, 30 (thirty) Foreign Currency Convertible Bonds aggregating to USD 15 million were issued and allotted to International Finance Corporation on September 14, 2018.

xii. Disclosure in relation to demat suspense account or unclaimed suspense account, as applicable:

- (a) aggregate number of shareholders and the outstanding shares in the suspense account lying at the beginning of the year; Nil
- (b) number of shareholders who approached listed entity for transfer of shares from suspense account during the year; N.A.
- (c) number of shareholders to whom shares were transferred from suspense account during the year; N.A.
- (d) aggregate number of shareholders and the outstanding shares in the suspense account lying at the end of the year; N.A.
- (e) that the voting rights on these shares shall remain frozen till the rightful owner of such shares claims the shares. Nil

xiii. Subsidiary Company

During the year under review, the Company does not have any materially unlisted Indian Subsidiary Company and hence is not required to have an Independent Director of the Company on the Board of such Subsidiary.

xiv. Plant Location : D-2/3, M.I.D.C. Boisar, Tarapur, Dist. Thane 401 506.
E-44, M.I.D.C. Boisar, Tarapur, Dist. Thane 401 506.
Plot No. Z/96/D, Dahej SEZ Ltd; Part-II, Tal. Varga, Dist. Bharuch, Pin Code:392130, Gujarat, India

R & D Location : N/165 M.I.D.C. Boisar, Tarapur, Dist. Thane 401 506.

xv. Address for correspondence:

Registered Office : Plot No. F/11 & F/12, WICEL, Opp. SEEPZ Main Gate, Central Road, Andheri East, Mumbai 400 093.

Tel No. : 022-6700 1000

Fax No. : 022-28324404

E-mail : secretarial@camlinfs.com

xvi. Secretarial Department:

The Company's Secretarial Department, headed by the Company Secretary, is situated at the Registered Office mentioned above. Shareholders/Investors may contact the Company Secretary for any assistance they may need.

13. NON-MANDATORY REQUIREMENTS:

Non-Executive Chairman's Office:

The Chairman of the Company is a Non-Executive Chairman.

Shareholders rights:

The Quarterly, Half Yearly and Annual Financial Results of the Company are published in the Newspaper and also posted on the Company's website. The complete Annual Report is sent to each and every Shareholder of the Company.

Audit Qualifications:

There are no Audit qualifications in the Company's financial statement for the year under reference.

Separate post for chairman & CEO

The Company has appointed separate persons to the post of Chairman and Managing Director.

Reporting of internal auditor

The internal auditor reports directly to the Audit Committee.

For & On behalf of the Board

Ashish S. Dandekar
Managing Director

Dilip D. Dandekar
Chairman

Place : Mumbai

Dated : May 28, 2021

Declaration by the Managing Director as required under Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

As required under Schedule V(D) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, it is hereby declared that all Directors and Senior Management personnel of the Company have affirmed compliance with the Code of Conduct of the Company for the financial year ended March 31, 2021.

Place : Mumbai
Dated : May 28, 2021

Ashish S. Dandekar
Managing Director

Managing Director and Chief Financial Officer Certificate

To,
The Board of Directors
Camlin Fine Sciences Limited.
Mumbai

Dear Members of the Board,

- A. We have reviewed financial statements and the cash flow statement for the year ended March 31, 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. We confirm that, 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 listed entity's code of conduct.
- C. We accept responsibility for establishing and maintaining internal controls for financial reporting and that, we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- D. We have indicated to the auditors and the Audit Committee that there are no:
- 1) significant changes in internal control over financial reporting during the year;
 - 2) significant changes in accounting policies during the year; and
 - 3) instances of significant fraud of which we have become aware.

Place : Mumbai
Dated : May 28, 2021

Ashish S. Dandekar **Santosh Parab**
Managing Director **Chief Financial Officer**

Certificate from Practicing Company Secretaries Regarding Compliance of Conditions of Corporate Governance

The Members of Camlin Fine Sciences Limited

We have examined the compliance of conditions of Corporate Governance by Camlin Fine Sciences Limited for the year ended on March 31, 2021 as stipulated in Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 pursuant to the Listing Agreements of the said Company with Stock Exchanges ('the Regulations').

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as specified in the Regulations referred above.

We have to state that no investor grievance is pending for a period exceeding one month against the Company as per the records maintained by the Registrars and Transfer Agents and reviewed by the Stakeholders Relationship Committee.

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 the affairs of the Company.

For **JHR & Associates**
Company Secretaries

J. H. Ranade
(Partner)

(FCS: 4317, CP: 2520)

UDIN: F004317C000479869

Place : Thane

Date : May 28, 2021

Certificate from Practicing Company Secretaries as per the requirements of Schedule V (C) (10) (i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Based on our verification of the records maintained by Camlin Fine Sciences Limited (CIN: L74100MH1993PLC075361) (hereinafter called 'the Company') including declarations / notices received from its Directors and also information / record available on the website(s) of the Ministry of Corporate Affairs, Securities and Exchange Board of India and Stock Exchanges where the equity shares of the Company are listed, we hereby certify that, during the Financial year 2020-21, none of the Directors on the Board of the Company were debarred or disqualified from being appointed or continuing as directors of the Company by the Securities and Exchange Board of India /Ministry of Corporate Affairs or any such statutory authority.

This certificate is being issued as per the requirements of Schedule V (C) (10) (i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

**For JHR & Associates
Company Secretaries**

**J. H. Ranade
(Partner)**

(FCS: 4317, CP: 2520)

UDIN: F004317C000388173

Place : Thane

Date : May 28, 2021

INDEPENDENT AUDITOR'S REPORT

TO
THE MEMBERS OF
CAMLIN FINE SCIENCES LIMITED

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying Standalone Financial Statements of **CAMLIN FINE SCIENCES LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2021, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the Financial Statements, including a summary of significant accounting policies and other explanatory information, (hereinafter referred to as "Standalone Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Financial Statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at March 31, 2021, and its profits, other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

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

Emphasis of Matters

- A. We draw attention to Note 41 relating to the decision of the Supreme People's Court of China which has imposed penalty amounting to RMB 159.32 million on the JV partner in the subsidiary company and others for alleged infringement of intellectual property used in the manufacturing process. An amount of RMB 11.15 million i.e. INR 1,265 Lakh which is 7% of the total penalty imposed is attributed to the subsidiary i.e. CFS Wanglong Flavours (Ningbo) Co. Ltd. As an abundant legal caution, the subsidiary company has stopped the production at facility till further directions of the court. As per the terms of the shareholders' agreement dated April 28, 2017 and amendments made thereafter, the Company and its subsidiary company are indemnified against penalty and or legal consequences emanating from the violation of the IP rights. As a co-defendant with the JV Partner, the subsidiary company is in the process of making an application for a retrial of the aforesaid order before Supreme People's Court of China. In the opinion of the Management, based on the above and for reasons as more fully discussed in the aforesaid note, no impairment of the investment value or in respect of other receivables from the subsidiary company is required.
- B. We draw attention to Note 46.1 to the Standalone Financial Statements, relating to remuneration paid to the Managing Director & a Non-Executive Director of the Company for the financial year ended March 31, 2021, being in excess of the limits prescribed under Section 197 of the Act by Rs. 24.01 Lakh which is subject to approval by the shareholders.

Our opinion is not modified in respect of these matters.

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.

We have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matter Description	Our Response
Exposure in group entities	
<p>The exposure within the group entities i.e. carrying amount of the Parent Company's investments, loans and advances, trade & other receivables (net of payables) accounts for over 34% (March 31, 2020: over 33%) of the total assets of the Company.</p> <p>Their recoverability is dependent on these group companies generating enough cash flows in future, estimation of which requires significant management judgement.</p> <p>We do not consider valuation of these investments and recovery of intercompany receivables, payables to be at a high risk of significant misstatement. However, due to their materiality in the context of the Company's financial statement, this is considered to be the area that had a significant effect on the company audit.</p> <p>Refer Note 6(i), Note 13.1, Note 16.2, Note 17, and Note 26 forming part of the notes to the Standalone Financial Statements.</p>	<p>We compared the carrying value of these investments, loans and advances, trade & other receivables and trade payables with the respective subsidiaries financial statements to identify whether their net assets were in excess of their carrying amount and assessed whether those subsidiaries have historically been profit-making.</p> <p>For those subsidiaries where carrying amount exceeds the net asset value of the respective subsidiaries, we evaluated the relevant subsidiary's projected statement of profit and loss and projected statement of cash flows with management assumptions relating to key inputs such as projected long term growth and discount rates and assessing the managements assumptions over the recoverability of intercompany receivables against our own knowledge of the trading performance and net assets of the relevant counterparty.</p> <p>Assessed the appropriateness of the disclosure in the Standalone Financial Statements in accordance with the applicable financial reporting framework.</p>
Valuation of Financial Instruments	
<p>The fair value of certain financial instruments is determined through the application of the valuation techniques which often involves the exercise of judgements by the Management and the use of assumptions. The estimation uncertainty can be high for those instruments where significant valuation inputs are unobservable (e.g. cash flow projections, finance cost estimation, market volatility, forecast of operational estimates, etc).</p> <p>In respect of valuation of complex financial instruments like the Foreign Currency Convertible Bonds (FCCBs) and the Put Option, the Company has engaged expert(s) to carry out the valuation at its initial recognition and subsequently at each reporting date.</p> <p>The fair value of the embedded derivative has been determined by computing the average of the cash flows determined as per simulation used by the Expert and is fair valued through profit and loss as per requirement of Ind AS 109 and Ind AS 32.</p> <p>The measurement of these financial instruments require use of valuation techniques which involves making significant assumptions and the exercise of judgement.</p>	<p>Our audit work in respect of the valuation of put option instrument amongst other procedures included:</p> <p>Obtained an understanding of the determination of fair value of the option and assessed and tested the reasonableness of the significant judgements applied by the management.</p> <p>Evaluating the contractual arrangement governing the option in the hands of the holders and ensuring that the management's computation provide an acceptable value to the financial instrument.</p> <p>We have independently evaluated the assumptions made and factors considered in the valuation of the option with the help of our independent expert.</p> <p>Our audit work in respect of the valuation of foreign currency convertible bonds amongst other procedures included:</p> <p>We understood and assessed the models and methodology used for the valuation of the instruments measured at amortised cost as well as those which are designated at fair value through profit or loss both at the time of initial recognition and subsequent measurement on the reporting date.</p> <p>We have independently evaluated the assumptions made and factors considered in the valuation of the embedded derivative with the help of our independent expert.</p> <p>We have also assessed the appropriateness of the disclosure in respect of these financial instruments in the Standalone Financial Statements in accordance with the applicable financial reporting framework.</p>

Capitalisation of Dahej Project	
<p>Identification of cost that is required to be capitalized requires management judgement. Inaccurate cost capitalization may result in amounts being capitalized that do not meet capitalization criteria and affects the accuracy of cost to be capitalized.</p>	<p>Our audit work amongst other audit procedures included testing the design, implementation and operating effectiveness of controls in respect of cost of capital work in progress, property, plant and equipment and intangible assets.</p> <p>We assessed the nature of costs incurred in capital projects through testing of amounts recorded and considering whether the expenditure met the criteria for capitalization under accounting standards. We also visited the plant with a focus on physically verifying the key assets which were distinctly identifiable as well as ensuring that the accounting for capitalisation of assets was in line with the applicable accounting standards.</p> <p>We tested the source documentation to determine whether the expenditure is of capital nature and has been appropriately approved and properly segregated into appropriate categories.</p> <p>Assessed the appropriateness of accounting and the disclosure in the Standalone Financial Statements in accordance with the applicable financial reporting framework.</p>
Income tax expenses / benefits	
<p>The Company has extensive international operations and in the normal course of the business, the Management makes significant judgements and estimates in relation to transfer pricing tax issues and in assessing tax exposures in each jurisdiction, many of which require interpretation of local laws, including amount expected to be paid/recovered for uncertain tax positions.</p> <p>Where the amount of tax payable is uncertain, the Company establishes provisions based on management's judgement of the probable amount of liability. This is a key judgement on account of the Company and its related entities operating in a number of varying tax jurisdictions, the complexity of transfer pricing and other international tax legislations.</p> <p>Given this judgement, there is a risk that tax provisions are misstated.</p>	<p>Our procedures included:</p> <p>An understanding of the Company's tax strategy and transfer pricing policy; the methodology for the calculation of the tax charge particularly in relation to any changes implemented during the current financial year; and management's controls over tax reporting.</p> <p>We assessed the appropriateness of the tax provisions created by the Company and their use of estimates and judgements by having discussions with the Company's management, assessed recent pronouncements affecting the methodology for calculation of tax charge and copies of tax advice reports related to tax treatments applied and the corresponding provisions recorded.</p> <p>We have also evaluated whether the liabilities and potential exposures were appropriately disclosed in the Standalone Financial Statements.</p>

Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report, namely Financial Highlights, Directors' Report, Management Discussion and Analysis, Report on Corporate Governance and Business Responsibility Report but does not include the Standalone Financial Statements and our auditor's report thereon.

Our opinion on the Standalone Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Standalone Financial Statements, our responsibility is to read the other information

and, in doing so, consider whether the other information is materially inconsistent with the Standalone Financial Statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Standalone Financial Statements that give a true and fair view of the financial position, financial performance (including other comprehensive income),

changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone Financial Statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

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

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

- (a) Identify and assess the risks of material misstatement of the Standalone Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- (b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3) (i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system with reference to Standalone Financial Statements in place and the operating effectiveness of such controls.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- (d) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Standalone Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- (e) Evaluate the overall presentation, structure and content of the Standalone Financial Statements, including the disclosures, and whether the Standalone Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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

Report on Other Legal and Regulatory Requirements

As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the **Annexure "A"**, a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

As required by Section 143(3) of the Act, we report that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- (c) The Standalone Balance Sheet, the Standalone Statement of Profit and Loss (including Other Comprehensive Income), the Standalone Statement of Changes in Equity and the Standalone Statement of Cash Flows dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, the aforesaid Standalone Financial Statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with relevant rules issued thereunder.
- (e) On the basis of the written representations received from the directors as on March 31, 2021 taken on record by the Board of Directors, none of the directors of the Company is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164 (2) of the Act.

- (f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "**Annexure-B**".
- (g) According to information and explanation given to us and based on our examination of the records of the Company, the Company has paid/provided managerial remuneration in accordance with the provisions of Section 197 of the Act, except relating to remuneration paid to the Managing Director & one Non-Executive Director of the Company for the financial year ended March 31, 2021, being in excess of the limits prescribed under Section 197 of the Act by Rs. 24.01 Lakh which is subject to approval by the shareholders.
- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its Standalone Financial Statements - Refer Note 45(I) to the Standalone Financial Statements;
 - ii. The Company did not have any long-term contracts during the year ended March 31, 2021, for which there were any material foreseeable losses. Derivative contracts are appropriately dealt with in the books of account.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For KALYANIWALLA & MISTRY LLP
CHARTERED ACCOUNTANTS
Firm Registration Number: 104607W/W100166

FARHAD M. BHESANIA
PARTNER
Membership Number: 127355
UDIN: 21127355AAAAEZ4349

Place: Mumbai
Date: May 28, 2021

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT

The Annexure referred to in paragraph 1 'Report on Other Legal and Regulatory Requirements' in our Independent Auditors' Report to the members of the Company on the Standalone Financial Statements for the year ended March 31, 2021.

Statement on Matters specified in paragraphs 3 & 4 of the Companies (Auditor's Report) Order, 2016:

- i. a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- b) The Company has a regular program 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. Pursuant to the programme, certain fixed assets were physically verified during the year and discrepancies reported on such verification were not material.
- c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties owned by the Company are held in the name of the Company except as tabulated below:

Particulars	Gross Block (Rs. in Lakh)	Net Block (Rs. in Lakh)	Remarks
Freehold land at Pali	207.19	207.19	In the erstwhile name of Camlin Fine Chemicals Ltd.

In respect of immovable properties taken on lease, the lease agreements are in the name of the Company.

- ii. The inventory has been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable. The Company has maintained proper records of inventory. The discrepancies noticed on verification between the physical stock and the book records were not material.
- iii. According to information and explanation given to us, the Company has granted unsecured loans to three companies covered in the register maintained under section 189 of the Act. The Company has not granted any loans, secured or unsecured, to firms or other parties covered in the register required to be maintained under Section 189 of the Act.
- a) According to the information and explanations given to us and based on the audit procedures conducted

by us, we are of the opinion that the rate of interest and other terms and conditions of unsecured loans granted by the Company to companies covered in the register required to be maintained under Section 189 of the Act are not, prima facie, prejudicial to the interest of the Company.

- b) According to the information and explanations given to us and based on the audit procedures conducted by us, the unsecured loans granted to companies and the interest thereon are repayable on demand. The Company did not demand any amount towards principal or interest during the year and hence the question of commenting on whether repayment of principal and interest are regular does not arise.
- c) There are no overdue amounts of more than 90 days in respect of the unsecured loans granted to the Companies listed in the Register maintained under Section 189 of the Act.
- iv. In our opinion and according to the information and explanations given to us and the records examined by us, the Company has complied with the provisions of Section 185 and 186 of the Act, with respect to the loans given, investments made, guarantees and securities given by the Company.
- v. As indicated in Note 27.2 to the Standalone Financial Statements, the Company has, in respect of the deposits accepted by it in earlier years, complied with the provisions of section 73 to 76 of the Act read with the rules framed there under. According to the information and explanation given to us, the Company has not accepted deposits during the year ended March 31, 2021 and to the best of our knowledge and belief, no order has been passed by the Company Law board or the Reserve Bank of India or any court or other tribunal which is to be complied with by the Company.
- vi. We have broadly reviewed the books of account maintained by the Company in respect of the products where, pursuant to the rules made by the Central Government of India, the maintenance of cost records has been prescribed under Section 148 of the Act, and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
- vii. (a) According to the information and explanations given to us and the records examined by us, the Company is generally regular in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax, Cess and any other statutory dues with the appropriate

authorities, wherever applicable and there are no undisputed dues outstanding as at March 31, 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, Service tax, Goods and Services tax, Duty of Customs, Duty of Excise, Value Added Tax which has not been deposited by the Company on account of disputes, except for the following:

Name of the Statute	Nature of Dues	Amount (INR in lakh)	Period to which the amount relates	Forum
Central Excise Act, 1944 and Customs Act, 1962.	Excise Duty	356.02	2013-2014	Commissioner - Central Excise
Income Tax Act, 1961	Income tax	44.41	2015-2016	Commissioner of Income Tax- (Appeals)

- viii. According to the information and explanations given to us and based on the documents and records produced to us, the Company has not defaulted in repayment of loans or borrowings from financial institutions, banks or government nor has issued any debentures. Accordingly, paragraph 3 (viii) of the Order is not applicable to the Company.
- ix. According to the information and explanations given to us, the Company has not raised money through initial public offer or further public offer (including debt instruments) and term loans, accordingly the provisions of paragraph 3(ix) of the Order are not applicable.
- x. During the course of our examination of the books of account and records of the Company, and according to the information and explanation given to us and representations made by the management, no material fraud by or on the Company, has been noticed or reported during the year.
- 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 / provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act except relating to remuneration paid to the Managing Director & one Non-Executive Director of the Company for the financial year ended March 31, 2021, being in excess of the limits

prescribed under Section 197 of the Act by Rs. 24.01 Lakh which is subject to approval by the shareholders.

- xii. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company as prescribed under Section 406 of the Act. Accordingly, reporting under (xii) of the Order is not applicable.
- xiii. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with related parties are in compliance with Section 177 and 188 of the Act, where applicable, and the details have been disclosed in the Standalone Financial Statements as required by the applicable Indian Accounting Standards.
- xiv. According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has made private placement of warrants during the year in compliance with the requirements of Section 42 of the Act. These warrants are convertible into equity shares. The Company has raised a sum of Rs.7,583.62 lakh during the year. The Company has utilised a sum of Rs. 3,957.34 lakh till March 31, 2021. Pending utilisation, balance funds aggregating to Rs. 3,626.28 lakh have been invested in fixed deposits with banks. The Company has not made any private placement of fully or partly convertible debentures during the year.
- xv. According to the information and explanations given to us and based on our examination of the records, the Company has not entered into non-cash transactions with the directors or persons connected with them. Hence, the provisions of Section 192 of the Act are not applicable.
- xvi. According to 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, reporting under (xvi) of the Order is not applicable.

For KALYANIWALLA & MISTRY LLP
CHARTERED ACCOUNTANTS
Firm Registration Number: 104607W/W100166

FARHAD M. BHESANIA
 PARTNER
 Membership Number: 127355
 UDIN: 21127355AAAAEZ4349

Place: Mumbai
 Date: May 28, 2021

ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT

Referred to in Para 2 (f) 'Report on Other Legal and Regulatory Requirements' in our Independent Auditor's Report to the members of the Company on the Standalone financial statements for the year ended March 31, 2021.

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

We have audited the Internal Financial Controls with reference to financial statements of **CAMLIN FINE SCIENCES LIMITED** ("the Company") as of March 31, 2021 in conjunction with our audit of the Standalone Financial Statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

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, issued by ICAI and deemed to be prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal Financial Controls and, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls with over Financial Reporting

A Company's internal financial control 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 control with reference to 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 Standalone Financial Statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

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 Control Over Financial Reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2021, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the

“Guidance Note on Audit of Internal Financial Controls Over Financial Reporting” issued by the Institute of Chartered Accountants of India.

For KALYANIWALLA & MISTRY LLP
CHARTERED ACCOUNTANTS
Firm Registration Number: 104607W/W100166

FARHAD M. BHESANIA
PARTNER
Membership Number: 127355
UDIN: 21127355AAAAEZ4349

Place: Mumbai
Date: May 28, 2021

BALANCE SHEET

as at March 31, 2021

INR (in Lakh)

Particulars	Notes	As at March 31, 2021	As at March 31, 2020
ASSETS			
Non-Current Assets			
Property, Plant and Equipment	2(a)	24,572.33	6,864.83
Capital Work-in-Progress	2(b)	1,844.26	17,421.46
Right-Of-Use Assets	3	2,269.77	2,458.20
Investment Property	4	207.19	207.19
Intangible Assets	5	2,323.78	33.67
Intangible Assets under development		-	2,398.59
Financial Assets			
Investments	6	7,356.42	7,402.24
Loans	7	308.61	359.83
Other Financial Assets	8	9.97	-
Income Tax Assets	10	440.34	332.63
Other Non-Current Assets	11	1,541.66	538.89
Total Non-Current Assets		40,874.33	38,017.53
Current Assets			
Inventories	12	13,135.37	9,721.82
Financial Assets			
Trade Receivables	13	36,821.45	32,348.22
Cash and Cash Equivalents	14	1,877.54	69.83
Bank Balances other than Cash and Cash Equivalents	15	6,281.31	1,242.27
Loans	16	2,992.64	3,010.16
Other Financial Assets	17	2,071.52	2,355.58
Other Current Assets	18	2,617.29	2,369.42
Total Current Assets		65,797.12	51,117.30
TOTAL ASSETS		106,671.45	89,134.83
EQUITY AND LIABILITIES			
EQUITY			
Equity Share Capital	19	1,274.98	1,212.54
Other Equity	20	45,188.57	36,467.78
Total Equity		46,463.55	37,680.32
LIABILITIES			
Non-Current Liabilities			
Financial Liabilities			
Borrowings	21	16,273.39	11,296.43
Lease Liabilities	3	408.11	499.80
Other Financial Liabilities	22	-	1.62
Provisions	23	282.57	284.87
Deferred Tax Liabilities (Net)	9	630.56	208.18
Other Non Current Liabilities	24	39.58	105.25
Total Non-Current Liabilities		17,634.21	12,396.15
Current Liabilities			
Financial Liabilities			
Borrowings	25	20,074.04	21,841.64
Trade Payables	26		
(A) Total outstanding dues of Micro Enterprises and Small Enterprises and		821.86	851.43
(B) Total outstanding dues of creditors other than Micro Enterprises and			
Small Enterprises		18,465.91	12,444.20
Lease Liabilities	3	120.15	100.36
Other Financial Liabilities	27	2,154.55	2,498.59
Other Current Liabilities	28	827.13	611.35
Provisions	29	98.00	47.64
Current Tax Liabilities	30	12.05	663.15
Total Current Liabilities		42,573.69	39,058.36
Total Liabilities		60,207.90	51,454.51
TOTAL EQUITY AND LIABILITIES		106,671.45	89,134.83
Significant Accounting Policies	1		

The accompanying notes 1 to 51 form an integral part of the Financial Statements.

As per our Report of even date.
For KALYANIWALLA & MISTRY LLP
CHARTERED ACCOUNTANTS
 Firm Registration Number 104607W/W100166

FARHAD M. BHESANIA
 Partner
 Membership Number 127355

Mumbai, Dated: May 28, 2021

Signatures to the Balance Sheet and Notes to Financial Statements
 For and on behalf of the Board

Dilip D. Dandekar
 Chairman
 DIN: 00846901

Santosh Parab
 Chief Financial Officer

Mumbai, Dated: May 28, 2021

Ashish S. Dandekar
 Managing Director
 DIN: 01077379

Mandar Godbole
 Company Secretary & General Manager - Legal
 ICSI Membership No: A30240

STATEMENT OF PROFIT AND LOSS

for the year ended March 31, 2021

INR (in Lakh)

Particulars	Notes	For the year ended March 31, 2021	For the year ended March 31, 2020
INCOME			
Revenue from Operations	31	60,004.83	57,977.90
Other Income	32	546.83	2,406.44
Total Income		60,551.66	60,384.34
EXPENSES			
Cost of Materials Consumed	33	38,417.99	37,741.66
Purchases of Stock-in-Trade		1,604.49	1,348.05
Changes in Inventories of Finished Goods, Stock-in-Trade and Work-in-Progress	34	(2,182.59)	(205.83)
Employee Benefits Expense	35	3,869.86	2,801.12
Finance Costs	36	3,253.65	2,806.82
Depreciation and Amortisation Expense	37	1,928.30	1,128.21
Other Expenses	38	12,107.82	10,321.62
Total Expenses		58,999.52	55,941.65
Profit Before Exceptional Items and Tax		1,552.14	4,442.69
Exceptional Items	42	50.32	314.07
Profit Before Tax		1,501.82	4,128.62
Tax Expense			
Current tax	9(b)	277.92	750.04
Deferred tax	9(b)	395.78	306.45
Total Tax Expenses		673.70	1,056.49
Profit for the year		828.12	3,072.13
Other Comprehensive Income			
Items that will not be subsequently reclassified to Profit or Loss			
Remeasurements of Defined Benefit Plans		(49.46)	(44.80)
Income Tax relating to items that will not be reclassified to Profit or Loss	9(c)	11.49	15.66
Total Other Comprehensive Income for the year		(37.97)	(29.14)
Total Comprehensive Income for the year		790.15	3,042.99
Earnings per Equity Share (Face Value of INR 1 each)	43		
Basic		0.67	2.53
Diluted		0.60	2.53
Significant Accounting Policies	1		

The accompanying notes 1 to 51 form an integral part of the Financial Statements.

As per our Report of even date.
For KALYANIWALLA & MISTRY LLP
CHARTERED ACCOUNTANTS
Firm Registration Number 104607W/W100166

FARHAD M. BHESANIA
Partner
Membership Number 127355

Mumbai, Dated: May 28, 2021

Signatures to the Statement of Profit and Loss and Notes to Financial Statements
For and on behalf of the Board

Dilip D. Dandekar
Chairman
DIN: 00846901

Santosh Parab
Chief Financial Officer

Mumbai, Dated: May 28, 2021

Ashish S. Dandekar
Managing Director
DIN: 01077379

Mandar Godbole
Company Secretary & General Manager - Legal
ICSI Membership No: A30240

STATEMENT OF CASH FLOWS

for the year ended March 31, 2021

INR (in Lakh)

Particulars	For the Year Ended March 31, 2021	For the Year Ended March 31, 2020
Cash Flow from Operating Activities		
Profit Before Tax	1,501.82	4,128.62
Adjustment for:		
Depreciation and Amortisation Expense	1,928.30	1,128.21
Finance Costs	3,253.65	2,806.82
Foreign Exchange Loss / (Gain) (Unrealised)	1,219.80	(1,635.29)
(Gain)/Loss on sale of Property, Plant & Equipment and Intangible Assets	(3.47)	5.25
Allowance/(Reversal) of Credit Loss	88.60	(264.09)
Allowances for Doubtful advances	-	234.74
Impairment in investments, loans and advances	50.32	314.07
Expense/(Reversal) recognised in respect of equity-settled share-based payments	452.63	39.97
Provision for Compensated Absences	48.07	65.88
Interest Income	(385.57)	(351.10)
Rent Expenses	0.63	4.11
Net Gain arising on Financial Liabilities measured at Fair Value Through Profit or Loss (FVTPL)	(104.08)	(183.52)
Net (Gain) / Loss arising on sale of mutual funds	-	(10.19)
Operating Profit before working capital changes	8,050.70	6,283.48
Adjustment for:		
Increase/(Decrease) in Non Financial Liabilities	150.17	465.26
Increase/(Decrease) in Financial Liabilities	6,683.21	2,065.53
(Increase)/Decrease in Non Financial Assets	(5,636.66)	3,247.15
(Increase)/Decrease in Financial Assets	(5,608.52)	(4,561.96)
Cash generated from/(used in) operations	3,638.90	7,499.46
Taxes Paid (Net)	(1,036.73)	(109.93)
Net Cash Flow from/(used in) Operating activities	2,602.17	7,389.53
Cash Flow from Investing Activities		
Purchase of Property, Plant & Equipment and Intangible Assets	(3,953.89)	(11,511.13)
Sale of Property, Plant & Equipment and Intangible Assets	6.78	6.49
Sale/(Purchase) of Mutual funds (Net)	-	335.68
Maturity of / (Investment in) Fixed Deposit	(5,039.05)	4,061.03
Interest Received	186.40	505.40
Net Cash Flow from/(used in) Investing Activities	(8,799.76)	(6,602.53)
Cash Flow from Financing Activities		
Proceeds from Issue of Equity Shares under Employee Stock Option Plan	47.24	-
Proceeds from Issue of Equity Shares pursuant to conversion of Preferential Share Warrants	2,945.24	-
Proceeds from issue of Preferential Share Warrants (Net of issue expenses)	4,580.75	-
Proceeds from Share Application Money pending allotment	0.83	-
Proceeds from / (Repayment of) Long Term Borrowings (Net)	5,682.70	(248.37)
Proceeds from / (Repayment of) Short Term Borrowings (Net)	(1,070.96)	1,853.48
Payment of lease liabilities	(162.54)	(298.21)
Interest Paid	(4,017.96)	(3,913.09)
Net Cash Flow from Financing Activities	8,005.30	(2,606.19)
Net Increase / (Decrease) in Cash & Cash Equivalents	1,807.71	(1,819.19)
Cash & Cash Equivalents at the beginning of the year	69.83	1,889.02
Cash & Cash Equivalents at the end of the year	1,877.54	69.83

Note :

(a) The above Cash Flow Statement has been prepared under the "Indirect Method as set out in the Indian Accounting Standard (Ind AS 7) - Statement of Cash Flows.

(b) **Cash and Cash Equivalents comprises of :**

INR (in Lakh)

Particulars	For the Year Ended March 31, 2021	For the Year Ended March 31, 2020
Balances with Banks in Current Accounts	351.15	62.72
Bank deposits with original maturity of less than three months	1,525.09	-
Cash on Hand	1.30	7.11
Cash and cash equivalents in Statement of Cash Flow	1,877.54	69.83

(c) **Movement in Borrowings in accordance with Ind AS 7**

INR (in Lakh)

Particulars	April 01, 2020	Cash Flows	Non-cash changes	March 31, 2021
Long term borrowings (including current maturities)	11,298.05	5,682.70	(707.36)	16,273.39
Short term borrowings	22,091.64	(1,070.96)	-	21,020.68
Total borrowings	33,389.69	4,611.74	(707.36)	37,294.07

INR (in Lakh)

Particulars	April 01, 2019	Cash Flows	Non-cash changes	March 31, 2020
Long term borrowings (including current maturities)	11,110.46	(248.37)	435.96	11,298.05
Short term borrowings	20,238.16	1,853.48	-	22,091.64
Total borrowings	31,348.62	1,605.11	435.96	33,389.69

(d) Previous year's figures have been regrouped/reclassified wherever applicable.

The accompanying notes 1 to 51 form an integral part of the Financial Statements.

As per our Report of even date.

For KALYANIWALLA & MISTRY LLP
CHARTERED ACCOUNTANTS

Firm Registration Number 104607W/W100166

FARHAD M. BHESANIA

Partner

Membership Number 127355

Mumbai, Dated: May 28, 2021

Signatures to the Statement of Cash Flows and Notes to Financial Statements
For and on behalf of the Board

Dilip D. Dandekar

Chairman

DIN: 00846901

Santosh Parab

Chief Financial Officer

Mumbai, Dated: May 28, 2021

Ashish S. Dandekar

Managing Director

DIN: 01077379

Mandar Godbole

Company Secretary & General Manager - Legal

ICSI Membership No: A30240

STATEMENT OF CHANGES IN EQUITY

for the year ended March 31, 2021

a) Equity Share Capital

INR (in Lakh)

Particulars	As at March 31, 2021	As at March 31, 2020
Balance at the beginning of the reporting year	1,212.54	1,212.54
Issued pursuant to exercise of Employee Stock Options	0.94	-
Issued pursuant to conversion of Preferential Share Warrants	61.50	-
Changes in equity share capital during the year	62.44	-
Balance at the end of the reporting year	1,274.98	1,212.54

b) Other Equity

INR (in Lakh)

Particulars	Share application money pending allotment	Equity component of Foreign Currency Convertible Bonds (FCCB)	Reserves and Surplus						Money received against Preferential Share Warrants	Issue expenses towards non-converted share warrants	Total
			Capital Reserve	Securities Premium	Employee Stock Option Outstanding	General Reserve	Retained Earnings	Put Option			
Balance as at April 1, 2019	-	330.97	80.60	21,462.20	153.21	2,532.04	6,637.75	247.80	2,085.53	-	33,530.10
Profit for the year	-	-	-	-	-	-	3,072.13	-	-	-	3,072.13
Remeasurement of Defined Benefit Plans	-	-	-	-	-	-	(29.14)	-	-	-	(29.14)
Total Comprehensive Income for the Year	-	-	-	-	-	-	3,042.99	-	-	-	3,042.99
Deferred Tax on QIP Issue Expenses	-	-	-	-	-	-	(38.09)	-	-	-	(38.09)
Fair valuation of Share Based Payments	-	-	-	-	44.39	-	-	-	-	-	44.39
Termination of Employee Stock Option Scheme, 2014	-	-	-	-	(153.21)	-	41.60	-	-	-	(111.61)
Forefeiture of share warrants	-	-	2,085.53	-	-	-	-	-	(2,085.53)	-	-
Balance as at March 31, 2020	-	330.97	2,166.13	21,462.20	44.39	2,532.04	9,684.25	247.80	-	-	36,467.78
Profit for the year	-	-	-	-	-	-	828.12	-	-	-	828.12
Remeasurement of Defined Benefit Plans	-	-	-	-	-	-	(37.97)	-	-	-	(37.97)
Total Comprehensive Income for the year	-	-	-	-	-	-	790.15	-	-	-	790.15
Amount received during the year	0.83	-	-	-	-	-	-	-	7,583.62	-	7,584.45
Issue of Equity Shares pursuant to exercise of Employee Stock Option (ESOP)	-	-	-	46.29	-	-	-	-	-	-	46.29
Issue of Equity Shares pursuant to conversion of preferential share warrants	-	-	-	2,883.74	-	-	-	-	(2,945.24)	-	(61.50)
Expenses incurred towards issue of preferential share warrants	-	-	-	-	-	-	-	-	(69.71)	-	(69.71)
Issue expenses towards converted preferential share warrants transferred to Securities Premium	-	-	-	(12.08)	-	-	-	-	12.08	-	-
Issue expenses in respect of non-converted preferential share warrants transferred to Issue expenses towards non-converted preferential share warrants	-	-	-	-	-	-	-	-	57.63	(57.63)	-
Deferred Tax on QIP Issue expenses	-	-	-	-	-	-	(38.09)	-	-	-	(38.09)
Fair valuation of Share Based Payments	-	-	-	-	469.20	-	-	-	-	-	469.20
Transferred to Securities Premium	-	-	-	12.07	(12.07)	-	-	-	-	-	-
Balance as at March 31, 2021	0.83	330.97	2,166.13	24,392.22	501.52	2,532.04	10,436.31	247.80	4,638.38	(57.63)	45,188.57

The accompanying notes 1 to 51 form an integral part of the Financial Statements.

As per our Report of even date.
For KALYANIWALLA & MISTRY LLP
CHARTERED ACCOUNTANTS
Firm Registration Number 104607W/W100166

FARHAD M. BHESANIA
 Partner
 Membership Number 127355

Mumbai, Dated: May 28, 2021

Signatures to the Statement of Changes in Equity and Notes to Financial Statements
 For and on behalf of the Board

Dilip D. Dandekar
 Chairman
 DIN: 00846901

Santosh Parab
 Chief Financial Officer

Mumbai, Dated: May 28, 2021

Ashish S. Dandekar
 Managing Director
 DIN: 01077379

Mandar Godbole
 Company Secretary & General Manager - Legal
 ICSI Membership No: A30240

NOTES TO THE FINANCIAL STATEMENTS for the year ended March 31, 2021

Note 1: Significant Accounting Policies

A. Corporate Information

Camlin Fine Sciences Limited (“the Company”) is engaged in research, development, manufacturing and marketing of speciality chemicals, ingredients and additive blends. The Company is a public listed company incorporated and domiciled in India and has its registered office at WICEL, Plot No. F/11-12, WICEL, Opposite SEEPZ Main Gate, Central Road, Andheri (East), Mumbai – 400 093. The Company is listed on the BSE Limited and National Stock Exchange of India Ltd.

The Financial Statements of the Company for the year ended March 31, 2021 are approved by the Board of Directors on May 28, 2021.

B. Basis of Preparation of Financial Statements

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) as prescribed under Section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Amendment Rules as amended from time to time. The Company’s Financial Statements for the year ended March 31, 2021 comprises of the Balance Sheet, Statement of Profit and Loss, Statement of Cash Flows, Statement of Changes in Equity and Notes to Financial Statements.

Accounting policies have been consistently applied except where a newly issued Ind AS is initially adopted or a revision to an existing Ind AS requires a change in the accounting policy hiterto in use.

Current versus non-current classification:

All assets and liabilities have been 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 Companies Act, 2013. Based on the nature of products and the time taken between acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as twelve months for the purpose of the classification of assets and liabilities into current and non-current.

Functional and Presentation Currency

The financial statements are presented in Indian rupee, which is the functional currency of the Company. All financial information has been rounded to the nearest lakh, unless otherwise indicated.

Basis of Measurement

The Ind AS Financial Statements have been prepared on a going concern basis using historical cost convention and on accrual method of accounting, except for:

- certain financial assets and liabilities, including financial instruments which have been measured at fair value or amortised cost as described below
- defined benefit plans which have been measured on the basis of actuarial valuation as required by relevant Ind ASs.

Key Accounting Estimates and Judgements:

The preparation of financial statements requires management to make judgments, estimates and assumptions in the application of accounting policies that affect the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. 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. Information about critical judgments in applying accounting policies, as well as estimates and assumptions that have the most significant effect to the carrying amounts of assets and liabilities, are included in the following notes:

- (i) Determination of the estimated useful lives of property, plant and equipment and intangible assets.
- (ii) Recognition and measurement of defined benefit obligations, key actuarial assumptions.

NOTES TO THE FINANCIAL STATEMENTS for the year ended March 31, 2021

- (iii) Fair valuation of employee share options, key assumptions made with respect to expected volatility and dividend yield.
- (iv) Recognition and measurement of provisions and contingencies, key assumptions about the likelihood and magnitude of an outflow of resources.
- (v) Recognition of deferred tax assets.
- (vi) Fair value of financial instruments, including derivative contracts and applicable discount rate.
- (vii) Impairment of financial and non-financial assets.
- (viii) Measurement of Lease Liabilities and Right of Use Assets.
- (ix) Key assumptions used in discounted cash flow projections .

Estimation of uncertainties relating to the global health pandemic from COVID-19 (COVID-19)

The Company has taken into account all the possible impacts of COVID-19 in preparation of the financial statements, including but not limited to its assessment of going concern assumption, liquidity, ability to pay the liabilities, recoverable values of its financial and non-financial assets and impact on revenue recognition. The Company has carried out this assessment based on available internal and external sources of information upto the date of approval of the financial statements and believes that the impact of COVID-19 is not material to the financial statements and expects to recover the carrying amount of its assets. The impact of COVID-19 on these financial statements may differ from that estimated as at the date of approval of these financial statements owing to the nature and duration of COVID-19.

Measurement of fair values

The Company's accounting policies and disclosures require the financial instruments to be measured at fair values.

The Company has an established control framework with respect to measurement of fair values. The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs. The management 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 management assesses the evidence obtained from the third parties to support the conclusions that such valuations meet the requirements of Ind AS, including the level in the fair value hierarchy in which such 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 and 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).

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.

NOTES TO THE FINANCIAL STATEMENTS for the year ended March 31, 2021

C. Recent Accounting Developments

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:

a. Balance Sheet

- (i) Lease liabilities should be separately disclosed under the head ‘financial liabilities’, duly distinguished as current or non-current.
- (ii) 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.
- (iii) Specified format for disclosure of shareholding of promoters.
- (iv) Specified format for ageing schedule of trade receivables, trade payables, capital work-in-progress and intangible asset under development.
- (v) 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.
- (vi) 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.

b. Statement of Profit and Loss

- (i) 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.

D Significant Accounting Policies

a. Property, Plant & Equipment

(i) Recognition and Measurement

Property, plant and equipment is initially measured at cost net of tax credit availed 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 costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Subsequent expenditure is capitalised only if it is probable that future economic benefits associated with the expenditure will flow to the Company and the cost of the item can be measured reliably.

NOTES TO THE FINANCIAL STATEMENTS for the year ended March 31, 2021

When significant parts of Property, Plant and Equipment are required to be replaced, the Company derecognises the replaced part and recognises the new part with its own associated useful life and it is depreciated accordingly.

(ii) Depreciation

Depreciable amount for property, plant and equipment is the cost of property, plant and equipment less its estimated residual value.

Depreciation is provided on Straight Line Method over the estimated useful lives of the property, plant and equipment prescribed under Schedule II to the Companies Act, 2013 on pro rata basis. In cases, where the useful lives are different from that prescribed in Schedule II, they are based on internal technical evaluation.

The estimated useful lives, residual values and depreciation methods are reviewed by the management at each reporting date and adjusted if appropriate.

(iii) Disposal or Retirement

Property, plant and equipment are derecognised either on disposal or when no economic benefits are expected from its use or disposal. The gain or loss arising from disposal of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and recognised in the Statement of Profit and Loss in the year of occurrence.

b. Capital Work In Progress

Capital work in progress includes the acquisition/commissioning cost of assets under expansion/acquisition and pending commissioning. Expenditure of revenue nature related to such acquisition/expansion is also treated as capital work in progress and capitalised along with the asset.

c. Leases

As a lessee

The Company's lease assets primarily consist of land and buildings. The Company assesses whether a contract contains a lease at the inception of the contract. Leases of assets (other than short term leases or leases for which the underlying asset is of low value) are recognised if the lease contract conveys the right to the Company to control the use of an identified asset for a period of time in exchange for consideration. A contract conveys the right to control the use of an identified asset for a period of time, if throughout the period of lease, the Company has both of the following:

- a) The right to obtain substantially all of the economic benefits from use of the identified asset.
- b) The right to direct the use of the identified asset.

At the date of commencement of lease, the Company recognises a Right-Of-Use asset and a corresponding lease liability for all lease arrangements in which it is a lessee except for leases for a term of twelve months or less (short term leases) and low value leases. For short term leases and low value leases, the Company recognises the lease payments as an expense on a straight-line basis over the lease term. Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. Right-of-use assets and lease liabilities include these options when it is reasonably certain that they will be exercised.

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred. The right-of-use is subsequently depreciated using the straight-line method from the commencement date to the the end of the lease term.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date discounted using the the incremental borrowing rate in the country of domicile of the leases. The lease liability is

NOTES TO THE FINANCIAL STATEMENTS for the year ended March 31, 2021

measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments or if Group changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Lease liability and Right Of Use asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

As a lessor

The Company's lease assets primarily consist of buildings and plant & machinery.

Leases for which the Company is a lessor is classified either as a finance or operating lease.

Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

For operating leases, rent income is recognised as income on a straight line basis over lease term unless the receipts are structured to increase in line with expected general inflation.

d. Investment Property

(i) Recognition and Measurement

Land or building held to earn rentals or for capital appreciation or both rather than for use in the production or supply of goods or services or for administrative purposes; or sale in the ordinary course of business is recognised as Investment Property. Land held for a currently undetermined future use is also recognised as Investment Property.

An investment property is measured initially at cost of acquisition or construction including transaction cost.

After initial recognition, the Company measures investment property using cost model and discloses the fair value of investment property in the notes. Fair value is determined based on the evaluation performed by an external independent valuer.

(ii) Derecognition

Investment property is derecognised from the financial statement either on disposal or when no economic benefits are expected from its use or disposal.

The gain or loss arising from disposal of investment property are determined by comparing the proceeds from disposal with the carrying amount of investment property and recognised in the Statement of Profit and Loss in the year of occurrence.

e. Intangible Assets

(i) Initial Recognition

Acquired Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition.

Internally generated intangible assets

Expenditure on research activities is recognised as expense in the period in which it is incurred.

NOTES TO THE FINANCIAL STATEMENTS for the year ended March 31, 2021

An internally generated intangible asset arising from development is recognised if, and only if, all of the following conditions have been met:

- a) It is technically feasible to complete the intangible asset so that it will be available for use or sale.
- b) There is an intention to complete the asset.
- c) There is an ability to use or sell the asset.
- d) The asset will generate future economic benefits.
- e) Adequate resources are available to complete the development and to use or sell the asset.
- f) The expenditure attributable to the intangible asset during development phase can be measured reliably.

Where no internally generated intangible asset can be recognised, the development expenditure is recognised in the Statement of Profit and Loss in the period in which it is incurred.

(ii) Amortisation

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the Straight-Line Method over their estimated useful lives, and is recognised in Statement of Profit and Loss.

Estimated useful lives by major class of intangible assets are as follows:

- Software - 3 to 6 years
- Technical know-how - 10 years

(iii) Derecognition

An item of intangible asset is derecognised either on disposal or when no economic benefits are expected from its use or disposal. The gain or loss arising from disposal of intangible assets are determined by comparing the proceeds from disposal with the carrying amount of intangible assets and recognised in the Statement of Profit and Loss in the period of occurrence.

f. Impairment of non-financial assets

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that the assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment loss (if any).

If the recoverable amount of asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense in the Statement of Profit and Loss.

When an impairment loss subsequently reverses, the carrying amount of an asset is increased to the revised estimate of its recoverable amount, so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in the Statement of Profit and Loss.

g. Investment in Subsidiaries and Associate

Investment in equity shares of subsidiaries and associate are recorded at cost less accumulated impairment, if any, and reviewed for impairment at each reporting date. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. On disposal of investments in subsidiaries and associate, the difference between net disposal proceeds and the carrying amounts are recognized in the Statement of Profit and Loss.

NOTES TO THE FINANCIAL STATEMENTS for the year ended March 31, 2021

h. Financial Instruments

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

I. Financial Assets

Financial assets are recognised when the Company becomes a party to the contractual provisions of the instrument.

(i) Initial recognition and measurement

All financial assets are recognized at fair value on initial recognition, except for trade receivables which are initially measured at transaction price. Transaction costs that are directly attributable to the acquisition of financial assets, which are not at fair value through profit or loss, are added to the fair value on initial recognition.

(ii) Subsequent measurement and classification

For the purpose of subsequent measurement, the financial assets are classified into three categories on the basis of its business model for managing the financial assets :

- Financial assets at amortised cost
- Financial assets at Fair Value through Other Comprehensive Income (FVTOCI)
- Financial assets at Fair Value through profit or loss (FVTPL)

(iii) Financial assets at amortised cost

A financial asset is subsequently measured at amortised cost if it is held within a business model whose objective is to hold assets for collecting contractual cash flows and the contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method, less impairment, if any. The EIR amortisation is included in other income in the Statement of Profit and Loss. The losses arising from impairment are recognised in the Statement of Profit and Loss.

(iv) Financial asset at Fair Value Through Other Comprehensive Income (FVTOCI)

A financial asset is measured at Fair Value Through Other Comprehensive Income (FVTOCI) if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI).

Interest income measured using the EIR method and impairment losses, if any are recognised in the Statement of Profit and Loss. On derecognition, cumulative gain or loss previously recognised in OCI is reclassified from the equity to 'other income' in the Statement of Profit and Loss.

(v) Financial asset at Fair Value Through Profit or Loss (FVTPL)

A financial asset which are not classified in any of the above categories are measured at FVTPL. Such financial assets are measured at fair value with all changes in fair value, including interest income and dividend income if any, recognised as 'other income' in the Statement of Profit and Loss.

NOTES TO THE FINANCIAL STATEMENTS for the year ended March 31, 2021

(vi) Financial assets as Equity Investments

All equity instruments other than investment in subsidiaries and associate are initially measured at fair value; the Company may, on initial recognition, irrevocably elect to measure the same either at FVTOCI or FVTPL.

The Company makes such election on an instrument-by-instrument basis. A fair value change on an equity instrument is recognised as other income in the Statement of Profit and Loss unless the Company has elected to measure such instrument at FVTOCI. Fair value changes excluding dividends, on an equity instrument measured at FVTOCI are recognised in OCI. Amounts recognised in OCI are not subsequently reclassified to the Statement of Profit and Loss. Dividend income on the investments in equity instruments are recognised as 'other income' in the Statement of Profit and Loss.

(vii) Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is derecognised (i.e. removed from the Company's balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

(viii) Impairment of financial assets

The Company applies 'Simplified Approach' for measurement and recognition of impairment loss on the following financial assets and credit exposure:

- Financial assets that are debt instruments and are measured at amortised cost e.g. loans, deposits and bank balance
- Trade receivables

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime expected credit loss at each reporting date, right from its initial recognition.

II. Financial Liabilities

(i) Classification

The Company classifies all financial liabilities as subsequently measured at amortised cost except hybrid instruments with embedded derivatives where the embedded derivative cannot be measured separately either at inception or at the end of a subsequent reporting financial period in which case it is measured at Fair Value through Profit or Loss. In case the embedded derivatives can be separated, the same is measured at Fair Value Through Profit or Loss and the host contract is measured at amortised cost.

(ii) Initial recognition and measurement

All financial liabilities are recognised initially at fair value and, in case of loans and borrowings and payables, net of directly attributable transaction costs.

(iii) Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. Amortised cost is calculated by taking into account any

NOTES TO THE FINANCIAL STATEMENTS for the year ended March 31, 2021

discount or premium on acquisition and transactions costs. The EIR amortisation is included as finance costs in the Statement of Profit and Loss. Gains and losses are recognised in Statement of Profit and Loss when the liabilities are derecognised.

(iv) Financial guarantee contracts

Financial guarantee contracts issued by a Company are initially measured at their fair values and, if not designated as at FVTPL, are subsequently measured at the amount initially recognised less cumulative amount of income recognised in accordance with Ind AS.

(v) Compound financial instruments

Compound financial instruments issued by the Company which can be converted into fixed number of equity shares at the option of the holders irrespective of changes in the fair value of the instrument are accounted by separately recognising the liability and the equity components. The liability component is initially recognised at the fair value of a comparable liability that does not have an equity conversion option. The equity component is initially recognised at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. The directly attributable transaction costs are allocated to the liability and the equity components in proportion to their initial carrying amounts. Subsequent to initial recognition, FCCB being a hybrid contract, if the embedded derivative can be separated and measured, then the same is measured at fair value and designated as FVTPL, while the remaining liability component is subsequently measured at amortised cost using effective interest rate method. The equity component of a compound financial instrument is not remeasured subsequently.

(vi) Derecognition

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

III. Derivative financial instruments

The Company uses derivative financial instruments, such as forward currency contracts to hedge its foreign currency 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. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

IV Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the Balance Sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis or to realize the assets and settle the liabilities simultaneously.

V Incremental costs directly attributable to the issue of ordinary equity shares, are recognised as a deduction from equity.

i. Inventories

Inventories are valued at lower of cost and net realizable value. Costs are computed on weighted average basis and are net of GST credits.

Raw materials, packing materials and stores: Cost includes cost of purchase and other costs incurred in bringing the inventories to the present location and condition.

NOTES TO THE FINANCIAL STATEMENTS for the year ended March 31, 2021

Finished Goods and Work in Progress: In case of manufactured inventories and work in progress, cost includes all costs of purchase, an appropriate share of production overheads based on the normal operating capacity and other costs incurred in bringing the inventories to the present location and condition.

Net Realizable Value: Net realizable 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.

j. Cash and Cash Equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank and on hand and short term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flow, cash and cash equivalents consists of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

k. Provisions, Contingent Liabilities and Contingent Assets

(i) Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

If the effect of time value of money is material, provisions are discounted using a current pre tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(ii) Contingent Liabilities

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 the obligation or a reliable estimate of the amount cannot be made.

(iii) Contingent Assets

Contingent Assets are not recognised in the financial statements. Contingent Assets if any, are disclosed in the notes to the financial statements.

l. Revenue Recognition

(i) Sale of goods

- Revenue from the domestic sales are recognised net of returns and allowances, trade discounts and volume rebates upon delivery which is when the control of the goods passes to the Customer and performance obligation is met at a point in time.
- Revenue from the export sales are recognised net of returns and allowances, trade discounts and volume rebates upon delivery, usually on the basis of dates of bill of lading which is when the control of the goods passes to the Customer and performance obligation is met at a point in time.

NOTES TO THE FINANCIAL STATEMENTS for the year ended March 31, 2021

(ii) Sale of Service

Revenue is recognised from sale of services and services rendered by the Company pertaining to scaling of production process, engineering assistance, pilot projecting etc, when the performance obligation is satisfied and the services are rendered in accordance with the terms of customer contracts.

(iii) Export incentives

Revenue from export incentives are accounted on export of goods if the entitlements can be estimated with reasonable assurance and conditions precedent to claim are fulfilled.

(iv) Interest Income

(a) Interest income is recognised as the interest accrues (using the effective interest rate, that is, the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset).

b) Interest income on fixed deposits with banks is recognised on time basis.

(v) Dividend Income

Dividend income on investments is recognised when the right to receive dividend is established.

m. Employee Benefits

Liabilities in respect of employee benefits to employees are provided for as follows:

(i) Short term employee benefits:

Liabilities for wages, salaries, bonus and medical benefits including non-monetary benefits that are expected to be settled wholly within twelve months after the end of the period in which the employees render the related service are recognised in respect of employees' service up to the end of the reporting period and are measured at the amounts expected to be incurred when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

(ii) Post-employment benefits:

Defined contribution plans

Payments to defined contribution plans for eligible employees in the form of superannuation fund and the Company's contribution to Provident Fund are recognised as an expense in the Statement of Profit and Loss as the related service is provided.

Defined benefit plans

The Company has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The Company's net obligation in respect of defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in current and prior periods, after discounting the same. The calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method. The defined benefit obligation recognised in the Balance Sheet represent the present value of the defined benefit obligation as reduced by the fair value of plan assets. Any defined benefit asset (negative defined benefit obligation resulting from this calculation) representing the present value of available refunds and reductions in future contributions to the plan is recognised.

All expenses represented by current service cost, past service cost, if any, and net interest expense / (income) on the net defined benefit liability / (asset) are recognised in the Statement of Profit and Loss. Remeasurements of the net defined benefit liability / (asset) comprising actuarial gains and losses are recognised immediately in Other Comprehensive Income (OCI).

NOTES TO THE FINANCIAL STATEMENTS for the year ended March 31, 2021

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in the Statement of Profit and Loss. The Company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(iii) Other long-term employee benefits

Other long term employee benefits represent liabilities for earned leave that are not expected to be settled wholly within 12 months after the end of the period in which the employees render the service. These liabilities are measured as the present value of expected future payments to be made in respect of services provided by the employees up to the end of the reporting period using the projected unit credit method. Remeasurements are recognised in the Statement of Profit and Loss in the period in which they arise. Actuarial gains and losses in respect of such benefits are charged to the Statement of Profit and Loss in the period in which they arise.

n. Share-based payment transactions

Employees Stock Options Plans (“ESOPs”): The fair value of options granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the options. The expense is recorded for each separately vesting portion of the award. The increase in equity recognised in connection with share based payment transaction is presented as a separate component in equity under “Employee Stock Options Outstanding”.

o. Borrowing Cost

Borrowing costs are interest and other costs that the Company incurs in connection with the borrowing of funds and is measured with reference to the effective interest rate applicable to the respective borrowing. Borrowing costs also include exchange differences on foreign currency borrowings to the extent they are regarded as an adjustment to interest costs.

Borrowing costs pertaining to the period from commencement of activities relating to the construction / development of qualifying asset till the time all activities necessary to prepare the qualifying asset for its intended use or sale are complete are capitalised. Any income earned from temporary investment of borrowed funds is deducted from borrowing costs incurred.

A qualifying asset is an asset that necessarily requires a substantial period of time to get ready to its intended use or sale.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

p. Foreign currency transactions / translations

Transactions in foreign currencies are initially recorded at the functional currency spot rate of exchange prevailing on the date of transaction.

Monetary assets and liabilities denominated in foreign currencies and remaining unsettled at the reporting date are translated into the functional currency at the exchange rate prevailing on the reporting date.

Non- monetary items that are measured based on historical cost in a foreign currency are not translated.

Exchange differences arising on settlement of transactions or translation of monetary assets and liabilities at rates different from those at which they were translated on initial recognition during the period or in the previous financial statements are recognised in the Statement of Profit and Loss in the year in which they arise except for exchange differences recognised as a part of qualifying assets.

NOTES TO THE FINANCIAL STATEMENTS for the year ended March 31, 2021

q. Income tax

Income tax expense comprises current and deferred tax. It is recognised in the Statement of Profit and Loss except to the extent that it relates to items recognised directly in other equity or in other comprehensive income, in which case, the tax is also recognised directly in other equity or other comprehensive income, respectively.

(i) Current Tax

Current tax is determined as the amount of tax payable or recoverable in respect of taxable income or loss for the year and any adjustment to the tax payable in respect of previous years. It is measured using tax rates that are enacted or substantively enacted at the reporting date.

Minimum Alternate Tax (MAT) is accounted as current tax when the Company is subjected to such provisions of the Income Tax Act, 1961. However, credit of such MAT paid is available when the Company is subject to tax as per normal provisions in the future.

Current tax assets and liabilities are offset only if, the Company:

- a) has a legally enforceable right to set off the recognised amounts; and
- b) Intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

(ii) Deferred Tax

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

Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are amounts of income taxes in future periods in respect of deductible temporary differences, unused tax losses, and unused tax credits to the extent it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of the deferred tax asset to be utilised.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be recovered.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if:

- a) The Company has a legally enforceable right to set off current tax assets against current tax liabilities; and
- b) The deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on the same taxable entity.

MAT (Minimum Alternate Tax) credit 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 specified period and the said is created by way of credit to the Statement of Profit and Loss and shown as MAT credit entitlement. The Company reviews carrying amount of MAT credit at each reporting date and writes down the same to the extent that there is no longer convincing evidence to the effect that the Company will pay normal income tax during the period.

NOTES TO THE FINANCIAL STATEMENTS for the year ended March 31, 2021

r. Earnings per Share

Basic earnings per share are computed by dividing the net profit / (loss) after tax by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the net profit / (loss) after tax as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares outstanding during the year adjusted for the effect of all dilutive potential equity shares.

s. Dividend

The Company recognises a liability for any dividend declared but not distributed at the end of the reporting period, when the distribution is authorised and the distribution is no longer at the discretion of the Company on or before the end of the reporting period. As per Corporate laws in India, a distribution is authorized when it is approved by the shareholders. A corresponding amount is recognised directly in other equity.

t. Segment Reporting

Operating Segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM) which is a single business segment in Speciality Chemicals. As per Ind AS-108 'Operating Segments', if a financial report contains both the consolidated financial statements of a parent that is within the scope of Ind AS-108 as well as the parent's separate financial statements, segment information is required only in the consolidated financial statements. Accordingly, information required to be presented under Ind AS-108 Operating Segments has been given in the consolidated financial statements.

u Events after reporting date

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

NOTES TO THE FINANCIAL STATEMENTS for the year ended March 31, 2021

2 (a) Property, Plant & Equipment

INR (in Lakh)

Particulars	Other than Research & Development ("R&D") Assets						R&D Assets			Total Property, Plant and Equipment
	Leasehold Land	Factory & Other Building	Site Development	Plant, Equipment & Machinery	Furniture & Fixtures	Vehicles	Computer/ Hardware Cost	Equipment & Furniture	Building	
Gross Block										
Balance as at April 1, 2020	-	892.06	27.61	7,817.27	170.55	101.39	144.57	823.51	212.60	10,189.56
Additions	-	2,460.61	234.11	16,132.32	181.55	7.23	217.74	23.45	-	19,257.01
Deletions / Disposals	-	-	-	-	-	43.25	-	-	-	43.25
Balance as at March 31, 2021	-	3,352.67	261.72	23,949.59	352.10	65.37	362.31	846.96	212.60	29,403.32
Accumulated Depreciation										
Balance upto April 1, 2020	-	113.10	6.16	2,543.74	119.06	40.74	85.17	362.91	53.85	3,324.73
Depreciation for the year (Refer Note 2.a.ii)	-	92.58	5.44	1,264.76	22.54	16.70	52.11	86.11	5.96	1,546.20
Deletions / Disposals	-	-	-	-	-	39.94	-	-	-	39.94
Balance upto March 31, 2021	-	205.68	11.60	3,808.50	141.60	17.50	137.28	449.02	59.81	4,830.99
Net Carrying Amount as at March 31, 2021	-	3,146.99	250.12	20,141.09	210.50	47.87	225.03	397.94	152.79	24,572.33

INR (in Lakh)

Particulars	Other than Research & Development ("R&D") Assets						R&D Assets			Total Property, Plant and Equipment
	Leasehold Land	Factory & Other Building	Site Development	Plant, Equipment & Machinery	Furniture & Fixtures	Vehicles	Computer/ Hardware Cost	Equipment & Furniture	Building	
Gross Block										
Balance as at April 1, 2019	1,895.63	892.06	27.61	6,251.25	146.03	133.19	105.99	809.85	212.60	10,474.21
Transition impact of Ind AS 116 (Refer Note 3)	(1,895.63)	-	-	-	-	-	-	-	-	(1,895.63)
Restated Balance as at April 1, 2019	-	892.06	27.61	6,251.25	146.03	133.19	105.99	809.85	212.60	8,578.58
Additions	-	-	-	1,588.73	24.52	-	38.70	13.66	-	1,665.61
Deletions / Disposals	-	-	-	22.71	-	31.80	0.12	-	-	54.63
Balance as at March 31, 2020	-	892.06	27.61	7,817.27	170.55	101.39	144.57	823.51	212.60	10,189.56
Accumulated Depreciation										
Balance upto April 1, 2019	88.37	78.67	4.62	1,906.97	96.82	35.18	57.56	271.93	41.19	2,581.31
Transition impact of Ind AS 116 (Refer Note 3)	(88.37)	-	-	-	-	-	-	-	-	(88.37)
Restated Balance upto April 1, 2019	-	78.67	4.62	1,906.97	96.82	35.18	57.56	271.93	41.19	2,492.94
Depreciation for the year (Refer Note 2.a.ii)	-	34.43	1.54	659.23	22.24	25.87	27.73	90.98	12.66	874.68
Deletions / Disposals	-	-	-	22.46	-	20.31	0.12	-	-	42.89
Balance upto March 31, 2020	-	113.10	6.16	2,543.74	119.06	40.74	85.17	362.91	53.85	3,324.73
Net Carrying Amount as at March 31, 2020	-	778.96	21.45	5,273.53	51.49	60.65	59.40	460.60	158.75	6,864.83

2.a.i Refer Note 21.2, 21.3 and 25 for information on Property, Plant and Equipment pledged as security for borrowings.

NOTES TO THE FINANCIAL STATEMENTS for the year ended March 31, 2021

2.a.ii Depreciation during the year amounting to INR Nil (2019-20: INR 0.64 lakh) has been accounted in Capital Work in Progress.

2.a.iii Property, Plant & Equipment in Note 2(a) includes assets given on lease as under:

Particulars	Plant, Equipment & Machinery	Factory & Other Building	Total
Gross Block			
Balance as at April 1, 2020	23.80	212.40	236.20
Additions	-	-	-
Deletions / Disposals	-	-	-
Balance as at March 31, 2021	23.80	212.40	236.20
Accumulated Depreciation			
Balance upto April 1, 2020	3.08	6.99	10.07
Depreciation for the year	2.97	6.73	9.70
Deletions / Disposals	-	-	-
Balance upto March 31, 2021	6.05	13.72	19.77
Net Carrying Amount as at March 31, 2021	17.75	198.68	216.43

Particulars	Plant, Equipment & Machinery	Factory & Other Building	Total
Gross Block			
Balance as at April 1, 2019	23.80	-	23.80
Additions	-	212.40	212.40
Deletions / Disposals	-	-	-
Balance as at March 31, 2020	23.80	212.40	236.20
Accumulated Depreciation			
Balance upto April 1, 2019	0.11	0.26	0.37
Depreciation for the year	2.97	6.73	9.70
Deletions / Disposals	-	-	-
Balance upto March 31, 2020	3.08	6.99	10.07
Net Carrying Amount as at March 31, 2020	20.72	205.41	226.13

The Company has given on lease buildings, plant, equipment & machinery to a subsidiary for its manufacturing operation.

2.a.iv Details regarding maturity analysis of undiscounted lease income receivable

Particulars	INR (in Lakh)	
	As at March 31, 2021	As at March 31, 2020
For next year	39.00	39.00
In second year	39.00	39.00
In third year	39.00	39.00
In fourth year	3.25	39.00
In fifth year	-	3.25
Total	120.25	159.25

NOTES TO THE FINANCIAL STATEMENTS for the year ended March 31, 2021

2.b Capital Work-in-Progress

Particulars	INR (in Lakh)	
	As at March 31, 2021	As at March 31, 2020
Capital Work-in-Progress	1,844.26	17,421.46
	1,844.26	17,421.46

2.b.i Capital Work-in-Progress includes INR 16.94 lakh (2019-2020: INR 154.36 lakh) towards borrowing costs on general borrowing capitalised during the year. The average capitalisation rate for general borrowing is 10.80% p.a (2019-2020: 11.09% p.a). Further, the borrowing cost of INR 32.51 lakh (including exchange loss of INR 22.55 lakh and net of interest income on temporary investments amounting to INR 8.16 lakh) ((2019-2020: the borrowing cost of INR 508.50 lakh (including exchange loss of INR 555.26 lakh net of interest income on temporary investments amounting to INR 69.71 lakh)) is towards specific borrowing capitalised during the year. The capitalisation rate is 5.01% p.a. (2019-2020: 8.15% p.a)

2.b.ii Refer Note 45 (II) for disclosure of contractual commitments for the acquisition of Property, Plant and Equipment.

3 Right-Of-Use Assets

(a) Changes in the carrying value of right of use assets for the year ended March 31, 2021

Particulars	INR (in Lakh)		
	Category of Asset		
	Land	Buildings	Total
Balance as at April 1, 2020	1,772.02	686.18	2,458.20
Additions during the year	-	31.31	31.31
Deletions	-	-	-
Depreciation / Amortisation Expense	(45.74)	(174.00)	(219.74)
Balance as at March 31, 2021	1,726.28	543.49	2,269.77

Changes in the carrying value of right of use assets for the year ended March 31, 2020

Particulars	INR (in Lakh)		
	Category of Asset		
	Land	Buildings	Total
Balance as at April 1, 2019	-	-	-
Additions, pursuant to initial application of Standard	1,813.02	851.21	2,664.23
Additions during the year	4.44	7.48	11.92
Deletions	-	-	-
Depreciation / Amortisation Expense	(45.44)	(172.51)	(217.95)
Balance as at March 31, 2020	1,772.02	686.18	2,458.20

NOTES TO THE FINANCIAL STATEMENTS for the year ended March 31, 2021

(b) Movement in lease liabilities during the year ended March 31, 2021

Particulars	Category of Asset		
	Land	Buildings	Total
Balance as at April 1, 2020	5.76	594.40	600.16
Additions during the year	-	30.68	30.68
Deletions	-	-	-
Interest incurred during the year	0.59	58.74	59.33
Payment of lease liabilities	(0.68)	(161.23)	(161.91)
Balance as at March 31, 2021	5.67	522.59	528.26

INR (in Lakh)

Movement in lease liabilities during the year ended March 31, 2020

Particulars	Category of Asset		
	Land	Buildings	Total
Balance as at April 1, 2019	5.76	683.32	689.08
Additions during the year	-	3.05	3.05
Deletions	-	-	-
Interest incurred during the year	-	68.72	68.72
Payment of lease liabilities	-	(160.69)	(160.69)
Balance as at March 31, 2020	5.76	594.40	600.16

INR (in Lakh)

(c) Contractual maturities of lease liabilities on an undiscounted basis

Particulars	INR (in Lakh)	
	As at March 31, 2021	As at March 31, 2020
Less than one year	170.18	158.91
One to two years	179.93	158.20
Two to five years	284.36	442.68
More than five years	13.56	14.24
Total	648.03	774.03

(d) The Company has incurred INR 128.04 lakh (2019-2020: INR 65.71 lakh) towards short term leases (Refer Note 38).

NOTES TO THE FINANCIAL STATEMENTS for the year ended March 31, 2021

4 Investment Property

Particulars	INR (in Lakh)			
	Gross and Net Carrying Amount		Fair Value	
	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
Freehold Land	207.19	207.19	Refer Note 4.4	Refer Note 4.4
	207.19	207.19	-	-

- 4.1 Refer Note 21.2, 21.3 and 25 for information on Investment Property pledged as security for borrowings.
- 4.2 The erstwhile name of the Company viz; Camlin Fine Chemicals Limited is on the title deeds of freehold land.
- 4.3 Direct operating expenses, arising from investment property that did not generate rental income during the year, is INR 0.42 lakh (2019-2020: INR 0.43 lakh)
- 4.4 The Company has carried out valuation of investment property as on May 18, 2019 amounting to INR 523.20 lakh. However, the Company could not carry out fair valuation of investment property as at March 31, 2021 and March 31, 2020 due to lockdown announced by the Government of India in view of COVID -19 pandemic. In the opinion of the management, there is no major change in fair value.

5 Intangible Assets

Particulars	INR (in Lakh)			
	Software	Technical Know-how	R & D Process Development	Total Intangible Assets
Gross Block				
Balance as at April 1, 2020	158.83	170.57	80.20	409.60
Additions	9.70	2,442.77	-	2,452.47
Deletions / Disposals	-	-	-	-
Balance as at March 31, 2021	168.53	2,613.34	80.20	2,862.07
Accumulated Amortisation				
Balance upto April 1, 2020	125.16	170.57	80.20	375.93
Amortisation for the year	33.93	128.43	-	162.36
Deletions / Disposals	-	-	-	-
Balance upto March 31, 2021	159.09	299.00	80.20	538.29
Net Carrying Amount as at March 31, 2021	9.44	2,314.34	-	2,323.78

Particulars	INR (in Lakh)			
	Software	Technical Know-how	R & D Process Development	Total Intangible Assets
Gross Block				
Balance as at April 1, 2019	155.74	170.57	80.20	406.51
Additions	3.09	-	-	3.09
Deletions / Disposals	-	-	-	-
Balance as at March 31, 2020	158.83	170.57	80.20	409.60
Accumulated Amortisation				
Balance upto April 1, 2019	88.94	170.57	80.20	339.71
Amortisation for the year	36.22	-	-	36.22
Deletions / Disposals	-	-	-	-
Balance upto March 31, 2020	125.16	170.57	80.20	375.93
Net Carrying Amount as at March 31, 2020	33.67	-	-	33.67

NOTES TO THE FINANCIAL STATEMENTS for the year ended March 31, 2021

6 Investments

Particulars	INR (in Lakh)			
	As at March 31, 2021		As at March 31, 2020	
	Number of Shares	Amount	Number of Shares	Amount
Investment in Equity Instruments (Fully Paid) (At Cost)				
Unquoted				
(i) Subsidiaries				
CFS Do Brasil Industria, Comercio, Importacao E Exportacao De Aditivos Alimenticios LTDA (of Brazilian Real \$ 1 each)	7,851,644	1,603.12	7,851,644	1,603.12
Solentus North America Inc.(of CAD \$ 1 each) (Refer Note 6.1)	98,600	56.01	98,600	56.01
CFS North America LLC (of USD \$ 1 each)	1,490,000	978.17	1,490,000	978.17
Dresen Quimica S.A.PI de C.V (of Mexican Pesos 1 each) (Refer Note 6.2, 6.3 and Note 6.4)	50,820,277	1,996.38	50,820,277	1,996.38
CFS Europe S.p.A. (Refer Note 6.5)	2,000,000	1,178.56	2,000,000	1,178.56
Industrias Petrotec de Mexico S.A. de C.V. (Refer Note 6.6)	-	4.46	-	2.21
Chemolutions Chemicals Limited (of INR 10 each)	6,366,499	950.00	6,366,499	950.00
CFS International Trading (Shanghai) Ltd. (Refer Note 6.7)		-		50.32
CFS Wanglong Flavors (Ningbo) Company Ltd. (Refer Note 6.8 and 41)		627.35		625.10
CFS Pahang Asia Pte Ltd	25,500	17.89	25,500	17.89
Total (i)		7,411.94		7,457.76
(ii) Associate (Fully Paid) (At Cost)				
Fine Lifestyle Brand Limited (of INR 10 each)	254,994	25.50	254,944	25.50
(iii) Others (Fully Paid) (At Cost)				
Fine Renewable Energy Limited (of INR 10 each)	50,995	5.10	50,995	5.10
Saraswat Co-Operative Bank Limited (of INR 10 each)	5,000	0.50	5,000	0.50
Total (iii)		5.60		5.60
(iv) Total (i+ii+iii)		7,443.04		7,488.86
(v) Provision for impairment in value of investments (Refer Note 6.9)		(86.62)		(86.62)
(vi) Net Investments (iv-v)		7,356.42		7,402.24
Aggregate amount of unquoted investments		7,443.04		7,488.86
Aggregate amount of impairment in value of investments		86.62		86.62

6.1 The Company had invested INR 56.01 lakh (March 31, 2020 : INR 56.01 lakh) in the share capital of Solentus North America Inc., its wholly owned subsidiary company ("the subsidiary"). The Company has decided to close the said subsidiary and has started the process of closure. Consequently, during the year, the Company has made full provision for impairment in the value of said investment. (Refer Note 42).

NOTES TO THE FINANCIAL STATEMENTS for the year ended March 31, 2021

6.2 The Company has provided a corporate guarantee against the payment of interest and principal on the loan utilised for acquisition of Dresen Quimica S.A.P.I De C.V amounting to INR 4,730.03 lakh. 50,820,277 Equity Shares (March 31, 2020: 50,820,277 Equity Shares) of Dresen Quimica S.A.P.I De C.V are pledged in respect of the aforesaid loan.

6.3 Recognition of Put Option

The Shareholders Agreement entered into with the shareholders of Dresen Quimica S.A.P.I. de C.V. (Dresen Quimica) provides for put option to the minority shareholders any time after 2 years from the date of agreement, being May 4, 2016. The put option provides a right to the non-controlling interests to sell their 35% stake in Dresen Quimica as per agreed exercise price. The fair value of put option is calculated based on the Shareholders Agreement using 'Income Approach'. Accordingly, the fair value of put option as a financial obligation amounting to INR 615.15 lakh is recognised as investment. Initial recognition of INR 247.80 lakh has been recognised as part of other equity, while subsequent changes in fair value have been recognised to Statement of Profit and Loss.

6.4 Includes INR 78.08 lakh (March 31, 2020: INR 78.08 lakh) towards adjustment on account of fair value of financial guarantees issued to a Bank in relation to loan availed.

6.5 With effect from June 25, 2019 CFCL Mauritius was reverse merged into its wholly owned subsidiary CFS Europe SpA (CFS Europe). Consequently, CFCL Mauritius ceased to be subsidiary of the Company with effect from June 25, 2019. Pursuant to this reverse merger, Company has received 2,000,000 equity shares of CFS Europe amounting to INR 1,053.23 lakh against investment of INR 59.73 lakh in CFCL Mauritius and loan given to CFCL Mauritius amounting to INR 993.50 lakh. It also includes INR 125.33 lakh (March 31, 2020: INR 125.33 lakh) towards adjustment on account of fair value of financial guarantees issued to a Bank in relation to loan availed by CFS Europe S.p.A. The said financial guarantee has been cancelled during the year pursuant to repayment of the loan by CFS Europe S.p.A.

6.6 INR 4.46 lakh (March 31, 2020: INR 2.21 lakh) is towards adjustment on account of fair value of employee stock options under CFS Employee Stock Option Scheme, 2018 (ESOP 2018) given to an employee of Industrias Petrotec de Mexico S.A. de C.V. (Refer Note 20(v)).

6.7 The Company had invested INR 50.32 lakh in the share capital of CFS International Trading (Shanghai) Ltd, its wholly owned subsidiary company ("the subsidiary"). The subsidiary is dissolved during the year with effect from September 14, 2020. Impairment in the value of investment amounting to INR 50.32 lakh has been accounted during the year (Refer Note 42). Pursuant to the dissolution, CFS International Trading (Shanghai) Ltd ceases to be a subsidiary of the Company.

6.8 Includes INR 4.46 lakh (March 31, 2020: INR 2.21 lakh) towards adjustment on account of fair value of employee stock options under CFS Employee Stock Option Scheme, 2018 (ESOP 2018) given to an employee of CFS Wanglong Flavours (Ningbo) Co. Ltd. (Refer Note 20(v)).

6.9 The provision for impairment in the value of investments represents the provision in respect of investments in Fine Renewable Energy Limited, Fine Lifestyle Brand Limited and Solentus North America Inc.

7 Loans

Particulars	INR (in Lakh)	
	As at March 31, 2021	As at March 31, 2020
I Unsecured, considered Good		
Security Deposits	308.61	284.44
Loans to related parties (Refer Note 7.1, 7.2 and 16(b))	-	75.39
II Unsecured, Credit Impaired		
Loans to related parties	189.18	189.18
Less:- Allowance for Credit Impaired (Refer Note 7.3, 16(b), 42 and Note 46(III)(5))	(189.18)	(189.18)
	308.61	359.83

NOTES TO THE FINANCIAL STATEMENTS for the year ended March 31, 2021

- 7.1** The loans to subsidiaries have been made for general corporate purposes of each subsidiary. These loans are given at rates comparable to the average commercial rate of interest.
- 7.2** No loans are due to Directors or other officers of the Company either severally or jointly with any other person or amount due by firms or private companies in which any director is a partner, a director or a member.
- 7.3** The Company had given loans of INR 189.18 lakh (INR 242.27 lakh including interest of INR 53.09 lakh (Refer Note 17) to Solentus North America Inc., its wholly owned subsidiary company. The Company had also provided advances of INR 15.79 lakh to Solentus North America Inc. (Refer Note 17). The Company has decided to close the said subsidiary and has started the process of closure. Consequently, the Company has made full provision for the said loans and advances. (Refer Note 6.1 & 42).

8 Other Financial Assets

Particulars	INR (in Lakh)	
	As at March 31, 2021	As at March 31, 2020
Derivative assets (Refer Note 8.1)	9.97	-
	9.97	-

- 8.1** The derivative asset (INR 9.97 lakh (March 31, 2020: INR Nil) / liability (INR Nil (March 31, 2020: INR 1.62 lakh) represents the embedded derivative portion of compound financial instrument i.e FCCB. The Company has measured the embedded derivative at FVTPL and the host contract has been accounted at amortised cost. The change in the carrying amount of the embedded derivative amounting to INR 11.59 lakh (2019-2020: INR Nil) has been recognised in the Statement of Profit and Loss (Refer Note 32(b)).

9 Deferred Tax Assets / Liabilities (Net)

(a) Movement in Deferred Tax Balances

Particulars	As at April 1, 2020	Movement during the year			As at March 31, 2021
		Recognised in Profit and Loss	Recognised in Other Equity	Recognised in OCI	Deferred Tax (Liabilities)/ Assets
Deferred Tax Asset/ (Liabilities)					
Property, Plant and Equipment and Intangible Assets	(844.27)	(1,905.24)	-	-	(2,749.52)
Provision for Doubtful Debts and Advances	294.94	41.69	-	-	336.63
QIP Issue Expenses	65.54	(33.03)	(38.09)	-	(5.59)
ECB Expenses	-	(158.55)	-	-	(158.55)
Employee Benefits	78.70	20.55	-	11.49	110.74
Unabsorbed Depreciation	-	1,528.51	-	-	1,528.51
Disallowances under the Income-Tax Act	20.05	(5.24)	-	-	14.81
Unutilised MAT Credit	162.63	215.03	-	-	377.66
Transaction cost relating to FCCBs	(147.79)	42.23	-	-	(105.56)
Interest income from temporary investment of FCCBs funds	133.89	(35.99)	-	-	97.90
Lease Liabilities	28.14	(5.64)	-	-	22.50
Others	-	(100.10)	-	-	(100.10)
Deferred Tax Asset/ (Liabilities)	(208.18)	(395.78)	(38.09)	11.49	(630.56)

NOTES TO THE FINANCIAL STATEMENTS for the year ended March 31, 2021

Particulars	As at April 1, 2019	Movement during the year			INR (in Lakh)
		Recognised in Profit and Loss	Recognised in Other Equity	Recognised in OCI	As at
					March 31, 2020
Deferred Tax Asset/ (Liabilities)					Deferred Tax (Liabilities)/ Assets
Property, Plant and Equipment and Intangible Assets	(806.26)	(38.01)	-	-	(844.27)
Provision for Doubtful Debts and Advances	195.47	99.47	-	-	294.94
QIP Issue Expenses	103.63	-	(38.09)	-	65.54
Employee Benefits	41.26	21.78	-	15.66	78.70
Unabsorbed Business Losses	340.21	(340.21)	-	-	-
Disallowances under the Income-Tax Act	(3.11)	23.16	-	-	20.05
Unutilised MAT Credit	334.45	(171.82)	-	-	162.63
Transaction cost relating to FCCBs	(147.79)	-	-	-	(147.79)
Interest income from temporary investment of FCCBs funds	109.72	24.17	-	-	133.89
Lease Liabilities	-	28.14	-	-	28.14
Others	(46.87)	46.87	-	-	-
Deferred Tax Asset/ (Liabilities)	120.71	(306.45)	(38.09)	15.66	(208.18)

(b) Tax recognised in Profit and Loss

Particulars	INR (in Lakh)	
	For the year ended March 31, 2021	For the year ended March 31, 2020
Current Tax		
In respect of the current year	277.92	942.91
In respect of prior year	-	(21.06)
(Origination) / Utilisation of MAT Credit Entitlement	-	(171.81)
	277.92	750.04
Deferred Tax		
Origination and reversal of Tax on Temporary Differences [#]	610.41	134.64
(Origination) / Utilisation of MAT Credit Entitlement	(214.63)	171.81
	395.78	306.45
Tax expense for the year	673.70	1,056.49

[#] Deferred tax expense for the year ended March 31, 2021 includes INR 377 lakh pertaining to earlier years.

(c) Tax recognised in Other Comprehensive Income

Particulars	INR (in Lakh)	
	For the year ended March 31, 2021	For the year ended March 31, 2020
Items that will not be subsequently reclassified to Profit and Loss		
Remeasurements of Defined Benefit Plans	(11.49)	(15.66)
	(11.49)	(15.66)

NOTES TO THE FINANCIAL STATEMENTS for the year ended March 31, 2021

(d) Reconciliation of Effective Tax Rate

Particulars	INR (in Lakh)	
	For the year ended March 31, 2021	For the year ended March 31, 2020
Profit Before Tax	1,501.82	4,128.62
Expected income tax rate #	34.94%	34.94%
Expected Income Tax Expense	524.80	1,442.71
Tax effect of:		
Property, Plant and Equipment & Intangible Assets	(1,905.24)	(38.01)
Tax expense in respect of prior year	377.00	(21.06)
Tax rate difference	167.68	-
Employee Benefits	20.55	21.78
Unabsorbed Business Losses / Depreciation	1,528.51	(340.21)
Disallowances under the Income-Tax Act	(5.24)	23.16
Transaction cost relating to FCCB	42.23	-
Interest income from temporary investment of FCCB funds	(35.99)	24.17
Utilisation of MAT Credit Entitlement	215.03	(171.81)
Lease Liabilities	(5.64)	28.13
Provision for Doubtful Debts and Advances	41.69	99.47
ECB Expenses	(158.55)	-
QIP expenses	(33.03)	-
Others	(100.10)	(11.84)
Total Income Tax Expense	673.70	1,056.49

The Company has elected not to exercise the option permitted under Section 115BAA of the Income Tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019 for the current financial year. The tax rate applicable to the Company for the current financial year is 34.94%.

10 Income Tax Assets

Particulars	INR (in Lakh)	
	As at March 31, 2021	As at March 31, 2020
Advance Tax and Tax Deducted at Source (Net of Provision for Tax)	440.34	332.63
	440.34	332.63

11 Other Non-Current Assets

Particulars	INR (in Lakh)	
	As at March 31, 2021	As at March 31, 2020
Capital Advances	1,504.97	516.92
Prepaid Expenses	36.69	21.97
	1,541.66	538.89

NOTES TO THE FINANCIAL STATEMENTS for the year ended March 31, 2021

12 Inventories

Particulars	INR (in Lakh)	
	As at March 31, 2021	As at March 31, 2020
(a) Raw material and Components		
(i) in stock	4,264.12	3,364.18
(ii) in transit	516.00	411.61
(b) Work-in-Progress	5,959.16	4,240.66
(c) Finished Goods	1,644.60	1,374.52
(d) Stock-in-Trade	231.30	37.29
(e) Stores and Spares	520.19	293.56
	13,135.37	9,721.82

13 Trade Receivables

Particulars	INR (in Lakh)	
	As at March 31, 2021	As at March 31, 2020
Unsecured		
(i) Trade Receivables Considered Good (Refer Note 13.1, 41 and 47(e))	36,821.45	32,348.22
(ii) Trade Receivables Credit impaired	373.14	295.29
Less: Allowance for Credit Impaired (Refer Note 13.2)	(373.14)	(295.29)
	36,821.45	32,348.22

13.1 Above balances of trade receivables includes INR 27,032.32 lakh (March 31, 2020: INR 24,012.48 lakh) from related parties. (Refer Note 46(III)(1))

13.2 Details of allowance for credit impaired receivables

The Company has used practical expedient by computing expected credit loss allowance for trade receivables by taking into consideration historical credit loss experience and adjusted for forward looking information. The expected credit loss is with respect to credit impaired receivables, calculated on the basis of ageing of the days the receivables are due and the expected credit loss rate. The Company is still pursuing the recovery of the receivables which are credit impaired.

The movement in allowance for credit impaired is as follows:

Particulars	INR (in Lakh)	
	As at March 31, 2021	As at March 31, 2020
Balance as at Beginning of the year	295.29	559.38
Add: Created during the year	88.60	-
Less: Released during the year	(10.75)	(264.09)
Balance as at end of the year	373.14	295.29

14 Cash and Cash Equivalents

Particulars	INR (in Lakh)	
	As at March 31, 2021	As at March 31, 2020
(a) Balances with Banks in Current Accounts	351.15	62.72
(b) Bank deposits with original maturity of less than three months	1,525.09	-
(c) Cash on Hand	1.30	7.11
	1,877.54	69.83

NOTES TO THE FINANCIAL STATEMENTS for the year ended March 31, 2021

15 Bank Balances other than Cash and Cash Equivalents

Particulars	INR (in Lakh)	
	As at March 31, 2021	As at March 31, 2020
(a) Earmarked balances with banks (Refer Note 15.1)	19.29	24.06
(b) Bank deposits with original maturity of more than three months but less than 12 months.	4,515.79	-
(c) Balances with banks to the extent held as margin money or security against borrowings, guarantees and other commitments which have original maturity period of more than three months but less than 12 months.	1,746.23	1,218.21
	6,281.31	1,242.27

15.1 Earmarked balance with banks refers to balance carried in designated bank account towards unclaimed dividend.

16 Loans

Particulars	INR (in Lakh)	
	As at March 31, 2021	As at March 31, 2020
Unsecured, Considered Good		
(a) Security Deposits	59.80	77.65
(b) Loans to related parties (Refer Note 16.1, 16.2 and 16.3)	2,932.84	2,932.51
	2,992.64	3,010.16

16.1 The loans to subsidiaries have been made for general corporate purposes of each subsidiary. These loans are given at rates comparable to the average commercial rate of interest.

16.2 Loans to subsidiaries are as follows:(Refer Note 46 (III)(5))

Particulars	INR (in Lakh)			
	As at March 31, 2021		As at March 31, 2020	
	Balance	Maximum outstanding during the year	Balance	Maximum outstanding during the year
Subsidiaries				
(a) CFCL Mauritius Private Limited	-	-	-	943.08
(b) CFS Do Brasil Industria, Comercio, Importacao E Exportacao De Aditivos Alimenticios LTDA	1,470.09	1,510.54	1,507.72	1,507.72
(c) Solentus North America Inc	189.18	189.18	189.18	189.18
(d) CFS North America LLC	1,462.75	1,502.98	1,500.18	1,500.18
(e) Dresen Quimica S.A.P.I De C.V	-	-	-	110.27
	3,122.02	3,202.70	3,197.08	4,250.43

NOTES TO THE FINANCIAL STATEMENTS for the year ended March 31, 2021

16.3 Additional information on the above

Particulars	INR (in Lakh)	
	As at March 31, 2021	As at March 31, 2020
Disclosed as		
Current	2,932.84	2,932.51
Non-Current (before provision for impairment of INR Nil lakh (March 31, 2020: INR 189.18 lakh) towards Solentus North America Inc (Refer Note 7.3)	189.18	264.57
	3,122.02	3,197.08

17 Other Financial Assets

Particulars	INR (in Lakh)	
	As at March 31, 2021	As at March 31, 2020
Export Benefits Receivable	767.04	1,012.97
Receivable from Subsidiaries		
Interest on loans		
Considered Good	842.27	651.51
Considered Credit Impaired (Refer Note 7.3 and Note 46 (III)(6))	53.09	53.09
Less: Allowance for Credit Impaired	(53.09)	(53.09)
Other receivable		
Considered Good (Refer Note 41)	218.11	539.25
Considered Credit Impaired (Refer Note 7.3 and Note 46 (III)(7))	15.79	15.79
Less: Allowance for Credit Impaired	(15.79)	(15.79)
Others	244.10	151.85
	2,071.52	2,355.58

18 Other Current Assets

Particulars	INR (in Lakh)	
	As at March 31, 2021	As at March 31, 2020
Unsecured, Considered Good		
Advances to Vendors	748.45	946.41
Prepaid Expenses	638.68	585.45
Balance with Gratuity Fund (Refer Note 35.1 (c))	86.34	124.49
Balance with Government Authorities	931.47	691.32
Others (Refer Note 45(I)(e))	212.35	21.75
Unsecured, Credit Impaired		
Advances to Vendors	245.50	245.50
Less:- Allowance for Credit Impaired	(245.50)	(245.50)
	2,617.29	2,369.42

NOTES TO THE FINANCIAL STATEMENTS for the year ended March 31, 2021

19 Equity Share Capital

Particulars	INR (in Lakh)	
	As at March 31, 2021	As at March 31, 2020
a) Authorised :		
180,000,000 Equity Shares of INR 1 each (March 31, 2020: 150,000,000 Equity Shares of INR 1 each).	1,800.00	1,500.00
	1,800.00	1,500.00
b) Issued, Subscribed and Paid - up:		
127,498,471 Equity Shares of INR 1 each (March 31, 2020: 121,253,996 Equity Shares of INR 1 each).	1,274.98	1,212.54
	1,274.98	1,212.54

- c) During the year the Company has issued 94,475 Equity Shares (2019-2020: Nil Equity Shares) under the Employee Stock Option Scheme, 2018.
- d) During the year the Company has issued 6,150,000 Equity Shares (2019-2020: Nil Equity Shares) pursuant to conversion of equivalent number of preferential share warrants.
- e) **Reconciliation of number of Shares and amount outstanding at the beginning and at the end of the year**

Particulars	INR (in Lakh)			
	As at March 31, 2021		As at March 31, 2020	
	No. of Shares	INR (in Lakh)	No. of Shares	INR (in Lakh)
Equity Shares				
Outstanding at the beginning of the year	121,253,996	1,212.54	121,253,996	1,212.54
Add: Issued pursuant to exercise of employee stock options (Refer Note 19 (c))	94,475	0.94	-	-
Add: Issued pursuant to conversion of preferential share warrants (Refer Note 19 (d))	6,150,000	61.50	-	-
Outstanding at the end of the year	127,498,471	1,274.98	121,253,996	1,212.54

f) Rights, preferences and restrictions attached to Equity Shares

The Company has only one class of shares having par value of INR 1 per share. Each holder of Equity Shares is entitled to one vote per share. The Company declares and pays dividends in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation of the Company, the holders of Equity Shares are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

g) Shareholders holding more than 5% Equity Shares as at the end of the year

Particulars	INR (in Lakh)			
	As at March 31, 2021		As at March 31, 2020	
	No. of Shares	% held	No. of Shares	% held
(i) Ashish S. Dandekar	1,40,60,400	11.03	1,40,60,400	11.60
(ii) ICICI Prudential Midcap Fund	1,12,27,825	8.81	69,24,965	5.71
(iii) SBI Magnum Multicap Fund	1,01,11,844	7.93	1,09,85,844	9.06
	3,54,00,069	27.77	3,19,71,209	26.37

NOTES TO THE FINANCIAL STATEMENTS for the year ended March 31, 2021

h) Shares reserved for issue under options outstanding as at the end of the year on un-issued share capital:

- i) The Company has 3,912,096 (March 31, 2020: Nil) Equity Shares reserved for issue under Employee Stock Option Plan, 2020 as at March 31, 2021 (Refer Note 35.2.1 for terms of employee stock options).

The Company has 446,525 (March 31, 2020: 541,000) Equity Shares reserved for issue under Employee Stock Option Scheme, 2018 as at March 31, 2021 (Refer Note 35.2.2 for terms of employee stock options).

- ii) The Company has 8,603,029 (March 31, 2020: 8,603,029) Equity Shares reserved towards conversion of Foreign Currency Convertible Bonds.(Refer Note 21.1 for terms of Foreign Currency Convertible Bonds).

- iii) The Company has 29,350,000 (March 31, 2020: Nil) Equity Shares reserved for issue towards conversion of Preferential Share Warrants (Refer Note 20.6 for terms of preferential warrants)

20 Other Equity

Particulars	INR (in Lakh)	
	As at March 31, 2021	As at March 31, 2020
i) Share application money pending allotment		
Employee Stock Option Plan	0.83	-
ii) Equity component of Foreign Currency Convertible Bonds (FCCBs) (Refer Note 20.1)	330.97	330.97
iii) Capital Reserve (Refer Note 20.2)		
Opening Balance	2,166.13	80.60
Additions during the year	-	2,085.53
Closing Balance	2,166.13	2,166.13
iv) Securities Premium (Refer Note 20.3)		
Opening Balance	21,462.20	21,462.20
Issue of Equity Shares pursuant to exercise of Employee Stock Options	46.29	-
Issue of Equity Shares pursuant to conversion of preferential share warrants	2,883.74	-
Transferred from Employee Stock Option Outstanding	12.07	-
Utilisations during the year	(12.08)	-
Closing Balance	24,392.22	21,462.20
v) Employee Stock Option Outstanding (Refer Note 20.4)		
Opening Balance	44.39	153.21
Additions/(Reversals) during the year	469.20	44.39
Transferred to Securities Premium	(12.07)	-
Termination of ESOP Scheme, 2014	-	(153.21)
Closing Balance	501.52	44.39
vi) General Reserve (Refer Note 20.5)	2,532.04	2,532.04
vii) Retained Earnings		
Opening Balance	9,684.25	6,637.75
Profit for the year	828.12	3,072.13
Remeasurement of Defined Employee Benefit Plan	(37.97)	(29.14)
Termination of ESOP Scheme, 2014 (Refer Note 20.4)	-	41.60
Deferred tax on QIP issue expenses	(38.09)	(38.09)
Closing Balance	10,436.31	9,684.25

NOTES TO THE FINANCIAL STATEMENTS for the year ended March 31, 2021

Particulars	INR (in Lakh)	
	As at March 31, 2021	As at March 31, 2020
viii) Recognition of Put Option (Refer Note 6.3)	247.80	247.80
ix) Money received against Preferential Share Warrants (Refer Note 20.6)		
Opening Balance	-	2,085.53
Amount received during the year	7,583.62	-
Issue of Equity Shares pursuant to conversion of preferential share warrants	(2,945.24)	-
Expenses incurred towards issue of preferential share warrants	(69.71)	-
Issue expenses towards converted preferential share warrants transferred to Securities Premium	12.08	-
Issue expenses in respect of non-converted preferential share warrants transferred to Issue expenses towards non-converted preferential share warrants	57.63	-
Transfer to Capital Reserve	-	(2,085.53)
Closing Balance	4,638.38	-
x) Issue expenses towards non-converted Preferential Share Warrants (Refer Note 20.7)	(57.63)	-
	45,188.57	36,467.78

Nature and Purpose of Reserves:**20.1 Equity component of Foreign Currency Convertible Bonds (FCCBs)**

Pursuant to Ind AS 32, FCCBs issued by the Company are split into equity and liability component and presented under other equity and Non-Current Financial Liabilities respectively.

20.2 Capital Reserve

Pursuant to preferential share warrants issued during financial year ended March 31, 2018, 9,000,000 warrants at a price of INR 92.69 each were allotted on a preferential basis to certain proposed allottees aggregating to INR 8,342.10 lakh. An upfront subscription amount equal to 25% of the price amounting to Rs. 2,085.53 lakh had been received from the allottees during the financial year ended March 31, 2018 and balance 75% of the consideration to be received at the time of allotment on or before August 8, 2019. The allottees had not exercised the option on these warrants within the stipulated period and hence the options have lapsed. As per SEBI Guidelines and terms of the issue, the advance received against these warrants of INR 2,085.53 lakh was forfeited by the Company and transferred to Capital Reserve.

20.3 Securities Premium

The Securities premium account has been created to record the premium on issue of Equity Shares. This reserve is utilised in writing off the expenses incurred towards issue of preferential share warrants accordance with Section 52 of the provisions of the Companies Act, 2013

20.4 Employee Stock Option Outstanding

The Company has Employees' Stock Option Scheme under which options to subscribe to the Company's shares have been given to certain employees of the Group. This reserve is used to recognise the value of equity settled share based payments provided to the employees, including Key Management Personnel, as a part of their remuneration. The addition to Employee Stock Options Outstanding during the year is on account of CFS Employees' Stock Option Scheme, 2018 and CFSL Employees' Stock Option Plan, 2020.

On December 31, 2019 Employees' Stock Option Scheme, 2014 (ESOP-2014) scheme was terminated. The unexercised options granted to an employee of a subsidiary amounting to INR 111.61 lakh has been adjusted with non-current investments and balance of INR 41.60 lakh transferred to Retained Earnings.

NOTES TO THE FINANCIAL STATEMENTS for the year ended March 31, 2021

20.5 General Reserve

General Reserve is created from time to time by way of transfer of profits from Retained Earnings.

20.6 Money received against Preferential Share Warrants

At the EOGM held on July 25, 2020, the shareholders have approved an issue of 35,500,000 warrants at a price of INR 47.89 each on a preferential basis to certain proposed allottees aggregating to INR 17,000.95 lakh. An amount equivalent to 1/3rd price of INR 5,610.31 lakh was subscribed on September 17, 2020 on the issue of the warrants. The balance consideration is payable at the time of allotment of Equity shares pursuant to exercise of option against each such warrant. Each warrant will be converted into 1 Equity Share at the face value of INR 1 and premium of INR 46.89 each on or before 18 months from the date of allotment of warrants by the Company. On November 17, 2020, the investors exercised their option of conversion of 6,150,000 warrants by subscribing the balance amount of INR 1,973.21 lakh. Pursuant to this conversion, 6,150,000 equity shares have been issued on November 24, 2020. (Refer Note 19(d)).

20.7 Issue expenses towards non-converted Preferential Share Warrants

Issue expenses towards non converted preferential share warrants comprise expenses incurred towards issue of preferential share warrants which have not been converted as on March 31, 2021. The same will be transferred to Securities Premium on conversion of warrants to equity shares.

21 Borrowings

INR (in Lakh)

Particulars	As at March 31, 2021		As at March 31, 2020	
	Non-current	Current	Non-current	Current
I Foreign Currency Convertible Bonds - Unsecured (Refer Note 21.1)	11,194.98	-	11,129.76	-
II Term Loans				
(a) From Banks -Secured				
In Rupees (Refer Note 21.2)	1,540.31	946.64	166.67	250.00
(b) From Others - Secured				
In Foreign Currency (Refer Note 21.3)	3,538.10	-	-	-
	16,273.39	946.64	11,296.43	250.00

21.1 Foreign Currency Convertible Bonds -Unsecured

Foreign Currency Convertible Bonds (FCCBs) denominated in USD carried at INR 11,194.98 lakh as at March 31, 2021 (March 31, 2020: INR 11,129.76 lakh) represent 30 unsecured, unlisted and unrated FCCBs of US\$ 5,00,000 each aggregating to US\$ 15,000,000. FCCBs are convertible into Company's fully paid equity shares of INR 1 each at a conversion price of INR 125 per share at the option of the bond holder. If the conversion option is not exercised by the bond holder, the amount is payable in two equal instalments at the end of September 14, 2023 and September 14, 2024. The simple interest at the rate of 4.5% per annum is payable semi-annually on the outstanding amount of FCCBs, compound interest @ 2% and additional interest @ 0.5% shall accrue on semi-annual basis and be payable in two equal instalments on the 5th and 6th anniversary of the FCCB subscription date.

21.2 Term Loans from Banks in Rupees - Secured

(a) INR 250.00 lakh (March 31, 2020: INR 416.67 lakh) secured by a first pari passu charge on entire fixed assets of the Company, both present and future other than assets which are exclusively charged to other lenders. Further secured by second pari passu charge on the entire current assets of the Company, both present and future. The loan is repayable in remaining 3 equal quarterly instalments by October 2021. However, it has been fully repaid in the month of April -2021. The current interest rate is 10.40% p.a.

NOTES TO THE FINANCIAL STATEMENTS for the year ended March 31, 2021

- (b) INR 152.00 lakh (March 31, 2020: INR Nil) secured by first pari passu charge on all current assets of the Company, both present and future. Further secured by second pari passu Charge on entire fixed assets of the Company, excluding fixed assets at Dahej and assets exclusively charged to other lenders. The loan is repayable in remaining 16 monthly instalments by July 2022. The current interest rate is equivalent to 1 year MCLR.
- (c) INR 590.00 lakh (March 31, 2020: INR Nil) secured by first pari passu charge on all current assets of the Company, both present and future. Further secured by second pari passu charge on entire fixed assets of the Company, excluding fixed assets at Dahej. Further secured by hypothecation of plant and machinery of the Company, excluding plant and machinery at Dahej. The loan is repayable in remaining 12 monthly instalments by March 2022. The current interest rate is equivalent to 1 year MCLR.
- (d) INR 1,494.95 lakh (March 31, 2020: INR Nil) secured by second pari passu charge by way of hypthecation of inventories and book debts of the Company. Further secured by second charge on properties, land and building covered under Note 26.1 below. The loan is repayable in remaining 48 monthly instalments by March 2026. The current interest rate is at a spread of 100 basis points over 1 year MCLR.

21.3 Loan from others in Foreign Currency - Secured

INR 3,538.10 lakh (March 31, 2020: INR Nil) secured by first ranking exclusive lien on all fixed assets at Dahej. The loan is repayable in remaining 12 semi-annual instalments commencing after a moratorium period of three years from the date of first disbursement. The current interest rate is at spread of 400 basis points over 6 months LIBOR.

22 Other Financial Liabilities

Particulars	INR (in Lakh)	
	As at March 31, 2021	As at March 31, 2020
Derivative liability (Refer Note 8.1)	-	1.62
	-	1.62

23 Provisions

Particulars	INR (in Lakh)	
	As at March 31, 2021	As at March 31, 2020
Provision for Employee Benefits		
Compensated Absences	282.57	284.87
	282.57	284.87

24 Other Non-Current Liabilities

Particulars	INR (in Lakh)	
	As at March 31, 2021	As at March 31, 2020
Unearned premium on financial guarantees given to subsidiaries	39.58	105.25
	39.58	105.25

NOTES TO THE FINANCIAL STATEMENTS for the year ended March 31, 2021

25 Borrowings

Particulars	INR (in Lakh)	
	As at March 31, 2021	As at March 31, 2020
I Loans repayable on demand		
From Banks -Secured		
Working Capital loans (Refer Note 25.1)	20,074.04	20,224.02
II Other Short Term Borrowings		
From Banks -Secured		
Working Capital loans (Refer Note 25.2)	-	1,617.62
	20,074.04	21,841.64

25.1 Loans repayable on demand - Secured

INR 20,074.04 lakh (March 31, 2020: INR 20,224.02 lakh) on account of working capital facilities availed from banks and are secured by first pari passu charge over Company's current assets, both present and future. Further, secured by second pari passu charge on all movable and immovable fixed assets of the Company, both present and future, excluding assets at Dahej and other assets which are exclusively charged to other lenders. The current interest rates range from 10.25% to 11.35%.

25.2 Other Short Term Borrowings - Secured

INR Nil (March 31, 2020: INR 1,617.62 lakh) towards buyers credit availed from banks and are secured by security stated against Note 25.1.

26 Trade Payables

Particulars	INR (in Lakh)	
	As at March 31, 2021	As at March 31, 2020
(A) Total outstanding dues of Micro Enterprises and Small Enterprises (Refer Note 26.1) and	821.86	851.43
(B) Total outstanding dues of creditors other than Micro Enterprises and Small Enterprises (Refer Note: 41 and 47(e))	18,465.91	12,444.20
	19,287.77	13,295.63

26.1 Due to Micro and Small Enterprises

The amount due to Micro and Small Enterprises as defined in the "The Micro, Small and Medium Enterprises Development Act, 2006" has been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors. The credit period varies as per the contractual terms with suppliers. No interest is generally charged by the suppliers. The disclosure relating to Micro and Small Enterprises is as under:

Particulars	INR (in Lakh)	
	As at March 31, 2021	As at March 31, 2020
a) The principal amount and the interest due thereon remaining unpaid to any supplier at the end of each accounting year		
Principal	737.76	752.15
Interest	84.10	99.28

NOTES TO THE FINANCIAL STATEMENTS for the year ended March 31, 2021

Particulars	INR (in Lakh)	
	As at March 31, 2021	As at March 31, 2020
b) The amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 (27 of 2006), along with the amount of the payment made to the supplier beyond the appointed day during each accounting year	Nil	Nil
c) The amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006	68.65	81.11
d) The amount of interest accrued and remaining unpaid at the end of each accounting year	15.45	18.17
e) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006	84.10	99.28
f) Balance as at the year end	821.86	851.43

27 Other Financial Liabilities

Particulars	INR (in Lakh)	
	As at March 31, 2021	As at March 31, 2020
Current maturities of long-term debt (Refer Note 21 (II))	946.64	250.00
Interest accrued but not due on borrowings	32.34	100.75
Unpaid / Unclaimed dividends (Refer Note 27.1)	15.37	20.13
Deposits	0.79	0.79
Unclaimed Interest on public deposit	2.53	2.53
Unclaimed public deposit (Refer Note 27.2)	2.30	4.10
Payable towards purchase of property, plant and equipment	510.79	1,760.34
Put Option Liability (Refer Note 27.3)	-	26.82
Fair value of Forward Contracts	1.63	-
Other outstanding liabilities	642.16	333.13
	2,154.55	2,498.59

27.1 There are no amounts due to be credited to Investor Education and Protection Fund in accordance with Section 125 of the Companies Act, 2013 as at the year end.

27.2 The unclaimed public deposits of INR 2.30 lakh outstanding at March 31, 2021 (March 31, 2020: INR 4.10 lakh) represent deposits taken under the Companies Act, 1956. The Company has been unable to repay these deposits as certain cheques issued for repayment of the deposits have not been presented to the bank for payment and certain deposit holders have not submitted to the Company the original deposit receipts for repayment.

NOTES TO THE FINANCIAL STATEMENTS for the year ended March 31, 2021

27.3 The Shareholders Agreement entered into with the shareholders of Dresen Quimica S.A.P.I. de C.V. (Dresen Quimica) provides for put option to the minority shareholders any time after 2 years from the date of agreement, being May 4, 2016. The put option provides a right to non-controlling interests to sell their 35% stake in Dresen Quimica as per agreed exercise price. The fair value of put option liability as on March 31, 2021 is INR Nil (March 31, 2020: INR 26.82 lakh). The balance fair value of put option liability as on March 31, 2020 amounting to INR 26.82 lakh has been recognised as income in the Statement of Profit and Loss during the year (Refer Note 32(b)).

28 Other Current Liabilities

Particulars	INR (in Lakh)	
	As at March 31, 2021	As at March 31, 2020
Statutory Dues	200.85	215.08
Others	626.28	396.27
	827.13	611.35

29 Provisions

Particulars	INR (in Lakh)	
	As at March 31, 2021	As at March 31, 2020
Provision for Employee Benefits		
Compensated absences	98.00	47.64
	98.00	47.64

30 Current Tax Liabilities

Particulars	INR (in Lakh)	
	As at March 31, 2021	As at March 31, 2020
Provision for Tax (Net of Income Tax Assets)	12.05	663.15
	12.05	663.15

31 Revenue from Operations

Particulars	INR (in Lakh)	
	For the year ended March 31, 2021	For the year ended March 31, 2020
(a) Sale of Products		
Finished goods	57,027.28	53,411.51
Traded goods	1,647.89	1,517.17
	58,675.17	54,928.68
(b) Other Operating Revenues		
Export Incentives	384.95	831.14
Service Income (Refer Note 31.4)	912.49	2,212.94
Commission Income	24.44	-
Sale of Scrap	7.78	5.14
	1,329.66	3,049.22
	60,004.83	57,977.90

NOTES TO THE FINANCIAL STATEMENTS for the year ended March 31, 2021

31.1 Revenue from contracts with customers disaggregated based on geography

The revenue from contracts with customers are disaggregated based on geography to comply with Ind AS 115, although it is not reviewed for evaluating financial performance for the purpose of segment reporting.

Particulars	INR (in Lakh)	
	For the year ended March 31, 2021	For the year ended March 31, 2020
Domestic	16,069.12	13,640.28
Exports	42,606.05	41,288.40
Total	58,675.17	54,928.68

31.2 The amounts receivable from customers become due after expiry of credit period which ranges between 15 to 120 days. There is no significant financing component in any transaction with the customers.

31.3 The Company does not have any remaining performance obligation as contracts entered for sale of goods are for a short duration.

31.4 Service income includes income pertaining to scale up of production process of new chemical products amounting to INR Nil (2019-2020: INR 1,005.54 lakh).

32 Other Income

Particulars	INR (in Lakh)	
	For the year ended March 31, 2021	For the year ended March 31, 2020
(a) Interest income On		
Bank Deposits	130.69	79.48
Loans to subsidiaries	248.04	248.49
Refund of Value Added Taxes	-	21.15
Other financial assets carried at amortised cost	6.84	1.98
	385.57	351.10
(b) Other Non-Operating Income		
Gain on foreign exchange transactions and translation	-	1,825.84
Guarantee Commission Income (Refer Note 32.1)	65.67	32.97
Net gain on fair value changes on instruments classified as FVTPL (Refer Note 32.2)	-	10.19
Gain on fair valuation of put option liability (Refer Note 27.3)	26.82	150.55
Net gain on fair value changes on FCCBs	11.59	-
Profit on Sale of Property, Plant and Equipment	3.47	-
Lease Income	39.03	35.79
Miscellaneous Income	14.68	-
	161.26	2,055.34
	546.83	2,406.44

32.1 Guarantee commission income includes INR 49.50 lakh (2019-2020: INR Nil) towards cancellation of guarantee given on behalf of subsidiary pursuant to repayment of loan by subsidiary.

32.2 Net gain on fair value changes includes INR Nil (2019-2020: INR 10.19 lakh) as 'net gain on sale of investments'.

NOTES TO THE FINANCIAL STATEMENTS for the year ended March 31, 2021

33 Cost of Materials Consumed

Particulars	INR (in Lakh)	
	For the year ended March 31, 2021	For the year ended March 31, 2020
Raw Material and Packing Material Consumed		
Opening Inventories	3,775.79	5,273.97
Add: Purchases	39,422.32	36,243.48
Less: Closing Inventories	(4,780.12)	(3,775.79)
	38,417.99	37,741.66

34 Changes in Inventories of Finished Goods, Stock-in-Trade and Work-in-Progress

Particulars	INR (in Lakh)	
	For the year ended March 31, 2021	For the year ended March 31, 2020
Opening Inventories		
Finished Goods	1,374.52	1,636.63
Stock-in-Trade	37.29	210.56
Work-in-Progress	4,240.66	3,599.45
	5,652.47	5,446.64
Closing Inventories		
Finished Goods	1,644.60	1,374.52
Stock-in-Trade	231.30	37.29
Work-in-Progress	5,959.16	4,240.66
	7,835.06	5,652.47
	(2,182.59)	(205.83)

35 Employee Benefits Expense

Particulars	INR (in Lakh)	
	For the year ended March 31, 2021	For the year ended March 31, 2020
Salaries and Wages (Refer Note 35.1(a))	3,100.01	2,502.15
Contributions to -		
Provident Funds and other Funds (Refer Note 35.1 (b))	167.11	148.54
Gratuity Fund (Refer Note 35.1(c))	28.88	20.01
Share based payments (Employee Stock Option Plan) (Refer Note 35.2)	464.70	39.97
Staff Welfare Expenses	126.37	107.23
	3,887.07	2,817.90
Less: Reimbursement of expenses	(17.21)	(16.78)
	3,869.86	2,801.12

NOTES TO THE FINANCIAL STATEMENTS for the year ended March 31, 2021

35.1 Employee Benefit Plans

(a) Other long term employment benefits

Leave encashment is payable to the employees of the Company due to death, retirement, superannuation or resignation. Employees are entitled to encash leave while in service. The leave encashment benefit is payable to all the eligible employees of the Company at the rate of daily salary as per current accumulation of leave days.

The Privilege leave encashment liability and amount charged to Statement of Profit and Loss determined on actuarial valuation using basis projected unit credit method are as under:.

(i) Provisions in Balance Sheet:

Particulars	INR (in Lakh)	
	As at March 31, 2021	As at March 31, 2020
Current	98.00	47.64
Non-Current	282.57	284.87
	380.57	332.51

(ii) Recognised in Statement of Profit and Loss

Particulars	INR (in Lakh)	
	For the year ended March 31, 2021	For the year ended March 31, 2020
Expenses	48.06	65.89

(b) Defined Contribution Plans:

The contributions to the Provident Fund of certain employees are made to a Government administered Provident Fund and there are no further obligations beyond making such contribution. Under the plan, the Company has contributed INR 167.11 lakh (2019-20: INR 148.54 lakh).

(c) Defined Benefit Plans:

The Company makes contributions to the Group Gratuity cum Life Assurance Scheme administered by the Life Insurance Corporation of India, a funded defined benefit plan for qualifying employees. The Scheme provides for payment as under:

(i) On normal retirement / early retirement / resignation:

As per the provisions of the Payment of Gratuity Act, 1972 with vesting period of 5 years of service.

(ii) On death in service:

As per the provisions of the Payment of Gratuity Act, 1972 without any vesting period.

The most recent actuarial valuation of plan assets and present value of defined benefit obligation of gratuity was carried out as at March 31, 2021. The present value of defined benefit obligation and the related current service cost and past service cost were measured using the Projected Unit Credit Method. The following table summaries the net benefit expense recognised in the Statement of Profit and Loss, the details of the defined benefit obligation and the funded status of the Company's gratuity plan:

NOTES TO THE FINANCIAL STATEMENTS for the year ended March 31, 2021

Particulars	INR (in Lakh)	
	As at March 31, 2021	As at March 31, 2020
I Change in the Present Value of Projected Benefit Obligation		
Present Value of Benefit Obligation at the beginning of the year	432.90	375.75
Interest Cost	29.74	29.27
Current Service Cost	37.43	28.98
Benefits paid from the Fund	(58.99)	(44.14)
Actuarial (Gains) / Losses on Obligations - Due to Change in Demographic Assumptions	-	9.82
Actuarial (Gains) / Losses on Obligations - Due to Change in Financial Assumptions	2.09	22.63
Actuarial (Gains) / Losses on Obligations - Due to Experience	44.08	10.59
Present Value of Benefit Obligation at the end of the year	487.25	432.90
II Change in the Fair Value of Plan Assets		
Fair Value of Plan Assets at the beginning of the year	557.39	490.87
Interest Income	38.29	38.24
Contributions by the Employer	40.18	74.19
Benefits paid from the Fund	(58.99)	(44.14)
Return on Plan Assets, excluding Interest Income	(3.28)	(1.77)
Fair Value of Plan Assets at the end of the year	573.59	557.39
III Net Asset / (Liability) recognised in Balance Sheet.		
Present value of defined benefit obligation at the end of the year	(487.25)	(432.90)
Fair value of plan assets at the end of the year	573.59	557.39
Net Asset / (Liability) at the end of the year	86.34	124.49
IV Expenses recognised in the Statement of Profit and Loss		
Current Service Cost	37.43	28.98
Net Interest Cost	(8.55)	(8.97)
Expenses recognised in the Statement of Profit and Loss	28.88	20.01
V Expenses recognised in the Other Comprehensive Income (OCI)		
Actuarial (Gains) / Losses on Obligation for the year	46.17	43.03
Return on Plan Assets, excluding Interest Income	3.29	1.77
Net (Income) / Expense for the year recognised in OCI	49.46	44.80
VI Actuarial assumptions considered		
(i) Discount rate	6.80%	6.87%
(ii) Expected return on plan assets	6.80%	6.87%
(iii) Salary escalation rate	5.00%	5.00%
(iv) Rate of employee turnover	4.00%	4.00%

NOTES TO THE FINANCIAL STATEMENTS for the year ended March 31, 2021

Particulars	INR (in Lakh)	
	As at March 31, 2021	As at March 31, 2020
(v) Mortality Table	Indian Assured Lives Mortality (2006-2008) Ultimate	Indian Assured Lives Mortality (2006-2008) Ultimate
The assumptions of future salary increases, considered in actuarial valuation take into account inflation, seniority, promotion and other relevant factors.		
VII Category of asset as at the end of the year		
Insurer Managed Funds (100%)		
(Fund is managed by LIC as per guidelines of Insurance Regulatory and Development Authority of India. Category-wise composition of plan assets is not available).		
VIII Maturity profile of Benefit Payments		
(i) Year 1	61.29	58.07
(ii) Year 2	31.95	47.38
(iii) Year 3	46.23	30.98
(iv) Year 4	72.59	38.08
(v) Year 5	34.96	61.60
(vi) Years 6 -10	254.18	195.53
(vii) Years 11 and above	326.52	298.36
Maturity Analysis of benefit payments is undiscounted cash flows considering future salary, attrition and death in respective year for members as mentioned above.		
IX Sensitivity Analysis of Projected Benefit Obligation for Significant Assumptions		
Projected Benefit Obligation on Current Assumptions	487.25	432.90
1% increase in Discount Rate	(28.28)	(24.49)
1% decrease in Discount Rate	32.00	27.66
1% increase in Salary Escalation Rate	31.83	27.49
1% decrease in Salary Escalation Rate	(28.58)	(24.95)
1% increase in Rate of Employee Turnover	3.22	2.86
1% decrease in Rate of Employee Turnover	(3.65)	(3.23)
The sensitivity analysis have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant. The sensitivity analysis presented above may not be representative of the actual change in the projected benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.		
Furthermore, in presenting the above sensitivity analysis, the present value of the projected benefit obligation has been calculated using the projected unit credit method at the end of the reporting year, which is the same method as applied in calculating the projected benefit obligation as recognised in the balance sheet.		
There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.		

NOTES TO THE FINANCIAL STATEMENTS for the year ended March 31, 2021

35.2 Employee Stock Option Scheme

35.2.1 Employee Stock Option Plan 2020

The Company has granted options on August 20, 2020 to senior management employees under “CFSL Employees Stock Option Plan, 2020” (ESOP 2020) approved by the Board of Directors, Shareholders and Remuneration Committee. The options granted under these schemes are equity settled. The details of the scheme are summarised below:

Particulars	Details of options
Options granted	3,912,096
Exercise Price	63.59
Market Price of shares as on grant date	70.65
Basis of Exercise Price	At discount to Market Price
Vesting Period	2 years

a) Details of option granted are as under:

Particulars	No. of Options	INR (in Lakh)
		Weighted Average Exercise Price (WAEP) (INR)
		March 31, 2021
Options outstanding at the beginning of the year	-	-
Options granted during the year	3,912,096	63.59
Options exercised during the year	-	N.A.
Options expired / lapsed and forfeited during the year #	-	N.A.
Options outstanding at the end of the year	3,912,096	63.59
Exercisable at the end of the year	3,912,096	63.59
Other Information:		
Average of exercise price of options outstanding at the end of the year (INR)		63.59
Average Share price during the year (INR)		89.20
Weighted average remaining contractual life of the option outstanding at the end of the year		1.33 years
Weighted average fair value of the options as on date of grant (granted during the year)		35.38
# The options lapsed under the Scheme are added to the stock inventory and may be granted afresh by the Compensation Committee to such eligible employees as it may deem fit in its sole discretion.		
Option pricing model used		Black-Scholes Option Pricing Model

NOTES TO THE FINANCIAL STATEMENTS for the year ended March 31, 2021

b) Assumptions used in arriving at fair value of options are as under:

Particulars	Details	Description of input used
Risk free interest rate	4.98%	Based on yield to maturity on zero coupon government securities having a maturity of 5 years.
Expected life of stock options	4 years	Period for which options are expected to be alive
Expected volatility	54.00%	Volatility is a measure of the amount by which a price is expected to fluctuate during a period based on the historic data.
Expected dividend yield	NIL	The dividends declared by the Company in the past and its share price.
Price of share on the date of granting of options	70.65	Fair market value
The fair value of options:	35.38	

35.2.2 Employee Stock Option Scheme 2018

The Company has granted options on April 08, 2019 to eligible employees of Group under “ CFS Employees Stock Option Scheme, 2018” (ESOP - 2018) approved by the Board of Directors, Shareholders and Remuneration Committee. The options granted under these schemes are equity settled. The details of the scheme are summarised below:

Particulars	Details of options				Total
	1st Vesting	2nd Vesting	3rd Vesting	4th Vesting	
Options granted	135,250	135,250	135,250	135,250	541,000
Exercise Price	50	50	50	50	
Market Price of shares as on grant date	50	50	50	50	
Basis of Exercise Price	At market price				
Vesting Period	1 year	2 years	3 years	4 years	

a) Details of options granted are as under:

Particulars	No. of Options	Weighted Average Exercise Price (WAEP) (INR)	No. of Options	Weighted Average Exercise Price (WAEP) (INR)
	March 31, 2021		March 31, 2020	
Options outstanding at the beginning of the year	541,000	50	-	-
Options granted during the year	-	50	541,000	50
Options exercised during the year	94,475	50	-	N.A
Options expired / lapsed and forfeited during the year	5,500	50	50,000	50
Options eligible for re-issue	5,500	50	50,000	50
Options outstanding at the end of the year	446,525	50	541,000	50
Exercisable at the end of the year	446,525	50	541,000	50

NOTES TO THE FINANCIAL STATEMENTS for the year ended March 31, 2021

Particulars	No. of Options	Weighted Average Exercise Price (WAEP) (INR)	No. of Options	Weighted Average Exercise Price (WAEP) (INR)
	March 31, 2021		March 31, 2020	
Other Information:				
Average of exercise price of options outstanding at the end of the year (INR)	50		50	
Average Share price during the year (INR)	89.20		59.45	
Weighted average remaining contractual life of the option outstanding at the end of the year	0.76 years		1.52 years	
Weighted average fair value of the options as on date of grant (granted during the year)	N.A.		19.97	
The options lapsed under the Scheme are added to the stock inventory and may be granted afresh by the Compensation Committee to such eligible employees as it may deem fit in its sole discretion.				
Option pricing model used	Black-Scholes Option Pricing Model			

b) Assumptions used in arriving at fair value of options are as under:

Particulars	Vesting Period				Description of input used
	1st Vesting	2nd Vesting	3rd Vesting	4th Vesting	
Risk free interest rate	7.41%	7.41%	7.41%	7.41%	Based on yield to maturity on zero coupon government securities maturing after 1 year.
Expected life of stock options	1 year	2 years	3 years	4 years	Period for which options are expected to be alive
Expected volatility	59.31%	59.31%	59.31%	59.31%	Volatility is a measure of the amount by which a price is expected to fluctuate during a period based on the historic data.
Expected dividend yield	Nil	Nil	Nil	Nil	The dividends declared by the Company in the past and its share price.
Price of share on the date of granting of options	50	50	50	50	Fair market value
Fair value of options	12.78	18.43	22.64	26.02	

35.2.3 Employee Stock Option Scheme 2014

During the financial year ended March 31, 2020, ESOP Scheme, 2014 was terminated resulting in lapse of 543,563 options.

NOTES TO THE FINANCIAL STATEMENTS for the year ended March 31, 2021

36 Finance Costs

Particulars	INR (in Lakh)	
	For the year ended March 31, 2021	For the year ended March 31, 2020
Interest Expense	3,326.97	2,412.84
Interest on lease liabilities (Refer Note 3(b))	59.33	68.72
Foreign Exchange Loss / (Gain) (Refer Note 36.1)	(202.24)	944.94
Other Borrowing Cost	127.20	112.89
Total Finance Costs	3,311.26	3,539.39
Less: Interest income from temporary investments (Refer Note 2.b.i)	(8.16)	(69.71)
Less: Capitalised to Capital Work in Progress (Refer Note 2.b.i)	(49.45)	(662.86)
	3,253.65	2,806.82

36.1 Foreign Exchange Loss / (Gain) includes exchange loss on foreign currency borrowings amounting to INR 22.55 lakh (2019-2020: INR 555.26 lakh), regarded as an adjustment to interest costs.

37 Depreciation and Amortisation Expense

Particulars	INR (in Lakh)	
	For the year ended March 31, 2021	For the year ended March 31, 2020
Depreciation on Property, Plant and Equipment (Refer Note 2(a))	1,546.20	874.04
Depreciation / Amortisation on Right-Of-Use Assets (Refer Note 3(a))	219.74	217.95
Amortisation on Intangible Assets (Refer Note 5)	162.36	36.22
	1,928.30	1,128.21

38 Other Expenses

Particulars	INR (in Lakh)	
	For the year ended March 31, 2021	For the year ended March 31, 2020
Consumption of Stores and Spares	656.81	308.31
Power and Fuel	2,738.56	2,163.83
Short term Leases	128.04	65.71
Rates and Taxes	110.61	41.56
Insurance	440.09	490.81
Repairs - Plant and Equipment	372.08	243.45
Repairs - Others	138.81	138.27
Sub-Contract Charges	1,134.71	1,492.27
Labour Charges	1,074.03	664.22
Advertisement and Sales Promotion	410.73	716.52
Transport and Forwarding Charges	1,322.04	902.52
Commission / Discount / Service Charges on Sales	271.41	233.84
Travelling and Conveyance	239.73	671.73

NOTES TO THE FINANCIAL STATEMENTS for the year ended March 31, 2021

Particulars	INR (in Lakh)	
	For the year ended March 31, 2021	For the year ended March 31, 2020
Directors' Fees	70.60	52.05
Royalty	190.50	-
Auditor's Remuneration (Refer Note 39)	36.01	34.98
Legal & Professional Fees	585.50	1,249.21
Bad Debts written off	10.75	-
Allowance for doubtful debts written back	(10.75)	-
Allowances for Credit Loss	88.60	(264.09)
Allowances for Doubtful advances	-	234.74
Loss on Property, Plant and Equipment sold / discarded	-	5.25
Loss on foreign currency transactions and translation	872.68	-
Corporate Social Responsibility Contribution (Refer Note 40)	20.38	-
Bank Charges	382.22	325.97
Miscellaneous Expenses	842.35	576.16
	12,126.49	10,347.31
Less: Reimbursement of Expenses	(18.67)	(25.69)
	12,107.82	10,321.62

39 Amount paid to Auditors

Particulars	INR (in Lakh)	
	For the year ended March 31, 2021	For the year ended March 31, 2020
Audit Fees	32.50	32.50
Certification	3.15	1.92
Reimbursement of Expenses	0.36	0.56
Total	36.01	34.98

40 Corporate Social Responsibility

The Company has spent INR 20.38 lakh during the financial year (2019-2020: INR Nil) as per the provisions of Section 135 of the Companies Act, 2013 read with Schedule VII thereof, towards Corporate Social Responsibility (CSR) activities.

a) Gross amount required to be spent by the Company during the year - INR 20.38 lakh (2019-2020: INR Nil)

b) Amount spent during the year on:

Particulars	INR (in Lakh)		
	Amount spent in cash	Amount yet to be paid in cash	Total
Year ending March 31, 2021			
(i) Construction / Acquisition of any asset	-	-	-
(ii) On purpose other than (i) above	20.38	-	20.38
Year ending March 31, 2020			
(i) Construction / Acquisition of any asset	-	-	-
(ii) On purpose other than (i) above	-	-	-

NOTES TO THE FINANCIAL STATEMENTS for the year ended March 31, 2021

41 Operations at CFS Wanglong Flavors (Ningbo) Company Limited

Supreme People's Court of China vide its judgement dated February 19, 2021 has imposed a penalty of RMB 159.32 million (about USD 25 million / INR 18,000 lakh) including right protection cost of RMB 3.49 million (about USD 0.55 million / INR 390 lakh) on our JV partner Wanglong Technology (being 49% stake holder in Company's subsidiary CFS Wanglong Flavors (Ningbo) Company Ltd. ('the subsidiary')) and others for alleged infringement of intellectual property used in the process for manufacturing Vanillin. Further, 7% of the aforesaid penalty amounting to RMB 11.15 million (about USD 1.70 million / INR 1,265 lakh) has also been levied on the subsidiary. Consequent to the Order, as an abundant legal caution, the production of Vanillin at the subsidiary's manufacturing facility in China has been stopped till further directions of the Court.

In the opinion of the management and based on the discussions with the JV Partner, the findings and allegations of the Honourable Court are not based on the facts and that the order passed by the Court is arbitrary. As a co-defendant with the JV Partner, the subsidiary is in the process of preferring an application for retrial of the aforesaid order before Supreme People's Court of China. Process has also been initiated to move the Court to stay the processing of above order until the retrial application is heard. The management is confident of a favourable decision in the retrial proceedings and that no penalty will be sustained and consequently the production is expected to restart in a very near future.

Further in terms of the shareholders' agreement dated April 28, 2017 and its subsequent amendments, the Company and its subsidiary are indemnified against penalty and/ or legal consequences emanating from the violation of IP rights.

Under these circumstances, no impairment of the investment value of the subsidiary and or other receivables is envisaged at this juncture in the financial statements.

42 Exceptional Items

Exceptional item includes impairment in the value of investment of CFS International Trading (Shanghai) Ltd, a wholly owned subsidiary, amounting to INR 50.32 lakh. (Refer Note 6.7).

Exceptional item for 2019-2020 includes the provision for impairment in the value of investment of Solentus North America INC., a wholly owned subsidiary, amounting to INR 56.01 lakh and provision towards loan (including interest) receivable amounting to INR 242.27 lakh and other receivable amounting to INR 15.79 lakh from the subsidiary. (Refer Note 6.1, 7.3 and 17)

43 Earnings Per Share

a) Basic Earnings Per Share

The calculation of basic earnings per share is based on the profit attributable to ordinary shareholders and weighted average number of ordinary shares outstanding.

i) Profit attributable to ordinary shareholders

Particulars	INR (in Lakh)	
	For the year ended March 31, 2021	For the year ended March 31, 2020
Profit attributable to ordinary shareholders of the Company as per Statement of Profit and Loss	828.12	3,072.13

NOTES TO THE FINANCIAL STATEMENTS for the year ended March 31, 2021

ii) Weighted average number of ordinary shares

Particulars	INR (in Lakh)	
	For the year ended March 31, 2021	For the year ended March 31, 2020
Number of equity shares at the beginning of the year	121,253,996	121,253,996
Add: Effect of employee stock option exercised	38,071	-
Add: Effect of shares issued pursuant to conversion of preferential share warrants	2,156,712	-
Weighted average number of equity shares for basic EPS	123,448,779	121,253,996

Basic Earnings Per Share (Amount in INR)	0.67	2.53
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b) Diluted Earnings Per Share

The calculation of diluted earnings per share is based on the profit attributable to ordinary shareholders and weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares.

i) Profit attributable to ordinary shareholders

Particulars	INR (in Lakh)	
	For the year ended March 31, 2021	For the year ended March 31, 2020
Profit attributable to ordinary shareholders of the Company as per Statement of Profit and Loss	828.12	3,072.13

ii) Weighted average number of ordinary shares

Particulars	INR (in Lakh)	
	For the year ended March 31, 2021	For the year ended March 31, 2020
Weighted average number of equity shares outstanding (Basic)	123,448,779	121,253,996
Add: Potential equity shares under Employee Stock Option Plan, 2020 (Refer Note 35.2.1)	1,123,073	-
Add: Potential equity shares under Employee Stock Option Scheme, 2018 (Refer Note 35.2.2)	196,220	85,979
Add: Potential equity shares pursuant to conversion of preferential share warrants (Refer Note 20.6)	13,591,798	-
Weighted average number of equity shares for diluted EPS	138,359,870	121,339,975

Diluted Earnings Per Share (Amount in INR)	0.60	2.53
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- c) The following potential ordinary shares are anti-dilutive and are therefore excluded from the weighted average number of equity shares for the purpose of calculation of diluted earnings per share:

Particulars	INR (in Lakh)	
	For the year ended March 31, 2021	For the year ended March 31, 2020
Conversion of foreign currency convertible bonds (FCCBs) (Refer Note 21.1)	8,603,029	8,603,029

NOTES TO THE FINANCIAL STATEMENTS for the year ended March 31, 2021

44 Segment Reporting

As per the requirements of Ind AS 108 on "Operating Segments", segment information has been provided under the Notes to Consolidated Financial Statements.

45 Contingent Liabilities and Commitments

Particulars	INR (in Lakh)	
	As at March 31, 2021	As at March 31, 2020
I Contingent liabilities		
a) Claims for Excise Duties, Taxes and Other Matters		
i) In respect of Income Tax matter	55.61	55.61
ii) In respect of VAT / CST and Excise Matter	356.02	356.02
b) In respect of Bank guarantees issued to VAT, Excise and Custom Authorities	259.51	408.35
c) Guarantees given on behalf of Subsidiaries		
In respect of corporate guarantees issued against the borrowings of:		
i) CFS Europe S.p.A.		
Loan balance outstanding in respect of the above guarantee	-	1,900.00
Loan balance outstanding in respect of the above guarantee is INR Nil (March 31, 2020: INR 5,587.76 lakh)	-	15,077.18
ii) Dresen Quimica S.A.P.I. De C.V	4,730.03	4,851.08
Loan balance outstanding in respect of the above guarantee is INR 2,155.54 lakh (March 31, 2020: INR 2,928.98 lakh)		
iii) Chemolutions Chemicals Limited	50.00	50.00
Loan balance outstanding in respect of the above guarantee is INR Nil (March 31, 2020: INR Nil)		
d) In respect of corporate guarantees issued against the contractor's payment obligations and supply of material		
CFS Europe S.p.A. - Subsidiary Company	1,690.12	2,836.97
Contractors payment obligations outstanding in respect of the above guarantee is INR 20.63 Lakh (March 31, 2020: INR 981.75 lakh.)		
e) In respect of penalty levied by the National Green Tribunal (NGT) (Refer Note 45.1)	516.56	-
II Commitments		
Value of contracts (net of advance) remaining to be executed on capital account not provided for	4,905.27	234.68

45.1 Penalty amounting to INR 516.56 lakh has been levied by NGT for alleged violation of environmental norms by the Company at its factory located at Tarapur MIDC. As per the directions of the Honourable Supreme Court dated December 14, 2020, the Company has deposited 30% of the penalty amounting to INR 154.97 lakh which is disclosed as recoverable advance (Refer Note 18). The order of penalty has been stayed by the Honourable Supreme Court and has directed to hear the case afresh by giving opportunity to the concerned parties.

45.2 There are numerous interpretative issues relating to the Supreme Court judgements on Provident Fund dated February 28, 2019. As a matter of caution, the Company has made a provision on a prospective basis from the date of the Supreme Court Order and the provisions will be updated on receiving further clarity on the subject.

NOTES TO THE FINANCIAL STATEMENTS for the year ended March 31, 2021

46 Related Party disclosures

I List of Related Parties as required by Ind AS 24, "Related Party Disclosures", are given below:

i Related parties where control exists

Subsidiaries

CFCL Mauritius Private Limited (ceases to exist with effect from June 25, 2019)
 CFS Do Brasil Industria, Comercio, Importacao De Exportacao De Aditivos Alimenticios LTDA (herein after referred as "CFS do Brazil")
 Solentus North America Inc
 CFS North America LLC
 CFS International Trading (Shanghai) Limited (upto September 14, 2020)
 Chemolutions Chemicals Limited
 CFS Wanglong Flavors (Ningbo) Company Ltd.
 Dresen Quimica S.A.P.I. De.C.V.
 CFS Pahang Asia Pte Ltd
 CFS Europe S.P.A. (from June 25, 2019)

Step down subsidiaries

CFS Europe S.P.A. (Wholly Owned Subsidiary with effect from June 25, 2019)
 Industrias Petrotec de Mexico S.A.De.C.V.
 Britec S.A.
 Inovel S.A.S
 Nuvel S.A.C
 Grinel S.R.L
 CFS De Chile SpA
 CFS Argentina S.A

ii Associate

Fine Lifestyle Brands Limited

iii Key Management Personnel (KMP)

a) Chairman

Dilip D. Dandekar

b) Managing Director

Ashish S. Dandekar

c) Non-Executive Directors

Anagha Dandekar
 Nirmal V. Momaya
 Atul R. Pradhan
 Nicola A. Paglietti
 Amol J. Shah (from August 2, 2019)
 Sutapa Banerjee (from February 8, 2020)
 Harsha Raghavan (from August 10, 2020)
 Sarvjit Singh Bedi (from September 29, 2020)
 Conrad D'souza (from September 29, 2020)
 Mahabaleshwar G. Palekar (from December 24, 2020)
 Thomas Videbaek (from March 31, 2021)
 Sharad M. Kulkarni (upto September 30, 2020)
 Pramod M. Sapre (upto September 30, 2020)
 Abeezer E. Faizullabhoy (upto August 3, 2019)
 Bhargav A. Patel (upto August 3, 2019)
 Ajit S. Deshmukh (upto May 24, 2019)

NOTES TO THE FINANCIAL STATEMENTS for the year ended March 31, 2021

d) **Executive Director**

Arjun Dukane

e) **Chief Financial Officer**

Santosh Parab

f) **Company Secretary**

Mandar Godbole (from February 7, 2020)

Lavanya Rastogi (November 8, 2019 to February 7, 2020)

Rahul Sawale (upto July 16, 2019)

iv **Relatives of KMP**

Subhash D. Dandekar - Management Consultant / Relative of Managing Director

Rajani S. Dandekar - Management Consultant / Relative of Managing Director

v **Entities where control / significant influence by KMP and their relatives exist**

Fine Lifestyle Solutions Limited

Fine Renewable Energy Limited

Abana Medisys Private Limited

Pagoda Advisors Private Limited

Hardware Renaissance Inc

V R Momaya & Associates

Kokuyo Camlin Ltd

vi **Post-employment benefit plan**

Camlin Fine Sciences Limited Group Gratuity Scheme

II **The details of transactions with related parties during the year are given below:**

Sr. No	Nature of Transactions	Name of Related Party	INR (in Lakh)	
			For the year ended March 31, 2021	For the year ended March 31, 2020
1	Sale of products	CFS Europe S.P.A	2,247.61	2,498.78
		CFS do Brazil	4,445.30	3,467.28
		CFS North America LLC	1,757.91	1,324.81
		CFS Wanglong Flavors (Ningbo) Company Ltd	6,514.74	7,317.09
		Dresen Quimica S.A.P.I. De.C.V.	2,332.29	3,037.02
		Inovel S.A.S.	439.67	456.58
		CFS Argentina S.A	32.56	128.71
		Nuvel S.A.C	58.89	-
		Chemolutions Chemicals Limited	21.46	51.25
		Hardware Renaissance Inc	151.91	133.62
			18,002.34	18,415.14
2	Services availed: (a) Reimbursement of IT services			
		CFS Europe S.P.A	17.94	15.40
		CFS do Brazil	1.79	2.30
		CFS North America LLC	4.48	3.82
		Dresen Quimica S.A.P.I. De.C.V.	8.97	13.54
		CFS Wanglong Flavors (Ningbo) Company Ltd	2.69	7.41
			35.87	42.47

NOTES TO THE FINANCIAL STATEMENTS for the year ended March 31, 2021

				INR (in Lakh)	
Sr. No	Nature of Transactions	Name of Related Party	For the year ended March 31, 2021	For the year ended March 31, 2020	
	(b) Reimbursement of expenses	Kokuyo Camlin Limited	0.11	0.07	
		Hardware Renaissance Inc	3.19	-	
			3.30	0.07	
	(c) Job work charges	Chemolutions Chemicals Limited	169.70	290.63	
3	Purchase of goods	CFS Europe S.P.A	12,300.80	13,047.98	
		Chemolutions Chemicals Limited	68.84	101.82	
		CFS Wanglong Flavors (Ningbo) Company Ltd	3,561.42	3,431.20	
			15,931.06	16,581.00	
4	Commission Expenses	CFS do Brazil	79.89	120.99	
5	Interest Income	CFS do Brazil	124.33	119.87	
		Solentus North America Inc	-	3.95	
		CFS North America LLC	123.71	119.27	
		Dresen Quimica S.A.P.I. De.C.V.	-	5.40	
			248.04	248.49	
6	Purchase of Property, Plant and Equipments / fixed assets / intangible assets under development	CFS Europe S.P.A	-	2,584.77	
7	Royalty Expenses	CFS Europe S.P.A.	190.50	-	
8	Investments	CFS Europe S.P.A. (Refer Note 6.5)	-	993.50	
		Industrias Petrotec de Mexico S.A.De.C.V. (Refer Note 6.6)	2.25	2.21	
		CFS Wanglong Flavors (Ningbo) Company Ltd. (Refer Note 6.8)	2.25	2.21	
			4.50	997.92	
9	Consultancy / Professional services	Subhash D. Dandekar	6.60	6.60	
		Rajani S. Dandekar	-	3.15	
		V.R. Momaya & Associates	4.70	4.25	
		Pagoda Advisors Private Limited	75.84	75.84	
			87.14	89.84	
10	Lease Income	Abana Medisys Private Limited	0.01	0.01	
		Fine Renewable Energy Limited	0.01	0.01	
		Chemolutions Chemicals Limited	39.01	35.77	
			39.03	35.79	
11	Write off for impairment in value of investment	CFS International Trading (Shanghai) Limited (Refer Note 6.7)	50.32	-	
12	Provision for impairment in value of investment	Solentus North America Inc (Refer Note 6.1 and Note 42)	-	56.01	

NOTES TO THE FINANCIAL STATEMENTS for the year ended March 31, 2021

Sr. No	Nature of Transactions	Name of Related Party	INR (in Lakh)	
			For the year ended March 31, 2021	For the year ended March 31, 2020
13	Guarantee Commission Income	Dresen Quimica S.A.P.I. De.C.V.	7.80	7.82
		CFS Europe S.P.A (Refer Note 32.1)	57.87	25.15
			65.67	32.97
14	Re-imbusement of expenses	CFS Europe S.P.A	-	43.16
15	Compensation to KMP	Short term employee benefits (including bonus and value of perquisites)* (Refer Note 46.1)	394.82	347.09
		Other long term benefits	15.25	17.99
		Share-based payment	441.93	9.45
		Sitting fees	70.60	52.05
16	Contribution paid on behalf of Gratuity Trust	Camlin Fine Sciences Limited Group Gratuity Scheme	40.18	74.19

*The compensation to Key Managerial Personnel figures does not include premium paid for group medical and accident insurance.

46.1 The Company, during the current financial year ended March 31, 2021, has paid Managerial Remuneration in accordance with the provisions of Section 197 of the Companies Act 2013 ("Act") read with Schedule V thereto except for the remuneration paid to the Managing Director and a Non-Executive Director, which has exceeded the limits prescribed under Schedule V by INR 24.01 lakh. The Company shall seek necessary approval of the Members, as applicable, under the aforesaid provisions of the Act, for payment of such excess remuneration.

III The details of outstanding with related parties as at year end are given below:

Sr. No	Nature of Transactions	Name of Related Party	INR (in Lakh)	
			As at March 31, 2021	As at March 31, 2020
1	Trade Receivable	CFS Europe S.P.A	1,004.54	1,138.12
		CFS do Brazil	7,060.36	5,943.31
		Dresen Quimica S.A.P.I. De.C.V.	1,179.10	1,360.86
		CFS North America LLC	4,815.89	4,175.31
		Inovel S.A.S.	291.08	223.90
		CFS Wanglong Flavors (Ningbo) Company Ltd	12,253.42	10,855.57
		CFS Argentina S.A	208.85	214.20
		Nuvel S.A.C	59.17	-
		Hardware Renaissance Inc	159.91	101.21
			27,032.32	24,012.48
2	Trade Payable	CFS Europe S.P.A	5,395.24	3,095.70
		CFS Wanglong Flavors (Ningbo) Company Ltd	5,542.63	2,983.42
		Chemolutions Chemicals Limited	256.03	234.71
			11,193.90	6,313.83

NOTES TO THE FINANCIAL STATEMENTS for the year ended March 31, 2021

INR (in Lakh)

Sr. No	Nature of Transactions	Name of Related Party	As at March 31, 2021	As at March 31, 2020
3	Other Payable	CFS do Brazil	164.39	95.57
		CFS Europe S.P.A	162.60	36.52
		CFS Wanglong Flavors (Ningbo) Company Ltd	2.68	-
			329.67	132.09
4	Payable on purchase of Property, Plant and Equipments	CFS Europe S.P.A	-	373.72
5	Loan and Advances Receivable	CFS do Brazil	1,470.09	1,507.72
		Solentus North America Inc	189.18	189.18
		CFS North America LLC	1,462.75	1,500.18
			3,122.02	3,197.08
		Allowance for Credit Impaired (Refer Note 7.3 and Note 42)	(189.18)	(189.18)
	2,932.84	3,007.90		
6	Interest Receivable	CFS do Brazil	348.56	250.03
		Solentus North America Inc	53.09	53.09
		CFS North America LLC	493.71	399.43
		Dresen Quimica S.A.P.I De C.V.	-	2.05
			895.36	704.60
		Allowance for Credit Impaired (Refer Note 7.3, Note 17 and Note 42)	(53.09)	(53.09)
	842.27	651.51		
7	Other Receivable	CFS Europe S.P.A	17.19	345.94
		CFS do Brazil	5.48	15.89
		Solentus North America Inc	15.79	15.79
		CFS North America LLC	150.76	140.02
		Dresen Quimica S.A.P.I De C.V.	12.48	7.13
		CFS Wanglong Flavors (Ningbo) Company Ltd	32.20	30.27
			233.90	555.04
		Allowance for Credit Impaired (Refer Note 7.3, Note 17 and Note 42)	(15.79)	(15.79)
	218.11	539.25		
8	Compensation to KMP	Other long term benefits	139.94	124.69
9	Lease Income Receivable	Abana Medisys Private Limited	0.49	0.48
		Fine Renewable Energy Limited	0.03	0.02
			0.52	0.50

NOTES TO THE FINANCIAL STATEMENTS for the year ended March 31, 2021

47 Financial instruments – Fair values and risk management

a) Accounting classification and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

INR (in Lakh)

March 31, 2021	Carrying amount/Fair Value			Fair Value Hierarchy			
	Fair Value Through Profit or Loss	Amortised Cost	Total	Level 1	Level 2	Level 3	Total
Financial Assets							
Non Current							
Deposits	-	308.61	308.61	-	-	-	-
Other Financial Assets	9.97	-	9.97	-	9.97	-	9.97
Current							
Trade Receivables	-	36,821.45	36,821.45	-	-	-	-
Cash and cash equivalents	-	1,877.54	1,877.54	-	-	-	-
Bank balances other than above	-	6,281.31	6,281.31	-	-	-	-
Loans	-	2,932.84	2,932.84	-	-	-	-
Deposits	-	59.80	59.80	-	-	-	-
Other Financial Assets	-	2,071.52	2,071.52	-	-	-	-
	9.97	50,353.07	50,363.04	-	9.97	-	9.97
Financial Liabilities							
Non Current							
Foreign Currency Convertible Bonds	-	11,194.98	11,194.98	-	-	-	-
Term Loans	-	5,078.41	5,078.41	-	-	-	-
Lease Liabilities	-	408.11	408.11	-	-	-	-
Current							
Borrowings	-	20,074.04	20,074.04	-	-	-	-
Trade Payables	-	19,287.77	19,287.77	-	-	-	-
Lease Liabilities	-	120.15	120.15	-	-	-	-
Current maturities of long term borrowings	-	946.64	946.64	-	-	-	-
Put Option Liability	-	-	-	-	-	-	-
Fair Value of Forward Contract	1.63	-	1.63	-	1.63	-	1.63
Other Financial Liabilities	-	1,206.28	1,206.28	-	-	-	-
	1.63	58,316.38	58,318.01	-	1.63	-	1.63

The above table excludes investments in subsidiaries amounting to INR 7,356.42 lakh (March 31, 2020: INR 7,402.24 lakh) measured at amortised cost net of provision for impairment in the value of investments.

NOTES TO THE FINANCIAL STATEMENTS for the year ended March 31, 2021

INR (in Lakh)

March 31, 2020	Carrying amount/Fair Value			Fair Value Hierarchy			
	Fair Value Through Profit or Loss	Amortised Cost	Total	Level 1	Level 2	Level 3	Total
Financial Assets							
Non Current							
Loans	-	75.39	75.39	-	-	-	-
Deposits	-	284.44	284.44	-	-	-	-
Current							
Trade Receivables	-	32,348.22	32,348.22	-	-	-	-
Cash and Cash Equivalents	-	69.83	69.83	-	-	-	-
Bank Balances other than above	-	1,242.27	1,242.27	-	-	-	-
Loans	-	2,932.51	2,932.51	-	-	-	-
Deposits	-	77.65	77.65	-	-	-	-
Other Financial Assets	-	2,355.58	2,355.58	-	-	-	-
	-	39,385.89	39,385.89	-	-	-	-
Financial Liabilities							
Non Current							
Foreign Currency Convertible Bonds	-	11,129.76	11,129.76	-	-	-	-
Term Loans	-	166.67	166.67	-	-	-	-
Lease Liabilities	-	499.80	499.80	-	-	-	-
Derivative Liabilities	1.62	-	1.62	-	1.62	-	1.62
Current							
Borrowings	-	21,841.64	21,841.64	-	-	-	-
Trade Payables	-	13,295.63	13,295.63	-	-	-	-
Lease Liabilities	-	100.36	100.36	-	-	-	-
Current maturities of long term borrowings	-	250.00	250.00	-	-	-	-
Put Option Liability	26.82	-	26.82	-	-	26.82	26.82
Other Financial Liabilities	-	2,221.77	2,221.77	-	-	-	-
	28.44	49,505.63	49,534.07	-	1.62	26.82	28.44

The above table excludes investments in subsidiaries amounting to INR 7,402.24 lakh (March 31, 2020: INR 6,571.95 lakh) measured at amortised cost net of provision for impairment in the value of investments.

b) Fair value hierarchy

The fair value of financial instruments as referred to in note (a) above have been classified into three categories depending on the inputs used in the valuation technique. The hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and lowest priority to unobservable inputs (Level 3 measurements). The categories used are as follows:

Level 1 - Quoted prices (unadjusted) for identical assets and liabilities in an active markets.

NOTES TO THE FINANCIAL STATEMENTS for the year ended March 31, 2021

Level 2 - Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).

Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

c) Measurement of Fair Value

The fair values of financial assets or liabilities are included at the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Methods and assumptions used to estimate the fair values are consistent in all the years. The following methods and assumptions are used to estimate the fair values:

- (i) The Management assesses that fair values of trade receivables, cash and cash equivalents, other bank balances, loans, trade payables, current borrowings, other current liabilities and other financial liabilities (current), approximate to their carrying amounts largely due to the short-term maturities of these instruments.
- (ii) The carrying amount of financial assets or financial liabilities measured at amortised cost in the financial statements are a reasonable approximation of their fair values since the Company does not anticipate that the carrying amount would be significantly different from the values that would eventually be received or settled.
- (iii) The embedded derivative in FCCB is fair valued by an external independent valuer by computing the average cash flows determined through the Monte Carlo Simulation technique based on the market observable rates and published price.
- (iv) The fair value of forward contracts is determined using FEDAI forward exchange rates for the remaining maturity period of the forward contracts. The fair value so determined is not discounted.
- (v) **Movement of items measured using unobservable inputs (Level 3):**

Particulars	INR (in Lakh)
	Amount
Balance as at April 01, 2019	177.37
(Gains) / Losses recognised in Statement of Profit and Loss during 2019-2020	(150.55)
Balance as at March 31, 2020	26.82
(Gains) / Losses recognised in Statement of Profit and Loss during 2020-2021	(26.82)
Balance as at March 31, 2021	-

Unobservable inputs used in Level 3 of fair value hierarchy for the year ended March 31, 2020

The fair value of put option is calculated by independent expert based on the shareholders agreement using 'Income Approach'. The unobservable inputs used in fair valuation under level 3 are determined by considering historical financial statements, management's estimates of probability of put option being exercised by the minority shareholders, Share Holder's Agreement, discount rate and the review of projected revenue and earnings before interest, tax, depreciation and amortisation.

d) Risk Management Framework

The Company's business activities expose it to a variety of financial risks, namely credit risk, liquidity risk and market risks. Market risks comprise of currency risk and interest rate risk. The Company's Senior Management and Key Management Personnel have the ultimate responsibility for managing these risks. The Company has a process to identify and analyse the risks faced by the Company, to set appropriate risk limits, to control and monitor risks and adherence to these limits. Risk Management policies and systems are reviewed regularly to reflect changes in market conditions and Company's activities. Further, Audit Committee undertakes regular reviews of Risk Management Controls and Procedures.

NOTES TO THE FINANCIAL STATEMENTS for the year ended March 31, 2021

(i) Credit Risk

Credit risk is the risk that a customer or counterparty fails to meet its contractual obligations resulting in financial loss to the Company. The Company is exposed to credit risk from its operating activities (trade receivables) and from its financing activities including investments in mutual funds, deposits with banks and financial institutions and financial instruments.

Trade Receivables

Credit risk from trade receivables is managed by establishing credit limits, credit approvals and monitoring creditworthiness of the customers. Outstanding customer receivables are regularly monitored. The Company has computed credit loss allowances based on Expected Credit Loss Model, which excludes transactions with subsidiaries.

The ageing of trade receivables is as follows:

Particulars	INR (in Lakh)	
	As at March 31, 2021	As at March 31, 2020
Outstanding for less than one year	10,176.43	8,331.75
Others	145.75	179.83
	10,322.18	8,511.58
Less: - Allowance for Credit Impaired	(373.14)	(295.29)
	9,949.04	8,216.29

Term Deposits and Bank Balances

The Company's exposure in term deposits with banks is limited, as the counterparties are highly rated banks.

(ii) Liquidity Risk

Liquidity risk is the risk that the Company will face in meeting its obligations associated with its financial liabilities. The Company's approach to managing liquidity is to ensure that it will have sufficient funds to meet its liabilities when due without incurring unacceptable losses.

Tabulated below are the Company's remaining contractual maturities of financial liabilities as at the reporting date with agreed repayment periods. The tables have been drawn considering the undiscounted contractual cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows.

March 31, 2021	Carrying Amount	Contractual cash flows				
		Total	Within 12 months	1-2 years	2-5 years	More than 5 years
Financial Liabilities						
Non Current						
Borrowings						
Foreign Currency Convertible Bonds#	11,194.98	13,671.42	558.94	558.94	12,553.54	-
Term Loans	5,078.41	6,984.96	154.50	709.09	4,430.25	1,691.12
Lease Liabilities	408.11	477.85	-	179.93	284.36	13.56
Other Financial Liabilities	-	1.62	1.62	-	-	-

NOTES TO THE FINANCIAL STATEMENTS for the year ended March 31, 2021

INR (in Lakh)

March 31, 2021	Carrying Amount	Contractual cash flows				
		Total	Within 12 months	1-2 years	2-5 years	More than 5 years
Current						
Borrowings	20,074.04	20,074.04	20,074.04	-	-	-
Trade Payables	19,287.77	19,287.77	19,287.77	-	-	-
Lease Liabilities	120.15	170.18	170.18	-	-	-
Current maturities of long term borrowings	946.64	1,135.49	1,135.49	-	-	-
Other Financial Liabilities	1,207.91	1,207.91	1,207.91	-	-	-
Financial Guarantee*	-	6,470.15	6,470.15	-	-	-
	58,318.01	69,481.39	49,060.60	1,447.96	17,268.15	1,704.68

INR (in Lakh)

March 31, 2020	Carrying Amount	Contractual cash flows				
		Total	Within 12 months	1-2 years	2-5 years	More than 5 years
Financial Liabilities						
Non Current						
Borrowings						
Foreign Currency Convertible Bonds#	11,129.76	14,302.15	573.25	573.25	13,155.65	-
Term Loans	166.67	189.69	-	189.69	-	-
Lease Liabilities	499.80	615.12	-	158.20	442.68	14.24
Other Financial Liabilities	1.62	1.62	1.62	-	-	-
Current						
Borrowings	21,841.64	21,841.64	21,841.64	-	-	-
Trade Payables	13,295.63	13,295.63	13,295.63	-	-	-
Lease Liabilities	100.36	158.91	158.91	-	-	-
Current maturities of long term borrowings	250.00	250.00	250.00	-	-	-
Other Financial Liabilities	2,248.59	2,248.59	2,248.59	-	-	-
Financial Guarantee*	-	24,715.23	24,715.23	-	-	-
	49,534.07	77,618.58	63,084.87	921.14	13,598.33	14.24

The contractual cash flows of FCCBs are calculated on the assumption that the FCCBs will not get converted into equity shares of the company before the maturity date.

* The amounts included above for financial guarantee contracts are the maximum amounts the Company could be forced to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee. Based on expectations at the end of the reporting period, the Company considers that it is more likely than not that such an amount will not be payable under the arrangement.

NOTES TO THE FINANCIAL STATEMENTS for the year ended March 31, 2021

(iii) Currency Risk

The Company's operations result in it being exposed to foreign currency risk on account of trade receivables, trade payables, borrowings and lendings. The foreign currency risk may affect the Company's income and expenses, or its financial position and cash flows. The objective of the Company's Management of foreign currency risk is to maintain these risk within acceptable parameters, while optimising returns.

The Company's exposure to foreign currency risk denominated monetary assets and liabilities at the end of the reporting period expressed in INR (in lakh), is as follows:

a) Trade receivables

Figures in Lakh

Foreign Currency	As at March 31, 2021		As at March 31, 2020	
	Amount (in original currency)	Amount (in INR)	Amount (in original currency)	Amount (in INR)
USD	432.27	31,773.94	374.61	28,240.06
EURO	4.09	352.18	3.82	316.87
		32,126.12		28,556.93

b) Loan and other receivable

Figures in Lakh

Foreign Currency	As at March 31, 2021		As at March 31, 2020	
	Amount (in original currency)	Amount (in INR)	Amount (in original currency)	Amount (in INR)
USD	54.09	3,976.03	51.11	3,852.72
EURO	0.20	17.19	4.17	345.94
		3,993.22		4,198.66

c) Borrowings

Figures in Lakh

Foreign Currency	As at March 31, 2021		As at March 31, 2020	
	Amount (in original currency)	Amount (in INR)	Amount (in original currency)	Amount (in INR)
USD	200.44	14,733.08	169.12	12,749.00
		14,733.08		12,749.00

d) Trade payable

Figures in Lakh

Foreign Currency	As at March 31, 2021		As at March 31, 2020	
	Amount (in original currency)	Amount (in INR)	Amount (in original currency)	Amount (in INR)
USD	156.49	11,502.64	110.84	8,355.90
EURO	-	-	1.43	118.42
		11,502.64		8,474.32

NOTES TO THE FINANCIAL STATEMENTS for the year ended March 31, 2021

e) Other payable

Figures in Lakh

Foreign Currency	As at March 31, 2021		As at March 31, 2020	
	Amount (in original currency)	Amount (in INR)	Amount (in original currency)	Amount (in INR)
USD	2.24	164.39	1.62	122.39
EURO	1.89	162.60	4.94	410.24
RMB	0.23	2.68	-	-
		329.67		532.63

The following significant exchange rates have been applied during the year:

Foreign Currency	Year end spot rate as at	
	March 31, 2021	March 31, 2020
USD / INR	73.5047	75.3859
EUR / INR	86.0990	83.0496

Sensitivity for above exposures

A fluctuation in the exchange rates of 5% with other conditions remaining unchanged would have the following effect on Company's profit or loss before tax and equity for the year ended March 31, 2021 and March 31, 2020:

INR (in Lakh)

Particulars	Impact on profit before tax		Impact on equity	
	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2021	For the year ended March 31, 2020
USD / INR increase by 5%	449.12	543.27	292.18	353.43
USD / INR decrease by 5%	(449.12)	(543.27)	(292.18)	(353.43)
EUR / INR increase by 5%	10.20	6.71	6.64	4.37
EUR / INR decrease by 5%	(10.20)	(6.71)	(6.64)	(4.37)

(iv) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company's exposure to risk of change in market interest rates relates primarily to its borrowings. The Company's borrowings are at floating rates and its future cash flows will fluctuate due to changes in market interest rates.

NOTES TO THE FINANCIAL STATEMENTS for the year ended March 31, 2021

The interest rate profile of the Company's interest bearing financial instruments at the end of the reporting period is as follows:

Particulars	INR (in Lakh)	
	As at March 31, 2021	As at March 31, 2020
Financial Liabilities		
Borrowings		
Fixed rate instruments		
Foreign Currency Convertible Bonds	11,194.98	11,129.76
Variable rate instruments		
Term Loans (including current maturities)	6,025.05	416.67
Cash Credit	20,074.04	20,224.02
Other short term loans	-	1,617.62
	37,294.07	33,388.07
Financial Assets		
Fixed rate instruments		
Fixed Deposits	7,787.11	1,218.21
Security Deposits	368.41	362.09
Loans given	3,122.02	3,197.08
	11,277.54	4,777.38

Cash flow sensitivity analysis for variable-rate instruments

A reasonably possible change of 100 basis points in interest rate with other conditions remaining unchanged would have the following effect on Company's profit or loss before tax and equity for the year ended March 31, 2021 and March 31, 2020. This calculation assumes that the change occurs at the balance sheet date and has been calculated based on risk exposures outstanding as at that date. The year end balances are not necessarily representative of the average debt outstanding during the period. The analysis assumes that all other variables, in particular foreign currency exchange rates remains constant.

Particulars	INR (in Lakh)			
	Impact on profit before tax		Impact on equity (Net of Tax)	
	100 BP increase	100 BP decrease	100 BP increase	100 BP decrease
Financial Liabilities				
Variable rate instruments - Borrowings				
Cash flow sensitivity				
March 31, 2021	(260.99)	260.99	(169.79)	169.79
March 31, 2020	(222.58)	222.58	(144.80)	144.80

e Offsetting Financial Assets and Financial Liabilities (Refer Note 13 and Note 26)

The amount of trade receivables and trade payables offset in the Balance Sheet is INR Nil (March 31, 2020: INR 2,920.53 lakh). The gross amount of trade receivables is INR 36,821.45 lakh (March 31, 2020: INR 35,268.75 lakh) and trade payables is INR 19,287.77 lakh (March 31, 2020: INR 16,216.15 lakh).

NOTES TO THE FINANCIAL STATEMENTS for the year ended March 31, 2021

48 Capital Management

The primary objective of the Company's capital management is to maintain an efficient capital structure and to maximise shareholder's value. The Management seeks to maintain a balance between higher returns that is achieved by raising funds through equity and the advantages by a sound capital position.

The Company monitors capital using a ratio of 'Net Debt to Equity'. For this purpose, Capital includes issued capital and all other equity reserves. Net Debt is defined as total borrowings less cash & bank balances and other current investments.

The Company's Net Debt to Equity ratio is as follows:

Particulars	INR (in Lakh)	
	As at March 31, 2021	As at March 31, 2020
Non-Current Borrowings #	16,273.39	11,296.43
Current Borrowings	20,074.04	21,841.64
Current maturities of Long Term Borrowings	946.64	250.00
Gross Debt	37,294.07	33,388.07
Less : Cash and Cash Equivalents	1,877.54	69.83
Less : Bank balances other than above	6,281.31	1,242.27
Net Debt	29,135.22	32,075.97
Total Equity	46,463.55	37,680.32
Net Debt to Equity Ratio	0.63	0.85

Non-Current Borrowings includes FCCBs, being compound financial instruments convertible into equity shares of the Company at the option of the holder of bonds.

49 Disclosures u/s 186(4) of the Companies Act, 2013

- Details of investments made are disclosed in Note 6.
- Details of Loans given to subsidiaries, associates, firms/companies in which directors are interested are disclosed in Note:16.1, 16.2 and 16.3.
- Details of Guarantee given on behalf are disclosed in Note: 45(l)(c) and (d).

50 Disclosures made in terms of Schedule V of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015

For disclosure of loans, investments and Guarantee- 'Refer Note 49'. Further, there is no investment in shares of the Company by the parties to whom loan have been given.

- Previous year's figures have been regrouped / reclassified wherever necessary to conform to current year's classification.

Form AOC-I

Statement pursuant to first proviso to sub-section (3) of Section 129 of Companies Act, 2013 read with Rule 5 of Companies (Accounts) Rules, 2014, in the prescribed form AOC-I relating to Subsidiary Companies and Associate.

Part "A": Subsidiaries

Sr. No.	Name of Subsidiary	Reporting Period	Reporting Currency	Exchange Rate	Share Capital	Reserves & Surplus	Total Assets	Total Liabilities	Investments	Turnover	(All amounts in INR lakh, except exchange rate)			% of Shareholding	
											Profit / (Loss) Before Taxation	Provision for Taxation	Profit / (Loss) After Taxation		
1	CFS Europe S.p.A.	Apr 20 to Mar 21	EUR	86.10	1,053.23	23,448.88	40,334.18	19,394.73	3,562.66	3762167	4,743.26	(1,162.13)	3,581.13	-	100%
2	CFS Do Brasil Importacao E Exportacao De Aditivos Alimenticios LTDA.	Apr 20 to Mar 21	BRL	12.99	1,603.11	(3,778.25)	7,799.96	10,097.38	122.28	7169.47	(173.10)	-	(173.10)	-	100%
3	Solentus North America Inc	Apr 20 to Mar 21	CAD	58.28	56.01	(370.72)	5.65	320.36	-	-	16.12	-	16.12	-	100%
4	CFS North America LLC	Apr 20 to Mar 21	USD	73.50	978.17	(5,913.21)	2,426.60	7,361.64	-	3,342.88	(1,004.10)	(537.96)	(1,542.06)	-	100%
5	CFS International Trading (Shanghai) Ltd	Apr 20 to September 14, 2020	CNY	10.78	50.32	(50.32)	-	-	-	-	38.04	-	38.04	-	100%
6	Dresen Quimica, S.A.P.I. de C.V.	Apr 20 to Mar 21	MXP	3.58	2,800.82	9,769.07	14,755.71	6,976.33	4,790.52	24,616.61	5,654.61	(1,639.68)	4,014.93	-	65%
7	Industrias Petrotec de Mexico, S.A. de C.V.	Apr 20 to Mar 21	MXP	3.58	3.91	269.94	578.32	304.47	-	2,698.96	19.60	(4.40)	-	-	65%
8	Inovel, S.A.S.	Apr 20 to Mar 21	MXP	3.58	80.12	648.67	1640.54	911.75	-	2,265.28	426.81	(95.25)	331.56	-	65%
9	Nuvel, S.A.C.	Apr 20 to Mar 21	MXP	3.58	30.47	1,201.38	2,459.22	1,227.37	-	2,349.94	314.86	(78.31)	236.55	-	65%
10	Britec, S.A.	Apr 20 to Mar 21	MXP	3.58	30.64	543.84	1,041.92	467.44	-	1,582.53	60.84	(18.04)	42.80	-	65%
11	Grinel, S.R.L.	Apr 20 to Mar 21	MXP	3.58	1.47	-	1.47	-	-	-	-	-	-	-	65%
12	Chemolutions Chemicals Ltd.	Apr 20 to Mar 21	INR	1.00	676.70	(287.50)	518.59	129.39	-	239.14	36.09	(8.24)	27.85	-	94.08%
13	CFS Wanglong Flavors (Ningbo) Co.Ltd.*	Apr 20 to Mar 21	CNY	10.78	7,798.63	(2,585.97)	19,996.53	14,783.87	-	18,165.57	(259.22)	48.07	(211.15)	-	5%
14	CFS Argentina SA	Apr 20 to Mar 21	ARG	0.80	71.83	(158.67)	443.02	529.86	-	400.64	(121.17)	-	(121.17)	-	100%
15	CFS Chile SpA	Apr 20 to Mar 21	CLP	0.10	50.46	150.85	723.50	522.19	-	837.54	143.05	(5.55)	137.50	-	100%
16	CFS Pahang Asia Pte Ltd.	Apr 20 to Mar 21	SGD	54.43	35.11	(8.46)	28.02	1.37	-	-	(4.67)	-	(4.67)	-	5%

* The Company holds 765% stake and CFS Europe S.p.A. holds 43.35% stake in CFS Wanglong Flavors (Ningbo) Co. Ltd.

Part "B": Associates and Joint Ventures

1	Name of Associate	Fine Lifestyle Brands Limited
2	Latest audited Balance Sheet Date	March 31, 2021
3	Shares of Associate held by the company on the Year end	
	Number of Shares	254,994
	Amount of investment in Associate	2,549,940
	Extend of Holding %	49.04%
4	Description of how there is Significant Influence	Control of 49.04% of Equity Share Capital
5	Reason why the Associate is not consolidated	NA
6	Net worth attributable to Shareholding as per latest audited Balance Sheet (INR lakh)	-
7	Profit for the Year	-
	i. Considered in Consolidation (INR lakh)	0.06
	ii. Not Considered in Consolidation (INR lakh)	-
8	Names of associates or joint ventures which are yet to commence operations	NA

For and on behalf of the Board

Dilip D. Dandekar
Chairman
DIN: 00846901

Santosh Parab
Chief Financial Officer

Mumbai, Dated: May 28, 2021

Ashish S. Dandekar
Managing Director
DIN: 01077379

Mandar Godbole
Company Secretary & General Manager – Legal
ICSI Membership No: A30240

INDEPENDENT AUDITOR'S REPORT

**TO
THE MEMBERS OF
CAMLIN FINE SCIENCES LIMITED**

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying Consolidated Financial Statements of **CAMLIN FINE SCIENCES LIMITED** ("the Holding Company"), its subsidiaries (the Holding Company and its subsidiaries collectively referred to as "the Group"), which includes the Group's share of profit in its associate which comprise the Consolidated Balance Sheet as at March 31, 2021, 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 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 "Consolidated Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of the other auditors on the separate financial statements of the subsidiaries and an associate referred to in the Other Matters section below, the aforesaid Consolidated Financial Statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs (financial position) of the Group as at March 31, 2021, of consolidated profit (financial performance including other comprehensive income), consolidated changes in equity and its consolidated cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013 ("the Act"). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the Consolidated Financial Statements in India in terms of the Code of Ethics issued by ICAI 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 we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matters

- A. We draw attention to Note 40 relating to the decision of the Supreme People's Court of China which has imposed penalty amounting to RMB 159.32 million on the JV partner in the subsidiary company and others for alleged infringement of intellectual property used in the manufacturing process. An amount of RMB 11.15 million i.e. INR 1,265 Lakh which is 7% of the total penalty imposed is attributed to the subsidiary i.e. CFS Wanglong Flavours (Ningbo) Co. Ltd. As an abundant legal caution, the subsidiary company has stopped the production at facility till further directions of the court. As per the terms of the shareholders' agreement dated April 28, 2017 and amendments made thereafter, the Holding Company and its subsidiary company are indemnified against penalty and or legal consequences emanating from the violation of the IP rights. As a co-defendant with the JV Partner, the subsidiary company is in process of making an application for a retrial of the aforesaid order before Supreme People's Court of China. In the opinion of the management, based on the above and for reasons as more fully discussed in the aforesaid note, no impairment of cash generating unit consisting of property, plant and equipment of the said subsidiary or on goodwill on consolidation in respect of the said subsidiary company is required.
- B. We draw attention to Note 43.1 to the Consolidated Financial Statements, relating to remuneration paid/payable to the Managing Director & one Non-Executive Director of the Holding Company for the financial year ended March 31, 2021, being in excess of the limits prescribed under Section 197 of the Act by Rs. 24.01 Lakh which is subject to approval by the shareholders.

Our opinion is not modified in respect of these matters.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Consolidated Financial Statements of the current period. These matters were addressed in the context of our audit of the Consolidated Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matter Description	Our Response
Valuation of Financial Instruments	
<p>The fair value of certain financial instruments is determined through the application of the valuation techniques which often involves the exercise of judgements by the Management and the use of assumptions. The estimation uncertainty can be high for those instruments where significant valuation inputs are unobservable (e.g. cash flow projections, finance cost estimation, market volatility, forecast of operational estimates, etc).</p> <p>In respect of valuation of complex financial instruments like the Foreign Currency Convertible Bonds (FCCBs) and the Put Option, the Holding Company has engaged expert(s) to carry out the valuation at its initial recognition and subsequently at each reporting date.</p> <p>The fair value of the embedded derivative has been determined by computing the average of the cash flows determined as per simulation used by the Expert and is fair valued through profit and loss as per requirement of Ind AS 109 and Ind AS 32.</p> <p>The measurement of these financial instruments require use of valuation techniques which involves making significant assumptions and the exercise of judgement.</p>	<p>Our audit work in respect of the valuation of put option instrument amongst other procedures included:</p> <p>Obtained an understanding of the determination of fair value of the option and assessed and tested the reasonableness of the significant judgements applied by the management.</p> <p>Evaluating the contractual arrangement governing the option in the hands of the holders and ensuring that the management's computation provide an acceptable value to the financial instrument.</p> <p>We have independently evaluated the assumptions made and factors considered in the valuation of the option with the help of our independent expert.</p> <p>Our audit work in respect of the valuation of foreign currency convertible bonds amongst other procedures included:</p> <p>We understood and assessed the models and methodology used for the valuation of the instruments measured at amortised cost as well as those which are designated at fair value through profit or loss both at the time of initial recognition and subsequent measurement on the reporting date.</p> <p>We have independently evaluated the assumptions made and factors considered in the valuation of the embedded derivative with the help of our independent expert.</p> <p>We have also assessed the appropriateness of the disclosure in respect of these financial instruments in the Consolidated Financial Statements in accordance with the applicable financial reporting framework.</p>
Capitalisation of Dahej Project	
<p>Identification of cost that is required to be capitalized requires management judgement. Inaccurate cost capitalization may result in amounts being capitalized that do not meet capitalization criteria and affects the accuracy of cost to be capitalized.</p>	<p>Our audit work amongst other audit procedures included testing the design, implementation and operating effectiveness of controls in respect of cost of capital work in progress, property, plant and equipment and intangible assets.</p> <p>We assessed the nature of costs incurred in capital projects through testing of amounts recorded and considering whether the expenditure met the criteria for capitalization under accounting standards. We have visited the plant and during our visit focused on physically verifying key assets which were distinctly identifiable as well as ensuring that accounting for capitalisation of assets was in line with the applicable accounting standards.</p> <p>We tested the source documentation to determine whether the expenditure is of capital nature and has been appropriately approved and properly segregated into appropriate categories.</p> <p>Assessed the appropriateness of accounting and the disclosure in the Consolidated Financial Statements in accordance with the applicable financial reporting framework.</p>

Income tax expenses / benefits	
<p>The Holding Company has extensive international operations and in the normal course of the business, the Management makes significant judgements and estimates in relation to transfer pricing tax issues and in assessing tax exposures in each jurisdiction, many of which require interpretation of local laws, including amount expected to be paid/recovered for uncertain tax positions.</p> <p>Where the amount of tax payable is uncertain, the Holding Company establishes provisions based on management's judgement of the probable amount of liability. This is a key judgement on account of the Holding Company and its related entities operating in a number of varying tax jurisdictions, the complexity of transfer pricing and other international tax legislations.</p> <p>Given this judgement, there is a risk that tax provisions are misstated.</p>	<p>Our procedures included:</p> <p>An understanding of the Holding Company's tax strategy and transfer pricing policy; the methodology for the calculation of the tax charge particularly in relation to any changes implemented during the current financial year; and management's controls over tax reporting.</p> <p>We assessed the appropriateness of the tax provisions created by the Holding Company and their use of estimates and judgements by having discussions with the Holding Company's management, assessed recent pronouncements affecting the methodology for calculation of tax charge and copies of tax advice reports related to tax treatments applied and the corresponding provisions recorded.</p> <p>We have also evaluated whether the liabilities and potential exposures were appropriately disclosed in the Consolidated Financial Statements.</p>
Recognition of Deferred Tax Assets (DTA) on tax losses	
<p>CFS North America LLC (Subsidiary of the Holding Company) has recognized DTA on tax losses. Recognition of DTA on tax losses involves significant judgement to determine availability of future taxable profits against which the tax losses can be utilized.</p>	<p>The auditor has involved internal experts in evaluating management's assessment of availability of future taxable profits against which tax losses can be utilised. The auditor has obtained appropriate convincing evidence and challenged management's estimate of projected sales, operating margins and cash flows. Considering the current trend of turnover & order flow from customers coupled with business strategy adopted by the group and overall positive business scenario in the markets in which the company operates, the management believes that sufficient future taxable profits will be available against which unused losses can be utilized. The auditor's procedures included reviewing regulatory provisions relating to limitation on carry forward & its impact on utilization of tax losses, discussion with management on business strategy and reasonableness of assumptions in light of the current developments. The component auditor also assessed and analyzed reliability of management's forecasts through a review of actual performance against previous forecasts.</p>

Other Information

The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report, namely Financial Highlights, Directors' Report, Management Discussion and Analysis, Report on Corporate Governance and Business Responsibility Report but does not include the Standalone Financial Statements and our auditor's report thereon.

Our opinion on the Consolidated Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Consolidated Financial Statements, our responsibility is to read the other information

and, in doing so, consider whether the other information is materially inconsistent with the Consolidated Financial Statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to 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 financial position, consolidated financial performance (including other comprehensive income), consolidated statement of changes in equity and consolidated cash flows of the Group including its associate in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified under section 133 of the Act. The respective Board of Directors of the companies included in the Group and of its associate are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and its associate for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Consolidated Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the Consolidated Financial Statements by the Directors of the Holding Company, as aforesaid.

In preparing the Consolidated Financial Statements, the respective Board of Directors of the companies included in the Group and of its associate are responsible for assessing the ability of the Group and of its associate to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group and of its associate are responsible for overseeing the financial reporting process of the Group and of its associate.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

of such entities included in the Consolidated Financial Statements of which we are the independent auditors. For the other entities included in the Consolidated Financial Statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Consolidated Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure 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:

1. We did not audit the financial statements of ten subsidiaries incorporated outside India and a subsidiary in India included in the Consolidated Financial Statements, whose financial statements reflect total asset of Rs. 96,037.11 lakh as at March 31, 2021; total revenue of Rs. 93,885.69 lakh and net cash flows amounting to Rs. 5,513.50 lakh for the year ended on that date. The Consolidated Financial Statements also include the Group's share of net profit of Rs. 0.06 lakh for the year ended March 31, 2021, as considered in the Consolidated Financial Statements, in

respect of an associate, whose financial statements have not been audited by us. These financial statements and other 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 an associate, 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, and an associate, is based solely on the reports of the other auditors.

2. 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 results of such subsidiaries located outside India from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India (Indian Accounting Standards 'Ind AS'). We have audited these conversion adjustments made by the Holding Company's management. Our conclusion in so far as it relates to the balances and affairs of such subsidiaries located outside India is based on the report of the other auditors and the conversion adjustments made by the Holding Company's management and audited by us. Our report on the statement is not modified in respect of these matters.
3. We did not audit the financial statements of five subsidiaries whose financial statements reflect total assets of Rs. 1,200.19 lakh as at March 31, 2021, total revenues of Rs. 1,238.18 lakh and net cash flows amounting to Rs. 160.91 lakh for the year ended on that date, as considered in the Consolidated Financial Statements. These financial statements are unaudited and 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 an associate, 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 and an associate, is based solely on such unaudited financial statements. In our opinion and according to the information and explanations given to us by the Management, these financial statements are not material to the Group.

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 and the financial statements certified by the Management.

Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, we report that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the Consolidated Financial Statements.
- (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid Consolidated Financial Statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the Consolidated Financial Statements.
- (d) In our opinion, the aforesaid Consolidated Financial Statements comply with the Accounting Standards specified under Section 133 of the Act read with relevant Rules of the Companies (Accounts) Rules, 2014.
- (e) On the basis of the written representations received from the Directors of the Group Companies and associate company incorporated in India as on March 31, 2021 taken on record by the Board of Directors of the respective Group Companies and associate company incorporated in India, none of the directors of the Group companies and its associate company incorporated in India is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164(2) of the Act.
- (f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company and its subsidiary incorporated in India

and the operating effectiveness of such controls, refer to our separate report in "Annexure A".

- (g) According to information and explanation given to us and based on our examination of the records of the Holding Company, the Holding Company has paid/provided managerial remuneration in accordance with the provisions of Section 197 of the Act, except relating to remuneration paid to the Managing Director & one Non-Executive Director of the Holding Company for the financial year ended March 31, 2021, being in excess of the limits prescribed under Section 197 of the Act by Rs. 24.01 Lakh which is subject to approval by the shareholders.
- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Group and its associate has disclosed the impact of pending litigations on its financial position in its Consolidated Financial Statements - Refer Note 42(I) to the Consolidated Financial Statements.
 - ii. The Group did not have any long-term contracts during the year ended March 31, 2021, for which there were any material foreseeable losses. Derivative contracts are appropriately dealt with in the books of account.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Group and its associate during the year ended March 31, 2021.

For **KALYANIWALLA & MISTRY LLP**
CHARTERED ACCOUNTANTS
Firm Registration Number: 104607W/W100166

FARHAD M. BHESANIA
PARTNER
Membership Number: 127355
UDIN: 21127355AAAAFA8363

Place: Mumbai
Date: May 28, 2021

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT

Referred to in Para (f) 'Report on Other Legal and Regulatory Requirements' in our Independent Auditor's Report to the members of the Company on the Consolidated Financial Statements for the year ended March 31, 2021.

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

We have audited the internal financial controls with reference to financial statements of **CAMLIN FINE SCIENCES LIMITED** ("the Holding Company") and its subsidiary and an associate, which are companies incorporated in India, as of March 31, 2021 in conjunction with our audit of the Consolidated Financial Statements of the Company for the year ended and as on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

Our responsibility is to express an opinion on the Holding Company, its subsidiary and an associate 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, issued by ICAI and deemed to be prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal Financial Controls and, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Holding Company's, subsidiary company's and associate company's internal financial controls system with reference to financial statements.

Meaning of Internal Financial Controls with reference to Financial Statements

A Company's internal financial control with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Consolidated Financial Statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to 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 Consolidated Financial Statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the Consolidated Financial Statements.

Inherent Limitations of Internal Financial Controls with reference to Financial Statements

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial control with respect to financial statements

may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Holding Company, its subsidiary and an associate which are companies incorporated in India have, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2021, based on the internal control over financial reporting criteria established by the Holding Company and its subsidiary and an associate companies incorporated in India, 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.

Other Matters

Our aforesaid report under Section 143(3)(1) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to financial statements insofar as it relates to the subsidiary and an associate which are companies incorporated in India, is based on the corresponding reports of the auditor of such companies incorporated in India.

For **KALYANIWALLA & MISTRY LLP**
CHARTERED ACCOUNTANTS
Firm Registration Number: 104607W/W100166

FARHAD M. BHESANIA
PARTNER

Membership Number: 127355
UDIN: 21127355AAAAFA8363

Place: Mumbai
Date: May 28, 2021

CONSOLIDATED BALANCE SHEET

as at March 31, 2021

Particulars	Notes	INR (in Lakh)	
		As at March 31, 2021	As at March 31, 2020
ASSETS			
Non-Current Assets			
Property, Plant and Equipment	2(a)	48,175.13	20,341.51
Capital Work-in-Progress	2(b)	2,367.71	17,604.06
Right-Of-Use Assets	3	3,128.88	3,374.84
Investment Property	4	207.19	207.19
Goodwill		4,443.31	4,443.31
Intangible Assets	5	2,398.08	2,211.77
Intangible Assets under development		13.95	273.88
Investment in Associate	6	13.33	13.27
Financial Assets			
Investments	7	722.55	722.55
Loans	8	1,328.68	1,234.76
Others	9	9.97	-
Deferred Tax Assets (Net)	10	3,300.85	4,068.58
Income Tax Assets	11	867.84	657.16
Other Non-Current Assets	12	1,713.48	757.89
Total Non-Current Assets		68,690.95	55,910.77
Current Assets			
Inventories	13	31,999.57	29,814.85
Financial Assets			
Trade Receivables	14	27,070.74	25,280.32
Cash and Cash Equivalents	15	7,551.96	5,236.67
Bank Balances other than Cash and Cash Equivalents	16	6,282.34	1,242.27
Loans	17	87.31	113.70
Other Financial Assets	18	1,014.16	1,165.71
Other Current Assets	19	5,463.41	4,642.06
Total Current Assets		79,469.49	67,495.58
TOTAL ASSETS		148,160.44	123,406.35
EQUITY AND LIABILITIES			
EQUITY			
Equity Share Capital	20	1,274.98	1,212.54
Other Equity	21	63,065.10	39,101.14
Non-Controlling Interests	22	6,974.95	5,696.84
Total Equity		71,315.03	46,010.52
LIABILITIES			
Non-Current Liabilities			
Financial Liabilities			
Borrowings	23	27,324.97	21,151.27
Lease Liabilities	3	844.04	966.74
Other Financial Liabilities	24	-	1.62
Provisions	25	282.57	284.87
Deferred Tax Liabilities (Net)	10	630.56	208.18
Total Non-Current Liabilities		29,082.14	22,612.68
Current Liabilities			
Financial Liabilities			
Borrowings	26	21,690.49	27,807.11
Trade Payables	27		
(A) Total Outstanding Dues of Micro Enterprises and Small Enterprises and		828.24	898.35
(B) Total Outstanding Dues of creditors other than Micro Enterprises and Small Enterprises		15,011.34	16,473.22
Lease Liabilities	3	364.59	327.70
Other Financial Liabilities	28	6,865.65	6,720.84
Other Current Liabilities	29	2,024.86	1,102.54
Provisions	30	961.50	789.83
Current Tax Liabilities	31	16.60	663.56
Total Current Liabilities		47,763.27	54,783.15
Total Liabilities		76,845.41	77,395.83
TOTAL EQUITY AND LIABILITIES		148,160.44	123,406.35
Significant Accounting Policies	1		
The accompanying notes 1 to 50 form an integral part of the Consolidated Financial Statements			

As per our Report of even date.

For KALYANIWALLA & MISTRY LLP
 CHARTERED ACCOUNTANTS
 Firm Registration Number 104607W/W100166

FARHAD M. BHESANIA
 Partner
 Membership Number 127355

Mumbai, Dated: May 28, 2021

Signatures to the Consolidated Balance Sheet and Notes to
 Consolidated Financial Statements
 For and on behalf of the Board

Dilip D. Dandekar
 Chairman
 DIN: 00846901

Santosh Parab
 Chief Financial Officer

Mumbai, Dated: May 28, 2021

Ashish S. Dandekar
 Managing Director
 DIN: 01077379

Mandar Godbole
 Company Secretary & General Manager - Legal
 ICSI Membership No: A30240

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

for the year ended March 31, 2021

Particulars	Notes	INR (in Lakh)	
		For the year ended March 31, 2021	For the year ended March 31, 2020
INCOME			
Revenue from Operations	32	118,710.31	104,914.84
Other Income	33	498.42	342.84
Total Income		119,208.73	105,257.68
EXPENSES			
Cost of Materials Consumed	34	48,803.22	49,970.58
Purchases of Stock-in-Trade		7,813.59	5,346.60
Changes in Inventories of Finished Goods, Stock-in-Trade and Work-in-Progress	35	1,732.00	(1,939.42)
Employee Benefits Expense	36	12,038.31	9,971.26
Finance Costs	37	3,752.77	4,312.91
Depreciation and Amortisation Expense	38	4,429.42	3,280.23
Other Expenses	39	30,129.85	28,495.35
Total Expenses		108,699.16	99,437.51
Profit Before Share of Profit /(Loss) of Associate		10,509.57	5,820.17
Share of Profit /(Loss) of Associate (Net of Tax)		0.06	(0.09)
Profit Before Tax		10,509.63	5,820.08
Tax Expense			
Current tax	10(b)	2,735.69	2,488.99
Deferred tax	10(b)	1,238.14	348.01
Total Tax Expense		3,973.83	2,837.00
Profit for the Year		6,535.80	2,983.08
Other Comprehensive Income			
(A) Items that will not be subsequently reclassified to Profit or Loss			
Remeasurements of Defined Benefit Plans		(55.36)	(44.80)
Changes in revaluation surplus		10,021.92	-
Income Tax relating to items that will not be reclassified to Profit or Loss	10(c)	13.50	15.66
Total (A)		9,980.06	(29.14)
(B) Items that will be reclassified subsequently to Profit or Loss			
Exchange differences in translating the financial statements of foreign operations		1,369.98	180.70
Income Tax relating to items that will be reclassified to Profit or Loss		-	(21.37)
Total (B)		1,369.98	159.33
Total Other Comprehensive Income for the year (A)+(B)		11,350.04	130.19
Total Comprehensive Income for the year		17,885.84	3,113.27
Profit / (Loss) for the year attributable to:			
Owners of the Company		5,096.34	3,031.86
Non-Controlling Interests		1,439.46	(48.78)
Total Other Comprehensive Income for the year attributable to:			
Owners of the Company		10,936.97	150.35
Non-Controlling Interests		413.07	(20.16)
Total Comprehensive Income for the year attributable to:			
Owners of the Company		16,033.31	3,182.21
Non-Controlling Interests		1,852.53	(68.94)
Earnings per Equity Share (Face Value INR 1 each)			
Basic	41	4.13	2.50
Diluted		3.68	2.50
Significant Accounting Policies	1		

The accompanying notes 1 to 50 form an integral part of the Consolidated Financial Statements

As per our Report of even date.

For KALYANIWALLA & MISTRY LLP
 CHARTERED ACCOUNTANTS
 Firm Registration Number 104607W/W100166

FARHAD M. BHESANIA
 Partner
 Membership Number 127355

Mumbai, Dated: May 28, 2021

Signatures to the Consolidated Statement of Profit and Loss and Notes to
 Consolidated Financial Statements
 For and on behalf of the Board

Dilip D. Dandekar
 Chairman
 DIN: 00846901

Santosh Parab
 Chief Financial Officer

Mumbai, Dated: May 28, 2021

Ashish S. Dandekar
 Managing Director
 DIN: 01077379

Mandar Godbole
 Company Secretary & General Manager - Legal
 ICSI Membership No: A30240

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended March 31, 2021

INR (in Lakh)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Cash Flow from Operating Activities		
Profit Before Taxation	10,509.63	5,820.08
Adjustment for:		
Depreciation and Amortisation Expense	4,429.42	3,280.23
Finance Costs	3,752.77	4,312.91
Foreign Exchange Loss / (Gain) (Unrealised)	2,992.65	257.64
(Gain)/Loss on sale of Property, Plant & Equipment and Intangible Assets	(3.47)	(0.45)
Allowance / (Reversal) for Credit Loss	(3.84)	719.25
Allowance for Doubtful Advances	-	234.73
Expenses / (reversal) recognised in respect of equity settled share based payments	452.63	44.39
Provision for Compensated Absences	114.01	134.13
Interest income	(129.91)	(127.21)
Rent Expense	0.63	4.11
Net gain arising on Financial Liabilities measured at Fair Value Through Profit or Loss (FVTPL)	(104.08)	(150.55)
Net (Gain) / Loss arising on sale of mutual funds	-	(10.19)
Hyperinflationary effect on Consolidated Statement of Profit and Loss	(85.75)	(0.73)
Share of loss of associate	(0.06)	(0.09)
Operating Profit before working capital changes	21,924.63	14,518.25
Adjustment for:		
Increase/(Decrease) in Non Financial Liabilities	922.32	373.50
Increase/(Decrease) in Financial Liabilities	(1,383.44)	853.29
(Increase)/Decrease in Non Financial Assets	(2,955.42)	(412.89)
(Increase)/Decrease in Financial Assets	(3,176.58)	(4,938.50)
Cash generated from/(used in) operations	15,331.51	10,393.65
Taxes Paid (Net)	(3,593.33)	(1,791.68)
Net Cash Flow from / (used in) Operating activities	11,738.18	8,601.97
Cash Flow from Investing Activities		
Purchase of Property, Plant & Equipment and Intangible Assets	(8,387.47)	(13,413.98)
Sale of Property, Plant & Equipment and Intangible Assets	6.78	14.11
Sale/ (Purchase) of non-current investments	-	(8.21)
Sale / (Purchase) of Mutual Funds (Net)	-	335.68
Maturity of / (Investment in) Fixed Deposits	(5,040.07)	3,778.60
Interest Received	135.19	282.05
Net Cash Flows from/(used in) Investing Activities	(13,285.57)	(9,011.75)
Cash Flow from Financing Activities		
Proceeds from Issue of Equity Shares under Employee Stock Option Plan	47.24	-
Proceeds from Issue of Equity Shares pursuant to conversion of Preferential Share Warrants	2,945.24	-
Proceeds from issue of Preferential Share Warrants (Net of Issue Expenses)	4,580.76	-
Proceeds from Share Application Money pending allotment	0.83	-
Proceeds from / (Repayment of) Long Term Borrowings (Net)	8,408.27	1,700.55
Proceeds from / (Repayment of) Short Term Borrowings (Net)	(6,116.62)	3,373.60
Payment of lease liabilities	(633.31)	(535.72)
Interest Paid	(4,827.39)	(3,933.66)
Dividend paid to other shareholder of Dresen Quimica S.A.P.I. de C.V.	(542.34)	(279.68)
Net Cash Flow from Financing Activities	3,862.68	325.09
Net Increase/(Decrease) in Cash & Cash Equivalents	2,315.29	(84.69)
Cash & Cash Equivalents at the beginning of the year	5,236.67	5,321.36
Cash & Cash Equivalents at the end of the year	7,551.96	5,236.67

CONSOLIDATED STATEMENT OF CASH FLOWS (Contd.)

for the year ended March 31, 2021

Note:

(a) The above Consolidated Statement of Cash Flows has been prepared under the "Indirect Method" as set out in the Indian Accounting Standard (Ind AS 7) - Statement of Cash Flows.

(b) Cash and Cash Equivalents comprises of :

Particulars	INR (in Lakh)	
	For the year ended March 31, 2021	For the year ended March 31, 2020
Balances with Banks in Current Accounts	6,017.74	5,221.28
Bank deposits with original maturity of less than three months	1,525.09	-
Cash on Hand	9.13	15.39
Cash and cash equivalents in Consolidated Statement of Cash Flows	7,551.96	5,236.67

(c) Movement in Borrowings in accordance with Ind AS 7

Particulars	INR (in Lakh)			
	April 01, 2020	Cash Flows	Non-cash changes	March 31, 2021
Long term borrowings (including current maturities)	24,751.24	8,408.27	(1,059.66)	32,099.85
Short term borrowings	27,807.11	(6,116.62)	-	21,690.49
Total borrowings	52,558.35	2,291.65	(1,059.66)	53,790.34

Particulars	INR (in Lakh)			
	April 01, 2019	Cash Flows	Non-cash changes	March 31, 2020
Long term borrowings	21,654.79	1,700.55	1,395.90	24,751.24
Short term borrowings	24,433.51	3,373.60	-	27,807.11
Total borrowings	46,088.30	5,074.15	1,395.90	52,558.35

(d) Previous period's figures have been regrouped/reclassified wherever applicable.

The accompanying notes 1 to 50 forms an integral part of the Consolidated Financial Statements.

As per our Report of even date.

For KALYANIWALLA & MISTRY LLP
CHARTERED ACCOUNTANTS
 Firm Registration Number 104607W/W100166

FARHAD M. BHESANIA
 Partner
 Membership Number 127355

Mumbai, Dated: May 28, 2021

Signatures to the Consolidated Statement of Cash Flows and Notes to Consolidated Financial Statements
 For and on behalf of the Board

Dilip D. Dandekar
 Chairman
 DIN: 00846901

Santosh Parab
 Chief Financial Officer

Mumbai, Dated: May 28, 2021

Ashish S. Dandekar
 Managing Director
 DIN: 01077379

Mandar Godbole
 Company Secretary & General Manager - Legal
 ICSI Membership No: A30240

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended March 31, 2021

a) Equity Share Capital

INR (in Lakh)

Particulars	As at	As at
	March 31, 2021	March 31, 2020
Balance at the beginning of the reporting year	1,212.54	1,212.54
Issued pursuant to exercise of Employee Stock Options	0.94	-
Issued pursuant to conversion of Preferential Share Warrants	61.50	-
Changes in equity share capital during the year	62.44	-
Balance at the end of the reporting year	1,274.98	1,212.54

b) Other Equity

INR (in Lakh)

Particulars	Share application money pending allotment	Equity Component of Foreign Currency Convertible Bonds (FCCBs)	Reserves and Surplus						Revaluation Surplus	Foreign Currency Translation Reserve (FCTR)	Money received against Preferential Share Warrants	Issue expenses towards non-converted share warrants	Total before Non-Controlling Interest	Non-Controlling Interest	Total after Non-Controlling Interest
			Capital Reserve	Capital Reserve on Consolidation	Securities Premium	Employee Stock Option Outstanding	General Reserve	Retained Earnings							
Balance as at March 31, 2019	-	330.97	238.66	1,080.63	21,462.20	153.21	2,536.29	6,689.89	-	1,298.19	2,085.53	-	35,875.57	5,939.91	41,815.48
Profit for the Year	-	-	-	-	-	-	-	3,031.86	-	-	-	-	3,031.86	-	3,031.86
Remeasurement of Defined Benefit Plans	-	-	-	-	-	-	-	(291.4)	-	-	-	-	(291.4)	-	(291.4)
Exchange differences in translating the financial statements of foreign operations	-	-	-	-	-	-	-	-	-	179.49	-	-	179.49	-	179.49
Total Comprehensive Income for the year	-	-	-	-	-	-	-	3,002.72	-	179.49	-	-	3,182.21	-	3,182.21
Deferred Tax on QIP Issue expenses	-	-	-	-	-	-	-	(38.09)	-	-	-	-	(38.09)	-	(38.09)
Fair valuation Share Based Payments	-	-	-	-	-	44.39	-	-	-	-	-	-	44.39	-	44.39
Termination of Employee Stock Option Scheme, 2014	-	-	-	-	-	(153.21)	-	153.21	-	-	-	-	-	-	-
Forefeiture of share warrants	-	2,085.53	-	-	-	-	-	-	-	-	(2,085.53)	-	-	-	-
Other movements	-	(104.14)	-	-	-	-	-	629.55	-	(488.35)	-	-	37.06	105.55	142.61
Changes in Non-Controlling Interests	-	-	-	-	-	-	-	-	-	-	-	-	-	(348.62)	(348.62)
Balance as at March 31, 2020	-	330.97	2,220.05	1,080.63	21,462.20	44.39	2,536.29	10,437.28	-	989.33	-	-	39,101.14	5,696.84	44,797.98
Profit for the Year	-	-	-	-	-	-	-	5,096.34	-	-	-	-	5,096.34	-	5,096.34
Remeasurement of Defined Benefit Plans	-	-	-	-	-	-	-	(41.86)	-	-	-	-	(41.86)	-	(41.86)
Exchange differences in translating the financial statements of foreign operations	-	-	-	-	-	-	-	-	-	956.92	-	-	956.92	-	956.92
Total Comprehensive Income for the year	-	-	-	-	-	-	-	5,054.48	-	956.92	-	-	6,011.40	-	6,011.40
Amount received during the year	0.83	-	-	-	-	-	-	-	-	-	7,583.62	-	7,584.45	-	7,584.45
Issue of Equity Shares pursuant to exercise of Employee Stock Options (ESOP)	-	-	-	-	46.29	-	-	-	-	-	-	-	46.29	-	46.29
Issue of Equity Shares pursuant to conversion of preferential share warrants	-	-	-	-	2,883.74	-	-	-	-	-	(2,945.24)	-	(61.50)	-	(61.50)
Expenses incurred towards issue of preferential share warrants	-	-	-	-	-	-	-	-	-	-	(69.71)	-	(69.71)	-	(69.71)
Issue expenses towards converted preferential share warrants transferred to Securities Premium	-	-	-	-	(12.08)	-	-	-	-	-	12.08	-	-	-	-
Issue expenses in respect of non-converted preferential share warrants transferred to Issue expenses towards non-converted preferential share warrants	-	-	-	-	-	-	-	-	-	-	57.63	(57.63)	-	-	-
Deferred Tax on QIP Issue expenses	-	-	-	-	-	-	-	(38.09)	-	-	-	-	(38.09)	-	(38.09)
Fair valuation of Share Based Payments	-	-	-	-	-	469.20	-	-	-	-	-	-	469.20	-	469.20
Transferred to Securities Premium	-	-	-	-	12.07	(12.07)	-	-	-	-	-	-	-	-	-
Revaluation of plant & machinery of diphenol plant by a wholly owned subsidiary of the Holding Company	-	-	-	-	-	-	-	-	10,021.92	-	-	-	10,021.92	-	10,021.92
Changes in Non-Controlling Interests	-	-	-	-	-	-	-	-	-	-	-	-	-	1,278.11	1,278.11
Balance as at March 31, 2021	0.83	330.97	2,220.05	1,080.63	24,392.22	501.52	2,536.29	15,453.67	10,021.92	1,946.25	4,638.38	(57.63)	63,065.10	6,974.95	70,040.05

The accompanying notes 1 to 50 forms an integral part of the Consolidated Financial Statements.

As per our Report of even date.

For KALYANIWALLA & MISTRY LLP
CHARTERED ACCOUNTANTS
Firm Registration Number 104607W/W100166

FARHAD M. BHESANIA
 Partner
 Membership Number 127355

Mumbai, Dated: May 28, 2021

Signatures to the Consolidated Statement of Changes in Equity and Notes to Consolidated Financial Statements
 For and on behalf of the Board

Dilip D. Dandekar
 Chairman
 DIN: 00846901

Santosh Parab
 Chief Financial Officer

Mumbai, Dated: May 28, 2021

Ashish S. Dandekar
 Managing Director
 DIN: 01077379

Mandar Godbole
 Company Secretary & General Manager - Legal
 ICSI Membership No: A30240

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended March 31, 2021

Note 1:

1 Significant Accounting Policies

A. Group Overview:

Camlin Fine Sciences Limited (“the Holding Company”) including its subsidiaries and associate collectively referred to as (“the Group”) is engaged in research, development, manufacturing and marketing of speciality chemicals, ingredients and additive blends. The Holding Company is incorporated and domiciled in India having its registered office at WICEL, Plot No. F/11-12, WICEL, Opposite SEEPZ Main Gate, Central Road, Andheri (East), Mumbai – 400 093. The Company is listed on BSE Limited and the National Stock Exchange of India Limited.

The Financial Statements of the Group for the year ended March 31, 2021 are approved by the Board of Directors on May 28, 2021.

B. Basis of Preparation of Consolidated Financial Statements

The financial statements of the Group have been prepared in accordance with Indian Accounting Standards (Ind AS) as prescribed under Section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Amendment Rules as amended from time to time. The Group’s Financial Statements for the year ended March 31, 2021 comprises of the Balance Sheet, Statement of Profit and Loss, Statement of Cash Flows, Statement of Changes in Equity and the Notes to Consolidated Financial Statements.

Accounting policies have been consistently applied except where a newly issued Ind AS is initially adopted or a revision to an existing Ind AS requires a change in the accounting policy hitherto in use.

Current versus non-current classification:

All assets and liabilities have been 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 Companies Act, 2013. Based on the nature of products and the time taken between acquisition of assets for processing and their realization in cash and cash equivalents, the Group has ascertained its operating cycle as twelve months for the purpose of the classification of assets and liabilities into current and non-current.

Functional and Presentation Currency

The financial statements are presented in Indian rupee, which is the functional currency of the Holding Company. All financial information has been rounded to the nearest lakh, unless otherwise indicated.

a. Basis of Measurement

The Ind AS Financial Statements have been prepared on a going concern basis using historical cost convention and on accrual method of accounting, except for:

- certain financial assets and liabilities, including financial instruments which have been measured at fair value or amortised cost as described below.
- defined benefit plans which have been measured on the basis of actuarial valuation as required by relevant Ind ASs.
- financial statements of a subsidiary whose functional currency is the currency of hyperinflationary economy are stated in terms of the measuring unit at the end of the reporting period.

b. Key Accounting Estimates and Judgements:

The preparation of financial statements requires management to make judgments, estimates and assumptions in the application of accounting policies that affect the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. 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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended March 31, 2021

reasonable. Revisions to accounting estimates are recognised prospectively. Information about critical judgments in applying accounting policies, as well as estimates and assumptions that have the most significant effect to the carrying amounts of assets and liabilities, are included in the following notes:

- (i) Determination of the estimated useful lives of property, plant and equipment and intangible assets.
- (ii) Recognition and measurement of defined benefit obligations, key actuarial assumptions.
- (iii) Fair valuation of employee share options, key assumptions made with respect to expected volatility and dividend yield.
- (iv) Recognition and measurement of provisions and contingencies, key assumptions about the likelihood and magnitude of an outflow of resources.
- (v) Recognition of deferred tax assets.
- (vi) Fair value of financial instruments, including derivative contracts and applicable discount rate.
- (vii) Impairment of financial and non-financial assets.
- (viii) Measurement of Lease Liabilities and Right of Use Assets.
- (ix) Key assumptions used in discounted cash flow projections.

Estimation of uncertainties relating to the global health pandemic from COVID-19 (COVID-19)

The Group has taken into account all the possible impacts of COVID-19 in preparation of the consolidated financial statements, including but not limited to its assessment of going concern assumption, liquidity, ability to pay the liabilities, recoverable values of its financial and non-financial assets and impact on revenue recognition. The Group has carried out this assessment based on available internal and external sources of information upto the date of approval of the consolidated financial statements and believes that the impact of COVID-19 is not material to the consolidated financial statements and expects to recover the carrying amount of its assets. The impact of COVID-19 on the consolidated financial statements may differ from that estimated as at the date of approval of the consolidated financial statements owing to the nature and duration of COVID-19.

c. Measurement of fair values

The Group's accounting policies and disclosures require the financial instruments to be measured at fair values.

The Group has an established control framework with respect to measurement of fair values. The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs. The management 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 management assesses the evidence obtained from the third parties to support the conclusions that such valuations meet the requirements of Ind AS, including the level in the fair value hierarchy in which such 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 and 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).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended March 31, 2021

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.

C. Recent Accounting Developments

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:

a. Balance Sheet

- (i) Lease liabilities should be separately disclosed under the head 'financial liabilities', duly distinguished as current or non-current.
- (ii) 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.
- (iii) Specified format for disclosure of shareholding of promoters.
- (iv) Specified format for ageing schedule of trade receivables, trade payables, capital work-in-progress and intangible asset under development.
- (v) 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.
- (vi) 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.

b. Statement of Profit and Loss

- (i) 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 consolidated financial statements.

The amendments are extensive and the Group will evaluate the same to give effect to them as required by law.

D. Significant Accounting Policies

a. Business Combination

The Group accounts for each business combination (other than common control transactions) by applying the acquisition method. The acquisition date is the date on which control is transferred to the acquirer. Judgment is applied in determining the acquisition date and determining whether control is transferred from one party to another.

The Group measures goodwill as of the applicable acquisition date at excess of the fair value of the consideration transferred, including the recognised amount of any non-controlling interest in the acquiree, less the net recognised amount (measured at fair value) of the identifiable assets acquired and liabilities (including contingent liabilities in case such a liability represents a present obligation and arises from a past event, and its fair value can be measured reliably) assumed. When the fair value of the net identifiable assets acquired and liabilities assumed exceeds the consideration transferred, a bargain purchase gain is recognised as capital reserve on consolidation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended March 31, 2021

Transaction costs that the Group incurs in connection with a business combination are expensed as incurred.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

Put options issued to non-controlling interests are recognised as a liability and the subsequent changes in fair value of the put option liability are recognised in Consolidated Statement of Profit and Loss.

Common control transactions are accounted for based on pooling of interests method where the assets and liabilities of the acquiree are recorded at their existing carrying values, the identity of reserves of the acquiree is preserved and the difference between consideration and the face value of the share capital of the acquiree is adjusted with capital reserve on consolidation.

The financial information in respect of prior periods is restated as if the business combination had occurred from the beginning of the preceding period in the financial statements irrespective of the actual date of the combination.

b. Subsidiaries

Subsidiaries are all entities that are controlled by the Company. Control exists when the Group is exposed to, or has the ability to affect those returns through power over the entity. In assessing control, potential voting rights are considered only if the rights are substantive. The financial statements of subsidiaries are included in these consolidated financial statements from the date that control commences until the date that control ceases. For the purpose of preparing these consolidated financial statements, the accounting policies of subsidiaries have been changed where necessary to align them with the policies adopted by the Group.

Upon loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in the consolidated statement of Profit & Loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost and the differential is recognised in Statement of profit or loss. Subsequently, it is accounted for as an equity-accounted investee depending on the level of influence retained.

c. Associates

Associates are those entities over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the entities but is not control or joint control of those policies. Significant influence is presumed to exist when the Group holds between 20% and 50% of the voting power of another entity.

d. Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in full while preparing these consolidated financial statements. Unrealised gains or losses arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee.

e. Acquisition of non-controlling interests

Acquisition of some or all of the non-controlling interest ("NCI") is accounted for as a transaction with equity holders in their capacity as equity holders. Consequently, the difference arising between the fair value of the purchase consideration paid and the carrying value of the NCI is recorded as an adjustment to retained earnings that is attributable to the Holding company. The associated cash flows are classified as financing activities. No goodwill is recognised as a result of such transaction.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended March 31, 2021

f. Basis of Consolidation

I Principles of consolidation

- (i) The consolidated financial statements relate to Camlin Fine Sciences Limited, its subsidiaries and an associate.
- (ii) Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control over a subsidiary.
- (iii) The financial statements of the Company and its Subsidiary Companies have been consolidated on a line-by-line basis by adding together 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 fully eliminated while preparing these consolidated financial statements.
- (iv) The financial statements of the subsidiary companies used in the consolidation are drawn up to the same reporting date as that of the Company.
- (v) The consolidated financial statements are prepared by adopting uniform accounting policies for like transactions and other events in similar circumstances. When necessary, adjustments are made to the financial statements of subsidiaries to bring their policies in line with the Group's accounting policies.

II Investments in Associate

An associate is an entity over which the Group has significant influence. Investment in associate is accounted by using the equity method of accounting, after initially being recognised at cost.

g. Property, Plant & Equipment

(i) Recognition and Measurement

Property, plant and equipment is initially measured at cost net of tax credit availed 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 costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Subsequent expenditure is capitalised only if it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably.

When significant parts of Property, Plant and Equipment are required to be replaced, the Group recognises the replaced part and recognises the new part with its own associated useful life and it is depreciated accordingly.

Revaluation of property, plant and equipment is made for a class of property, plant and equipment. Any increase in the carrying amount of property, plant and equipment is recognised (net of tax) in other comprehensive income and accumulated in equity under the heading revaluation surplus.

(ii) Depreciation

Depreciable amount for property, plant and equipment is the cost of property, plant and equipment less its estimated residual value.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended March 31, 2021

Depreciation is provided on Straight Line Method over the estimated useful lives of the property, plant and equipment prescribed under Schedule II to the Companies Act, 2013 on pro rata basis. In cases, where the useful lives are different from that prescribed in Schedule II, they are based on internal technical evaluation.

The estimated useful lives, residual values and depreciation methods are reviewed by the management at each reporting date and adjusted if appropriate.

(iii) Disposal or Retirement

Property, plant and equipment are derecognised either on disposal or when no economic benefits are expected from its use or disposal. The gain or loss arising from disposal of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and recognised in the Consolidated Statement of Profit and Loss in the year of occurrence.

h. Capital Work In Progress

Capital work in progress includes the acquisition/commissioning cost of assets under expansion/acquisition and pending commissioning. Expenditure of revenue nature related to such acquisition/expansion is also treated as capital work in progress and capitalized along with the asset.

i. Leases

As a lessee

The Group's lease assets primarily consist of land, buildings and vehicles. The Group assesses whether a contract contains a lease at the inception of the contract. Leases of assets (other than short term leases or leases for which the underlying asset is of low value) are recognised if the lease contract conveys the right to the Group to control the use of an identified asset for a period of time in exchange for consideration. A contract conveys the right to control the use of an identified asset for a period of time, if throughout the period of lease, the Group has both of the following:

- a) The right to obtain substantially all of the economic benefits from use of the identified asset.
- b) The right to direct the use of the identified asset.

At the date of commencement of lease, the Group recognises a Right-Of-Use asset and a corresponding lease liability for all lease arrangements in which it is a lessee except for leases for a term of twelve months or less (short term leases) and low value leases. For short term leases and low value leases, the Group recognises the lease payments as an expense on a straight-line basis over the lease term. Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. Right-of-use assets and lease liabilities include these options when it is reasonably certain that they will be exercised.

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred. The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term.

The lease liability is initially measured at the present value of future lease payments. The lease payments are discounted using the the incremental borrowing rate in the country of domicile of the leases. The lease liability is subsequently measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments or if Group changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Lease Liabilities and Right-of-Use Asset have been presented separately in the Consolidated Balance Sheet and lease payments have been classified as financing cash flows.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended March 31, 2021

j. Investment Property

(i) Recognition and Measurement

Land or building held to earn rentals or for capital appreciation or both rather than for use in the production or supply of goods or services or for administrative purposes; or sale in the ordinary course of business is recognised as Investment Property. Land held for a currently undetermined future use is also recognised as Investment Property.

An investment property is measured initially at cost of acquisition or construction including transaction cost.

After initial recognition, the Group measures investment property using cost model and discloses the fair value of investment property in the notes. Fair value is determined based on the evaluation performed by an external independent valuer.

(ii) Derecognition

Investment property is derecognised from the financial statement either on disposal or when no economic benefits are expected from its use or disposal.

The gain or loss arising from disposal of investment property are determined by comparing the proceeds from disposal with the carrying amount of investment property and recognised in the Consolidated Statement of Profit and Loss in the year of occurrence.

k. Intangible Assets

(i) Initial Recognition

Acquired Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition.

Internally generated intangible assets

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally generated intangible asset arising from development is recognised if, and only if, all of the following conditions have been met:

- a) It is technically feasible to complete the intangible asset so that it will be available for use or sale.
- b) There is an intention to complete the asset.
- c) There is an ability to use or sell the asset.
- d) The asset will generate future economic benefits.
- e) Adequate resources are available to complete the development and to use or sell the asset.
- f) The expenditure attributable to the intangible asset during development phase can be measured reliably.

Where no internally generated intangible asset can be recognised, the development expenditure is recognised in the Consolidated Statement of Profit and Loss in the period in which it is incurred.

(ii) Amortisation

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the Straight-Line Method over their estimated useful lives, and is recognised in Consolidated Statement of profit and loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended March 31, 2021

Estimated useful lives by major class of intangible assets are as follows:

Software - 3 to 6 years

Technical know-how - 5 to 41 years

(iii) Derecognition

An item of intangible asset is derecognised either on disposal or when no economic benefits are expected from its use or disposal. The gain or loss arising from disposal of intangible assets are determined by comparing the proceeds from disposal with the carrying amount of intangible assets and recognised in the Consolidated Statement of Profit and Loss in the period of occurrence.

l. Impairment of non-financial assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that the assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment loss (if any).

If the recoverable amount of asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expenses in the Consolidated Statement of Profit and Loss.

When an impairment loss subsequently reverses, the carrying amount of an asset is increased to the revised estimate of its recoverable amount, so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in the Consolidated Statement of Profit and Loss.

m. Investment in Associate (Equity accounted investees)

Investment in associate is accounted by using the equity method of accounting, after initially being recognised at cost. When the Group's share of losses exceeds its interest in an equity accounted investee, the carrying amount of that interest (including any long-term investments) is reduced to zero and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee. If the associate subsequently reports profits, the entity resumes recognizing its share of those profits only after its share of the profits equals the share of losses not recognized.

Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. On disposal of investment in associate, the difference between net disposal proceeds and the carrying amounts are recognized in the Consolidated Statement of Profit and Loss.

n. Financial Instruments

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

l. Financial Assets

Financial assets are recognised when the Group becomes a party to the contractual provisions of the instrument.

(i) Initial recognition and measurement

All financial assets are recognized at fair value on initial recognition, except for trade receivables which are initially measured at transaction price. Transaction costs that are directly attributable to the acquisition of financial assets, which are not at fair value through profit or loss, are added to the fair value on initial recognition.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended March 31, 2021

(ii) Subsequent measurement and classification

For the purpose of subsequent measurement, the financial assets are classified into three categories on the basis of its business model for managing the financial assets

- Financial assets at amortised cost
- Financial assets at Fair Value Through Other Comprehensive Income (FVTOCI)
- Financial assets at Fair Value Through Profit or Loss (FVTPL)

(iii) Financial assets at amortised cost

A financial asset is subsequently measured at amortised cost if it is held within a business model whose objective is to hold assets for collecting contractual cash flows and the contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method, less impairment, if any. The EIR amortisation is included in other income in the Consolidated Statement of Profit and Loss. The losses arising from impairment are recognised in the Consolidated Statement of Profit and Loss.

(iv) Financial asset at Fair Value through other comprehensive income (FVTOCI)

A financial asset is measured at fair value through other comprehensive income (FVTOCI) if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI).

Interest income measured using the EIR method and impairment losses, if any are recognised in the Consolidated Statement of Profit and Loss. On derecognition, cumulative gain or loss previously recognised in OCI is reclassified from equity to 'other income' in the Consolidated Statement of Profit and Loss.

(v) Financial Asset at Fair Value through profit or loss (FVPTL)

A financial asset which are not classified in any of the above categories are measured at FVTPL. Such financial assets are measured at fair value with all changes in fair value, including interest income and dividend income if any, recognised as 'other income' in the Consolidated Statement of Profit and Loss.

(vi) Financial Assets as Equity Investments

All equity instruments other than investment in associate are initially measured at fair value; the Group may, on initial recognition, irrevocably elect to measure the same either at FVTOCI or FVTPL.

The Group makes such election on an instrument-by-instrument basis. A fair value change on an equity instrument is recognised as other income in the Consolidated Statement of Profit and Loss unless the Group has elected to measure such instrument at FVTOCI. Fair value changes excluding dividends, on an equity instrument measured at FVTOCI are recognised in OCI. Amounts recognised in OCI are not subsequently reclassified to the Consolidated Statement of Profit and Loss. Dividend income on the investments in equity instruments are recognised as 'other income' in the Consolidated Statement of Profit and Loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended March 31, 2021

(vii) Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised (i.e. removed from consolidated balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The Group has transferred its rights to receive cash flows from the asset and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

(viii) Impairment of Financial Assets

The Group applies 'Simplified Approach' for measurement and recognition of impairment loss on the following financial assets and credit exposure:

- Financial assets that are debt instruments and are measured at amortised cost e.g. loans, deposits and bank balance
- Trade receivables

The application of simplified approach does not require the Group to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime expected credit loss at each reporting date, right from its initial recognition.

II. Financial Liabilities

(i) Classification

The Group classifies all financial liabilities as subsequently measured at amortised cost except hybrid instruments with embedded derivatives where the embedded derivative cannot be measured separately either at inception or at the end of a subsequent reporting financial period in which case it is measured at Fair Value Through Profit or Loss. In case the embedded derivatives can be separated, the same is measured at Fair Value Through Profit or Loss and the host contract is measured at amortised cost.

(ii) Initial recognition and measurement

All financial liabilities are recognised initially at fair value and, in case of loans and borrowings and payables, net of directly attributable transaction costs.

(iii) Loans and Borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and transactions costs. The EIR amortisation is included as finance costs in the Consolidated Statement of Profit and Loss. Gains and losses are recognised in the Consolidated Statement of Profit and Loss when the liabilities are derecognised.

(iv) Compound financial instruments

Compound financial instruments issued by the Holding Company which can be converted into fixed number of equity shares at the option of the holders irrespective of changes in the fair value of the instrument are accounted by separately recognising the liability and the equity components. The liability component is initially recognised at the fair value of a comparable liability that does not have an equity conversion option. The equity component is initially recognised at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. The directly

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended March 31, 2021

attributable transaction costs are allocated to the liability and the equity components in proportion to their initial carrying amounts. Subsequent to initial recognition, FCCB being a hybrid contract, if the embedded derivative can be separated and measured, then the same is measured at fair value and designated as FVTPL, while the remaining liability component is subsequently measured at amortised cost using Effective Interest Rate method. The equity component of a compound financial instrument is not remeasured subsequently.

(v) Derecognition

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

III. Derivative financial instruments

The Group uses derivative financial instruments, such as forward currency contracts to hedge its foreign currency 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. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

IV. Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount is reported in the Balance Sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis or to realize the assets and settle the liabilities simultaneously.

- V. Incremental costs directly attributable to the issue of ordinary equity shares, are recognised as a deduction from equity.

o. Inventories

Inventories are valued at lower of cost and net realizable value. Costs are computed on weighted average basis and are net of GST credits.

Raw materials, packing materials and stores: Cost includes cost of purchase and other costs incurred in bringing the inventories to the present location and condition.

Finished Goods and Work in Progress: In case of manufactured inventories and work in progress, cost includes all costs of purchase, an appropriate share of production overheads based on the normal operating capacity and other costs incurred in bringing the inventories to the present location and condition.

Net Realizable Value: Net realizable 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.

p. Cash and Cash Equivalents

Cash and cash equivalents in the Consolidated Balance Sheet comprise cash at bank and on hand and short term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the Consolidated Statement of Cash Flow, cash and cash equivalents consists of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended March 31, 2021

q. Provisions, Contingent Liabilities and Contingent Assets

(i) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made. The expense relating to a provision is presented in the Consolidated Statement of Profit and Loss net of any reimbursement.

If the effect of time value of money is material, provisions are discounted using a current pre tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(ii) Contingent Liabilities

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 the obligation or a reliable estimate of the amount cannot be made.

(iii) Contingent Assets

Contingent Assets are not recognised in the Consolidated financial statements. Contingent Assets if any, are disclosed in the notes to the Consolidated financial statements.

r. Revenue Recognition

(i) Sale of Goods

- Revenue from the domestic sales are recognised net of returns and allowances, trade discounts and volume rebates upon delivery which is when the control of the goods passes to the Customer and performance obligation is met at a point in time.
- Revenue from the export sales are recognised net of returns and allowances, trade discounts and volume rebates upon delivery, usually on the basis of dates of bill of lading which is when the control of the goods passes to the Customer and performance obligation is met at a point in time.

(ii) Sale of services

Revenue is recognised from sale of services when the performance obligation is satisfied and the services are rendered in accordance with the terms of customer contracts. In case of services rendered by the Holding Company pertaining to scaling of production process, engineering assistance, pilot projecting etc, revenue is recognised when the performance obligation is satisfied and the services are rendered in accordance with the terms of customer contracts.

(iii) Export Incentives

Revenue from export incentives are accounted on export of goods if the entitlements can be estimated with reasonable assurance and conditions precedent to claim are fulfilled.

(iv) Interest Income

- (a) Interest income is recognized as the interest accrues (using the effective interest rate, that is, the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset).
- b) Interest income on fixed deposits with banks is recognised on time basis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended March 31, 2021

(v) Dividend Income

Dividend income on investments is recognised when the right to receive dividend is established.

s. Employee Benefits

Liabilities in respect of employee benefits to employees are provided for as follows:

(i) Short term employee benefits:

Liabilities for wages, salaries, bonus and medical benefits including non-monetary benefits that are expected to be settled wholly within twelve months after the end of the period in which the employees render the related service are recognised in respect of employees' service up to the end of the reporting period and are measured at the amounts expected to be incurred when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the Consolidated balance sheet.

(ii) Post-Employment Benefits:

Defined Contribution Plans

Payments to defined contribution plans for eligible employees in the form of superannuation fund and the Company's contribution to Provident Fund are recognised as an expense in the Consolidated Statement of Profit and Loss as the related service is provided.

Defined Benefit Plans

The Group has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The Group's net obligation in respect of defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in current and prior periods, after discounting the same. The calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method. The defined benefit obligation recognised in the Consolidated Balance Sheet represent the present value of the defined benefit obligation as reduced by the fair value of plan assets. Any defined benefit asset (negative defined benefit obligation resulting from this calculation) representing the present value of available refunds and reductions in future contributions to the plan is recognised.

All expenses represented by current service cost, past service cost, if any, and net interest expense / (income) on the net defined benefit liability / (asset) are recognised in the Consolidated Statement of Profit and Loss. Re-measurements of the net defined benefit liability / (asset) comprising actuarial gains and losses are recognised immediately in Other Comprehensive Income (OCI).

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in the Consolidated Statement of Profit and Loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(iii) Other long-term employee benefits

Other long term employee benefits represent liabilities for earned leave that are not expected to be settled wholly within 12 months after the end of the period in which the employees render the service. These liabilities are measured as the present value of expected future payments to be made in respect of services provided by the employees up to the end of the reporting period using the projected unit credit method. Re-measurements are recognised in the Consolidated Statement of Profit and Loss in the period in which they arise. Actuarial gains and losses in respect of such benefits are charged to the Consolidated Statement of Profit and Loss in the period in which they arise.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended March 31, 2021

t. Share-Based Payment

Employees Stock Options Plans (“ESOPs”): The fair value of options granted to employees is recognized as an employee expense, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the options. The expense is recorded for each separately vesting portion of the award. The increase in equity recognized in connection with share based payment transaction is presented as a separate component in equity under “Employee Stock Options Outstanding”.

u. Government Grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in the consolidated statement of profit and loss in the period in which they become receivable.

v. Borrowing Cost

Borrowing costs are interest and other costs that the Group incurs in connection with the borrowing of funds and is measured with reference to the effective interest rate applicable to the respective borrowing. Borrowing costs also include exchange differences on foreign currency borrowings to the extent they are regarded as an adjustment to interest costs.

Borrowing costs pertaining to the period from commencement of activities relating to the construction / development of qualifying asset till the time all activities necessary to prepare the qualifying asset for its intended use or sale are complete are capitalised. Any income earned from temporary investment of borrowed funds is deducted from borrowing costs incurred.

A qualifying asset is an asset that necessarily requires a substantial period of time to get ready to its intended use or sale.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

w. Foreign Currency Transactions / Translations

Transactions in foreign currencies are initially recorded at the functional currency spot rate of exchange prevailing on the date of transaction.

Monetary assets and liabilities denominated in foreign currencies and remaining unsettled at the reporting date are translated into the functional currency at the exchange rate prevailing on the reporting date.

Non- monetary items that are measured based on historical cost in a foreign currency are not translated.

Exchange differences arising on settlement of transactions or translation of monetary assets and liabilities at rates different from those at which they were translated on initial recognition during the period or in the previous financial statements are recognised in the Consolidated Statement of Profit and Loss in the year in which they arise except for exchange differences recognised as a part of qualifying assets.

In case of foreign operations whose functional currency is different from the Holding Company’s functional currency, the assets and liabilities of such foreign operations, including goodwill and fair value adjustments arising upon acquisition, are translated to the reporting currency at exchange rates at the reporting date. The income and expenses of such foreign operations are translated to the reporting currency at the average exchange rates prevailing during the year. Resulting foreign currency differences are recognised in Other Comprehensive Income / (Loss) and accumulated within equity as a part of Foreign Currency Translation Reserve (FCTR). The financial statements of a subsidiary whose functional currency is the currency of hyperinflationary economy, the inflation

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended March 31, 2021

effects of origin country are recognised and subsequently translated into reporting currency. When a foreign operation is disposed of, in part or in full, the relevant amount in FCTR is transferred to the Consolidated Statement of Profit and Loss.

x. Income Tax

Income tax expense comprises current and deferred tax. It is recognised in the Consolidated Statement of Profit and Loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income, in which case, the tax is also recognized directly in equity or other comprehensive income, respectively.

(i) Current Tax

Current tax is determined as the amount of tax payable or recoverable in respect of taxable income or loss for the year and any adjustment to the tax payable in respect of previous years. It is measured using tax rates that are enacted or substantively enacted at the reporting date.

Minimum Alternate Tax (MAT) is accounted as current tax when the Group is subjected to such provisions of the Income Tax Act, 1961. However, credit of such MAT paid is available when the Group is subject to tax as per normal provisions in the future.

Current tax assets and liabilities are offset only if, the Group:

- a) has a legally enforceable right to set off the recognised amounts; and
- b) Intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

(ii) Deferred Tax

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

Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are amounts of income taxes in future periods in respect of deductible temporary differences, unused tax losses, and unused tax credits to the extent it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of the deferred tax asset to be utilised.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be recovered.

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 only if:

- a) The Group has a legally enforceable right to set off current tax assets against current tax liabilities; and
- b) The deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on the same taxable entity.

MAT (Minimum Alternate Tax) credit is recognised as an asset only when, and to the extent, there is convincing evidence that the Group will pay normal income tax during the specified period and the said is created by way of credit to the Consolidated Statement of Profit and Loss and shown as MAT credit entitlement. The Group

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended March 31, 2021

reviews carrying amount of MAT credit at each reporting date and writes down the same to the extent that there is no longer convincing evidence to the effect that the Group will pay normal income tax during the period.

y. Recognition of effects of inflation in countries with hyperinflationary economic environment

The Group recognises the effect of inflation on the financial statements of a subsidiary that operates in hyperinflationary economic environment which consists of:

- using inflation factors to restate non-monetary assets such as property, plant and equipment including related costs and expenses when such assets are consumed or depreciated.
- applying inflation factors to restate capital stock, net income, retained earnings by the necessary amount to maintain the purchasing power equivalent in the currency of the country on the dates when such capital was contributed or income was generated upto the reporting date.
- include the gain or loss in consolidated statement of profit and loss.

The Group restates the financial information of subsidiary that operates in hyperinflationary economic environment using the general price index of the country.

z. Earnings per Share

Basic earnings per share are computed by dividing the net profit / (loss) after tax by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the net profit / (loss) after tax as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares outstanding during the year adjusted for the effect of all dilutive potential equity shares.

aa. Dividend

The Group recognises a liability for any dividend declared but not distributed at the end of the reporting period, when the distribution is authorised and the distribution is no longer at the discretion of the Group on or before the end of the reporting period. As per Corporate laws in India, a distribution is authorized when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

ab. Segment Reporting

Operating Segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM) which is a single business segment in Speciality Chemicals.

ac. Events after the reporting period

When events occur after the reporting period provide evidence of the conditions that existed at the end of the reporting period, the impact of such events is adjusted in the financials statements. Otherwise, events after the reporting period of material size or nature are only disclosed.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended March 31, 2021

2 (a) Property, Plant & Equipment

Particulars	Other than Research & Development ("R&D") Assets										R&D Assets		Total Property, Plant and Equipment
	Freehold Land	Leasehold Land	Leasehold Improvement	Factory & Other Building	Site Development	Plant, Equipment & Machinery	Furniture & Fixtures	Vehicles	Computer/Hardware Cost	Equipment & Furniture	Building		
Gross Block													
Balance as at April 1, 2020	249.52	-	444.89	3,580.17	110.28	24,491.62	486.49	351.79	199.17	812.43	223.68	30,950.04	
Additions	33.74	-	53.19	2,536.08	2,341.10	17,016.32	215.93	82.91	244.11	23.45	-	20,439.83	
Deletions / Disposals	-	-	-	22.22	-	0.99	2.21	49.25	-	-	-	74.67	
Impact of revaluation of assets by a subsidiary (Refer Note 2.a.iii)	-	-	-	-	-	10,331.88	-	-	-	-	-	10,331.88	
Foreign exchange translation difference	9.18	-	28.42	145.79	4.12	1,133.29	(3.14)	18.96	(2.10)	-	-	1,334.52	
Balance as at March 31, 2021	292.44	-	526.50	6,239.82	348.50	52,972.12	697.07	404.41	441.18	835.88	223.68	62,981.60	
Accumulated Depreciation													
Balance upto April 1, 2020	-	-	82.70	582.81	16.64	8,951.10	270.64	173.76	114.12	362.91	53.85	10,608.53	
Depreciation for the year (Refer Note 2.a.ii)	-	-	26.88	235.54	21.93	2,880.72	44.82	61.75	64.72	86.11	5.96	3,428.43	
Deletions / Disposals	-	-	-	-	-	-	1.49	45.94	-	-	-	47.43	
Foreign exchange translation difference	-	-	(116)	41.79	0.52	753.32	7.93	14.81	(0.27)	-	-	816.94	
Balance upto March 31, 2021	-	-	108.42	860.14	39.09	12,585.14	321.90	204.38	178.57	449.02	59.81	14,806.47	
Net Carrying Amount as at March 31, 2021	292.44	-	418.08	5,379.68	309.41	40,386.98	375.17	200.03	262.61	386.86	163.87	48,175.13	

Particulars	Other than Research & Development ("R&D") Assets										R&D Assets		Total Property, Plant and Equipment
	Freehold Land	Leasehold Land	Leasehold Improvement	Factory & Other Building	Site Development	Plant, Equipment & Machinery	Furniture & Fixtures	Vehicles	Computer/Hardware Cost	Equipment & Furniture	Building		
Gross Block													
Balance as at April 1, 2019	124.70	2,192.61	271.57	3,148.41	27.62	19,980.11	420.42	341.86	142.72	812.43	212.60	27,675.05	
Transition impact of Ind AS 116 (Refer Note 3)	-	(2,192.61)	-	-	-	-	-	-	-	-	-	(2,192.61)	
Restated Balance as at April 1, 2019	124.70	-	271.57	3,148.41	27.62	19,980.11	420.42	341.86	142.72	812.43	212.60	25,482.44	
Additions	116.26	-	184.92	2,811.2	82.66	3,060.53	86.95	83.33	54.60	13.66	-	3,964.03	
Deletions / Disposals	-	-	-	1.93	-	22.71	-	51.48	0.12	-	-	76.24	
Foreign exchange translation difference	8.56	-	(116.0)	152.57	-	1,473.69	(20.88)	(21.92)	1.97	(2.58)	-	1,579.81	
Balance as at March 31, 2020	249.52	-	444.89	3,580.17	110.28	24,491.62	486.49	351.79	199.17	812.43	223.68	30,950.04	
Accumulated Depreciation													
Balance upto April 1, 2019	-	102.65	74.98	357.69	4.63	5,790.31	242.63	162.32	78.10	274.72	41.19	7,129.22	
Transition impact of Ind AS 116 (Refer Note 3)	-	(102.65)	-	-	-	-	-	-	-	-	-	(102.65)	
Restated Balance upto April 1, 2019	-	-	74.98	357.69	4.63	5,790.31	242.63	162.32	78.10	274.72	41.19	7,026.57	
Depreciation for the year (Refer Note 2.a.ii)	-	-	18.64	166.75	12.01	2,100.14	48.37	57.22	36.81	90.98	12.66	2,543.58	
Deletions / Disposals	-	-	-	-	-	22.46	-	39.99	0.12	-	-	62.57	
Foreign exchange translation difference	-	-	(10.92)	58.37	-	1,083.11	(20.36)	(5.79)	(0.67)	(2.79)	-	1,100.95	
Balance upto March 31, 2020	-	-	82.70	582.81	16.64	8,951.10	270.64	173.76	114.12	362.91	53.85	10,608.53	
Net Carrying Amount as at March 31, 2020	249.52	-	362.19	2,997.36	93.64	15,540.52	215.85	178.03	85.05	449.52	169.83	20,341.51	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended March 31, 2021

2.a.i Refer Note 23.2, Note 23.3, Note 23.5 and Note 26.1 and Note 26.2 for information on Property, Plant and Equipment pledged as security for borrowings.

2.a.ii Depreciation during the year amounting to INR Nil (2019-2020: INR 0.64 lakh) has been accounted in Capital Work in Progress.

2.a.iii As on March 31, 2021, CFS Europe SpA, a wholly owned subsidiary of the Holding Company has revalued a class of assets, being plant and machinery of diphenol plant based on the certificate issued by an independent approved valuer. Consequently, the said assets are stated at revalued amount of INR 16,526.76 lakh as against the cost of INR 6,194.88 lakh. The surplus on revaluation amounting to INR 10,021.92 lakh (net of tax payable of INR 309.96 lakh) has been accounted through Other Comprehensive Income and included under Other Equity. There is no impact of such revaluation on the amount of depreciation in the current year.

2.b Capital Work-in-Progress

INR (in Lakh)

Particulars	INR (in Lakh)	
	As at March 31, 2021	As at March 31, 2020
Capital Work-in-Progress	2,367.71	17,604.06
	2,367.71	17,604.06

2.b.i Capital Work-in-Progress includes INR 16.94 lakh (2019-2020: 154.36 lakh) towards borrowing costs on general borrowing capitalised during the year. The average capitalisation rate for general borrowing is 10.80% p.a (2019-2020: 11.09% p.a). Further, the borrowing cost of INR 32.51 lakh (including exchange loss of INR 22.55 lakh and net of interest income on temporary investments amounting to INR 8.16 lakh) ((2019-2020: the borrowing cost of of INR 508.50 lakh including exchange loss of INR 555.26 lakh and net of interest income on temporary investments amounting to INR 69.71 lakh)) is towards specific borrowing capitalised during the year. The capitalisation rate is 5.01% p.a. (2019-2020: 8.15% p.a).

2.b.ii Refer Note 42 (II) for disclosure of contractual commitments for the acquisition of Property, Plant and Equipment.

3 Right-Of-Use Assets**(a) Changes in the carrying value of right of use assets for the year ended March 31, 2021**

INR (in Lakh)

Particulars	Category of Asset			
	Land	Buildings	Vehicles	Total
Balance as at April 1, 2020	2,057.00	1,281.68	36.16	3,374.84
Additions during the year	-	464.82	-	464.82
Deletions	-	-	-	-
Depreciation/ Amortisation expense	(52.07)	(627.67)	(20.54)	(700.28)
Foreign exchange translation difference	14.22	(26.05)	1.33	(10.50)
Balance as at March 31, 2021	2,019.15	1,092.78	16.95	3,128.88

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended March 31, 2021

Changes in the carrying value of right of use assets for the year ended March 31, 2020

INR (in Lakh)

Particulars	Category of Asset			
	Land	Buildings	Vehicles	Total
Balance as at April 1, 2019	-	-	-	-
Additions, pursuant to initial application of Standard	2,095.71	1,255.85	52.37	3,403.93
Additions during the year	4.44	578.53	-	582.97
Deletions	-	(29.68)	-	(29.68)
Depreciation/ Amortisation expense	(51.47)	(401.79)	(19.81)	(473.07)
Foreign exchange translation difference	8.32	(121.23)	3.60	(109.31)
Balance as at March 31, 2020	2,057.00	1,281.68	36.16	3,374.84

(b) Movement in lease liabilities during the year ended March 31, 2021

INR (in Lakh)

Particulars	Category of Asset			
	Land	Buildings	Vehicles	Total
Balance as at April 1, 2020	5.76	1,251.64	37.04	1,294.44
Additions during the year	-	464.30	-	464.30
Deletions	-	-	-	-
Interest incurred during the year	0.63	118.95	1.45	121.03
Payment of lease liabilities	(0.68)	(610.43)	(22.20)	(633.31)
Foreign exchange translation difference	-	(39.33)	1.50	(37.83)
Balance as at March 31, 2021	5.71	1,185.13	17.79	1,208.63

Movement in lease liabilities during the year ended March 31, 2020

INR (in Lakh)

Particulars	Category of Asset			
	Land	Buildings	Vehicles	Total
Balance as at April 1, 2019	-	-	-	-
Additions, pursuant to initial application of Standard	5.76	1,087.96	52.37	1,146.09
Additions during the year	-	574.09	-	574.09
Deletions	-	(32.21)	-	(32.21)
Interest incurred during the year	-	104.41	2.23	106.64
Payment of lease liabilities	-	(378.01)	(20.19)	(398.20)
Foreign exchange translation difference	-	(104.60)	2.63	(101.97)
Balance as at March 31, 2020	5.76	1,251.64	37.04	1,294.44

(c) Contractual maturities of lease liabilities on an undiscounted basis

INR (in Lakh)

Particulars	As at March 31, 2021	As at March 31, 2020
Less than one year	455.57	452.15
One to two years	391.66	335.71
Two to five years	551.59	874.26
More than five years	13.56	14.24
Total	1,412.38	1,676.36

(d) The Group has incurred INR 415.08 lakh (2019-2020: INR 413.74 lakh) towards short term leases (Refer Note 39)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended March 31, 2021

4 Investment Property

INR (in Lakh)

Particulars	Gross and Net Carrying Amount		Fair Value	
	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
Freehold Land	207.19	207.19	Refer Note 4.4	Refer Note 4.4
	207.19	207.19	-	-

- 4.1 Refer Note 23.2, Note 23.3, Note 23.5 and Note 26.1 and Note 26.2 for information on Property, Plant and Equipment pledged as security for borrowings.
- 4.2 The erstwhile name of the Holding Company viz; Camlin Fine Chemicals Limited is on the title deeds of freehold land.
- 4.3 Direct operating expenses arising from investment property that did not generate rental income during the year amount to INR 0.42 lakh (2019-20: INR 0.43 lakh).
- 4.4 The Holding Company has carried out valuation of investment property as on May 18, 2019 amounting to INR 523.20 lakh. However, the Company could not carry out fair valuation of investment property as at March 31, 2021 and March 31, 2020 due to lockdown announced by the Government of India in view of COVID -19 pandemic. In the opinion of the management, there is no major change in fair value.

5 Intangible Assets

INR (in Lakh)

Particulars	Software	Technical Know-How	Development Expenditure	R & D Process Development	Patents	As at March 31, 2021
Gross Block						
Balance as at April 1, 2020	176.72	103.47	1,785.05	80.20	1,907.35	4,052.79
Additions	52.09	298.39	60.26	-	-	410.74
Deletions / Disposals	-	-	-	-	-	-
Foreign exchange translation difference	(0.34)	-	26.21	-	95.18	121.05
Balance as at March 31, 2021	228.47	401.86	1,871.52	80.20	2,002.53	4,584.58
Accumulated Amortisation						
Balance upto April 1, 2020	138.23	103.47	994.62	80.20	524.50	1,841.02
Amortisation for the year	37.03	15.70	47.73	-	200.25	300.71
Deletions / Disposals	-	-	-	-	-	-
Foreign exchange translation difference	(0.03)	-	18.64	-	26.16	44.77
Balance upto March 31, 2021	175.23	119.17	1,060.99	80.20	750.91	2,186.50
Net Carrying Amount as at March 31, 2021	53.24	282.69	810.53	-	1,251.62	2,398.08

INR (in Lakh)

Particulars	Software	Technical Know-How	Development Expenditure	R & D Process Development	Patents	As at March 31, 2020
Gross Block						
Balance as at April 1, 2019	175.45	103.47	1,373.51	80.20	1,852.77	3,585.40
Additions	3.09	-	350.68	-	-	353.77
Deletions / Disposals	-	-	-	-	-	-
Foreign exchange translation difference	(1.82)	-	60.86	-	54.58	113.62
Balance as at March 31, 2020	176.72	103.47	1,785.05	80.20	1,907.35	4,052.79
Accumulated Amortisation						
Balance upto April 1, 2019	100.63	103.47	928.96	80.20	324.23	1,537.49
Amortisation for the year	38.15	-	35.34	-	190.73	264.22
Deletions / Disposals	-	-	-	-	-	-
Foreign exchange translation difference	(0.55)	-	30.32	-	9.54	39.31
Balance upto March 31, 2020	138.23	103.47	994.62	80.20	524.50	1,841.02
Net Carrying Amount as at March 31, 2020	38.49	-	790.43	-	1,382.85	2,211.77

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended March 31, 2021

6 Investment in Associate

INR (in Lakh)

Particulars	As at March 31, 2021		As at March 31, 2020	
	Number of Shares	Amount	Number of Shares	Amount
Investment in Equity Instruments (Fully paid, accounted as per Equity method)				
Unquoted				
Fine Lifestyle Brand Limited (of INR 10 each)	254,994	13.33	254,994	13.27
Aggregate amount of unquoted investments		13.33		13.27
Aggregate amount of impairment in value of investments		-		-

7 Investments

INR (in Lakh)

Particulars	As at March 31, 2021		As at March 31, 2020	
	Number of Shares	Amount	Number of Shares	Amount
Investment in Equity Instruments (Fully Paid) (At Cost)				
Unquoted				
(i) Subsidiaries				
Dresen Quimica, S.A.P.I de C.V (Refer Note 7.1)	-	615.15	-	615.15
(ii) Others				
Fine Renewable Energy Limited (of INR 10 each)	50,995	5.10	50,995	5.10
Ravenna Servizi Industrial Consortium (of EUR 1 each)	141,783	98.60	141,783	98.60
Unicredit Bank (of EUR 1 each)	10,000	8.30	10,000	8.30
Saraswat Co-Operative Bank Limited (of INR 10 each)	5,000	0.50	5,000	0.50
Total (ii)		112.50		112.50
(iii) Total (i+ii)		727.65		727.65
(iv) Provision for impairment in value of investments (Refer Note 7.2)		(5.10)		(5.10)
(v) Net Investments (iii-iv)		722.55		722.55
Aggregate amount of unquoted investments		722.55		722.55
Aggregate amount of impairment in value of investments		5.10		5.10

7.1 The Shareholders Agreement entered into with shareholders of Dresen Quimica S.A.P.I. de C.V. (Dresen Quimica) provides for put option to the minority shareholders any time after 2 years from the date of agreement, being May 4, 2016. The put option provides a right to non-controlling interests to sell their 35% stake in Dresen Quimica as per agreed exercise price. The fair value of put option is calculated based on shareholders agreement using 'Income Approach'. Accordingly the fair value of the put option as a financial obligation amounting to INR 615.15 lakh is recognised as an investment.

7.2 The provision for impairment in the value of investments represents the provision in respect of investments in Fine Renewable Energy Limited.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended March 31, 2021

8 Loans

INR (in Lakh)

Particulars	As at March 31, 2021	As at March 31, 2020
Unsecured, Considered good		
Security Deposits	1,328.68	1,234.76
	1,328.68	1,234.76

9 Other Financial Assets

INR (in Lakh)

Particulars	As at March 31, 2021	As at March 31, 2020
Derivative Asset (Refer Note 9.1)	9.97	-
	9.97	-

9.1 The derivative asset INR 9.97 lakh (March 31, 2020: INR Nil) / liability INR Nil (March 31, 2020: INR 1.62 lakh) represents the embedded derivative portion of compound financial instrument i.e FCCB. The Holding Company has measured the embedded derivative at FVTPL and the host contract has been accounted at amortised cost. The change in the carrying amount of the embedded derivative amounting to INR 11.59 lakh (2019-2020: INR Nil) has been recognised in the Consolidated Statement of Profit and Loss (Refer Note 33(b)).

10 Deferred Tax Assets / (Liabilities) (Net)

a) Movement in Deferred Tax Balances

INR (in Lakh)

Particulars	As at April 1, 2020		Movement during the year			As at March 31, 2021	
	Deferred Tax Assets / (Liabilities)	Deferred Tax Assets / (Liabilities)	Recognised in Consolidated Statement of Profit and Loss	Recognised in Equity	Recognised in OCI	Deferred Tax Assets/ (Liabilities)	Deferred Tax Assets/ (Liabilities)
Deferred Tax Assets/ (Liabilities)							
Property, Plant and Equipment & Intangible Assets	(55.28)	(844.27)	(1,999.62)	-	-	(49.57)	(2,849.62)
Provision for Bad and Doubtful Debts and Advances	474.09	294.94	41.69	-	-	474.09	336.63
QIP Issue Expenses	-	65.54	(33.03)	(38.09)	-	-	(5.58)
Employee Benefits	-	52.76	20.55	-	-	-	73.31
Remeasurement of Defined Benefit Plan	-	25.94	-	-	13.50	2.01	37.43
Unabsorbed business losses	1,905.57	-	581.24	-	-	958.30	1,528.51
Disallowances under the Income-Tax Act	3.56	20.05	(5.24)	-	-	3.56	14.81
Research and Development Costs	9.69	-	-	-	-	9.69	-
Deductible costs for cash	269.24	-	1.80	-	-	271.04	-
Transaction costs relating to FCCB	-	(147.79)	42.23	-	-	-	(105.56)
Transaction costs relating to ECB	-	-	(158.55)	-	-	-	(158.55)
Interest income from temporary investment of FCCB funds	-	133.89	(35.99)	-	-	-	97.90
Consolidation adjustments	1,105.58	-	129.33	-	-	1,234.91	-
Unutilised MAT Credit	-	162.64	215.03	-	-	-	377.67
Lease Liabilities	15.26	28.13	19.52	-	-	40.42	22.49
Others	85.19	-	(57.10)	-	-	28.09	-
Exchange Differences	255.69	-	-	-	-	328.31	-
Deferred Tax Assets/ (Liabilities)	4,068.58	(208.18)	(1,238.14)	(38.09)	13.50	3,300.85	(630.56)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended March 31, 2021

Particulars	INR (in Lakh)						
	As at April 1, 2019		Movement during the year			As at March 31, 2020	
	Deferred Tax Assets / (Liabilities)	Deferred Tax Assets / (Liabilities)	Recognised in Consolidated Statement of Profit and Loss	Recognised in Equity	Recognised in OCI	Deferred Tax Assets/ (Liabilities)	Deferred Tax Assets/ (Liabilities)
Deferred Tax Assets/ (Liabilities)							
Property, Plant and Equipment & Intangible Assets	(865.54)	-	(34.02)	-	-	(55.28)	(844.27)
Provision for Bad and Doubtful Debts and Advances	534.44	-	234.59	-	-	474.09	294.94
QIP Issue Expenses	103.63	-	-	(38.09)	-	-	65.54
Employee Benefits	30.98	-	21.78	-	-	-	52.76
Remeasurement of Defined Benefit Plan	10.28	-	-	-	15.66	-	25.94
Unabsorbed business losses	2,652.28	-	(746.70)	-	-	1,905.57	-
Disallowances under the Income-Tax Act	(3.11)	-	26.72	-	-	3.56	20.05
Research and Development Costs	9.69	-	-	-	-	9.69	-
Deductible costs for cash	277.59	-	(8.35)	-	-	269.24	-
Transaction costs relating to FCCB	(147.79)	-	-	-	-	-	(147.79)
Interest income from temporary investment of FCCB funds	109.72	-	24.17	-	-	-	133.89
Consolidation Adjustments	905.31	-	200.27	-	-	1,105.58	-
Unutilised MAT Credit	334.45	-	(171.81)	-	-	-	162.64
Lease Liabilities	-	-	43.39	-	-	15.26	28.13
Others	23.24	-	61.95	-	-	85.19	-
Exchange Differences (including on translation of foreign operations)	149.43	(11.84)	-	(21.71)	-	255.69	-
Deferred Tax Assets/ (Liabilities)	4,124.60	(11.84)	(348.01)	(59.80)	15.66	4,068.58	(208.18)

10 b) Tax expense recognised in Consolidated Statement of Profit and Loss

Particulars	INR (in Lakh)	
	For the year ended March 31, 2021	For the year ended March 31, 2020
Current Tax		
In respect of current year	2,812.82	2,681.86
In respect of prior year	(77.13)	(21.06)
(Origination) / Utilisation of MAT Credit Entitlement	-	(171.81)
	2,735.69	2488.99
Deferred Tax		
Origination and reversal of Tax on Temporary Differences#	1,452.77	176.20
(Origination) / Utilisation of MAT Credit Entitlement	(214.63)	171.81
	1,238.14	348.01
Tax expense for the year	3,973.83	2,837.00

#Deferred tax expense for the current year includes INR 377 lakh pertaining to earlier years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended March 31, 2021

c) Tax recognised in Other Comprehensive Income

Particulars	INR (in Lakh)	
	For the year ended March 31, 2021	For the year ended March 31, 2020
Items that will not be subsequently reclassified to Profit and Loss		
Remeasurements of defined benefit plans	(13.50)	(15.66)
Items that will be subsequently reclassified to Profit and Loss		
Exchange differences on translation of financial statements of foreign operations	-	21.37
Total	(13.50)	5.71

d) Reconciliation of Effective Tax Rate

Particulars	INR (in Lakh)	
	For the year ended March 31, 2021	For the year ended March 31, 2020
Profit Before Tax	10,509.57	5,820.17
Statutory Indian Income Tax rate#	34.94%	34.94%
Expected Income Tax Expense	3,672.46	2,033.80
Tax effect of:		
Tax expense in respect of prior year	299.87	(21.06)
Effect of tax provision at subsidiaries	1,071.95	476.25
Tax rate difference	167.68	-
Property, Plant and Equipment & Intangible Assets	(1,999.62)	34.02
Provision for Doubtful Debts and Advances	41.69	(234.59)
QIP Issue Expenses	(33.03)	-
Employee Benefits	20.55	(21.78)
Unabsorbed business losses	581.24	746.70
Disallowances under the Income-Tax Act	(5.24)	(26.72)
Deductible costs for cash	1.80	-
Transaction costs relating to FCCB	42.23	-
Transaction costs relating to ECB	(158.55)	-
Interest income from temporary investment of FCCB funds	(35.99)	(24.17)
Impact of Consolidation Adjustments	129.33	(200.27)
Unutilised MAT Credit	215.03	171.81
Lease Liabilities	19.52	(43.39)
Others	(57.09)	(53.60)
Total Income Tax Expense	3,973.83	2,837.00

The Holding Company has elected not to exercise the option permitted under Section 115BAA of the Income Tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019 for the current financial year. The tax rate applicable to the Company for the current financial year is 34.94%.

e) Unrecognised tax items

As at March 31, 2021, unrecognised deferred tax assets on account of tax losses for which no deferred tax assets is recognised is INR 1,466.36 lakh (March 31, 2020: INR 1,242.64 lakh) in various jurisdictions, which can be carried forward up to a specified period or indefinitely. The total unused tax losses as at March 31, 2021 is INR 6,479.43 lakh (March 31, 2020: INR 5,416.74 lakh).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended March 31, 2021

11 Income Tax Assets

Particulars	INR (in Lakh)	
	As at March 31, 2021	As at March 31, 2020
Advance Tax and Tax Deducted at Source (Net of Provision of Tax)	867.84	657.16
	867.84	657.16

12 Other Non-Current Assets

Particulars	INR (in Lakh)	
	As at March 31, 2021	As at March 31, 2020
Capital Advances	1,533.72	592.52
Prepaid Expenses	179.76	165.37
	1,713.48	757.89

13 Inventories

Particulars	INR (in Lakh)	
	As at March 31, 2021	As at March 31, 2020
(a) Raw material and Components		
(i) in stock	11,467.29	7,324.62
(ii) in transit	2,170.94	2,715.10
(b) Work-in-Progress	10,533.87	7,804.00
(c) Finished goods	4,826.55	9,823.27
(d) Stock-in-Trade	1,703.91	1,169.06
(e) Stores and Spares	1,297.01	978.80
	31,999.57	29,814.85

14 Trade Receivables

Particulars	INR (in Lakh)	
	As at March 31, 2021	As at March 31, 2020
Unsecured		
(i) Trade Receivables Considered Good (Refer Note 14.1)	27,070.74	25,280.32
(ii) Trade Receivables Credit Impaired	3,189.40	3,075.60
Less: Allowance for Credit Impaired (Refer Note 14.2)	(3,189.40)	(3,075.60)
	27,070.74	25,280.32

14.1 Above balances of trade receivables includes INR 159.91 lakh (March 31, 2020: INR 101.21 lakh) from related parties. (Refer Note 43(III)(1))

14.2 Details of allowance for credit impaired receivables

The Group has used practical expedient by computing expected credit loss allowance for trade receivables by taking into consideration historical credit loss experience and adjusted for forward looking information. The expected credit loss is with respect to credit impaired receivables, calculated on the basis of ageing of the days the receivables are due and the expected credit loss rate. The Group is still pursuing the recovery of the receivables which are credit impaired.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended March 31, 2021

The movement in allowance for credit impaired receivables is as follows:

Particulars	INR (in Lakh)	
	As at March 31, 2021	As at March 31, 2020
Balance as at beginning of the year	3,075.60	2,254.52
Add: Created during the year	-	983.34
Less: Released during the year	(14.59)	(264.09)
Add / (Less):- Effect of foreign currency exchange differences during the year	128.39	101.83
Balance as at end of the year	3,189.40	3,075.60

- 14.3** The carrying amount of trade receivables include receivables discounted with banks, which are with re-course to the Group. Accordingly, the Group continues to recognise the transferred receivables in its Consolidated Balance Sheet. The carrying amount of these receivables is INR 1,798.19 lakh (March 31, 2020: INR 2,867.82 lakh). The corresponding carrying amount of associated liabilities are recognised as short term borrowings. (Refer Note 26.3)

15 Cash and Cash Equivalents

Particulars	INR (in Lakh)	
	As at March 31, 2021	As at March 31, 2020
(a) Balances with Banks in Current Accounts	6,017.74	5,221.28
(b) Bank Deposits with original maturity of less than three months	1,525.09	-
(c) Cash on Hand	9.13	15.39
	7,551.96	5,236.67

16 Bank Balances other than Cash and Cash Equivalents

Particulars	INR (in Lakh)	
	As at March 31, 2021	As at March 31, 2020
(a) Earmarked balances with banks (Refer Note 16.1)	19.29	24.06
(b) Bank Deposits with original maturity of more than three months but less than 12 months	4,515.79	-
(c) Balances with banks to the extent held as margin money or security against borrowings, guarantees and other commitments which have original maturity period of more than three months but less than 12 months.	1,747.26	1,218.21
	6,282.34	1,242.27

- 16.1** Earmarked balances with banks refers to balance carried in designated banks towards unclaimed dividend.

17 Loans

Particulars	INR (in Lakh)	
	As at March 31, 2021	As at March 31, 2020
Unsecured, Considered Good		
(a) Security Deposits	80.05	98.97
(b) Loans to Employees	7.26	14.73
	87.31	113.70

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended March 31, 2021

18 Other Financial Assets

Particulars	INR (in Lakh)	
	As at March 31, 2021	As at March 31, 2020
Export Benefits Receivable	767.04	1,012.97
Others	247.12	152.74
	1,014.16	1,165.71

19 Other Current Assets

Particulars	INR (in Lakh)	
	As at March 31, 2021	As at March 31, 2020
Unsecured, Considered Good		
Advances to Vendors	1,621.11	1,190.97
Prepaid Expenses	876.75	722.62
Balance with Gratuity Fund (Refer Note 36.2(c))	86.34	124.49
Balance with Statutory/Government Authorities	2,476.41	2,517.40
Others (Refer Note 42(l)(c))	402.80	86.58
Unsecured, Credit Impaired		
Advances to Vendors	245.50	245.50
Less:- Allowance for Credit Impaired	(245.50)	(245.50)
	5,463.41	4,642.06

20 Equity Share Capital

Particulars	INR (in Lakh)	
	As at March 31, 2021	As at March 31, 2020
a) Authorised :		
180,000,000 Equity Shares of INR 1 each (March 31, 2020: 150,000,000 Equity Shares of INR 1 each)	1,800.00	1,500.00
	1,800.00	1,500.00
b) Issued, Subscribed and Paid - up:		
127,498,471 Equity Shares of INR 1 each (March 31, 2020: 121,253,996 Equity Shares of INR 1 each)	1,274.98	1,212.54
	1,274.98	1,212.54

- c) During the year, Holding Company has issued 94,475 Equity Shares (2019-2020: Nil Equity Shares) under Employee Stock Option Scheme, 2018.
- d) During the year, Holding Company has issued 6,150,000 Equity Shares (2019-2020: Nil Equity Shares) pursuant to conversion of equivalent number of preferential share warrants.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended March 31, 2021

e) Reconciliation of number of Shares and amount outstanding at the beginning and at the end of the year

Particulars	As at March 31, 2021		As at March 31, 2020	
	No. of Shares	INR (in Lakh)	No. of Shares	INR (in Lakh)
Equity Shares				
Outstanding at the beginning of the year	121,253,996	1,212.54	121,253,996	1,212.54
Add: Issued pursuant to exercise of employee stock options (Refer Note 20 (c))	94,475	0.94	-	-
Add: Issued pursuant to conversion of preferential share warrants (Refer Note 20 (d))	6,150,000	61.50	-	-
Outstanding at the end of the year	127,498,471	1,274.98	121,253,996	1,212.54

f) Rights, preferences and restrictions attached to Equity Shares

The Holding Company has only one class of shares having par value of INR 1 per share. Each holder of Equity Shares is entitled to one vote per share. The Holding Company declares and pays dividends in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation of the Holding Company, the holders of Equity Shares are eligible to receive the remaining assets of the Holding Company after distribution of all preferential amounts, in proportion to their shareholding.

g) Shareholders holding more than 5% Equity Shares as at the end of the year

Name of the Shareholder	As at March 31, 2021		As at March 31, 2020	
	No. of Shares	% held	No. of Shares	% held
(i) Ashish S. Dandekar	14,060,400	11.03	14,060,400	11.60
(ii) ICICI Prudential Midcap Fund	11,227,825	8.81	6,924,965	5.71
(iii) SBI Magnum Multicap Fund	10,111,844	7.93	10,985,844	9.06
	35,400,069	27.77	31,971,209	26.37

h) Shares reserved for issue under options outstanding as at the end of the year on un-issued share capital:

- i) The Holding Company has 3,912,096 (March 31, 2020: Nil) Equity Shares reserved for issue under CFSL Employee Stock Option Plan, 2020 as at March 31, 2021 (Refer Note 36.3.1 for terms of employee stock options).
The Holding Company has 446,525 (March 31, 2020: 541,000) Equity Shares reserved for issue under CFS Employee Stock Option Scheme, 2018 as at March 31, 2021 (Refer Note 36.3.2 for terms of employee stock options).
- ii) The Holding Company has 8,603,029 (March 31, 2020: 8,603,029) Equity Shares reserved for issue towards conversion of Foreign Currency Convertible Bonds (Refer Note 23.1 for terms of Foreign Currency Convertible Bonds).
- iii) The Holding Company has 29,350,000 (March 31, 2020: Nil) Equity Shares reserved for issue towards conversion of Preferential Share Warrants (Refer Note 21.8 for terms of Preferential Share Warrants).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended March 31, 2021

21 Other Equity

Particulars	INR (in Lakh)	
	As at March 31, 2021	As at March 31, 2020
i) Share application money pending allotment		
Employee Stock Option Plan	0.83	-
ii) Equity component of Foreign Currency Convertible Bonds (FCCB) (Refer Note 21.1)	330.97	330.97
iii) Capital Reserve (Refer Note 21.2)		
Opening Balance	2,220.05	238.66
Additions during the Year	-	2,085.53
Adjustment during the year	-	(104.14)
Closing Balance	2,220.05	2,220.05
iv) Capital Reserve on Consolidation (Refer Note 21.3)	1,080.63	1,080.63
v) Securities Premium (Refer Note 21.4)		
Opening Balance	21,462.20	21,462.20
Issue of equity shares pursuant to exercise of employee stock options	46.29	-
Issue of equity shares pursuant to conversion of preferential share warrants	2,883.74	-
Transferred from Employee Stock Option Outstanding	12.07	-
Utilisations during the Year	(12.08)	-
Closing Balance	24,392.22	21,462.20
vi) Employee Stock Option Outstanding (Refer Note 21.5)		
Opening Balance	44.39	153.21
Additions/(Reversals) during the year	469.20	44.39
Transferred to Securities Premium	(12.07)	-
Termination of ESOP Scheme, 2014	-	(153.21)
Closing Balance	501.52	44.39
vii) General Reserve (Refer Note 21.6)	2,536.29	2,536.29
viii) Retained Earnings		
Opening Balance	10,437.28	6,689.89
Profit for the Year	5,096.34	3,031.86
Remeasurement of Defined Employee Benefit Plan	(41.86)	(29.14)
Termination of ESOP Scheme, 2014 (Refer Note 21.5)	-	153.21
Adjustment during the year	-	629.55
Deferred tax on QIP issue expenses	(38.09)	(38.09)
Closing Balance	15,453.67	10,437.28

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended March 31, 2021

Particulars	INR (in Lakh)	
	As at March 31, 2021	As at March 31, 2020
ix) Revaluation Surplus (Refer Note 21.7)	10,021.92	-
x) Foreign Currency Translation Reserve		
Opening Balance	989.33	1,298.19
Adjustment during the year	-	(488.35)
Additions during the Year	956.92	179.49
Closing Balance	1,946.25	989.33
xi) Money received against Preferential Share Warrants (Refer Note 21.8)		
Opening Balance	-	2,085.53
Amount received during the year	7,583.62	-
Issue of equity shares pursuant to conversion of Preferential Share Warrants	(2,945.24)	-
Expenses incurred towards issue of preferential share warrants	(69.71)	-
Issue expenses towards converted preferential share warrants transferred to Securities Premium	12.08	-
Issue expenses in respect of non-converted preferential share warrants transferred to Issue expenses towards non-converted share warrants	57.63	-
Transferred to Capital Reserve	-	(2,085.53)
Closing Balance	4,638.38	-
xii) Issue expenses towards non-converted preferential share warrants (Refer Note 21.9)	(57.63)	-
	63,065.10	39,101.14

Nature and Purpose of Reserves :**21.1 Equity component of Foreign Currency Convertible Bonds (FCCBs)**

Pursuant to Ind AS 32, FCCBs issued by the Holding Company are split into equity and liability component and presented under other equity and non-current financial liabilities respectively.

21.2 Capital Reserve

Pursuant to preferential share warrants issued during financial year ended March 31, 2018, 9,000,000 warrants at a price of INR 92.69 each on a preferential basis to certain proposed allottees aggregating to INR 8,342.10 lakh. An upfront subscription amount equal to 25% of the price amounting to Rs. 2,085.53 lakh had been received from the allottees during the financial year ended March 31, 2018 and balance 75% of the consideration was to be received at the time of allotment on or before August 8, 2019. The allottees had not exercised the option on these warrants within the stipulated period and hence the options have lapsed. As per SEBI Guidelines and terms of the issue, the advance received against these warrants of INR 2,085.53 lakh was forfeited by the Holding Company and transferred to Capital Reserve.

21.3 Capital Reserve on Consolidation

Gain on bargain purchase, i.e. excess of fair value of net assets acquired over the fair value of consideration in a business combination is recognised as Capital Reserve on Consolidation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended March 31, 2021

21.4 Securities Premium

The Securities premium account has been created to record the premium on issue of Equity Shares. This reserve is utilised for writing off the expenses incurred towards issue of preferential share warrants in accordance with the provisions of Section 52 of the Companies Act, 2013.

21.5 Employee Stock Option Outstanding

The Holding Company has Employee Stock Option Scheme under which options to subscribe to the Holding Company's shares have been given to certain employees of the Group. This reserve is used to recognise the value of equity settled share based payments provided to the employees, including Key Management Personnel, as a part of their remuneration.

The addition to Employee Stock Options Outstanding during the year is on account of CFS Employees' Stock Option Scheme, 2018 and CFSL Employees' Stock Option Plan, 2020.

On December 31, 2019 Employees' Stock Option Scheme, 2014 (ESOP-2014) scheme was terminated. The unexercised options granted to employees amounting to INR 153.21 lakh have lapsed and the said amount has been transferred to Retained Earnings.

21.6 General Reserve

General Reserve is created from time to time by way of transfer of profits from Retained Earnings.

21.7 Revaluation Surplus

As on March 31, 2021, CFS Europe SpA, a wholly owned subsidiary of the Holding Company has revalued a class of assets, being plant and machinery of diphenol plant based on the certificate issued by an independent approved valuer. Consequently, the said assets are stated at revalued amount of INR 16,526.76 lakh as against the cost of INR 6,194.88 lakh. The surplus on revaluation amounting to INR 10,021.92 lakh (net of tax payable of INR 309.96 lakh) has been accounted through Revaluation Surplus.

21.8 Money received against Preferential Share Warrants

At the EOGM held on July 25, 2020, the shareholders have approved an issue of 35,500,000 warrants at a price of INR 47.89 each on a preferential basis to certain proposed allottees aggregating to INR 17,000.95 lakh. An amount equivalent to 1/3rd price of INR 5,610.31 lakh was subscribed on September 17, 2020 on the issue of the warrants. The balance consideration is payable at the time of allotment of Equity shares pursuant to exercise of option against each such warrant. Each warrant will be converted into 1 Equity Share at the face value of INR 1 and premium of INR 46.89 each on or before 18 months from the date of allotment of warrants by the Holding Company. On November 17, 2020, the investors exercised their option of conversion of 6,150,000 warrants by subscribing the balance amount of INR 1,973.21 lakh. Pursuant to this conversion, 6,150,000 equity shares have been issued on November 24, 2020. (Refer Note 20(d)).

21.9 Issue expenses towards non-converted share warrants

Issue expenses towards non-converted share warrants comprise expenses incurred towards issue of preferential share warrants which have not been converted as on March 31, 2021. The same will be transferred to Securities Premium on conversion of share warrants to equity shares.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended March 31, 2021

22 Non-Controlling Interests

22.1 The details of Non-Controlling Interests in Subsidiaries are provided below:

INR (in Lakh)

Name	Country of Incorporation	Share of Non-Controlling Interests		Profit / (Loss) allocated to Non-Controlling Interests		Accumulated Non-Controlling Interests	
		As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
Dresen Quimica S.A.P.I. de C.V. (Dresen Quimica)*	Mexico	35.00%	35.00%	1,558.62	913.17	4,393.42	3,120.46
Chemolutions Chemicals Ltd.	India	5.92%	5.92%	1.65	2.18	23.21	21.56
CFS Wanglong Flavors (Ningbo) Co. Ltd.	China	49.00%	49.00%	(118.52)	(963.20)	2,545.15	2,539.77
CFS Pahang Asia Pte Ltd.	Singapore	49.00%	49.00%	(2.29)	(0.93)	13.17	15.05
				1,439.46	(48.78)	6,974.95	5,696.84

* The details of profits and accumulated non-controlling interests shown above are consolidated results of Dresen Quimica and its five subsidiaries.

22.2 Movement of Non-Controlling Interests

INR (in Lakh)

Particulars	As at March 31, 2021	As at March 31, 2020
Balance at the beginning of the year	5,696.84	5,939.91
Share of Profit / (Loss) for the year	1,439.46	(48.78)
Dividend declared during the year	(574.42)	(279.68)
Effect of foreign currency exchange differences during the year	413.07	(20.16)
Adjustment during the year	-	105.55
Balance at the end of the year	6,974.95	5,696.84

22.3 The summarised financial information of subsidiaries with non-controlling interests are as follows:

The summarised financial information of subsidiaries below represents amounts before intra group eliminations.

INR (in Lakh)

Particulars	Dresen Quimica S.A.P.I. de C.V.*		Chemolutions Chemicals Limited		CFS Wanglong Flavors (Ningbo) Co. Ltd.		CFS Pahang Asia Pte. Ltd.	
	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
Non-current assets	4,146.29	4,001.37	176.65	213.40	8,047.71	8,287.37	1.31	1.27
Current assets	17,130.02	13,709.03	341.94	298.67	11,948.82	10,225.38	26.71	31.60
Non-current liabilities	1,461.50	2,205.22	72.17	101.28	683.25	639.26	-	-
Current liabilities	6,318.22	6,427.65	57.21	49.43	14,100.59	12,717.30	1.37	2.38
Equity attributable to the owners	9,103.17	5,957.07	366.00	339.80	2,667.54	2,616.42	13.48	15.44
Non-controlling interests	4,393.42	3,120.46	23.21	21.56	2,545.15	2,539.77	13.17	15.05
Total income	27,405.13	26,154.25	239.34	392.17	18,519.43	17,445.26	0.01	1.46
Total expenses	21,157.62	22,130.33	203.25	276.45	18,778.65	20,118.98	4.68	3.32
Profit / (loss) for the year	4,461.10	2,631.93	27.85	36.73	(211.15)	(2,034.92)	(4.67)	(1.86)
Profit / (loss) attributable to owners of the Company	2,902.48	1,718.76	26.20	34.55	(92.63)	(1,071.72)	(2.38)	(0.93)
Profit / (loss) attributable to non-controlling interests	1,558.62	913.17	1.65	2.18	(118.52)	(963.20)	(2.29)	(0.93)

*The summarised financial information for Dresen Quimica S.A.P.I. de C.V. shown above are consolidated results of Dresen Quimica and its five subsidiaries.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended March 31, 2021

23 Borrowings

INR (in Lakh)

Particulars	As at March 31, 2021		As at March 31, 2020	
	Non-current	Current	Non-current	Current
I Foreign Currency Convertible Bonds - Unsecured (Refer Note 23.1)	11,194.98	-	11,129.76	-
II Term Loans				
(a) From Banks - Secured				
(i) In Foreign Currency (Refer Note 23.2)	1,637.55	774.51	6,327.90	1,995.30
(ii) In Rupees (Refer Note 23.3)	1,540.31	946.64	166.67	250.00
(b) From Banks - Unsecured				
In Foreign Currency (Refer Note 23.4)	9,080.37	3,053.73	3,226.99	1,353.04
(c) From Others - Secured				
In Foreign Currency (Refer Note 23.5)	3,538.10	-		
(d) From Others - Unsecured				
In Foreign Currency (Refer Note 23.6)	333.66	-	299.95	-
	27,324.97	4,774.88	21,151.27	3,598.34

23.1 Foreign Currency Convertible Bonds - Unsecured

Foreign Currency Convertible Bonds (FCCBs) denominated in USD carried at INR 11,194.98 lakh as at March 31, 2021 (March 31, 2020: INR 11,129.76 lakh) represent 30 unsecured, unlisted and unrated FCCBs of US\$ 5,00,000 each aggregating to US\$ 15,000,000. FCCBs are convertible into Holding Company's fully paid equity shares of INR 1 each at a conversion price of INR 125 per share at the option of the bond holder. If the conversion option is not exercised by the bond holder, the amount is payable in two equal instalments at the end of September 14, 2023 and September 14, 2024. The simple interest at the rate of 4.5% per annum is payable semi-annually on the outstanding amount of FCCBs, compound interest @ 2% and additional interest @0.5% shall accrue on semi-annual basis and be payable in two equal instalments on the 5th and 6th anniversary of the FCCB subscription date.

23.2 Term Loans from Banks in Foreign Currency - Secured

- INR Nil (March 31, 2020: INR 3,084.92 lakh) pertains to subsidiary in Italy secured by exclusive charge over all fixed assets (present and future) of subsidiary in Italy. Further secured by pledge of 100% shares of subsidiary in Italy held by the Holding Company, pledge of 100% shares of subsidiary in China held by the Holding Company and held by the subsidiary in Italy and corporate guarantee of the Holding Company to the extent of USD 20 million.
- INR Nil (March 31, 2020: INR 2,309.30 lakh) secured by security stated in note 23.2(a) above.
- INR 2,155.54 lakh (March 31, 2020: INR 2,928.98 lakh) pertains to subsidiary in Mexico secured by pledge of 65% equity shares of Dresen Quimica S.A.P.I. de C.V. held by the Holding Company and corporate guarantee of the Holding Company to the extent of US\$ 6.435 million. The loan is repayable in remaining 12 quarterly instalments by February 2024. The current interest rate is at a spread of 375 basis points over 6 month USD LIBOR.
- INR 256.52 lakh (March 31, 2020: INR Nil) pertains to subsidiary in Brasil secured against trade receivables. The loan is repayable in remaining 54 monthly instalments by August 2025. The current interest rate is 11.30% p.a.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended March 31, 2021

23.3 Term Loans from Banks in Rupees - Secured

- a) INR 250.00 lakh (March 31, 2020: INR 416.67 lakh) secured by a first pari passu charge on entire fixed assets of the Holding Company, both present and future other than assets which are exclusively charged to other lenders. Further secured by second pari passu charge on the entire current assets of the Holding Company, both present and future. The loan is repayable in remaining 3 equal quarterly instalments by October 2021. However, it has been fully repaid in the month of April -2021. The current interest rate is 10.40% p.a.
- b) INR 152.00 lakh (March 31, 2020: INR Nil) secured by first pari passu charge on all current assets of the Holding Company, both present and future. Further secured by second pari passu Charge on entire fixed assets of the Holding Company, excluding fixed assets at Dahej and assets exclusively charged to other lenders. The loan is repayable in remaining 16 monthly instalments by July 2022. The current interest rate is equivalent to 1 year MCLR.
- c) INR 590.00 lakh (March 31, 2020: INR Nil) secured by first pari passu charge on all current assets of the Holding Company, both present and future. Further secured by second pari passu charge on entire fixed assets of the Holding Company, excluding fixed assets at Dahej. Further secured by hypothecation of plant and machinery of the Company, excluding plant and machinery at Dahej. The loan is repayable in remaining 12 monthly instalments by March 2022. The current interest rate is equivalent to 1 year MCLR.
- d) INR 1,494.95 lakh (March 31, 2020: INR Nil) secured by second pari passu charge by way of hypthecation of inventories and book debts of the Holding Company. Further secured by second charge on properties, land and building covered under Note 26.1.a below. The loan is repayable in remaining 48 monthly instalments by March 2026. The current interest rate is at a spread of 100 basis points over 1 year MCLR.

23.4 Term Loans from Banks in Foreign Currency - Unsecured

- a) INR 2,097.26 lakh (March 31, 2020: INR 2,321.73 lakh) pertains to a subsidiary in Italy. The loan is repayable in remaining 13 structured instalments by April 2024. The interest rate is at a spread of 190 basis points over 3 month EURIBOR.
- b) INR 560.11 lakh (March 31, 2020: INR 742.95 lakh) pertains to a subsidiary in Italy. The loan is repayable in remaining 31 structured instalments by October 2023. The interest rate is at a spread of 200 basis points over 1 month EURIBOR.
- c) INR 573.60 lakh (March 31, 2020: INR 825.93 lakh) pertains to a subsidiary in Italy. The loan is repayable in remaining 8 structured instalments by March 2023. The interest rate is at a spread of 130 basis points over 3 month EURIBOR.
- d) INR 432.25 lakh (March 31, 2020: INR 689.42 lakh) pertains to a subsidiary in Italy. The loan is repayable in remaining 18 structured instalments by September 2022. The interest rate is at a spread of 150 basis points over 3 month EURIBOR.
- e) INR 1,538.32 lakh (March 31, 2020: INR Nil) pertains to a subsidiary in Italy. The loan is repayable in remaining 18 structured instalments by July 2025. The current interest rate is 2.25% p.a.
- f) INR 1,052.55 lakh (March 31, 2020: INR Nil) pertains to a subsidiary in Italy. The loan is repayable in remaining 9 structured instalments by June 2023. The interest rate is at a spread of 160 basis points over 3 month EURIBOR.
- g) INR 4,265.65 lakh (March 31, 2020: INR Nil) pertains to a subsidiary in Italy. The loan is repayable in remaining 19 structured instalments by September 2026. The interest rate is at a spread of 120 basis points over 3 month EURIBOR.
- h) INR 1,614.36 lakh (March 31, 2020: INR Nil) pertains to a subsidiary in Italy. The loan is repayable in remaining 15 structured instalments by December 2024. The interest rate is at a spread of 90 basis points over 3 month EURIBOR.

23.5 Loan from others in Foreign Currency - Secured

INR 3,538.10 lakh (March 31, 2020: INR Nil) pertains to the Holding Company secured by first ranking exclusive lien on all fixed assets at Dahej. The loan is repayable in remaining 12 semi-annual instalments commencing after a moratorium period of three years from the date of first disbursement. The current interest rate is at spread of 400 basis points over 6 months LIBOR.

23.6 Loan from others in Foreign Currency - Unsecured

INR 333.66 lakh (March 31, 2020: INR 299.96 lakh) pertains to a subsidiary in China. The interest rate is 6.75% p.a.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended March 31, 2021

24 Other Financial Liabilities

Particulars	INR (in Lakh)	
	As at March 31, 2021	As at March 31, 2020
Derivative liability (Refer Note 9.1)	-	1.62
	-	1.62

25 Provisions

Particulars	INR (in Lakh)	
	As at March 31, 2021	As at March 31, 2020
Provision for Employee Benefits		
Compensated Absences	282.57	284.87
	282.57	284.87

26 Borrowings

Particulars	INR (in Lakh)	
	As at March 31, 2021	As at March 31, 2020
I Loans repayable on demand		
From Banks -Secured		
Working Capital loans (Refer Note 26.1)	19,892.30	22,219.81
II Other Short Term Borrowings		
(a) From Banks -Secured		
Working Capital loans (Refer Note 26.2)	-	1,617.62
(b) From Banks -Unsecured		
Working Capital loans (Refer Note 26.3)	1,798.19	3,969.68
	21,690.49	27,807.11

26.1 Loans repayable on demand - Secured

- (a) INR 19,892.30 lakh (March 31, 2020: INR 20,224.02 lakh) pertains to the Holding Company on account of working capital facilities availed from banks and are secured by first pari passu charge over Holding Company's current assets, both present and future. Further, secured by second pari passu charge on all movable and immovable fixed assets of the Holding Company, both present and future, excluding assets at Dahej and other assets exclusively charged to other lenders. The current interest rates range from 10.25% to 11.35% p.a.
- (b) INR Nil (March 31, 2020: INR 1,995.79 lakh) pertains to a subsidiary in Italy, secured by Standby Letter of Credit issued by a bank in India, which in turn is secured by corporate guarantee of the Holding Company.

26.2 Other Short Term Borrowings - Secured

INR Nil (March 31, 2020: INR 1,617.62 lakh) pertains to the Holding Company towards buyers credit availed from banks and is secured by security stated against Note 26.1.a.

26.3 Other short term borrowings - Unsecured

- (a) INR 1,798.19 lakh (March 31, 2020: INR 2,867.82 lakh) pertains to Subsidiary in Italy towards Export Bill Discounting (EBD) availed from banks. The current interest rates range from 1.20% to 5%.
- (b) INR Nil (March 31, 2020: INR 1,101.86 lakh) pertains to Subsidiary in Italy towards import financing availed from banks.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended March 31, 2021

27 Trade Payables

Particulars	INR (in Lakh)	
	As at March 31, 2021	As at March 31, 2020
(A) Total Outstanding dues of Micro Enterprises and Small Enterprises	828.24	898.35
(B) Total Outstanding Dues of creditors other than Micro Enterprises and Small Enterprises	15,011.34	16,473.22
	15,839.58	17,371.57

28 Other Financial Liabilities

Particulars	INR (in Lakh)	
	As at March 31, 2021	As at March 31, 2020
Current maturities of foreign currency debt (Refer Note 23 (II) (a) (i) and Note 23 (II) (b) (i))	3,828.24	3,348.34
Current maturities of long-term debt (Refer Note 23 (II) (a) (ii))	946.64	250.00
Interest accrued but not due on borrowings	32.34	100.75
Unpaid / Unclaimed dividends (Refer Note 28.1)	15.37	20.13
Deposits	0.79	0.79
Unclaimed Interest on public deposit	2.53	2.53
Unclaimed public deposit (Refer Note 28.2)	2.30	4.10
Payable towards purchase of Property, Plant and Equipment	503.84	1,765.38
Put Option Liability (Refer Note 28.3)	-	26.82
Fair Value of Forward Contracts	1.63	-
Other outstanding liabilities	1,531.97	1,202.00
	6,865.65	6,720.84

28.1 There are no amounts due to be credited to Investor Education and Protection Fund in accordance with Section 125 of the Companies Act, 2013 as at the year end.

28.2 The unclaimed public deposits of INR 2.30 lakh outstanding at March 31, 2021 (March 31, 2020: INR 4.10 lakh) represent deposits taken under the Companies Act, 1956. The Company has been unable to repay these deposits as certain cheques issued for repayment of the deposits have not been presented to the bank for payment and certain deposit holders have not submitted to the Company the original deposit receipts for repayment.

28.3 The Shareholders Agreement entered into with the shareholders of Dresen Quimica S.A.P.I. de C.V. (Dresen Quimica) provides for put option to the minority shareholders any time after 2 years from the date of agreement, being May 4, 2016. The put option provides a right to non-controlling interests to sell their 35% stake in Dresen Quimica as per agreed exercise price. The fair value of put option liability as on March 31, 2021 is INR Nil (March 31, 2020: INR 26.82 lakh). The balance fair value of put option liability as on March 31, 2020 amounting to INR 26.82 lakh has been recognised as income in the Consolidated Statement of Profit and Loss during the year [Refer Note 33(b)].

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended March 31, 2021

29 Other Current Liabilities

Particulars	INR (in Lakh)	
	As at March 31, 2021	As at March 31, 2020
Statutory Dues	1,346.85	690.80
Others	678.01	411.74
	2,024.86	1,102.54

30 Provisions

Particulars	INR (in Lakh)	
	As at March 31, 2021	As at March 31, 2020
Provision for employment benefits		
(i) Compensated absences	917.96	789.83
(ii) Gratuity	43.54	-
	961.50	789.83

31 Current Tax Liabilities

Particulars	INR (in Lakh)	
	As at March 31, 2021	As at March 31, 2020
Provision for Tax (Net of Income Tax Assets)	16.60	663.56
	16.60	663.56

32 Revenue from Operations

Particulars	INR (in Lakh)	
	For the year ended March 31, 2021	For the year ended March 31, 2020
(a) Sale of Products		
Finished Goods	101,425.70	88,127.46
Traded Goods	15,623.52	13,550.86
	117,049.22	101,678.32
(b) Other Operating Revenues		
Export Incentives	622.69	879.68
Service Income (Refer Note 32.4)	944.82	2,232.85
Commission Income	67.75	109.66
Sale of Scrap	25.83	14.33
	1,661.09	3,236.52
	118,710.31	104,914.84

32.1 Revenue from contracts with customers disaggregated based on geography

The revenue from contracts with customers are disaggregated based on geography to comply with Ind AS 115, although it is not reviewed for evaluating financial performance for the purpose of segment reporting.

Particulars	INR (in Lakh)	
	For the year ended March 31, 2021	For the year ended March 31, 2020
Domestic	16,069.12	13,640.28
Exports	100,980.10	88,038.04
Total	117,049.22	101,678.32

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended March 31, 2021

32.2 The amounts receivable from customers become due after expiry of credit period which ranges between 15 to 120 days. There is no significant financing component in any transaction with the customers.

32.3 The Group does not have any remaining performance obligation as contracts entered for sale of goods are for a short duration.

32.4 Service income includes income pertaining to scale up of production process of new chemical products amounting to INR Nil (2019-2020: INR 1,005.54 lakh).

33 Other Income

Particulars	INR (in Lakh)	
	For the year ended March 31, 2021	For the year ended March 31, 2020
(a) Interest Income On		
Bank Deposits	136.75	104.63
Refund of Value Added Taxes	-	21.15
Other financial assets carried at amortised cost	6.84	1.98
	143.59	127.76
(b) Other Non-Operating Income		
Gain on foreign exchange transactions and translation	-	37.36
Net gain on fair value changes on instruments classified as FVTPL (Refer Note 33.1)	-	10.19
Gain on fair valuation of Put option liability (Refer Note 28.3)	26.82	150.55
Net gain on fair value changes on FCCBs	11.59	-
Profit on sale of property, plant and equipment	3.47	0.45
Lease Income	0.02	0.02
Miscellaneous Income	312.93	16.51
	354.83	215.08
	498.42	342.84

33.1 Net gain on fair value changes includes INR Nil (2019-2020: INR 10.19 lakh) as 'net gain on sale of investments'.

34 Cost of Materials Consumed

Particulars	INR (in Lakh)	
	For the year ended March 31, 2021	For the year ended March 31, 2020
Raw Material and Packing Material Consumed		
Opening Inventories	10,039.72	10,865.28
Add: Purchases	52,401.73	49,145.02
Less: Closing Inventories	(13,638.23)	(10,039.72)
	48,803.22	49,970.58

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended March 31, 2021

35 Changes in Inventories of Finished Goods, Stock-in-Trade and Work-in-Progress

Particulars	INR (in Lakh)	
	For the year ended March 31, 2021	For the year ended March 31, 2020
Opening Inventories		
Finished Goods	9,823.27	8,082.75
Stock-in-Trade	1,169.06	2,660.27
Work-in-Progress	7,804.00	6,113.89
	18,796.33	16,856.91
Closing Inventories		
Finished Goods	4,826.55	9,823.27
Stock-in-Trade	1,703.91	1,169.06
Work-in-Progress	10,533.87	7,804.00
	17,064.33	18,796.33
	1,732.00	(1,939.42)

36 Employee Benefits Expense

Particulars	INR (in Lakh)	
	For the year ended March 31, 2021	For the year ended March 31, 2020
Salaries and Wages (Refer Note 36.1 and 36.2(a))	10,884.30	9,383.14
Contributions to -		
Provident Funds and other Funds (Refer Note 36.2(b))	167.11	148.54
Gratuity and Other Funds (Refer Note 36.2(c) and (d))	34.29	20.01
Share based payments (Employee Stock Option Plan) (Refer Note 36.3)	469.20	44.39
Staff Welfare Expenses	483.41	375.18
	12,038.31	9,971.26

36.1 CFS North America LLC, a wholly owned subsidiary of the Holding Company was granted a loan under the Paycheck Protection Program (PPP) as part of COVID-19 relief package announced by the local government. The repayment of the said loan was to be forgiven, if the subsidiary met certain conditions as to maintenance of employee and compensation levels, utilisation of the loan proceeds to meet payroll costs etc. During the year, such conditions were complied with by the subsidiary and the full amount of loan was forgiven by the lender. The said forgiven amount of INR 135.39 Lakh has been deducted from salaries and wages.

36.2 Employee Benefit Plans

(a) Other long term employment benefits

Leave encashment is payable to the employees of the Group due to death, retirement, superannuation or resignation. Employees are entitled to encash leave while in service. The leave encashment benefit is payable to all the eligible employees of the Group at the rate of daily salary as per current accumulation of leave days.

The Privilege Leave encashment liability and amount charged to Consolidated Statement of Profit and Loss determined on actuarial valuation using projected unit credit method are as under:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended March 31, 2021

(i) Provisions in Consolidated Balance Sheet:

Particulars	INR (in Lakh)	
	As at March 31, 2021	As at March 31, 2020
Current	917.96	789.83
Non-Current	282.57	284.87
	1,200.53	1,074.70

(ii) Recognised in Consolidated Statement of Profit and Loss

Particulars	INR (in Lakh)	
	For the year ended March 31, 2021	For the year ended March 31, 2020
Expenses	125.83	134.13

(b) Defined Contribution Plans:

The contributions to the Provident Fund of certain employees are made to a Government administered Provident Fund and there are no further obligations beyond making such contribution. Under the plan, the Holding Company has contributed INR 167.11 lakh (2019-2020: INR 148.54 lakh).

(c) Defined Benefit Plans:

The Holding Company makes contributions to the Group Gratuity cum Life Assurance Scheme administered by the Life Insurance Corporation of India, a funded defined benefit plan for qualifying employees. The Scheme provides for payment as under:

i) On normal retirement / early retirement / resignation:

As per the provisions of the Payment of Gratuity Act, 1972 with vesting period of 5 years of service.

ii) On death in service:

As per the provisions of the Payment of Gratuity Act, 1972 without any vesting period.

The most recent actuarial valuation of plan assets and present value of defined benefit obligation of gratuity was carried out as at March 31, 2021. The present value of defined benefit obligation and the related current service cost and past service cost were measured using the Projected Unit Credit Method. The following table summaries the net benefit expense recognised in the Consolidated Statement of Profit and Loss, the details of the defined benefit obligation and the funded status of the Holding Company's gratuity plan:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended March 31, 2021

Particulars	INR (in Lakh)	
	As at March 31, 2021	As at March 31, 2020
I Change in the Present Value of Projected Benefit Obligation		
Present Value of Benefit Obligation at the beginning of the year	432.90	375.75
Interest Cost	29.74	29.27
Current Service Cost	37.43	28.98
Benefits paid from the Fund	(58.99)	(44.14)
Actuarial (Gains) / Losses on Obligations - Due to Change in Demographic Assumptions	-	9.82
Actuarial (Gains) / Losses on Obligations - Due to Change in Financial Assumptions	2.09	22.63
Actuarial (Gains) / Losses on Obligations - Due to Experience	44.08	10.59
Present Value of Benefit Obligation at the end of the year	487.25	432.90
II Change in the Fair Value of Plan Assets		
Fair Value of Plan Assets at the beginning of the year	557.39	490.87
Interest Income	38.29	38.24
Contributions by the Employer	40.18	74.19
Benefits paid from the Fund	(58.99)	(44.14)
Return on Plan Assets, excluding Interest Income	(3.28)	(1.77)
Fair Value of Plan Assets at the end of the year	573.59	557.39
III Net Asset / (Liability) recognised in Consolidated Balance Sheet		
Present value of defined benefit obligation at the end of the year	(487.25)	(432.90)
Fair value of plan assets at the end of the year	573.59	557.39
Net Asset / (Liability) at the end of the year	86.34	124.49
IV Expenses recognised in the Consolidated Statement of Profit and Loss		
Current Service Cost	37.43	28.98
Net Interest Cost	(8.55)	(8.97)
Expenses recognised in the Consolidated Statement of Profit and Loss	28.88	20.01
V Expenses recognised in the Other Comprehensive Income (OCI)		
Actuarial (Gains) / Losses on Obligation for the year	46.17	43.03
Return on Plan Assets, excluding Interest Income	3.29	1.77
Net (Income) / Expense for the year recognised in OCI	49.46	44.80
VI Actuarial assumptions considered		
(i) Discount rate	6.80%	6.87%
(ii) Expected return on plan assets	6.80%	6.87%
(iii) Salary escalation rate	5.00%	5.00%
(iv) Rate of employee turnover	4.00%	4.00%
(v) Mortality Table	Indian Assured Lives Mortality (2006-2008) Ultimate	Indian Assured Lives Mortality (2006-2008) Ultimate
The assumptions of future salary increases, considered in actuarial valuation take into account inflation, seniority, promotion and other relevant factors.		

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended March 31, 2021

Particulars	INR (in Lakh)	
	As at March 31, 2021	As at March 31, 2020
VII Category of asset as at the end of the year		
Insurer Managed Funds (100%)		
(Fund is managed by LIC as per guidelines of Insurance Regulatory and Development Authority of India. Category-wise composition of plan assets is not available).		
VIII Maturity profile of Benefit Payments		
(i) Year 1	61.29	58.07
(ii) Year 2	31.95	47.38
(iii) Year 3	46.23	30.98
(iv) Year 4	72.59	38.08
(v) Year 5	34.96	61.60
(vi) Years 6 -10	254.18	195.53
(vii) Years 11 and above	326.52	298.36
Maturity Analysis of benefit payments is undiscounted cash flows considering future salary, attrition and death in respective year for members as mentioned above.		
IX Sensitivity Analysis of Projected Benefit Obligation for Significant Assumptions		
Projected Benefit Obligation on Current Assumptions	487.25	432.90
1% increase in Discount Rate	(28.28)	(24.49)
1% decrease in Discount Rate	32.00	27.66
1% increase in Salary Escalation Rate	31.83	27.49
1% decrease in Salary Escalation Rate	(28.58)	(24.95)
1% increase in Rate of Employee Turnover	3.22	2.86
1% decrease in Rate of Employee Turnover	(3.65)	(3.23)
The sensitivity analysis have been determined based on reasonably possible changes in the respective assumptions occurring at the end of the reporting year, holding all other variables constant. The sensitivity analysis presented above may not be representative of the actual change in the Projected Benefit Obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. Furthermore, in presenting the above sensitivity analysis, the present value of the Projected Benefit Obligation has been calculated using the projected unit credit method at the end of the reporting year, which is the same method as applied in calculating the projected benefit obligation as recognised in the Consolidated Balance Sheet. There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.		

- d) The expenses recognised in Consolidated Statement of Profit and Loss and Other Comprehensive Income of defined benefit plan at a subsidiary in Mexico are INR 5.41 lakh and INR 5.90 lakh respectively. The present value of projected benefit obligation of the said plan is INR 43.54 lakh.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended March 31, 2021

36.3 Employee Stock Option Scheme

36.3.1 Employee Stock Option Plan 2020

The Holding Company has granted options on August 20, 2020 to senior management employees under “CFSL Employees Stock Option Plan, 2020” (ESOP 2020) approved by the Board of Directors, Shareholders and Remuneration Committee. The options granted under these schemes are equity settled. The details of the scheme are summarised below:

Particulars	Details of options
Options granted	3,912,096
Exercise Price	63.59
Market Price of shares as on grant date	70.65
Basis of Exercise Price	At discount to Market Price
Vesting Period	2 years

a) Details of option granted are as under:

Particulars	No. of Options	Weighted Average Exercise Price (WAEP) (INR)
March 31, 2021		
Options outstanding at the beginning of the year	-	-
Options granted during the year	3,912,096	63.59
Options exercised during the year	-	N.A.
Options expired / lapsed and forfeited during the year	-	N.A.
Options outstanding at the end of the year	3,912,096	63.59
Exercisable at the end of the year	3,912,096	63.59
Other Information:		
Average of exercise price of options outstanding at the end of the year (INR)	63.59	
Average Share price during the year (INR)	89.20	
Weighted average remaining contractual life of the option outstanding at the end of the year	1.33 years	
Weighted average fair value of the options as on date of grant (granted during the year)	35.38	
The options lapsed under the Scheme are added to the stock inventory and may be granted afresh by the Compensation Committee to such eligible employees as it may deem fit in its sole discretion.		
Option pricing model used	Black-Scholes Option Pricing Model	

Assumptions used in arriving at fair value of options are as under:

Particulars	Details	Description of input used
Risk free interest rate	4.98%	Based on yield to maturity on zero coupon government securities having a maturity of 5 years.
Expected life of stock options	4 years	Period for which options are expected to be alive
Expected volatility	54.00%	Volatility is a measure of the amount by which a price is expected to fluctuate during a period based on the historic data.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended March 31, 2021

Particulars	Details	Description of input used
Expected dividend yield	Nil	The dividends declared by the Holding Company in the past and its share price.
Price of share on the date of granting of options	70.65	Fair market value
The fair value of options:	35.38	

36.3.2 Employee Stock Option Scheme 2018

The Holding Company has granted options on April 08, 2019 to eligible employees of Group under "CFS Employees Stock Option Scheme, 2018" (ESOP - 2018) approved by the Board of Directors, Shareholders and Remuneration Committee. The options granted under this scheme are equity settled. The details of the scheme are summarised below:

Particulars	Details of options				Total
	1st Vesting	2nd Vesting	3rd Vesting	4th Vesting	
Options granted	135,250	135,250	135,250	135,250	541,000
Exercise Price	50	50	50	50	
Market Price of shares as on grant date	50	50	50	50	
Basis of Exercise Price	At market price				
Vesting Period	1 year	2 years	3 years	4 years	

a) Details of options granted are as under:

Particulars	No. of Options	Weighted Average Exercise Price (WAEP) (INR)	No. of Options	Weighted Average Exercise Price (WAEP) (INR)
	March 31, 2021		March 31, 2020	
Options outstanding at the beginning of the year	541,000	50.00	-	-
Options granted during the year	-	N.A.	541,000	50.00
Options exercised during the year	94,475	50.00	-	N.A.
Options expired / lapsed and forfeited during the year	5,500	50.00	50,000	50.00
Options eligible for re-issue	5,500	50.00	50,000	50.00
Options outstanding at the end of the year	446,525	50.00	541,000	50.00
Exercisable at the end of the year	446,525	50.00	541,000	50.00
Other Information:				
Average of exercise price of options outstanding at the end of the year (INR)	50.00		50.00	
Average Share price during the year (INR)	89.20		59.45	
Weighted average remaining contractual life of the option outstanding at the end of the year	0.76 years		1.52 years	
Weighted average fair value of the options as on date of grant (granted during the year)	N.A.		19.97	
The options lapsed under the Scheme are added to the stock inventory and may be granted afresh by the Compensation Committee to such eligible employees as it may deem fit in its sole discretion.				
Option pricing model used	Black-Scholes Option Pricing Model			

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended March 31, 2021

b) Assumptions used in arriving at fair value of options are as under:

Particulars	Vesting Period				Description of input used
	1st Vesting	2nd Vesting	3rd Vesting	4th Vesting	
Risk free interest rate	7.41%	7.41%	7.41%	7.41%	Based on yield to maturity on zero coupon government securities maturing after 1 year.
Expected life of stock options	1 year	2 years	3 years	4 years	Period for which options are expected to be alive
Expected volatility	59.31%	59.31%	59.31%	59.31%	Volatility is a measure of the amount by which a price is expected to fluctuate during a period based on the historic data.
Expected dividend yield	Nil	Nil	Nil	Nil	The dividends declared by the Holding Company in the past and its share price.
Price of share on the date of granting of options	50	50	50	50	Fair market value
Fair value of options	12.78	18.43	22.64	26.02	

36.3.3 Employee Stock Option Scheme 2014

During the financial year ended March 31, 2020, ESOP Scheme, 2014 was terminated resulting in lapse of 543,563 options.

37 Finance Costs

Particulars	INR (in Lakh)	
	For the year ended March 31, 2021	For the year ended March 31, 2020
Interest Expense	3,880.23	3,275.72
Interest on lease liabilities (Refer Note 3(b))	121.03	106.64
Foreign Exchange Loss / (Gain) (Refer Note 37.1)	(566.11)	1,515.20
Other Borrowing Costs	375.23	147.91
Total Finance Costs	3,810.38	5,045.47
Less: Interest income from temporary investments (Refer Note 2.b.i)	(8.16)	(69.70)
Less: Capitalised to Capital Work-in-Progress (Refer Note 2.b.i)	(49.45)	(662.86)
	3,752.77	4,312.91

37.1 Foreign Exchange Loss / (Gain) includes exchange loss on foreign currency borrowings amounting to INR 22.55 lakh (2019-2020: INR 555.26 lakh), regarded as an adjustment to interest costs.

38 Depreciation and Amortisation Expense

Particulars	INR (in Lakh)	
	For the year ended March 31, 2021	For the year ended March 31, 2020
Depreciation on Property, Plant and Equipment (Refer Note 2(a))	3,428.43	2,542.94
Depreciation/Amortisation on Right-Of-Use Assets (Refer Note 3(a))	700.28	473.07
Amortisation on Intangible Assets (Refer Note 5)	300.71	264.22
	4,429.42	3,280.23

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended March 31, 2021

39 Other Expenses

Particulars	INR (in Lakh)	
	For the year ended March 31, 2021	For the year ended March 31, 2020
Consumption of Stores and Spares	1,103.35	719.89
Power and Fuel	8,415.86	7,638.46
Short Term Leases	415.08	413.74
Rates and Taxes	228.15	123.27
Insurance	825.72	795.14
Repairs - Buildings	1.86	0.93
Repairs - Plant and Equipment	1,271.25	947.79
Repairs - Others	746.52	1,037.12
Sub-Contract Charges	1,349.51	1,651.93
Labour Charges	1,121.63	715.24
Advertisement and Sales Promotion	524.07	1,418.30
Transport and Forwarding Charges	3,952.63	2,881.58
Commission / Discount / Service Charges on Sales	964.84	702.26
Travelling and Conveyance	435.83	1,266.99
Directors' Fees	70.60	52.05
Auditor's Remuneration	36.01	34.98
Legal & Professional Fees	2,180.40	2,339.16
Bad Debts written off	34.10	-
Allowance for doubtful debts written back	(10.75)	-
Allowances for Credit Loss	(3.84)	719.25
Allowances for Doubtful Advances	-	234.73
Loss on foreign currency transactions and translation	1,488.52	-
Corporate Social Responsibility Contribution	20.38	-
Bank Charges	495.39	450.58
Effluent Treatment expenses	2,515.36	1,987.31
Miscellaneous Expenses	1,947.38	2,364.65
	30,129.85	28,495.35

40 Operations at CFS Wanglong Flavors (Ningbo) Company Ltd.

Supreme People's Court of China vide its judgement dated February 19, 2021 has imposed a penalty of RMB 159.32 million (about USD 25 million / INR 18,000 lakh) including right protection cost of RMB 3.49 million (about USD 0.55 million / INR 390 lakh) on our JV partner Wanglong Technology (being 49% stake holder in Company's subsidiary CFS Wanglong Flavors (Ningbo) Company Ltd. ('the subsidiary')) and others for alleged infringement of intellectual property used in the process for manufacturing Vanillin. Further, 7% of the aforesaid penalty amounting to RMB 11.15 million (about USD 1.70 million / INR 1,265 lakh) has also been levied on the subsidiary. Consequent to the Order, as an abundant legal caution, the production of Vanillin at the subsidiary's manufacturing facility in China has been stopped till further directions of the Court.

In the opinion of the management and based on the discussions with the JV Partner, the findings and allegations of the Honourable Court are not based on the facts and that the order passed by the Court is arbitrary. As a co-defendant with the JV Partner, the subsidiary is in the process of preferring an application for retrial of the aforesaid order before Supreme People's Court of China. Process has also been initiated to move the Court to stay the processing of above order until the retrial application is heard. The management is confident of a favourable decision in the retrial proceedings and that no penalty will be sustained and consequently the production is expected to restart in a very near future.

Further in terms of the shareholders' agreement dated April 28, 2017 and its subsequent amendments, the Holding Company and the subsidiary are indemnified against penalty and or legal consequences emanating from the violation of IP rights.

Under these circumstances, no impairment of goodwill and/or property, plant and equipment is envisaged in the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended March 31, 2021

41 Earnings Per Share

a) Basic Earnings Per Share

The calculation of basic earnings per share is based on the profit attributable to ordinary shareholders and weighted average number of ordinary shares outstanding.

i) Profit attributable to ordinary shareholders

Particulars	INR (in Lakh)	
	For the year ended March 31, 2021	For the year ended March 31, 2020
Profit attributable to ordinary shareholders of the Company as per Consolidated Statement of Profit and Loss	5,096.34	3,031.86

ii) Weighted average number of ordinary shares

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Number of equity shares at the beginning of the year	121,253,996	121,253,996
Add: Effect of Employee Stock Option exercised	38,071	-
Add: Effect of shares issued pursuant to conversion of preferential share warrants	2,156,712	-
Weighted average number of equity shares for basic EPS	123,448,779	121,253,996

Basic Earnings Per Share (Amount in INR)	4.13	2.50
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b) Diluted Earnings Per Share

The calculation of diluted earnings per share is based on the profit attributable to ordinary shareholders and weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares.

i) Profit attributable to ordinary shareholders

Particulars	INR (in Lakh)	
	For the year ended March 31, 2021	For the year ended March 31, 2020
Profit attributable to ordinary shareholders of the Company as per Consolidated Statement of Profit and Loss	5,096.34	3,031.86

ii) Weighted average number of ordinary shares

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Weighted average number of equity shares outstanding (Basic)	123,448,779	121,253,996
Add: Potential equity shares under Employee Stock Option Plan, 2020 (Refer Note 36.3.1)	1,123,073	-
Add: Potential equity shares under Employee Stock Option Scheme, 2018 (Refer Note 36.3.2)	196,220	85,979
Add: Potential equity shares pursuant to conversion of preferential share warrants (Refer Note 21.8)	13,591,798	-
Weighted average number of equity shares for diluted EPS	138,359,870	121,339,975

Diluted Earnings Per Share (Amount in INR)	3.68	2.50
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended March 31, 2021

- c) The following potential ordinary shares are anti-dilutive and are therefore excluded from the weighted average number of equity shares for the purpose of calculation of diluted earnings per share:

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Conversion of Foreign Currency Convertible Bonds (FCCBs) (Refer Note 23.1)	8,603,029	8,603,029

42 Contingent Liabilities and Commitments

Particulars	INR (in Lakh)	
	As at March 31, 2021	As at March 31, 2020
I Contingent liabilities		
a) Claims for Excise Duties, Taxes and Other Matters		
i) In respect of Income Tax matter	55.61	55.61
ii) In respect of VAT / CST / Excise Matter	356.02	356.02
b) In respect of bank guarantees issued to VAT, Excise and Custom Authorities	259.51	408.35
c) In respect of penalty levied by the National Green Tribunal (NGT) (Refer Note 42.1)	516.56	-
II Commitments		
Value of contracts (net of advance) remaining to be executed on capital account not provided for	4,905.27	234.68

42.1 Penalty amounting to INR 516.56 lakh has been levied by NGT for alleged violation of environmental norms by the Company at its factory located at Tarapur MIDC. As per the directions of the Honourable Supreme Court dated December 14, 2020, the Holding Company has deposited 30% of the penalty amounting to INR 154.97 lakh which is disclosed as recoverable advance (Refer Note 19). The order of penalty has been stayed by the Honourable Supreme Court and has directed to hear the case afresh by giving opportunity to the concerned parties.

42.2 There are numerous interpretative issues relating to the Supreme Court judgements on Provident Fund dated February 28, 2019. As a matter of caution, the Holding Company has made a provision on a prospective basis from the date of the Supreme Court Order and the provisions will be updated on receiving further clarity on the subject.

43 Related party disclosures

I List of Related Parties as required by Ind AS 24 'Related Party Disclosures' are given below:

i Associate

Fine Lifestyle Brands Limited

ii Key Management Personnel (KMP)

a) Chairman

Dilip D. Dandekar

b) Managing Director

Ashish S. Dandekar

c) Non-Executive Directors

Anagha Dandekar

Nirmal V. Momaya

Atul R. Pradhan

Nicola A. Paglietti

Amol J. Shah (from August 2, 2019)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended March 31, 2021

Sutapa Banerjee (from February 8, 2020)
 Harsha Raghavan (from August 10, 2020)
 Sarvjit Singh Bedi (from September 29, 2020)
 Conrad D'souza (from September 29, 2020)
 Mahabaleshwar G. Palekar (from December 24, 2020)
 Thomas Videbaek (from March 31, 2021)
 Sharad M. Kulkarni (upto September 30, 2020)
 Pramod M. Sapre (upto September 30, 2020)
 Abeezer E. Faizullabhoy (upto August 3, 2019)
 Bhargav A. Patel (upto August 3, 2019)
 Ajit S. Deshmukh (upto May 24, 2019)

d) Executive Director

Arjun Dukane

e) Chief Financial Officer

Santosh Parab

f) Company Secretary

Mandar Godbole (from February 7, 2020)
 Lavanya Rastogi (November 8, 2019 to February 7, 2020)
 Rahul Sawale (upto July 16, 2019)

iii Relatives of KMP

Subhash D. Dandekar - Management Consultant / Relative of Managing Director
 Rajani S. Dandekar - Management Consultant / Relative of Managing Director

iv Entities where control / significant influence by KMP and their relatives exist

Fine Lifestyle Solutions Limited
 Fine Renewable Energy Limited
 Abana Medisys Private Limited
 Pagoda Advisors Private Limited
 Hardware Renaissance Inc
 V R Momaya & Associates
 Kokuyo Camlin Limited
 Studio Internazionale

v Post-employment benefit plan

Camlin Fine Sciences Limited Group Gratuity Scheme

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended March 31, 2021

II The details of transactions with related parties during the year are given below:

Sr. No	Nature of transactions	Name of Related Party	INR (in Lakh)	
			For the year ended March 31, 2021	For the year ended March 31, 2020
1	Sale of products	Hardware Renaissance Inc	151.91	133.62
2	Consultancy / Professional services	Subhash D. Dandekar	6.60	6.60
		Rajani S. Dandekar	-	3.15
		V.R. Momaya & Associates	4.70	4.25
		Pagoda Advisors Private Limited	75.84	75.84
		Studio Internazionale	85.91	84.38
			173.05	174.22
3	Reimbursement of expenses	Kokuyo Camlin Limited	0.11	0.07
		Hardware Renaissance Inc	3.19	-
			3.30	0.07
4	Lease Income	Abana Medisys Private Limited	0.01	0.01
		Fine Renewable Energy Limited	0.01	0.01
			0.02	0.02
5	Compensation to KMP	Short term employee benefits (including bonus and value of perquisites)* (Refer Note 43.1)	394.82	347.09
		Other long term benefits	15.25	17.99
		Share based payment	441.93	9.45
		Sitting fees	70.60	52.05
6	Contribution paid on behalf of Gratuity Trust	Camlin Fine Sciences Limited Group Gratuity Scheme	40.18	74.19

*The compensation to Key Managerial Personnel figures does not include premium paid for group medical and accident insurance.

43.1 The Holding Company, during the current financial year ended March 31, 2021, has paid Managerial Remuneration in accordance with the provisions of Section 197 of the Companies Act 2013 ("Act") read with Schedule V thereto except for the remuneration paid to the Managing Director and a Non-Executive Director, which has exceeded the limits prescribed under Schedule V by INR 24.01 lakh. The Holding Company shall seek necessary approval of the Members, as applicable, under the aforesaid provisions of the Act, for payment of such excess remuneration.

III The details of outstanding with related parties as at year end are given below:

Sr. No	Nature of transactions	Name of Related Party	INR (in Lakh)	
			As at March 31, 2021	As at March 31, 2020
1	Trade Receivable	Hardware Renaissance Inc	159.91	101.21
2	Trade Payable	Studio Internazionale	-	51.37
3	Compensation to KMP	Other long term benefits	139.94	124.69
4	Lease Income Receivable	Abana Medisys Private Limited	0.49	0.48
		Fine Renewable Energy Limited	0.03	0.02
			0.52	0.50

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended March 31, 2021

44 Segment Reporting

a) General Information

Factors used to identify the entity's reportable segments, including the basis of organisation

For Management purposes, the Group has only one reportable segment, namely, Fine Chemicals. The Managing Director of the Company acts as the Chief Operating Decision Maker ('CODM'). The CODM evaluates the Group's performance and allocates resources based on an analysis of various performance indicators.

b) Information about products and services

The Group has revenues from external customers to the extent of INR 118,710.31 lakh (2019-20: INR 104,914.84 lakh) (Refer Note 32)

c) Information about geographical areas

The geographic information analyses the Group's revenue and non-current assets by the Group's country of domicile and other countries. In presenting the geographical information, revenue in the disclosure below is based on the location of the product and service and assets in the disclosure below is based on the geographic location of the respective non current assets.

The revenue from India is INR 16,486.89 lakh (2019-20: INR 14,477.61 lakh) and from outside India is INR 102,223.42 lakh (2019-20: INR 90,437.23 lakh). Non-current assets other than financial instruments and deferred tax assets from India are INR 33,433.12 lakh (March 31, 2020: INR 30,431.74 lakh) and from outside India are INR 29,972.45 lakh (March 31, 2020: INR 19,439.87 lakh).

45 Financial Instruments - Fair values and risk management

a) Accounting classification and Fair Values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

INR (in Lakh)							
March 31, 2021	Carrying amount / Fair Value			Fair value Hierarchy			
	Fair value through Profit or Loss	Amortised Cost	Total	Level 1	Level 2	Level 3	Total
Financial Assets							
Non Current							
Loans	-	1,328.68	1,328.68	-	-	-	-
Other financial assets	9.97	-	9.97	-	9.97	-	9.97
Current							
Trade Receivables	-	27,070.74	27,070.74	-	-	-	-
Cash and Cash Equivalents	-	7,551.96	7,551.96	-	-	-	-
Bank balances other than above	-	6,282.34	6,282.34	-	-	-	-
Loans	-	87.31	87.31	-	-	-	-
Other Financial Assets	-	1,014.16	1,014.16	-	-	-	-
	9.97	43,335.19	43,345.16	-	9.97	-	9.97

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended March 31, 2021

March 31, 2021	Carrying amount / Fair Value			Fair value Hierarchy			
	Fair value through Profit or Loss	Amortised Cost	Total	Level 1	Level 2	Level 3	Total
Financial Liabilities							
Non Current							
Foreign Currency Convertible Bonds	-	11,194.98	11,194.98	-	-	-	-
Term Loans	-	16,129.99	16,129.99	-	-	-	-
Lease Liabilities	-	844.04	844.04	-	-	-	-
Current							
Borrowings	-	21,690.49	21,690.49	-	-	-	-
Trade Payables	-	15,839.58	15,839.58	-	-	-	-
Lease Liabilities	-	364.59	364.59	-	-	-	-
Current maturities of Long Term Borrowings	-	4,774.88	4,774.88	-	-	-	-
Put Option Liability	-	-	-	-	-	-	-
Fair Value of Forward Contract	1.63	-	1.63	-	1.63	-	1.63
Other Financial Liabilities	-	2,089.14	2,089.14	-	-	-	-
	1.63	72,927.69	72,929.32	-	1.63	-	1.63

The above table excludes investments in subsidiaries amounting to INR 735.88 lakh (March 31, 2020: INR 735.82 lakh) measured at amortised cost net of provision for impairment in the value of investments.

INR (in Lakh)

March 31, 2020	Carrying amount / Fair Value			Fair value Hierarchy			
	Fair value through Profit or Loss	Amortised Cost	Total	Level 1	Level 2	Level 3	Total
Financial Assets							
Non Current							
Loans	-	1,234.76	1,234.76	-	-	-	-
Current							
Trade Receivables	-	25,280.32	25,280.32	-	-	-	-
Cash and Cash Equivalents	-	5,236.67	5,236.67	-	-	-	-
Bank Balances other than above	-	1,242.27	1,242.27	-	-	-	-
Loans	-	113.70	113.70	-	-	-	-
Other Financial Assets	-	1,165.71	1,165.71	-	-	-	-
	-	34,273.43	34,273.43	-	-	-	-
Financial Liabilities							
Non Current							
Foreign Currency Convertible Bonds	-	11,129.76	11,129.76	-	-	-	-
Term Loans	-	10,021.51	10,021.51	-	-	-	-
Lease Liabilities	-	966.74	966.74	-	-	-	-
Other financial liabilities	1.62	-	1.62	-	1.62	-	1.62
Current							
Borrowings	-	27,807.11	27,807.11	-	-	-	-
Trade Payables	-	17,371.57	17,371.57	-	-	-	-
Lease Liabilities	-	327.70	327.70	-	-	-	-
Current maturities of Long Term Borrowings	-	3,598.34	3,598.34	-	-	-	-
Put Option Liability	26.82	-	26.82	-	-	26.82	26.82
Other Financial Liabilities	-	3,095.68	3,095.68	-	-	-	-
	28.44	74,318.41	74,346.85	-	1.62	26.82	28.44

The above table excludes investments in subsidiaries amounting to INR 735.82 lakh (March 31, 2020: INR 727.61 lakh) measured at amortised cost net of provision for impairment in the value of investments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended March 31, 2021

b) Fair value hierarchy

The fair value of financial instruments as referred in Note (a) above has been classified into three categories depending on the inputs used in the valuation technique. The hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and lowest priority to unobservable inputs (Level 3 measurements). The categories are as follows:

Level 1 - Quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2 - Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices)

Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable inputs)

c) Measurement of Fair Value

The fair values of financial assets or liabilities are included at the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Methods and assumptions used to estimate the fair values are consistent in all the years. The following methods and assumptions were used to estimate the fair values:

- (i) The management assesses that fair values of trade receivables, cash and cash equivalents, other bank balances, loans, trade payables, current borrowings, other current liabilities and other financial liabilities (current), approximate to their carrying amounts largely due to the short-term maturities of these instruments.
- (ii) The carrying amount of financial assets and financial liabilities measured at amortised cost in the financial statements are a reasonable approximation of their fair values since the Group does not anticipate that the carrying amount would be significantly different from the values that would eventually be received or settled.
- (iii) The embedded derivative in FCCB is fair valued by an external independent valuer by computing the average cash flows determined through Monte Carlo Simulation technique based on the market observable rates and published price.
- (iv) The fair value of forward contracts is determined using FEDAI forward exchange rates for the remaining maturity period of the forward contracts. The fair value so determined is not discounted.
- (v) **Movement of items measured using unobservable inputs (Level 3):**

Particulars	(INR in lakh)
Balance as at April 01, 2019	177.37
(Gains) / Losses recognized in Consolidated Statement of Profit or Loss during 2019-20	(150.55)
Balance as at March 31, 2020	26.82
(Gains) / Losses recognised in Consolidated Statement of Profit or Loss during 2020-21	(26.82)
Balance as at March 31, 2021	-

Unobservable inputs used in Level 3 of fair value hierarchy

The fair value of put option is calculated by independent expert based on the shareholders agreement using 'Income Approach'. The unobservable inputs used in fair valuation under level 3 are determined by considering historical financial statements, management's estimates of probability of put option being exercised by the minority shareholders, Share Holder's Agreement, discount rate and the review of projected revenue and earnings before interest, tax, depreciation and amortisation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended March 31, 2021

d) Risk Management Framework

The Group's business activities expose it to a variety of financial risks, namely credit risk, liquidity risk and market risks. Market risks comprise of currency risk and interest rate risk. The Group's Senior Management and Key Management Personnel have the ultimate responsibility for managing these risks. The Group has a process to identify and analyse the risks faced by the Group, to set appropriate risk limits, to control and monitor risks and adherence to these limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and Group's activities. Further, Audit Committee undertakes regular reviews of Risk Management Controls and Procedures.

(i) Credit Risk

Credit risk is the risk that a customer or counterparty fails to meet its contractual obligations resulting in financial loss to the Group. The Group is exposed to credit risk from its operating activities (trade receivables) and from its financing activities including investments in mutual funds, deposits with banks and financial institutions and financial instruments.

Trade Receivables

Credit risk from trade receivables is managed by establishing credit limits, credit approvals and monitoring creditworthiness of the customers. Outstanding customer receivables are regularly monitored. The Group has computed credit loss allowances based on Expected Credit Loss model.

The ageing of trade receivables is as follows:

Particulars	INR (in Lakh)	
	March 31, 2021	March 31, 2020
Outstanding for less than one year	27,474.85	25,260.50
Others	2,785.29	3,095.42
	30,260.14	28,355.92
Less: - Allowance for credit impaired	(3,189.40)	(3,075.60)
	27,070.74	25,280.32

Term Deposits and Bank Balances

The Group's exposure in term deposits with banks is limited, as the counterparties are highly rated banks.

(ii) Liquidity Risk

Liquidity risk is the risk that the Group will face in meeting its obligations associated with its financial liabilities. The Group's approach to managing liquidity is to ensure that it will have sufficient funds to meet its liabilities when due without incurring unacceptable losses.

Tabulated below are Group's remaining contractual maturities of financial liabilities as at the reporting date with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended March 31, 2021

INR (in Lakh)

March 31, 2021	Carrying Amount	Contractual cash flows				
		Total	Within 12 months	1-2 years	2-5 years	More than 5 years
Financial Liabilities						
Non Current						
Borrowings						
Foreign Currency Convertible Bonds (FCCBs)#	11,194.98	13,671.42	558.94	558.94	12,553.54	-
Term Loans	16,129.99	18,929.63	-	6,107.41	11,106.03	1,716.19
Lease Liabilities	844.04	956.81	-	391.66	551.59	13.56
Other Financial Liabilities	-	-	-	-	-	-
Current						
Borrowings	21,690.49	21,690.49	21,690.49	-	-	-
Trade Payables	15,839.58	15,839.58	15,839.58	-	-	-
Lease Liabilities	364.59	455.57	455.57	-	-	-
Current maturities of Long Term Borrowings	4,774.88	5,606.92	5,606.92	-	-	-
Other Financial Liabilities	2,090.77	2,090.77	2,090.77	-	-	-
	72,929.32	79,241.19	46,242.27	7,058.01	24,211.16	1,729.75

The contractual cash flows of FCCBs are calculated on the assumption that FCCBs will not get converted into Equity Shares of the Company before the maturity date.

INR (in Lakh)

March 31, 2020	Carrying Amount	Contractual cash flows				
		Total	Within 12 months	1-2 years	2-5 years	More than 5 years
Financial Liabilities						
Non Current						
Borrowings						
Foreign Currency Convertible Bonds (FCCBs)#	11,129.76	14,302.15	573.25	573.25	13,155.65	-
Term Loans	10,021.51	15,364.43	4,330.75	4,249.49	6,784.19	-
Lease Liabilities	966.74	1,224.21	-	335.71	874.26	14.24
Other Financial Liabilities	1.62	1.62	1.62	-	-	-
Current						
Borrowings	27,807.11	27,807.11	27,807.11	-	-	-
Trade Payables	17,371.57	17,371.57	17,371.57	-	-	-
Lease Liabilities	327.70	452.15	452.15	-	-	-
Current maturities of Long Term Borrowings	3,598.34	3,598.34	3,598.34	-	-	-
Other Financial Liabilities	3,122.50	3,122.50	3,122.50	-	-	-
	74,346.85	83,244.08	57,257.29	5,158.45	20,814.10	14.24

The contractual cash flows of FCCBs are calculated on the assumption that FCCBs will not get converted into Equity Shares of the Company before the maturity date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended March 31, 2021

(iii) Currency Risk

The Group's operations result in it being exposed to foreign currency risk on account of trade receivables, trade payables and borrowings. The foreign currency risk may affect the Group's income and expenses, or its financial position and cash flows. The objective of the Group's management of foreign currency risk is to maintain this risk within acceptable parameters, while optimising returns.

The Group's exposure to foreign currency risk denominated monetary assets and liabilities at the end of the reporting period expressed in INR (in lakh), is as follows:

a) Trade receivables

Figures in lakh

Particulars	As at March 31, 2021		As at March 31, 2020	
	Amount (in original currency)	Amount	Amount (in original currency)	Amount
USD	165.25	12,146.99	223.30	16,878.67
EURO	88.34	7,600.36	24.45	2,030.68
MXP	33.69	96.67	397.25	1,321.78
RMB	88.44	979.60	88.19	938.40
BRL	78.92	1,036.25	60.59	876.97
		21,859.87		22,046.50

b) Loan and other financial assets

Figures in lakh

Particulars	As at March 31, 2021		As at March 31, 2020	
	Amount (in original currency)	Amount	Amount (in original currency)	Amount
USD	3.27	240.49	16.16	1,218.52
EURO	3.15	271.64	5.41	542.78
MXP	1,228.41	4,400.58	821.59	2,603.52
RMB	139.44	1,557.89	168.70	1,795.17
BRL	5.89	76.48	108.49	1,570.17
		6,547.08		7,730.16

c) Borrowings

Figures in lakh

Particulars	As at March 31, 2021		As at March 31, 2020	
	Amount (in original currency)	Amount	Amount (in original currency)	Amount
USD	229.72	16,890.96	228.27	17,180.19
EURO	158.57	13,725.13	150.64	12,637.86
RMB	19.74	256.52	-	-
BRL	29.87	333.66	28.19	299.96
		31,206.27		30,118.01

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended March 31, 2021

d) Trade payable

Figures in lakh

Particulars	As at March 31, 2021		As at March 31, 2020	
	Amount (in original currency)	Amount	Amount (in original currency)	Amount
USD	19.14	1,406.94	40.69	3,100.15
EURO	30.45	2,598.17	61.26	5,086.66
MXP	996.47	3,564.48	1,244.40	3,924.52
RMB	133.57	1,477.04	148.89	1,584.30
BRL	28.66	238.32	8.07	122.68
		9,284.95		13,818.31

e) Other payable

Figures in lakh

Particulars	As at March 31, 2021		As at March 31, 2020	
	Amount (in original currency)	Amount	Amount (in original currency)	Amount
USD	2.20	162.00	13.61	951.47
EURO	6.73	557.49	13.66	934.49
MXP	1,319.15	4,682.07	1,080.50	3,424.00
RMB	231.79	2,581.94	244.88	2,605.75
BRL	38.86	504.89	38.79	561.42
		8,488.39		8,477.13

The following significant exchange rates have been applied during the year:

Particulars	Year end spot rate as at	
	March 31, 2021	March 31, 2020
USD / INR	73.5047	75.3859
EUR / INR	86.0990	83.0469
MXP / INR	3.5823	3.1689
BRL / INR	12.9940	14.4730
RMB / INR	11.1720	10.6410

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended March 31, 2021

Sensitivity for above exposures

A fluctuation in the exchange rates of 5% with other conditions remaining unchanged would have the following effect on Group's profit or loss before tax and equity for the year ended March 31, 2021 and March 31, 2020:

Particulars	INR (in Lakh)			
	Impact on profit before tax		Impact on equity	
	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2021	For the year ended March 31, 2020
USD / INR increase by 5%	(302.28)	(48.61)	(1.07)	25.96
USD / INR decrease by 5%	302.28	48.61	1.07	218.13
EUR / INR increase by 5%	71.17	36.98	(464.76)	(813.75)
EUR / INR decrease by 5%	(71.17)	(36.98)	464.76	814.28
MXP / INR increase by 5%	-	-	(208.25)	(124.66)
MXP / INR decrease by 5%	-	-	208.25	124.66
BRL / INR increase by 5%	-	-	(104.09)	(72.83)
BRL / INR decrease by 5%	-	-	104.09	72.83
RMB / INR increase by 5%	-	-	-	73.45
RMB / INR decrease by 5%	-	-	-	(73.45)

(iv) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Group's exposure to risk of change in market interest rates relates primarily to its borrowings. The Group's borrowings are at floating rates and its future cash flows will fluctuate due to changes in market interest rates.

The interest rate profile of the Group's interest bearing financial instruments at the end of the reporting period is as follows:

Particulars	INR (in Lakh)	
	March 31, 2021	March 31, 2020
Financial Liabilities		
Borrowings		
Fixed rate instruments		
Foreign Currency Convertible Bonds	11,194.98	11,129.76
Variable rate instruments		
Term Loans (including current maturities)	20,904.87	13,619.85
Cash Credit	19,892.30	22,219.81
Other short term loans	1,798.19	5,587.30
	53,790.34	52,556.72
Financial Assets		
Fixed rate instruments		
Fixed Deposits	7,788.14	1,218.21
Security Deposits	1,408.73	1,333.73
	9,196.87	2,551.94

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended March 31, 2021

Cash flow sensitivity analysis for variable-rate instruments

A reasonably possible change of 100 basis points in interest rate with other conditions remaining unchanged would have the following effect on Group's profit or loss before tax and equity as at March 31, 2021 and March 31, 2020. This calculation assumes that the change occurs at the balance sheet date and has been calculated based on risk exposures outstanding as at that date. The year end balances are not necessarily representative of the average debt outstanding during the period. The analysis assumes that all other variables, in particular foreign currency exchange rates remains constant.

Particulars	INR (in Lakh)			
	Impact on profit before tax		Impact on equity (Net of Tax)	
	100 BP increase	100 BP decrease	100 BP increase	100 BP decrease
Financial Liabilities				
Variable rate instruments - Borrowings				
Cash flow sensitivity				
March 31, 2021	(423.48)	423.48	(275.50)	275.50
March 31, 2020	(413.54)	413.54	(269.03)	269.03

46 Capital Management

The primary objective of the Group's capital management is to maintain an efficient capital structure and to maximise shareholder's value. The Management seeks to maintain a balance between higher returns that is achieved by raising funds through equity and the advantages by a sound capital position.

The Group monitors capital using a ratio of 'Net Debt to Equity'. For this purpose, Capital includes issued capital and all other equity reserves. Net Debt is defined as total borrowings less cash & bank balances and other current investments.

The Group's net debt to equity ratio is as follows:

Particulars	INR (in Lakh)	
	As at March 31, 2021	As at March 31, 2020
Non-current Borrowings [#]	27,324.97	21,151.27
Current Borrowings	21,690.49	27,807.11
Current maturities of long term borrowings	4,774.88	3,598.34
Gross Debt	53,790.34	52,556.72
Less - Cash and Cash Equivalents	7,551.96	5,236.67
Less - Bank balances other than above	6,282.34	1,242.27
Net Debt	39,956.04	46,077.78
Total Equity	64,340.08	40,313.68
Net Debt to Equity ratio	0.62	1.14

[#] Non-Current Borrowings includes FCCBs, being compound financial instruments convertible into equity shares of the Holding Company at the option of the holder of bonds.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended March 31, 2021

47 Recognition of effects of inflation in countries with hyperinflationary economic environment

The effect of inflation on the Consolidated Statement of Profit and Loss on account of a subsidiary that operates in hyperinflationary economic environment is as under:

Particulars	Amount before hyperinflation effect	Effect of Inflation	INR (in Lakh)
			For the year ended March 31, 2021
INCOME			
Revenue from Operations	118,680.60	29.71	118,710.31
Other Income	498.09	0.33	498.42
Total Income	119,178.69	30.04	119,208.73
EXPENSES			
Cost of Materials Consumed	48,674.73	128.49	48,803.22
Purchases of Stock-in-Trade	7,904.00	(90.41)	7,813.59
Changes in Inventories of Finished Goods, Stock-in-Trade and Work-in-Progress	1,732.01	(0.01)	1,732.00
Employee Benefits Expense	12,034.25	4.06	12,038.31
Finance Costs	3,752.77	-	3,752.77
Depreciation and Amortisation Expense	4,429.42	-	4,429.42
Other Expenses	30,056.19	73.66	30,129.85
Total Expenses	108,583.37	115.79	108,699.16
Profit Before Tax	10,595.32	(85.75)	10,509.57

48 Group Information

The following entities have been considered in the preparation of Consolidated Financial Statements:

Sr. No.	Name of the Entity	Country of Incorporation	% of ownership interest either directly or indirectly through Subsidiaries	
			As at March 31, 2021	As at March 31, 2020
1	Subsidiaries			
(a)	Direct subsidiaries			
1	CFCL Mauritius Pvt. Ltd.(upto June 25, 2019) (Refer Note 48.1)	Mauritius	NA	N.A.
2	CFS Do Brasil Industria Comercio Importacao E Exportacao De Aditivos Alimenticios LTDA (CFS Do Brasil)	Brazil	100%	100%
3	Solentus North America Inc.	Canada	100%	100%
4	CFS North America LLC	USA	100%	100%
5	CFS International Trading (Shanghai) Limited (upto September 14, 2020) (Refer Note 48.2)	China	N.A.	100%
6	Chemolutions Chemicals Limited	India	94.08%	94.08%
7	CFS Wanglong Flavors (Ningbo) Co. Ltd. (Refer Note 48.3)	China	51%	51%
8	CFS Pahang Asia Pte Ltd.	Singapore	51%	51%
9	Dresen Quimica, S.A.P.I. de C.V.	Mexico	65%	65%
10	CFS Europe S.p.A. (from June 25, 2019) (Refer Note 48.1)	Italy	100%	100%
(b)	Indirect subsidiaries			
1	CFS Europe S.p.A. (Refer Note 48.1)	Italy	N.A.	N.A.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended March 31, 2021

Sr. No.	Name of the Entity	Country of Incorporation	% of ownership interest either directly or indirectly through Subsidiaries	
			As at March 31, 2021	As at March 31, 2020
2	Industrias Petrotec de Mexico, S.A. de C.V.	Mexico	100% held by Dresen Quimica, S.A.P.I. de C.V.	100% held by Dresen Quimica, S.A.P.I. de C.V.
3	Britec, S.A.	Guatemala	100% held by Dresen Quimica, S.A.P.I. de C.V.	100% held by Dresen Quimica, S.A.P.I. de C.V.
4	Inovel, S.A.S.	Colombia	100% held by Dresen Quimica, S.A.P.I. de C.V.	100% held by Dresen Quimica, S.A.P.I. de C.V.
5	Nuvel, S.A.C.	Peru	100% held by Dresen Quimica, S.A.P.I. de C.V.	100% held by Dresen Quimica, S.A.P.I. de C.V.
6	Grinel, S.R.L.	Republic of Dominicana	100% held by Dresen Quimica, S.A.P.I. de C.V.	100% held by Dresen Quimica, S.A.P.I. de C.V.
7	CFS Argentina S.A.	Argentina	99.85% held by CFS Do Brasil and 0.15% by CFS Europe S.p.A	95% held by CFS Do Brasil and 5% by CFS Europe S.p.A
8	CFS Chile De SpA	Chile	100% held by CFS Do Brasil	100% held by CFS Do Brasil
II	Associate			
	Fine Lifestyle Brands Limited	India	49.04%	49.04%

48.1 With effect from June 25, 2019 CFCL Mauritius was reverse merged into its wholly owned subsidiary CFS Europe SpA (CFS Europe). Consequently, CFCL Mauritius ceased to be subsidiary of the Holding Company and CFS Europe has become a direct subsidiary of the Holding Company with effect from June 25, 2019.

48.2 CFS International Trading (Shanghai) Ltd., wholly owned subsidiary of the Holding Company was dissolved with effect from September 14, 2020,

48.3 The Holding Company holds 7.65% stake and CFS Europe S.p.A, holds 43.35% stake in CFS Wanglong Flavors (Ningbo) Co. Ltd.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended March 31, 2021

49 Additional Information as required under Schedule III to the Companies Act, 2013, pertaining to the Holding Company, its Subsidiaries and an Associate

Sr. No.	Name of Entity in the Group	Net Assets		Share in Profit/(Loss)		Share in Other Comprehensive Income		Share in Total Comprehensive Income	
		As % of Consolidated Net Assets	Amount (INR in Lakh)	As % of Consolidated Profit/(Loss)	Amount (INR in Lakh)	As % of Consolidated Other Comprehensive Income	Amount (INR in Lakh)	As % of Consolidated Total Comprehensive Income	Amount (INR in lakh)
	Holding Company								
	Camlin Fine Sciences Limited	72.22	46,463.61	16.25	828.12	(0.35)	(37.97)	4.93	790.15
	Subsidiaries								
	Indian								
1	Chemolutions Chemicals Limited	0.60	389.20	0.55	27.85	-	-	0.17	27.85
	Foreign								
1	CFS Europe S.P.A	38.08	24,502.11	70.27	3,581.13	93.64	10,241.83	86.21	13,822.96
2	CFS Do Brasil Industria Comercio Importacao E Exportacao De Aditivos Alimenticios LTDA	(3.38)	(2,175.14)	(3.40)	(173.10)	2.26	246.69	0.46	73.59
3	Solentus North America Inc	(0.49)	(314.71)	0.32	16.12	(0.24)	(26.64)	(0.07)	(10.52)
4	CFS North America LLC	(7.67)	(4,935.04)	(30.26)	(1,542.06)	0.92	101.00	(8.99)	(1,441.06)
5	Dresen Quimica S.A.P.I de C.V.	20.98	13,496.61	87.54	4,461.10	4.88	533.87	31.15	4,994.97
6	CFS International Trading (Shanghai) Ltd	-	-	0.75	38.04	(0.00)	(0.26)	0.24	37.78
7	CFS Wanglong Flavors (Ningbo) Co. Ltd.	8.10	5,212.66	(4.14)	(211.15)	3.22	351.84	0.88	140.69
8	CFS Argentina SA	(0.13)	(86.84)	(2.38)	(121.17)	0.30	32.58	(0.55)	(88.59)
9	CFS Chile SpA	0.31	201.31	2.70	137.50	0.14	15.11	0.95	152.61
10	CFS Pahang Asia Pte Ltd.	0.04	26.65	(0.09)	(4.67)	0.01	0.93	(0.02)	(3.74)
	Total	128.66	82,780.42	138.11	7,037.71	104.78	11,458.98	115.36	18,496.69
a)	Consolidation eliminations/adjustments	(17.81)	(11,465.39)	(9.87)	(501.97)	(1.00)	(108.94)	(3.81)	(610.91)
b)	Non-Controlling Interests								
	Indian Subsidiaries								
	Chemolutions Chemicals Limited	0.04	23.21	0.03	1.65	-	-	0.01	1.65
	Foreign Subsidiaries								
	Dresen Quimica S.A.P.I de C.V.	6.83	4,393.42	30.58	1,558.62	2.66	290.42	11.53	1,849.04
	CFS Wanglong Flavors (Ningbo) Co. Ltd.	3.96	2,545.15	(2.33)	(118.52)	1.12	122.24	0.02	3.72
	CFS Pahang Asia Pte Ltd.	0.02	13.17	(0.04)	(2.29)	0.00	0.41	(0.01)	(1.88)
	Total Non-Controlling Interest	10.85	6,974.95	28.24	1,439.46	3.78	413.07	11.55	1,852.53
c)	Associate								
	Indian								
	Fine Lifestyle Brands Limited	-	-	0.00	0.06	-	-	0.00	0.06
	Total Consolidated	100.00	64,340.08	100.00	5,096.34	100.00	10,936.97	100.00	16,033.31

50 Previous year's figures have been regrouped / reclassified wherever necessary to conform to current year's classification.

Forward-looking Statement

In this Annual Report, we have shared information and made forward-looking statements to enable investors to know our product portfolio, business logic and direction and thereby comprehend our prospects. Such and other statements - written and oral - that we may periodically make are based on our assumptions. We have tried, wherever possible, to identify such statements by using words such as 'anticipate', 'estimate', 'intend', 'plan', 'project', and words of similar substance in connection with any discussion of future performance. We cannot guarantee that these forward-looking statements will be realised. Although we believe we have been prudent in our assumptions, the achievement of results is subject to uncertainties, risks and even inaccurate assumptions. If uncertainties or known or unknown risks materialise or underlying assumptions prove inaccurate, actual results can vary materially from those anticipated, estimated, intended, planned or projected. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events, or otherwise.



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