

Sustainable Growth through
Integration &
Innovation





Disclaimer

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

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INVESTOR INFORMATION

CIN	: L74100MH1993PLC075361
BSE Code	: 532834
NSE Symbol	: CAMLINFINE
AGM Date	: July 29, 2022



Corporate Information

Ashish Dandekar

Chairman & Managing Director

Nirmal Momaya

Managing Director*

**Date of appointment: June 1, 2021*

Arjun Dukane

Executive Director - Technical

Anagha Dandekar

Non-Executive Non-Independent Director

Harsha Raghavan

Non-Executive Non-Independent Director

Sarvjit Bedi

Non-Executive Non-Independent Director

Amol Shah

Independent Director

Sutapa Banerjee

Independent Director

Joseph Conrad D'souza

Independent Director

Mahabaleshwar Palekar

Independent Director

Pradip Kanakia

Independent Director*

**Date of appointment: October 18, 2021*

Thomas Videbaek

Independent Director

KEY MANAGERIAL PERSONNEL

Santosh Parab - Chief Financial Officer

Rahul Sawale - Company Secretary and
VP - Legal

Registered Office:

F/11-12, WICEL, Opp SEEPZ Main Gate, Central
Road, Andheri East, Mumbai - 400093.

Tel No - 91-22-67001000 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

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

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



VISION

To be the globally preferred, trusted, and integrated provider of reliable and innovative shelf-life solutions, aroma ingredients, performance chemicals, and health & wellness ingredients.



MISSION

Be a vertically integrated provider of diverse high-quality innovative antioxidants & shelf-life extensions, aroma ingredients, performance chemical products and related solutions for Food, Animal Nutrition, Pet Food, Pharmaceutical and Petrochemical industries globally. To have an in-depth product technical know-how, its applications, an intimate understanding of customer's needs and a wide global reach through superior sourcing, logistics and service.



CORE VALUES

Collaborative

We collaborate with different organisations and communities to find better, locally suited solutions.

Credible

We gained the trust of our clients all over the world for our consistent and reliable processes subject to regular improvisations in line with the ever evolving industry trends.

Passionate

We take pride in our quality work and remain committed to our purpose for finding the most-suitable solutions for our customers' problems, making their lives qualitative.

Reliable

We strive to deliver on our commitments on a timely basis, within the set quality standards, to facilitate higher relevance and trust-worthiness of our processes.

Transparent

We disseminate all information in an unjust manner and make them accessible to all our stakeholders.

Sustainable Growth through

Integration and Innovation

AT CAMLIN FINE SCIENCES (CFS), WE BRING SCIENCE INTO PEOPLE'S LIVES IN A WAY THAT TOUCHES THEM AND ENRICHES THEIR LIVES. WE HAVE BEEN ADVANCING OUR GOAL TO COEXIST WITH THE WORLD AROUND US, AND THE RESOURCES IT PROVIDES.

INTEGRATION AND INNOVATION ARE TWO OF THE PRIME DRIVING FACTORS FOR SUSTAINABLE GROWTH AT CFS.

We, at CFS, consider sustainability from two perspectives. We have expanded our offerings under Catechol and Hydroquinone to serve a wide range of end-user industries, using our vertical integration capability. Apart from Italy, we have added a Diphenol plant to our existing Hydroquinone and Catechol capacity in India. It allows us to innovate and manufacture a wide range of downstream products while providing complete traceability and transparency to our customers, right from the raw materials to the final products.

In addition to offering downstream products, we have broadened our offering to offer comprehensive solutions for diverse industries. Our long-term success depends on integrating and expanding our product line for a variety of industries.

With an eye towards creating a sustainable world, we have incorporated fermentation technologies for the purpose of including sustainable products in our portfolio. We are also finding ways to adopt new ecosystems to include new materials, processes and find alternatives to nature's finite resources.

Today, food protection has become an increasing concern, rendering a huge impact on the bottom line, and food-loss leading to wastage. We manufacture TBHQ, BHA, Ascorbyl palmitate (ASP), and blends of these antioxidants, to provide tailor-made solutions for our customers. To those requiring clean labels, we have natural antioxidants such as rosemary

extract, tocopherols, green tea extract and acerola extract. Besides its antioxidant properties, it also protects nutrients, adding more value and providing a satisfying experience for health conscious consumers. CFS delivers comprehensive solutions to drive food safety and protection until the end of shelf life

Surveys indicate an overwhelming preference for natural ingredients in food, and with greater emphasis on pet food. By analysing and understanding these changing consumer trends, we innovate and develop products and processes by leveraging our core competence, adding to the long-term sustainability of our business. Furthermore, a thorough market research, setting up rigorous processes, technical and market experts, working with industry leaders and developing a competent governance framework, adds onto our efforts of achieving business sustainability. Keeping ESG at the core of our business, we strive to find better, innovative and important ways to become more sustainable and environment-friendly. We believe no amount of effort is ever too much in preparing humans for a better future.

Through its Animal Nutrition segment, CFS helps maintain the health and safety of farms. The advance portfolio has now developed effective alternatives to antibiotic usage which remains an alarming global concern. CFS is dedicated to give producers and farmers an informed decision on feed purchases for profitable farming. When livestock is reared effectively, it impacts the food chain too.



Our strategic partnership with Lockheed Martin, a US-based company that is working towards utilising green energy to store renewable energy has been progressing well. We will be providing the raw materials required to develop sustainable and environment-friendly solutions, by bringing in our operational and technical expertise.

Over the last three decades, our passion for science and our innovative edge has given our customers greater control over their product basket and has earned us a distinct place in the world of fine sciences.

HIGHLIGHTS

- Our Diphenol plant in India has enhanced capacities to our existing Hydroquinone and Catechol produced in Italy.
- Expanded our offerings under Catechol and Hydroquinone to serve a wide range of end-user industries.
- Our power of vertical integration provides complete traceability and transparency to our customers, right from the raw materials to finished products.
- Camlin Fine Sciences has global expertise in the Antioxidants industry and has been a trusted name for over 25 years now.
- Through Xtendra® and NaSure®, CFS delivers comprehensive solutions (traditional and natural) to drive food safety and protection until the end of shelf life.
- Works in partnership with the customers to innovate and deliver the most suitable solutions for their food products to protect it, prevent spoilage and food wastage.
- Recent acquisition of AlgaIR NutraPharms for production of alga-based DHA (Omega -3 fatty acid) using fermentation technology that can reduce the burden on marine life. Omega-3 is known for its functional benefits right from early life to golden years.
- Develops and markets an extensive line of products in the Animal Nutrition segment, which helps master Feed Conversion Ratio (FCR) and return on investment for profitable and healthy farming.
- Strategic partnership with Lockheed Martin that is working towards utilising green energy to store renewable energy.

Our Potential



AMONG

WORLD'S LEADING

Manufacturer of antioxidants



PREFERRED PARTNER

For customised shelf-life solutions

Investors

Our comprehensive, timely disclosures to the investing community assists them in making rational judgement.



₹ Lakh

141,208.91

Total Revenue



₹ Lakh

218,914.53

Market Capitalisation

*As on March 31, 2022



₹ Lakh

15,280.84

EBITDA



₹ Lakh

6,037.19

Profit After Tax



6.96%

Return on Capital Employed



₹

4.65

Earnings Per Share

Customers

We are serving a worldwide customer base with a wide product range.



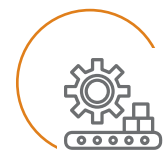
100+

Diversified Products



1250+

Satisfied Customers Worldwide



>55,000

Integrated Global Production Capacity

Tonnes

Operational Facilities

Multiple operational facilities, R&D centres and application laboratories are the backbone of our innovative product basket.



9

Global manufacturing facilities



5

Application laboratories



2

R&D centres

Worldwide Presence

Our global footprint over 4 continents



EUROPE



ASIA



SOUTH AMERICA



NORTH AMERICA

Message from the

Chairman and Managing Director



My fellow shareholders,

It gives me immense pleasure to share this platform with all our shareholders for their unwavering support in all our ventures and I'd also like to take this opportunity to welcome our Senior Management. Mr. Nirmal Momaya joined us as the Managing Director of the Company from June 1, 2021. With his rich and diverse experience, across industry sectors, we hope to flourish in the coming times. Now, with great pleasure and pride I am presenting you Camlin Fine Sciences Annual Report for FY 2022.

CFS' specialty chemicals cater to four different businesses – Shelf-Life Solutions, Performance Chemicals, Aroma Ingredients and Health & Wellness. With the commencement of diphenol plant in Dahej in 2021, we have further increased our diphenol production capacity from 10,000 to 15,000 metric tonnes per annum by initiating the de-bottlenecking exercise during our planned annual maintenance. This will bolster our diphenol downstream capacity.

Combining our Italy and Dahej facilities, our total diphenol production capacity has increased from 20,000 to 25,000 metric tonnes. Your company has now become a dominant producer of diphenols with a combined capacity of 25,000 MTPA.

We undertook the following initiatives and acquisitions during the year:

- Our 33.5% share in the Mexico subsidiary has been completed, bringing us the benefit of the great potential in Mexico, Central America and Andean states.
- We acquired an 80% stake in AlgalR NutraPharms Private Limited to expand its footprint in the food, pet food, animal nutrition, and nutraceutical industries with sustainable products. AlgalR is the only domestic producer of Omega-3 fatty acids (DHA) derived from microalgae using proprietary fermentation technology.
- We are close to completing our plan of building a 6000 metric tonne vanillin and ethyl vanillin plant at Dahej, Gujarat. CFS is well-positioned to grow from sectoral tailwinds, backed by our diverse product portfolio, global presence, ongoing focus on R&D, and strong financial position.

Revenue from Operations stood at INR 14,120.9 million in FY 2022, rising from INR 11,871 million in FY 2021, recording a growth of 19%. Earnings Before Interest, Depreciation, Tax and Amortization (EBITDA) for FY 2022 stood at INR 1,528.1 million, 16% lower growth than the previous year. Net Profit was recorded at INR 603.7 million in FY 2022, witnessing a decrease of 8% over the previous year.

The Russia-Ukraine conflict negatively impacted on all costs, particularly raw materials, logistics, power and gasoline, resulting in a downward trend in Profit After Tax (PAT) and EBITDA. Following this, our

subsidiary CFS Europe SpA, which manufactures diphenols in Italy, Europe, was affected negatively in a number of ways. In the quarter ending March 31, 2022, the typical average quarterly power cost jumped by 240%, resulting in a power cost rise of roughly INR 28 Crore. We are actively monitoring the situation and will take appropriate steps to mitigate the impact on our operations by reducing production quantity in CFS Europe SpA, based on diphenol pricing and rising electricity costs.

Our diphenol and vanillin capacities along with ample land space for future growth will further support us towards a newer version of CFS. The next phase of our expansion capex is on track, backed by the combined force of skill and experience at CFS. As one of the top and most integrated manufacturers of Catechol and Hydroquinone, we are now planning to supply high-value derivative products. Our focus is on high-margin, value-added products that will help us improve our cost efficiencies and build a bright future for us in the global markets.

We consider sustainability from two perspectives: First, we achieve it through integration, as we develop our diphenol product lines. The expansion will contribute to the Company's long-term viability. Following the worldwide sustainable development goals, we took the first step into fermentation technology through Omega-3 fatty acids. Our company, CFS, has committed to growing sustainably in every aspect of its business, from acquiring raw materials to delivering natural, clean, and sustainable products.

The CFS management team, and employees stood out as the Company's key strengths, once more. The relationships with our external

stakeholders — including customers, shareholders, suppliers and industry regulators — are critical to the sustainability of the business. Thereby, I recognise their efforts and thank them for a continued support and their association with Camlin Fine Sciences. I would like to extend a heartfelt gratitude towards all our employees for their commitment and hard work during the time. Your ongoing efforts are appreciated and highly recognised in facilitating the Company's growth, from strength-to-strength, as one of the leading players in the chemical market.

Best Wishes

Ashish Dandekar



Our Journey

1 FY 1994

Camlin Fine Chemicals division was incorporated with an advanced manufacturing plant in Tarapur, Maharashtra, to manufacture antioxidants for global markets



2 FY 2007

Camlin Fine Sciences Limited was formed after demerger from Camlin Limited



3 FY 2012

Acquired Borregaard Italia SpA, a manufacturing facility in Italy producing Hydroquinone and Catechol, and established it as the integrated manufacturer of Diphenols

6 FY 2016

- Commenced production and marketing of antioxidant blends in Brazil through 100%-subsidiary, 'CFS do Brasil Limited'
- Set up application laboratories, fully supported by a group of technical team
- Launched CFS North America, LLC

5 FY 2015

Launched Aroma and Flavoring Ingredient – Vanillin



4 FY 2014

Introduced extensive range of performance chemicals like MEHQ, Vetratrole, and Guaiacol, among others



7 FY 2017

Acquired 65% stake in Dresen Quimica S.A.P.I.de C.V., Mexico along with its five subsidiaries to expand our market reach in Central & Southern America, along with few regions in Latin America

8 FY 2018

- Acquired 51% stake through SPA in Ningbo Wanglong Flavours and Fragrances Company Limited and became the third-largest producers of vanillin in the world
- Entered into a preferred supply agreement with Lockheed Martin Advanced Energy Storage for manufacture and supply of a specialty chemical



11 FY 2022

- Acquired 80% stake in AlgalR NutraPharms to enter the Nutraceuticals market
- Acquired 33.5% stake in Dresen Quimica S.A.P.I.de C.V., Mexico



10 FY 2021

Successfully completed the greenfield expansion and commenced commercial production of the Diphenol Facility in Dahej SEZ



9 FY 2019

- Entered into a Joint Venture with Pahang Pharma Pte. Limited, Singapore to foray into the Animal Nutrition in ASEAN market
- Commenced construction of the Dahej Plant for Diphenols

Our Global Presence

Our manufacturing plants located in different continents manufacture, market and supply products. We have a presence across 80 countries like Brazil, China, Europe, India, and Mexico, with a 1,250+ customer base. We see a great potential in the global market for our Company's current work portfolio expansion, while exploring newer geographies. Given our capabilities and efficiencies, we are confident of tapping the relevant opportunities to pursue consistent progress.



USA



CFS North America LLC

Shelf-Life Solutions

11

Employees

INR 520 million
Revenue

INDIA



Camlin Fine Sciences Limited

Diphenols, Shelf-Life Solutions,
Aroma Ingredients and
Performance Chemicals

25,000 MT
Capacity

478

Employees

INR 6,855 million
Revenue

MEXICO



CFS Dresen (Dresen Quimica SAPI de CV) and its subsidiaries

Shelf-Life Solutions

12,000 MT
Capacity

162

Employees

INR 3,198 million
Revenue



BRAZIL



CFS do Brasil and its subsidiaries

Shelf-Life Solutions

6,000 MT
Capacity

63
Employees

INR 902 million
Revenue

ITALY



CFS Europe SpA

Diphenols, Performance Chemicals and Shelf-Life Solutions

12,000 MT
Capacity

54
Employees

INR 4,395 million
Revenue

Our Competencies



Among the leading, global player in shelf-life solutions across Food, Feed, Pet Food and Biodiesel market segments



Vertically integrated across the value chain



State-of-art R&D facilities with a global talent pool



Local presence in major global markets with a diverse customer base



Fully integrated platform that gives our customers complete control



Experienced promoters and professional management team

CHINA



CFS Wanglong Flavours (Ningbo), Co. Limited

Vanillin (Aroma Ingredients)

4,200 MT
Capacity

Shelf-Life Solutions

Antioxidant Straights, Blends and other Additives

We have a long history of serving food industry needs with our shelf-life solutions, and antioxidants are an integral part of that. We strive to integrate innovation into our processes to minimize lipid spoilage and safety challenges while providing the highest level of performance. Antioxidants are widely used in industries such as Food, Pet Food, Rendering, Animal Feed, and Aquaculture. Oxidation of biodiesel too can hamper engine's performance.

Our antioxidant formulations are designed to provide biodiesel stability as well as protect the engine. Feed oxidation is another problem that hampers an animal's optimum growth in spite of providing nutrient-rich feed.

Our Company produces traditional antioxidants like Tertiary Butyl Hydroquinone (TBHQ), Butyl Hydroxyanisole (BHA), and Ascorbyl Palmitate (ASP). We have forward-integrated antioxidant blends and these blends of TBHQ, BHA, and ASP are used to improve shelf-life of a wide range of food and feed products, including edible oils and fats, snack foods, bakery foods, instant noodles, meat and meat products, rendering, premixes, livestock feed, fishmeal, and other. Through the integration, we can tap into a global market full of opportunities worth USD 4 billion.

Our Company also offers plant-based antioxidant solutions to fulfill our customer's clean label requirements. The blends of natural antioxidants like Mixed Tocopherols, Green Tea Extract, Rosemary Extract, and Acerola Extract enhances shelf life.

Along with antioxidants, CFS also offers solutions for food/feed safety, animal health and performance through products such as mold inhibitors, preservatives, acidifiers, antibacterial agents, toxin binders, pellet binders,

growth promoters, among others for humans, pets and livestock.

Under Xtendra® and NaSure®, our Company works on providing holistic food/ feed protection solutions. We recognise and deliver our responsibility to ensure no food spoilage and wastage by leveraging our expertise in fine sciences, while meeting the ever-evolving needs of our customers and the market.

Xtendra[®]
protection & safety solutions

NaSure[™]
natural protection & safety solutions

**AT CAMLIN FINE SCIENCES LIMITED,
WE MANUFACTURE TRADITIONAL
AND NATURAL ANTIOXIDANT
SOLUTIONS AND HELP DELIVER
EXTENDED SHELF-LIFE TO FOOD,
FEED, PET FOOD AND BIODIESEL.**



HIGHLIGHTS

- Antioxidants play a very important role in industries such as Food, Pet Food, Biodiesel, Rendering, Animal Feed, and Aquaculture, among others.
- Over 200+ custom formulations (traditional and natural) have been developed in response to food / feed challenges.
- Animal Nutrition portfolio has a comprehensive range of products, sanitization services and holistic health care approaches with antibiotic-alternatives in feed
- Xtendra® biodiesel formulations provide high performance and improves biodiesel stability at different concentrations in different biodiesel raw materials.
- Our Customer Service Application Laboratories support services that can be used to manage and protect the food/feed, avoid spoilage and food wastage.

APPLICATIONS



Food and Beverages



Pet Food



Animal Nutrition



Biofuels



Aquaculture



Rendering



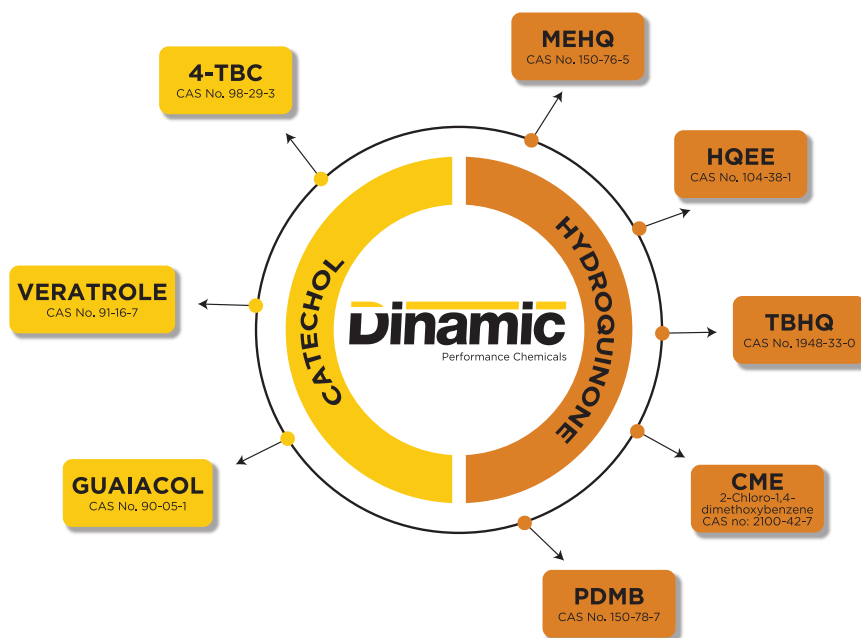
Performance Chemicals

Performance Chemicals, also known as Specialty Chemicals, are critical to many industries that enable us to enhance the integration of an aspect of science in our everyday lives. Through our dynamic creations that are progressive and cutting-edge, we ensure a consistent quality performance. Whether

dyes, pigments, paints, flavours, fragrances, polymers, plasticisers, inks, agrochemicals, pharmaceuticals, or cosmetics, our products form an integral part of modern-day living.



THIS BUSINESS VERTICAL OF CFS PRODUCES CHEMICALS LIKE GUAICOL, VERATROLE, TBC, MEHQ, AMONG OTHERS, ARE DOWNSTREAM CHEMICALS OF HYDROQUINONE AND CATECHOL.



Our vertically integrated platform ensures stability, steady supply, quality, traceability and provision at the most competitive price. Our business' acquisition of the Italy plant in 2011 aided us in meeting raw materials captive requirements of

Diphenols (Hydroquinone and Catechol). Our vertical integration helped us supply our products in Europe, the United States of America, Latin America, Asia, and the Far East.

Along with the plant in Italy, CFS has added a major feather to the business cap with the addition of a Diphenol facility in Dahej, Gujarat. The facility has further increased its production capacity from 10,000 to 15,000 metric tonnes per annum by initiating the de-bottlenecking exercise during our planned annual maintenance. Our Company reached a major milestone with the 100% utilisation of the Diphenol facility. This was followed by implementation of strategies for backward integration and process optimisation. We are

also planning to expand the possibilities with our Company's downstream development and production.

As a strategic move, CFS entered into a long-term supply arrangement with Lockheed Martin, a US-based company that specialises in Advanced Energy. This arrangement is for a specialty chemical, a derivative of Catechol that will act as a key performance chemical for a futuristic energy storage system that is being developed by Lockheed Martin.



APPLICATIONS



Petrochemicals



Agrochemicals



Pharmaceuticals



Polymers



Dyes and Pigments

Aroma Ingredients

Aroma ingredients affect our five senses in positive ways, and vanilla is among world's most popular flavours, with application in food as well as fragrances. It wouldn't occur to most people that vanilla is arguably the most labour-intensive flavour on the earth, making it not just expensive but also a rare taste. Therefore, obtaining natural vanilla is difficult, which led the chemical manufacturers to develop nature-identical vanilla such as vanillin, which is food safe.

Due to the limited quantity of natural vanilla around the world, the global Vanillin market is poised to witness significant growth. By 2025, this market is expected to develop at a 9.69% CAGR, reaching USD 308.10 million. Owing to a large supply and demand mismatch associated with the flavouring, this market is prone to price fluctuations on a regular basis.

CFS over the years has perfected the development of vanillin by having full traceable vertically integrated production. As per the integrated growth plans and to achieve our goals for the Aroma Ingredients business, we will launch Adorr™ Vanillin range in FY 2022-23. A 6000 MTPA multipurpose manufacturing unit for the production of vanillin and ethyl vanillin at our Dahej facility in India is in progress. We expect the trial production to begin in June 2022.

IN FY 2022-23, WE WILL COMMENCE PRODUCTION OF VANILLIN AND ETHYL VANILLIN AT 6000 MTPA, A MULTIPURPOSE MANUFACTURING UNIT AT OUR DAHEJ FACILITY IN INDIA.

Since all the operations happen at one place, there is greater transparency and quicker turnaround time in case of any query or response. We believe that Adorr™ is a testament of authenticity and confidence.



To make the best use of our existing vanillin manufacturing assets in China, CFS and Wanglong have jointly confirmed the production of Heliotropin (piperonal) other than vanillin. With minor modifications to the current vanillin manufacturing process, Heliotropin can be produced which would be an excellent addition to our product line.

CFS' aroma ingredients cut its way across major industries like Food and Beverages, Flavours and Fragrance Manufacturing, Oriental Perfumes, Incense Sticks, Personal Care Products, and many more. Additionally, our products are tested and tasted by food flavourists and they share their expertise into making our products more pleasing for our customers.

HIGHLIGHTS

- Vanillin facility would make our manufacturing chain more robust, strengthening our end-to-end process — from raw materials to finished product — all under one roof.
- Adorr™ vanillin range is a testament of authenticity and confidence.
- Existing vanillin production facility in China would be utilised for production of Heliotropin (Piperonal), widely used in F&F and pharmaceutical industries.

F&F = Flavour and Fragrance

APPLICATIONS



Biscuits and Cookies



Animal Feed



Chocolates & Confectionery



Fragrance Manufacturing



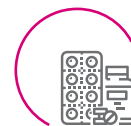
Other Bakery Foods



Flavour Making



Flavoured Beverages



Pharmaceutical

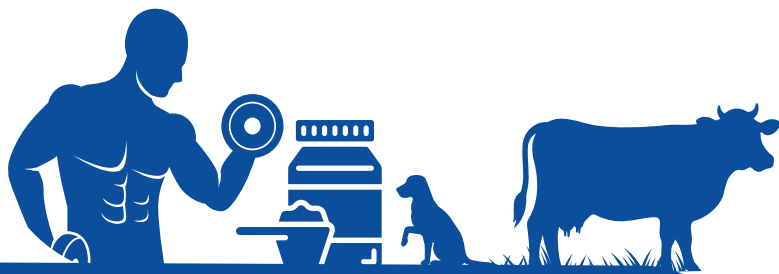


Electroplating

Health and Wellness

We recently launched our Health and Wellness segment in 2019, rising up to the ever-increasing need for natural food. This division offers products that are derived from fermentation and plant extraction. CFS focuses on the needs of the consumers by extracting the best from the natural

resources for its health and wellness division. Through plant extraction and fermentation, we work on making products like natural colours, nutritional lipids, in natural and sustainable form for the food and beverage, pet food and animal nutrition industries.



Our association with local farmers, who cultivate raw materials, helps our Company to trace all the ingredients while enabling control over choosing sustainable processes. It ensures that the product deliveries are done in a timely manner. Since we are actively and directly involved with the farmers, it makes the process more structured and less complicated.

For these natural products, produced by CFS, we anticipate a growth and consistency in leading and largest markets of Europe and USA.

While CFS has been actively trying to enter the Nutraceuticals market, the 80% acquisition of AlgalR NutraPharms allows us to expand into an untapped territory of fermentation technology. AlgalR NutraPharms is a manufacturer based out of India, that produces Omega-3 fatty acids from micro-algae, which is 100% sustainable and vegetarian.

**TO ENSURE
SUSTAINABILITY AND
TRANSPARENCY IN
THE PROCESSES,
CFS HAS VENTURED
IN FERMENTATION
TECHNOLOGIES
AND SUSTAINABLE
SOLUTIONS**



APPLICATIONS



Functional Foods



Nutraceuticals



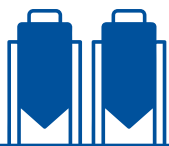
Pet Food



Dietary Supplement



Animal Nutrition



Research and Development

AT CFS, OUR R&D UNITS FORM THE BACKBONE OF THE STELLAR RESEARCH WE CONDUCT, AND THE OVERALL BUSINESS. SERVING OUR PURPOSE OF ENSURING HIGHEST LEVELS OF RELEVANCE AND RELIABILITY, WE HAVE TWO R&D CENTRES, ONE IN INDIA AND THE OTHER IN ITALY.



**Research &
Development Centres**



**Dedicated
Application Labs**



INDIA

Our application labs and research centres carry out studies and tests of our business' processes and applications. CFS' R&D facility in India is located in Tarapur. It is a synthetic and process development lab and has an independent pilot plant that supports our scaling activities and processes of all our engineering studies.

CFS' robust and competent team of in-house researchers develop new products backed by well-defined research on the Diphenol-downstream. At CFS, we are always looking for more opportunities to develop our competencies. In this attempt, we regularly conduct collaborative projects with different institutes and universities as it helps us in further product development. Our research facility is approved by the Department of Scientific and Industrial Research Technology (DSIRT).



ITALY

Similar to our research facility in India, we have another facility in Ravenna, Italy, that looks after the improvement of our existing technology and development of new products & processes.

Along with in-house research, we collaborate with universities and external research units. The R&D division is located inside the factory premises of CFS Europe and it receives continuous and active support from our Quality Control Structure for any analysis that they might need. This unit comprises two separate facilities, organic - aimed at analysis, and inorganic - aimed at characterisation of materials.

Processes at our R&D are first optimised and then tested in our pilot plant. Almost all the activities carried out at this location are in tandem with either the R&D team or the product development team in India.

Our R&D Focus



Add value to current products



Develop new products



Improve current process for efficient manufacturing and better products



Develop customised, enhanced applications



Develop derivatives for Hydroquinone and Catechol



Implement development of new catalysts

Our Growth Strategy: Integration to Innovation



FUTURE GROWTH FOR CFS

Product Development

WE PLAN TO:

- Develop derivative of Diphenols and innovate products from a sustainability lens
- Invest in R&D to provide value-added and sustainable solutions to our customers
- Make our business sustainable by expanding into different geographies and diversifying derivative applications



BUILDING ADDITIONAL PLANT

- Setting up of a facility with a capacity of 6,000 MT is going on in Dahej for the production of vanillin, ethyl vanillin and related products
- Improve our EBITDA margins through the low-cost Catechol obtained through our Dahej facility in Gujarat
- Commence the commercial production in July 2022



SHELF-LIFE SOLUTIONS

- Increase focus on high-margin blends and additives
- Introduce new products, cross-sell the existing products, and expand into new geographies
- Maintain leadership for antioxidants
- Widening portfolio to provide comprehensive solution for the food, pet food and animal nutrition industry



PERFORMANCE CHEMICALS

- Planning on increasing the production capacity of existing products through de-bottlenecking
- Introducing new products in the market
- Focusing on using diphenols for captive consumption, and increasing the manufacturing of value-added downstream products



AROMA INGREDIENTS

Way Forward - Acceleration

- A facility with a capacity of 6000MT for production of vanillin, ethyl vanillin and related products under progress.
- Focusing on cost-efficient production of vanillin and improving our margins
- Increasing sales by leveraging a strong order book



OTHERS

- Add to our progression into the world of wellness through the acquisition of AlgaIR NutraPharms
- Expand into new geographies and derivatives' applications
- Backed by our robust R&D and capacity, we plan to take further steps towards strengthening our global sales through higher efficiencies.

Environment, Social, & Governance (ESG)

ESG INVOLVES A BROAD SET OF ISSUES THAT RANGE FROM THE COMPANY'S CARBON FOOTPRINT TO THEIR LABOUR PRACTICES, ENSURING THE CONDUCT OF AN ETHICAL BUSINESS. WE AIM AT USING LESS ENVIRONMENTAL RESOURCES, AND GIVING BACK TO NATURE, ENSURING OUR EMPLOYEES AND COMMUNITIES LIVE IN HARMONY.



ENVIRONMENT

Preventing food wastage

- Actively working towards food waste management by carefully choosing a product portfolio that would reduce waste significantly for the food industry.

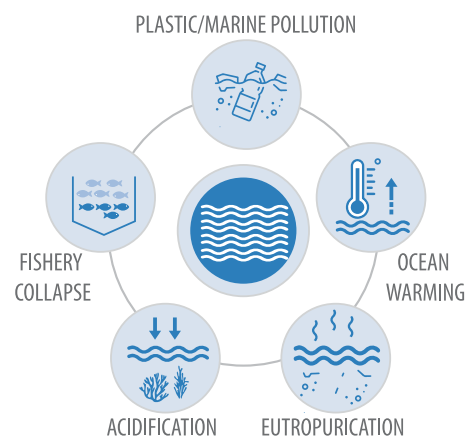
Partnership for adding sustainability

- Strategic tie-up with Lockheed Martin, a US-based company working towards an innovative technology to develop green energy flow batteries that would store renewable energy.

Life below water

- Recently acquired AlgalR Nutra Pharms that manufactures Biosus™ Omega-3 fatty acids (DHA) from algal source using fermentation technology.
- Puts less burden on marine life and provides access to Omega-3 fatty acids for vegetarian population

THE SUSTAINABILITY OF OUR OCEANS IS UNDER SEVERE THREAT



OVER 3 BILLION PEOPLE RELY ON OCEAN FOR THEIR LIVELIHOODS

Sourcing Clean Energy

- Working towards sourcing clean energy from wind energy farms with the capacity of 1.25 MW that could lessen 20% burden on the current power grid supply.



SOCIAL

- Supported the local communities during COVID-19 by donating funds to an oxygen (O2) generation plant.
- An annual fund of INR 25 Lakh was invested into the local community for building a stadium to upgrade sports and other recreational activities in the locality around Tarapur.
- Committed to positively impacting Individuals and Communities as a socially responsible company. In alignment with this commitment, spent INR 42 Lakhs in

corporate social responsibility (CSR) program in the financial year 2021-22 for the Upliftment of Tribal Backward Class to NGO Akhil Bhartiya Vanvasi Kalyan Ashram

- Provided employees with digital infrastructure and all the necessary requirements for ease in work-from-home.
- For our R&D employees, conveyance was taken care of, complying to the COVID-19 safety and precaution rules to avoid hindrances to any of our critical research work.



GOVERNANCE

- Our Governance framework allows us to have independent directors on the Board, who guide us objectively on our strategies and business practices.
- Our Governance Board comprises of highly competent and visionary leaders

belonging to diverse backgrounds, possessing technical and business expertise.

- They come together and brainstorm strategies, and policies aimed at performance enhancement and business progress, while setting industry benchmarks.

- New ecosystems to include new materials and find alternatives to nature's finite resources such as coal.
- Taken necessary steps to decarbonise by adopting brickette, instead of coal, as an energy source in factories.
- Brickette provides optimum calorific value, ease of transportation and lowers emission of harmful gas.
- High thermal value, making it a better fuel.

Desalinated water to Dahej facility

- Dahej faces a major water shortage due to its salinity.

- Large desalination plant for industrial purposes is being built by GIDC for 100MLD in Dahej by using seawater reverse osmosis method at a cost of around INR 1200 crore.
- It will exclusively provide water to industries in Dahej.
- A capital contribution of INR 15 crores made to support the renewal and repurposing of salinated water for our Dahej facility.
- Helps reduce the dependence on fresh water from river Narmada, conserves natural resources and provides water security for the plant.



Meet the Board

Ashish Dandekar

Chairman & Managing Director

- B.A. in Economics and Management Studies from Temple University, USA
- Over 28 years experience of in Pharmaceuticals and Fine Chemical Products including Business Planning, Information Systems, Research & Development, Product Development and Marketing

Nirmal Momaya

Managing Director

- A Chartered Accountant with over 25 years of experience in Finance, Taxation, Audit and Management Consultancy
- A Professional with expertise in consulting various businesses, and advising CFS on important business and strategic matters, since 2009

*Date of appointment: June 1, 2021

Arjun Dukane

Executive Director - Technical

- Associated with CFS for about 15 years
- A Chemical Engineer with over 30 years of experience in the Chemical industry

Anagha Dandekar

Non-Executive Non-Independent Director

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

Harsha Raghavan

Non-Executive Non-Independent Director

- M.B.A. and M.Sc. in Industrial Engineering from Stanford University and B.A. from the University of California at Berkeley, where he double majored in Computer Science and Economics
- Managing Partner of Convergent Finance LLP and a previous founding M.D. & C.E.O of Fairbridge Capital Private Limited (a Fairfax Company) since 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 billion worth of investments. Advised on more than two dozen transactions totalling over USD 1.5 billion in value.

Sarvjit Bedi

Non-Executive Non-Independent Director

- B.A. in Economics from the Delhi University, M.B.A from Johnson Graduate School of Business, Cornell University
- Chartered Accountant and Partner of Convergent Finance LLP, and is currently, on the Boards of Hindustan Foods Limited and Jyoti International Foods Private Limited

Amol Shah

Independent Director

- Bachelor of Science (Electronics Engineering) from University of Kent, Canterbury and an M.B.A. from University of Southern California



- Currently, the Managing Director of the MJ Group with over 25 years of experience in the industry, covering human healthcare, flavours/fragrances compounds, plant protection and water treatment chemicals

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
- Currently, serves as an Independent Director on the Boards of several companies

Joseph Conred D'souza

Independent Director

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

Mahabaleshwar Palekar

Independent Director

- A Chemical Engineer with a Doctorate Degree from University Department of Chemical Technology (UDCT, now ICT), Mumbai, India
- 25+ years of experience with corporates in India (Polychem & Atul) and Multinational Companies (Unilever India and Rhodia India)

Pradip Kanakia

Independent Director

* Date of appointment: October 18, 2021

- Chartered Accountant of England and Wales, and India
- Served in leadership positions in Price Waterhouse and KPMG during his career of 35 years, leveraging his expertise in Strategy, Transformation, Performance Management, Accounting, Auditing, Reporting, Controls, Compliance and Governance

Thomas Videbaek

Independent Director

- Ph.D. and M.Sc. in Chemical Engineering from the Technical University of Denmark, and B.Com. in International Business from Copenhagen Business School
- Currently, Member of the Board of Evolva AG

Financial Highlights

STANDALONE (IN LAKH)

	2021-2022	2020-2021	2019-2020	2018-19	2017-18
Revenue from operations	68,550.81	60,004.83	57,977.90	54,812.29	40,502.79
Earnings before Exceptional items, Interest, Tax, Depreciation and Amortisation (EBITDA)	7,748.23	6,187.27	5,971.28	2,996.02	575.03
Earnings before Exceptional items, Interest and Tax (EBIT)	5,079.95	4,258.97	4,843.07	2,087.20	(331.12)
Profit before Exceptional items and Tax	3,607.71	1,552.14	4,442.69	1,418.63	(1,806.91)
Profit Before Tax	3,607.71	1,501.82	4,128.62	1,418.63	(1,806.91)
Profit After Tax	2,586.98	828.12	3,072.13	1,072.82	(1,417.88)
Other Comprehensive Income	(15.16)	(37.97)	(29.14)	(30.12)	12.43
Total Comprehensive Income	2,571.82	790.15	3,042.99	1,042.70	(1,405.45)
ASSETS					
Net Fixed Assets	30,444.61	29,373.07	11,962.48	9,777.35	7,938.95
Capital Work in Progress	20,669.30	1,844.26	17,421.46	5,237.16	1,202.84
Investments (Non-Current)	8,177.73	7,356.42	7,402.24	6,571.95	4,000.71
Other Non-Current Assets	3,247.31	2,300.58	1,231.35	5,757.68	2,821.24
Investments (Current)	-	-	-	325.49	10,807.63
Other Current Assets	71,847.43	65,797.12	51,117.30	50,426.83	41,006.69
Assets Held For Sale	207.19	-	-	-	-
Total	1,34,593.58	1,06,671.45	89,134.83	78,096.46	67,778.06
EQUITY					
Equity Share Capital	1,569.84	1,274.98	1,212.54	1,212.54	1,212.30
Other Equity	57,664.33	45,188.57	36,467.78	33,530.10	31,933.54
Total	59,234.17	46,463.55	37,680.32	34,742.64	33,145.84
LIABILITIES					
Borrowings (Non-Current)	25,827.21	16,273.39	11,296.43	11,110.46	1,449.86
Other Non-Current Liabilities	2,513.33	1,360.82	1,099.72	375.10	367.46
Borrowings (Current)	18,938.88	21,020.68	22,091.64	20,238.16	20,380.00
Other Current Liabilities	28,079.99	21,553.01	16,966.72	11,630.10	12,434.90
Total	75,359.41	60,207.90	51,454.51	43,353.82	34,632.22
Networth	59,234.17	46,463.55	37,680.32	34,742.64	33,145.84
Face Value per Share	1.00	1.00	1.00	1.00	1.00
Basic Earnings Per Share	1.98	0.67	2.53	0.88	(1.67)
Diluted Earnings Per Share	1.94	0.60	2.53	0.88	(1.63)
Book Value Per Share	37.73	36.44	31.08	28.65	27.34
Market Price Per Share	139.45	140.45	39.00	49.75	101.25
Shareholders (Numbers)	55,277	39,382	42,469	36,656	32,672



CONSOLIDATED (IN LAKH)

	2021-2022	2020-2021	2019-2020	2018-19	2017-18
Revenue from operations	1,41,208.91	1,18,710.31	1,01,678.32	89,216.67	72,276.17
Earnings before Exceptional items, Interest, Tax, Depreciation and Amortisation (EBITDA)	15,280.84	18,193.34	13,070.47	6,866.48	1,255.21
Earnings before Exceptional items, Interest and Tax (EBIT)	9,684.37	13,763.92	9,790.24	3,967.16	(1,410.21)
Profit before Exceptional items and Tax	9,411.18	10,509.57	5,820.17	1,669.28	(3,072.63)
Profit Before Tax	9,397.85	10,509.63	5,820.08	1,669.28	(3,072.63)
Profit After Tax	6,037.19	6,535.80	2,983.08	300.58	(2,397.22)
Other Comprehensive Income	(776.56)	11,350.04	130.19	53.33	1,236.51
Total Comprehensive Income	5,260.63	17,885.84	3,113.27	353.91	(1,160.71)
ASSETS					
Net Fixed Assets	60,162.89	58,366.54	30,852.50	27,411.34	27,886.22
Capital Work in Progress	21,471.10	2,367.71	17,604.06	5,733.22	1,285.28
Investments (Non-Current)	722.55	735.88	735.82	727.61	733.49
Other Non-Current Assets	8,297.69	7,220.82	6,718.39	7,559.48	5,189.96
Investments (Current)	-	-	-	-	10,807.63
Other Current Assets	89,146.86	79,469.49	67,495.58	67,247.64	55,747.24
Assets Held For Sale	207.19	-	-	-	-
Total	1,80,008.28	1,48,160.44	1,23,406.35	1,08,679.29	1,01,649.82
EQUITY					
Equity Share Capital	1,569.84	1,274.98	1,212.54	1,212.54	1,212.30
Other Equity	73,223.56	63,065.10	39,101.14	35,875.57	35,903.97
Total	74,793.40	64,340.08	40,313.68	37,088.11	37,116.27
Non-Controlling Interests	1,711.91	6,974.95	5,696.84	5,939.91	6,221.73
LIABILITIES					
Borrowings (Non-Current)	38,764.72	27,324.97	21,151.27	19,363.44	11,024.49
Other Non-Current Liabilities	5,213.12	1,757.17	1,461.41	248.72	196.40
Borrowings (Current)	23,493.88	26,465.37	31,405.45	26,724.86	26,256.42
Other Current Liabilities	36,031.25	21,297.90	23,377.70	19,314.25	20,834.51
Total	1,03,502.97	76,845.41	77,395.83	65,651.27	58,311.82
Networth	74,793.40	64,340.08	40,313.68	37,088.11	37,116.27
Face Value per Share	1.00	1.00	1.00	1.00	1.00
Basic Earnings Per Share	4.65	4.13	2.50	0.05	(3.07)
Diluted Earnings Per Share	4.56	3.68	2.50	0.05	(3.01)
Book Value Per Share	47.64	50.46	33.25	30.59	30.62
Market Price Per Share (NSE)	139.45	140.45	39.00	49.75	101.25
Shareholders (Numbers)	55,277	39,382	42,469	36,656	32,672

NOTICE

NOTICE is hereby given that the Twenty-ninth Annual General Meeting of the members of Camlin Fine Sciences Limited, will be held on **Friday, July 29, 2022 at 11:00 a.m. (IST)** through Video Conferencing (“**VC**”) / Other Audio Visual Means (“**OAVM**”), to transact the following business:

ORDINARY BUSINESS

1. To consider and adopt (a) the audited financial statements of the Company for the financial year ended March 31, 2022 and the reports of the Board of Directors and Auditors thereon; and (b) the audited consolidated financial statements of the Company for the financial year ended March 31, 2022 and the report of the Auditors thereon and in this regard, to consider and if thought fit, to pass, with or without modification(s), the following resolutions as **Ordinary Resolutions**:

(a) **“RESOLVED THAT** the audited financial statements of the Company for the financial year ended March 31, 2022 and the reports of the Board of Directors and Auditors thereon, as circulated to the members, be and are hereby considered and adopted.”

(b) **“RESOLVED THAT** the audited consolidated financial statements of the Company for the financial year ended March 31, 2022 and the report of Auditors thereon, as circulated to the members, be and are hereby considered and adopted.”

2. To appoint a Director Mr. Arjun Dukane (DIN: 06820240), who retires by rotation as a Executive Director- Technical and in this regard, to consider and if thought fit, to pass, with or without modification(s), the following resolution as **Ordinary Resolution**:

“RESOLVED THAT in accordance with the provisions of Section 152 and other applicable provisions of the Companies Act, 2013, Mr. Arjun Dukane (DIN: 06820240), who retires by rotation at this meeting, be and is hereby appointed as a Executive Director- Technical of the Company.”

3. To appoint a Director Mr. Harsha Raghavan (DIN: 01761512), who retires by rotation as a

Non-Executive Director and in this regard, to consider and if thought fit, to pass, with or without modification(s), the following resolution as **Ordinary Resolution**:

“RESOLVED THAT in accordance with the provisions of Section 152 and other applicable provisions of the Companies Act, 2013, Mr. Harsha Raghavan (DIN: 01761512), who retires by rotation at this meeting, be and is hereby appointed as a Director of the Company.”

4. To re-appoint M/s. Kalyaniwalla & Mistry LLP, Chartered Accountants (Firm Registration No. 104607W/ W100166), as Statutory Auditors of the Company and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

“RESOLVED THAT pursuant to the provisions of Sections 139, 142 and other applicable provisions, if any, of the Companies Act, 2013, read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), M/s. Kalyaniwalla & Mistry LLP, Chartered Accountants, Mumbai (Firm Registration No. 104607W/ W100166) be and are hereby re-appointed as Statutory Auditors of the Company, for a further term of five (5) consecutive years, to hold office from the conclusion of the Twenty-ninth Annual General meeting until the conclusion of Thirty-fourth Annual General Meeting on such remuneration, as recommended by the Audit Committee and as may be mutually agreed between the Board of Directors of the Company and the Statutory Auditors from time to time;

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

SPECIAL BUSINESS

5. To ratify the remuneration of the Cost Auditor for the financial year ending March 31, 2023 and, in this regard, to consider and if thought fit, to pass, with

NOTICE (Contd.)

or without modification(s) the following resolution as an **Ordinary Resolution**:

“RESOLVED THAT in accordance with the provisions of Section 148 and other applicable provisions of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the remuneration, as approved by the Board of Directors and set out in the Statement annexed to the Notice, to be paid to the Cost Auditor appointed by the Board of Directors of the Company, to conduct the audit of the cost records of the Company for the financial year ending March 31, 2023, be and is hereby ratified;

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

By Order of the Board of Directors
For **Camlin Fine Sciences Limited**

Rahul Sawale

Company Secretary & VP - Legal

Regd. Office:

Camlin Fine Sciences Limited

CIN: L74100MH1993PLC075361

Plot No. F/11 & 12, WICEL, Central Road,
Opp. Seepz Main Gate, Andheri (East),
Mumbai - 400 093

Website: www.camlinfs.com

E-mail: secretarial@camlinfs.com

Tel.: +91 22 6700 1000 Fax: +91 22 2832 4404

Place: Mumbai

Date: May 19, 2022

Notes:

1. The Ministry of Corporate Affairs (“MCA”) has vide its circular dated May 5, 2022 read with circulars dated December 14, 2021, December 8, 2021, January 13, 2021, May 5 2020, April 13, 2020 and April 8, 2020 (collectively referred to as “MCA Circulars”) permitted convening the Annual General Meeting (“AGM” / “Meeting”) through Video Conferencing (“VC”) or Other Audio Visual Means (“OAVM”), without the physical presence of the members at a common venue. In accordance with the MCA Circulars, provisions of the Companies Act, 2013 (the “Act”), the AGM of the Company is being held through VC / OAVM. The deemed venue for the AGM shall be the Registered Office of the Company.
2. In compliance with the MCA Circulars read with SEBI circular dated May 13, 2022, Notice of the AGM along with the Annual Report 2021-22 is being sent only through electronic mode to those Members whose email addresses are registered with the Company / Depositories. Members may note that the Notice and Annual Report 2021-22 will also be available on the Company’s website <https://www.camlinfs.com/>.
3. In case any member is desirous of obtaining hard copy of the Annual Report for the financial year 2021-22 and Notice of the AGM of the Company, may send request to the Company’s e-mail address at secretarial@camlinfs.com mentioning Foilo No./ DP ID and Client ID.
4. A Statement pursuant to Section 102(1) of the Act relating to the Special Business to be transacted at the Meeting is annexed hereto.
5. Since the AGM will be held through VC/OAVM, the route map of the venue of the Meeting is not annexed hereto.
6. The Register of Directors and Key Managerial Personnel and their shareholding maintained under Section 170 of the Act, the Register of Contracts or Arrangements in which the directors are interested, maintained under Section 189 of the Act, and the relevant documents referred to in the Notice will be available electronically for inspection by the members during the AGM.

NOTICE (Contd.)

7. All documents referred to in the Notice will also be available electronically for inspection without any fee by the members from the date of circulation of this Notice up to the date of AGM. Members seeking to inspect such documents can send an email to rahul.sawale@camlinfs.com.
8. Members seeking any information with regard to the accounts or any matter to be placed at the AGM, are requested to write to the Company on or before Wednesday, July 20, 2022 through email on rahul.sawale@camlinfs.com. The same will be replied by the Company suitably.
9. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
10. Members attending the AGM through VC / OAVM shall be reckoned for the purpose of quorum under Section 103 of the Act.
11. In terms of the provisions of Section 152 of the Act, Mr. Arjun Dukane, Executive Director – Technical and Mr. Harsha Raghavan, Non-Executive Director retire by rotation at the Meeting. The Nomination and Remuneration Committee and the Board of Directors of the Company commend their respective re-appointments.

Mr. Arjun Dukane and Mr. Harsha Raghavan, are interested in the Ordinary Resolutions set out at Item Nos. 2 and 3 respectively, of the Notice with regard to their re-appointment. Save and except the above, none of the Directors / Key Managerial Personnel(s) of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolutions set out under Item Nos. 1 to 5 of the Notice.

12. Details of Directors retiring by rotation at this Meeting are provided in the “Annexure” to the Notice.
13. Keeping in view the requirements set out in the Act, the Audit Committee and Board of Directors of the Company have recommended the re-appointment of M/s. Kalyaniwalla & Mistry LLP, Chartered Accountants, (Firm Registration No. 104607W/W100166) as Auditor of the Company for a second term of 5 (five) consecutive years from the conclusion of this Meeting till the conclusion of the Thirty-fourth Annual General Meeting, at such

remuneration as shall be fixed by the Board of Directors of the Company.

M/s. Kalyaniwalla & Mistry LLP, Chartered Accountants were appointed at Twenty-fourth Annual General Meeting held July 21, 2017 to hold the office till conclusion of Twenty-ninth Annual General Meeting of the Company.

M/s. Kalyaniwalla & Mistry LLP, Chartered Accountants has consented to and confirmed that their appointment, if made, would be within the limits specified under Section 141(3)(g) of the Act. They have also confirmed that they are not disqualified to be appointed as Auditors in terms of the provisions of the proviso to Section 139(1), Section 141(2) and Section 141(3) of the Act and the provisions of the Companies (Audit and Auditors) Rules, 2014. The Board commends the Ordinary Resolution set out at Item No. 4 of the Notice for approval by the members. None of the Directors / Key Managerial Personnel / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 4 of the Notice which relates to re-appointment of Auditor of the Company.

14. 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 M/s. Link Intime India Private Limited (“**Link Intime**”).
15. To receive shareholders’ 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 Contact details and in consequence could not be served the Annual Report and Notice of AGM, may temporarily get themselves registered with the Company’s Registrar and Share Transfer Agents, M/s. Link Intime India

NOTICE (Contd.)

Private Limited. Members are requested to support our commitment to environmental protection by choosing to receive the Company's communication through e-mail going forward.

16. 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.
17. 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.
18. In terms of section 124(5) of the Act, dividend amount for the year ended March 31, 2015 remaining unclaimed for a period of 7 years shall become due for transfer in August 2022 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 shareholders 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 2015-16 onwards are requested to approach the Company/ Link Intime, 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.
19. 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. July 22, 2022, 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 AGM.
20. The Board of Directors has appointed JHR & Associates, Practicing Company Secretaries as the Scrutinizer to the e-voting process and voting at the AGM in a fair and transparent manner.
21. 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 AGM and announce the start of the casting of vote through the e-voting system of NSDL.
22. The Scrutinizer shall, immediately after the conclusion of voting at the 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 Scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman of the Company, who shall countersign the same.
23. 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 i.e. BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively.
24. 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 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.
25. 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.

NOTICE (Contd.)

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

Members will be provided with a facility to attend the AGM through VC/OAVM through the NSDL e-Voting system. Members may access by following the steps mentioned for Access to NSDL e-Voting system. After successful login, you can see link of “VC/OAVM link” placed under “Join Meeting” menu against company name. You are requested to click on VC/OAVM link placed under Join 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.

Facility of joining the AGM through VC/OAVM shall opened 15 minutes before the scheduled start time of the AGM i.e. from 10:45 A.M. (IST) and will be available for Members on first come first serve basis.

The remote e-voting period begins on Tuesday, July 26, 2022 at 9:00 A.M. (IST) and ends on Thursday, July 28, 2022 at 5:00 P.M. (IST). The remote e-voting module shall be disabled by NSDL for voting thereafter.

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.nsd.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. If you are not registered for IDeAS e-Services, option to register is available at https://eservices.nsd.com. Select “Register Online for IDeAS Portal” or click at https://eservices.nsd.com/SecureWeb/IdeasDirectReg.jsp

The Members, whose names appear in the Register of Members / Beneficial Owners as on the cut-off date i.e. Friday, July 22, 2022, may cast their vote electronically. The voting right of shareholders shall be in proportion to their share in the paid-up equity share capital of the Company as on the cut-off date, being July 22, 2022.

The details of the process and manner for remote e-voting are explained herein below:

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 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.

NOTICE (Contd.)

Type of shareholders	Login Method
	<p>3. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon “Login” which is available under ‘Shareholder/Member’ section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number 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.</p> <p>4. Shareholders/Members can also download NSDL Mobile App “NSDL Speede” facility by scanning the QR code mentioned below for seamless voting experience.</p> <p style="text-align: center;">NSDL Mobile App is available on</p> <div style="display: flex; justify-content: center; align-items: center; gap: 20px;"> <div style="text-align: center;">  </div> <div style="text-align: center;">  </div> </div> <div style="display: flex; justify-content: center; align-items: center; gap: 40px; margin-top: 10px;">   </div>
Individual Shareholders holding securities in demat mode with CDSL	<p>1. Existing users who have opted for Easi / Easiest, they can login through their user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are https://web.cdslindia.com/myeasi/home/login or www.cdslindia.com and click on New System Myeasi.</p> <p>2. After successful login of Easi/Easiest the user will be also able to see the E Voting Menu. The Menu will have links of e-Voting service provider i.e. NSDL. Click on NSDL to cast your vote.</p> <p>3. If the user is not registered for Easi/Easiest, option to register is available at https://web.cdslindia.com/myeasi/Registration/EasiRegistration</p> <p>4. Alternatively, the user can directly access e-Voting page by providing demat Account Number and PAN No. from a link in www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the demat Account. After successful authentication, user will be provided links for the respective ESP i.e. NSDL where the e-Voting is in progress.</p>
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.

NOTICE (Contd.)

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

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

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

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

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

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

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

4. Your User ID details are given below :

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

NOTICE (Contd.)

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. .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.nsd.com.
 - (b) "**Physical User Reset Password?**" (If you are holding shares in physical mode) option available on www.evoting.nsd.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 on NSDL e-Voting system.

- How to cast your vote electronically 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.
 2. Select "EVEN" of company for which you wish to cast your vote during the remote e-Voting period.
 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 special resolution, you will not be allowed to modify your vote.

NOTICE (Contd.)

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 info@jhrasso.com with a copy marked to evoting@nsdl.co.in. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) can also upload their Board Resolution / Power of Attorney / Authority Letter etc. by clicking on "Upload Board Resolution / Authority Letter" displayed under "e-Voting" tab in their login.
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 special resolution 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 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.

By Order of the Board of Directors
For **Camlin Fine Sciences Limited**

Rahul Sawale
Company Secretary & VP - Legal

Regd. Office:

Camlin Fine Sciences Limited

CIN: L74100MH1993PLC075361

Plot No. F/11 & 12, WICEL, Central Road,

Opp. Seepz Main Gate, Andheri (East),

Mumbai - 400 093

Website: www.camlinfs.com

E-mail: secretarial@camlinfs.com

Tel.: +91 22 6700 1000 Fax: +91 22 2832 4404

Place: Mumbai

Date: May 19, 2022

NOTICE (Contd.)

STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013 (“THE ACT”)

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

Item No. 5:

The Board of Directors has, on the recommendation of the Audit Committee, approved the appointment and remuneration of M/s. ABK & Associates, Cost Accountants, as the Cost Auditor of the Company to carry out the audit of the Company’s cost accounting records for the financial year ending March 31, 2023, at a remuneration of ₹ 1,25,000 (Rupees One Lakh Twenty-Five Thousand Only) plus applicable taxes and reimbursement of out of pocket expenses, if any, incurred in connection with the said audit.

In accordance with the provisions of Section 148 of the Act read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditor as recommended by the Audit Committee and approved by the Board of Directors, has to be ratified by the members of the Company.

Accordingly, ratification by the members is sought to the remuneration payable to the Cost Auditor for the financial year ending March 31, 2023 by passing an Ordinary Resolution as set out at Item No. 5 of the Notice.

None of the Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out in Item No. 5 of the Notice.

The Board commends the Ordinary Resolution set out at Item No. 5 of the Notice for approval by the members.

By Order of the Board of Directors
For **Camlin Fine Sciences Limited**

Rahul Sawale
Company Secretary & VP - Legal

Regd. Office:

Camlin Fine Sciences Limited

CIN: L74100MH1993PLCO75361

Plot No. F/11 & 12, WICEL, Central Road,

Opp. Seepz Main Gate, Andheri (East),

Mumbai - 400 093

Website: www.camlinfs.com

E-mail: secretarial@camlinfs.com

Tel.: +91 22 6700 1000 Fax: +91 22 2832 4404

Place: Mumbai

Date: May 19, 2022

NOTICE (Contd.)

ANNEXURE

Other details of Directors retiring by rotation at the ensuing Annual General Meeting are as under:

Name	Mr. Arjun Dukane	Mr. Harsha Raghavan
Director Identification Number	06820240	01761512
Age	53 years	50 years
Date of first Appointment on the Board	June 1, 2018	August 10, 2020
Experience (including expertise in specific functional area) / Brief Resume	Mr. Arjun Dukane has an overall experience of over 30 years in the Chemical Industry out of which he has been associated with the Company for about last 15 years.	Mr. Harsha Raghavan 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, Mr. Raghavan advised on more than two dozen transactions totaling over \$1.5 billion in value.
Qualifications	Chemical Engineer (Diploma)	Mr. 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
Terms and Conditions of Appointment	As per the Special Resolution passed at the Twenty-eighth AGM dated July 20, 2021.	Not Applicable
Details of remuneration sought to be paid	Not Applicable	Not Applicable
Last drawn remuneration	₹ 96.70 Lacs	Nil
Relationship with other Directors and Key Managerial Personnel	Not related to any other Director / Key Managerial Personnel	Not related to any other Director / Key Managerial Personnel

NOTICE (Contd.)

Name	Mr. Arjun Dukane	Mr. Harsha Raghavan
Directorship in other Companies as on March 31, 2022	Chemolutions Chemicals Limited Naiknavare Chemicals Limited	Hindustan Foods Limited Onward Technologies Limited Jyoti International Foods Private Limited
Chairman/Member in the Committees of the Boards of other Listed Companies	Nil	1 (one)
No. of Shares held in the Company as on March 31, 2022	1,27,640	Nil
Number of meetings of the Board attended during the year (2021-22)	5 (five) out of 5 (five) board meetings	5 (five) out of 5 (five) board meetings

By Order of the Board of Directors
For **Camlin Fine Sciences Limited**

Rahul Sawale
Company Secretary & VP - Legal

Regd. Office:

Camlin Fine Sciences Limited

CIN: L74100MH1993PLC075361

Plot No. F/11 & 12, WICEL, Central Road,

Opp. Seepz Main Gate, Andheri (East),

Mumbai - 400 093

Website: www.camlinfs.com

E-mail: secretarial@camlinfs.com

Tel.: +91 22 6700 1000 Fax: +91 22 2832 4404

Place: Mumbai

Date: May 19, 2022

BOARD'S REPORT

Dear Members,

Your Directors are pleased to present the Twenty-ninth Annual Report of **Camlin Fine Sciences Limited** (the "Company" or "CFS") along with the Audited Financial Statement for the financial year ended March 31, 2022. The consolidated performance of the Company and its subsidiaries and associate has been referred to wherever required.

1. FINANCIAL RESULTS

(₹ in Lakh)

Particulars	Standalone		Consolidated	
	2021-22	2020-21	2021-22	2020-21
Revenue from Operations	68,550.81	60,004.83	1,41,208.91	1,18,710.31
Other Income	1,870.44	546.83	3,303.42	498.42
Earnings before Interest, Tax, Depreciation & Amortisation	7,748.23	6,187.27	15,280.84	18,193.34
Less: Finance Cost	3,342.68	3,253.65	3,576.61	3,752.77
Less: Depreciation & Amortisation expenses	2,668.28	1,928.30	5,596.47	4,429.42
Less: Share of Profit/ (Loss) of associate	-	-	(13.33)	0.06
Profit before exceptional item and tax	3,607.71	1,552.14	9,397.85	10,509.63
Less: Exceptional Item	-	50.32	-	-
Less: Tax Expenses	1,020.73	673.70	3,360.66	3,973.83
Profit After Tax	2,586.98	828.12	6,037.19	6,535.80
Other Comprehensive Income net of tax	(15.16)	(37.97)	(776.56)	11,350.04
Total Comprehensive Income for the Year	2,571.82	790.15	5,260.63	17,885.84

2. PERFORMANCE REVIEW AND STATE OF COMPANY'S AFFAIRS

2.1. Consolidated

On a consolidated basis, revenue from operations increased from ₹ 118,710.31 Lakh in FY 2020-21 to ₹ 141,208.91 Lakh in FY 2021-22. The growth in the revenue was achieved despite closure of the Company's Vanillin manufacturing unit in China and hence no Vanillin sales during the year. The revenue from performance chemicals and shelf-life solutions showed robust growth which was further fueled by increase in sale prices. Profit before exceptional items was at ₹ 9,397.85 Lakh in FY 2021-22 as compared to ₹ 10,509.63 Lakh FY 2020-21. Despite robust growth in the topline, profit before tax was adversely impacted due to unprecedented increase in costs, especially, raw materials, logistics and power and fuel. The adverse impact was aggravated in the last quarter mainly due to the impact of the Russia-Ukraine crisis on the operations of the European subsidiary.

2.2. Standalone

On a standalone basis, revenues grew to ₹ 68,550.81 Lakh in FY 2021-22 from ₹ 60,004.83 Lakh in FY 2020-21. The quantum leap in revenue was triggered by stabilization and optimum capacity utilization of Diphenol manufacturing unit in Dahej. This resulted in increased throughput and corresponding increase in revenues from downstream products of Diphenol. Profit before tax accordingly improved to ₹ 3,607.71 Lakh in FY 2021-22 from ₹ 1,552.14 Lakh in FY 2020-21.

BOARD'S REPORT (Contd.)

3. MANAGEMENT DISCUSSION AND ANALYSIS

The management discussion and analysis as required in terms of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015 ("SEBI LODR") forms a part of this annual report.

4. BUSINESS & STRATEGY

Your Company along with 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's Diphenol Plant at Dahej achieved 100% capacity utilisation in September 2021. Post the year end, in May 2022, Company has carried out debottlenecking of the Dahej Diphenol facility whereby the capacity is expected to increase from the existing 10,000 MTPA to 15,000 MTPA. This will enable the company to widen its downstream products, de-risking the existing business verticals and developing natural ingredients as a parallel to the existing portfolio.

As a part of developing the portfolio of natural ingredients, your company acquired a company based in the southern part of India, namely, AlgalR Nutraceuticals Private Limited ('AlgalR') which manufactures oils containing Omega-3 fatty acids. The company has initiated process stabilisation and increasing the product basket of AlgalR.

The capital investment program for erection of Vanillin plant with a capacity of 6,000 MT in Dahej is nearing completion. We have started trial runs in the plant in the month of May 2022 and the commercial production is likely to commence from Q2 2022.

The Company has also strategized to de-risk its Vanillin manufacturing facility in China, which is shut due to the Supreme Court order against our JV partner, by converting it to manufacture Heliotropin. The Company is in the process of obtaining relevant approvals from the local authorities in this regard.

The Company will also embark on expanding its product basket of Diphenol downstreams, so that Diphenols are further value added to optimise revenues.

5. FINANCE, LIQUIDITY & RATING

The year under review has been challenging with respect to liquidity, cash flows and working capital due to the high inflationary trends, elongation of operating cycles because of the pandemic, and logistical issues. Despite increase in operations, Company has been able to maintain the working capital requirement at reasonable levels. The short-term borrowings decreased to ₹ 18,938.88 Lakh as on March 31, 2022, from ₹ 21,020.68 Lakh as on March 31, 2021, on a standalone basis. The consolidated short-term borrowing stood at ₹ 26,465.37 Lakh as on March 31, 2022, as compared to ₹ 23,493.88 Lakh as on March 31, 2021.

During the year under review, for our capital investment program for the erection of the Vanillin plant in Dahej, the company completed the first phase of financing by drawing Tranche 2 of ECB from International Finance Corporation amounting to USD 10 Million (₹ 7,519.50 Lakh). Tranche 1 of USD 5 Million (₹ 3,611 Lakh) was drawn in March 2021.

BOARD'S REPORT (Contd.)

The Company has also guaranteed the finance of acquisition of 33.5% non-controlling interest in Dresen Quimica S.A.P.I. de C.V., our blends manufacturing subsidiary in Mexico with local finance of USD 8.5 Million (₹ 6,344.80 Lakh)

As a result of the above, the long-term borrowings on a standalone basis stood at ₹ 25,827.21 Lakh as on March 31, 2022, as compared to ₹ 16,273.39 Lakh as on March 31, 2021. While on a consolidated basis, it stood at ₹ 38,764.72 Lakh and ₹ 27,324.97 Lakh as on March 31, 2022, and March 31, 2021, respectively.

Despite the global disruptions due to the COVID 19 pandemic, the Company's ratings improved during the year under review. As on March 31, 2022, the Company had the following credit ratings:

- (i) For Term loan the rating improved from BBB+/Stable to IND A-/Stable
- (ii) For Fund-based limits, the rating improved from BBB+/Stable/IND A2 to IND A-/Stable/IND A2+
- (iii) For Non-fund-based limits the rating improved from IND A2 to IND A2+

6. 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 ₹ 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 ₹ 47.89/- per warrant aggregating to ₹ 17,000.95 Lakh. The Investors subscribed to the warrants by paying an amount equivalent to 33% of the issue price i.e., ₹ 5,610.31 Lakh at the time of allotment of the said warrants. As per SEBI regulations, the Warrants were to be exercised any time before the expiry of 18 (Eighteen) months from the date of allotment of the Warrants.

On November 24, 2020, Infinity Direct Holdings exercised its option to convert 61,50,000 warrants into equivalent number of equity shares of the Company. On November 17, 2020, IDH paid the balance 67% amount of ₹ 1,973.30 Lakh subsequent to which the Company issued 61,50,000 equity shares to IDH after complying with the necessary formalities.

On February 23, 2022, Infinity Direct Holdings and Infinity Holdings exercised their options to convert 1,93,50,000 and 100,00,000 warrants into equivalent number of equity shares of the Company. During the year under review, IDH and IH paid the balance amount of ₹ 6,208.70 Lakh and ₹ 3,208.64 Lakh subsequent to which the Company issued 1,93,50,000 and 100,00,000 equity shares to IDH and IH after complying with the necessary formalities.

Further during the year, the Company also issued 1,35,775 equity shares pursuant to ESOP 2018.

7. CAPITAL EXPENDITURE

During the year on a consolidated basis, the capital expenditure on tangible assets amounted to ₹ 4,634.96 Lakh.

As on March 31, 2022, the capital work in progress stood at ₹ 21,471.10 Lakh on a consolidated basis, which included ₹ 18,912.37 Lakh for the Vanillin plant being erected at Dahej.

8. DIVIDEND DISTRIBUTION POLICY

The Company has formulated a Dividend Distribution 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>.

BOARD'S REPORT (Contd.)

9. DIVIDEND

In the current economic scenario, the Board is of the view that it would be prudent to utilize the retained earnings for making investments for future growth and ongoing business expansion plans, for the purpose of generating higher returns for the shareholders. In view of the same and as per the Dividend Distribution Policy, the Board of Directors have not recommended any dividend on the equity shares for the year under review.

10. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

Particulars of loans given, investments made, guarantees given and securities provided along with the purpose for which the loan or guarantee or security is proposed to be utilised by the recipients are provided in the relevant notes to the accompanying financial statements.

11. TRANSFER TO RESERVES

The Company does not propose to transfer any amount to General Reserve.

12. DEPOSITS FROM PUBLIC

The Company has not accepted any deposits from the public during the year under review, and as such, no amount of principal or interest on deposits from public was outstanding as on the date of the balance sheet except for unclaimed and unpaid deposits amounting to ₹ 4.83 Lakh (including interest of ₹ 2.53 Lakh) pertaining to previous years.

13. RELATED PARTY TRANSACTIONS

In line with the requirements of the Companies Act, 2013 and SEBI LODR, as amended from time to time, the Company has a policy on Related Party Transactions (RPT) approved by the Board for identifying, reviewing, approving and monitoring of RPT. The RPT policy was revised pursuant to the amendment of SEBI LODR and the same is available on the Company's website at <https://www.camlinfs.com/BusinessConductEthics>.

All RPTs entered into during the year under review were on arm's length basis and in the ordinary course of business and were reviewed and approved by the Audit Committee. With the view to ensure continuity and ease of day-to-day operations, an omnibus approval has been obtained for RPTs which are of repetitive nature and entered in the ordinary course of business and on an arm's length basis. A statement giving details of all RPTs including the RPTs where omnibus approval is granted, is placed before the Audit Committee on a quarterly basis.

The Company did not enter into any contracts or arrangements with related parties in terms of Sec. 188 (i) of the Companies Act and no material RPTs were entered into by the company during the year under review. Accordingly, the disclosure of RPTs as required under section 134 (3)(h) of the Act in Form AOC-2 is not applicable to the company for FY 2021-22 and hence does not form part of this Annual Report.

In terms of Regulation 23 of the SEBI LODR, the company submits details of RPTs on a consolidated basis as per the format specified in the relevant accounting standards to the stock exchange on a half-yearly basis. The details of transactions with related parties are provided in the notes to the accompanying Financial Statements.

14. MATERIAL CHANGES AND COMMITMENTS AFFECTING FINANCIAL POSITION

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.

BOARD'S REPORT (Contd.)

15. SUBSIDIARY COMPANIES AND ASSOCIATES

During the financial year under review, AlgalR NutraPharms Private Limited and CFS De Mexico Blends SAPI De CV have become subsidiaries and Fine Lifestyle Brands Limited has ceased to be a Associate of the Company.

Company has 17 subsidiaries as on March 31, 2022. At the beginning of the year, we had 15 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.

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.

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>.

16. HUMAN RESOURCE:

16.1 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 A".

No employees other than the 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) are not applicable.

16.2 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 ₹ 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, 2022 is given in "Annexure B" 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 ₹ 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 Company at its 28th Annual General Meeting held on July 20, 2021 approved the CFS Employees Stock Option Plan, 2021 which provides for allotment of up to 45,00,000 (Forty Five Lacs) Options convertible into equivalent number of equity shares of ₹ 1/- each. The first lot of Grants shall be issued at an Exercise

BOARD'S REPORT (Contd.)

Price of ₹ 150/-per option. The Nomination and Remuneration Committee shall decide on the exercise price for future grants, which shall be at a maximum discount of 25% to the market price of the equity shares on the Stock Exchange(s) on the date of grant of Options.

The details of the above scheme /plan, including the terms of reference, and the requirement as stipulated under SEBI Guidelines as at March 31, 2022 is given in "Annexure B" to this report. Further, the details of these scheme / plan also form part of the Notes to the accompanying Financial statements in this Annual Report.

17. CORPORATE GOVERNANCE

17.1 Corporate Governance Report

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

17.2 Vigil Mechanism / Whistle Blower Policy

The Company has a vigil mechanism named Whistle Blower Policy to deal with instances 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>.

17.3 Sexual Harassment of Women at Workplace:

As per the requirement of the Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013 ("POSH Act") and Rules made thereunder, the Company has formed Internal Committee at its operational locations to address complaints against sexual harassment in accordance with the POSH Act. To build awareness in this area, the Company has been conducting online training programmes. Further, there were no cases/ complaints filed during the year under review.

17.4 Risk Management Policy

The Company has in place a Risk Management Policy which provides for a risk management framework to identify and assess risks such as operational, financial, regulatory and such other risks and the relevant mitigating controls put in place by management.

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.

17.5 Secretarial Standards

The Directors state that applicable Secretarial Standards i.e. SS-1 and SS-2 relating to 'Meeting of the Board of Directors' and 'General Meetings', respectively, have been duly followed by the Company.

BOARD'S REPORT (Contd.)

17.6 Number of Meetings of the Board

During the year, the Board met 5 (five) 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.

17.7 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.

17.8 Board Evaluation

The Board has carried out an annual performance evaluation of its own performance, of each director individually as well as the evaluation of the working of its Audit, Nomination & Remuneration and other Committees, in accordance with the manner specified by the Nomination and Remuneration Committee (NRC). The evaluation was done through a questionnaire and the responses received were evaluated by the Board.

The Board, on the recommendation of the NRC, has 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 aforesaid policy, terms as well as evaluation criteria is disclosed on the Company's website at <http://www.camlinfs.com/BusinessConductEthics>.

The Policy for selection of Directors and determining Directors' independence sets out the guiding principles for the NRC for identifying persons who are qualified to become a Director and to determine the independence of Directors, in case of their appointment as Independent Directors of the Company. The Policy also provides for the factors in evaluating the suitability of individual Board members with diverse background and experience that are relevant for the Company's operations.

The Policy also sets out the guiding principles for the NRC for recommending to the Board the remuneration of the Directors, Key Managerial Personnel and other employees of the Company.

There has been no change in the policy during the current year.

17.9 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>.

17.10 Directors - Appointments / Re-appointments

Mr. Arjun Dukane (DIN: 06820240) and Mr. Harsha Raghavan (DIN: 01761512) are retiring by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment. The Board on the recommendation of the Nomination and Remuneration Committee recommends their re-appointments.

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

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

The shareholders approved the following resolutions in relation to the appointment of Directors during the Twenty-Eighth Annual General Meeting held on July 20, 2021:

- Mr. Harsha Raghavan (Din: 01761512) and Mr. Sarvjit Bedi (Din: 07710419), as Non-Executive Directors;

BOARD'S REPORT (Contd.)

- Mr. Joseph Conrad D'Souza (Din: 00010576), Mr. Mahabaleshwar Palekar (Din: 02455892) and Mr. Thomas Videbaek (Din : 09110625) as the Independent Directors; and
- Mr. Nirmal Momaya (DIN: 01641934) as the Managing Director;
- Re-appointment(s) of Mr. Ashish Dandekar (DIN: 01077379) as the Chairman & Managing Director and Mr. Arjun Dukane (DIN: 06820240) as the Executive Director - Technical.

Further, the Board of Directors of the Company at its Meeting held on February 7, 2022 accorded approval to the proposal to conduct Postal Ballot pursuant to applicable laws and regulations, to seek approval of the shareholders for the appointment of Mr. Pradip Kanakia (Din: 00770347) as an Independent Non-Executive Director of the Company.

Accordingly, the Company had on February 24, 2022 completed the dispatch of the Postal Ballot Notice and Explanatory Statement thereto dated February 18, 2022 (the "Notice"), as per the permitted mode.

The resolution, as set out in the Notice, was duly approved and passed through Postal Ballot by the shareholders of the Company with the requisite majority on March 26, 2022, being the last date of voting.

The Board is of the opinion that Independent Directors appointed during the year carries rich experience and expertise. The Board was also satisfied in relation to their integrity and they will complete the proficiency test, if applicable, conducted by the Indian Institute of Corporate Affairs.

17.11 Directors - Resignations / Retirements

Mr. Dilip Dandekar, Chairman and Non-Executive Director resigned on June 1, 2021, due to pre- occupation.

Tenure of Mr. Atul Pradhan and Mr. Nicola Paglietti, Independent Directors, expired on July 21, 2021.

The Board placed on record its appreciation for the services rendered by Mr. Dilip Dandekar, Mr. Atul Pradhan and Mr. Nicola Paglietti during their respective tenures as Director(s).

17.12 Change in the Key Managerial Personnel of the Company

During the year under review, Mr. Mandar Godbole resigned as the Company Secretary from close of business hours of August 31, 2021 and in his place Mr. Rahul Sawale has been appointed as Company Secretary of the Company with effect from November 12, 2021.

17.13 Committees of the Board

As on March 31, 2022, the Board had 6 (six) committees: (a) Audit Committee; (b) Nomination and Remuneration Committee; (c) Stakeholders Relationship Committee; (d) Corporate Social Responsibility Committee; (e) Compensation Committee; and (f) Risk Management 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.

17.14 Internal financial controls and their adequacy

The Company's internal control systems are commensurate with its nature of business, its size and complexities of its operations, and such internal financial controls with reference to the Financial Statements are adequate. The Statutory Auditors of the Company have audited such controls with reference to the financial reporting and their Audit Report on such controls.

Refer to the paragraph on "Internal control systems and their adequacy" of the Management Discussion and Analysis for additional details.

17.15 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,

BOARD'S REPORT (Contd.)

except the circumstances emanating from the final decision with respect to the Order of Supreme Court of People of China against Company's subsidiary namely, CFS Wanglong Flavors (Ningbo) Co. Ltd ("CFS Wanglong"). The appeal for a retrial with the Supreme Court filed by Company's JV partner has been heard and the decision on the same is awaited. In the meantime, the Company has restructured its manufacturing operation in China (please check the wording of these statements).

17.16 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.

17.17 Annual Return

Pursuant to section 92(3) read with Section 134(3)(a) of the Act, the Annual Return as on March 31, 2022, is available on the company website on <https://www.camlinfs.com/AnnualReturn>.

17.18 Investor Education and Protection Fund (IEPF)

During the year, the Company has transferred the unclaimed dividend of ₹ 4.06 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/Dividends>

17.19 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, 2022, the applicable accounting standards read with requirements set out under Schedule III to the Act have been followed and there are no material departures from the same;
- (b) the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2022 and of the profit of the Company for the year ended on that date;
- (c) the Directors 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) the Directors have prepared the annual accounts on a 'going concern' basis;
- (e) the Directors 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) the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

18. AUDITORS & AUDIT REPORTS:

18.1 Audit Reports

- The Statutory Auditors Report on the Financial Statements for the financial year ended March 31, 2022, does not contain any qualification, reservations or adverse remarks. The report however includes one matter under the paragraph "emphasis of matter" concerning the issues of Order of Supreme Court of People of China, which is 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 C". The Secretarial Audit Report does not contain any qualification, reservation, adverse remark or disclaimer.

BOARD'S REPORT (Contd.)

- The Certificate of the compliance with Corporate Governance requirements by the Company for the financial year ended March 31, 2022, issued by the Practicing Company Secretaries is attached to the Report on Corporate Governance.
- The Auditor's certificate on the implementation of ESOP schemes/plans in accordance with SEBI (Share Based Employee Benefits) Regulations, 2014, will be made available at the ensuing Annual General Meeting.

18.2 Statutory Auditors

M/s. Kalyaniwalla & Mistry LLP, Chartered Accountants (Firm Registration No. 104607W/W100166) were appointed as Auditor of the Company, for a term of 5 (five) consecutive years, at the Twenty-fourth Annual General Meeting held on July 21, 2017. They have confirmed their eligibility and qualifications required under the Act for holding office as Auditor of the Company.

The Notes to financial statement referred to in the Auditors Report are self-explanatory and do not call for any further comments. The Auditor's Report does not contain any qualification, reservation, adverse remark or disclaimer.

18.3 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, 2023.

18.4 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 and accordingly such accounts are made and maintained.

The Company has appointed ABK & Associates (Firm Registration No. 000036) as Cost Auditors to audit cost records of the Company for the financial year 2022-23. The remuneration payable to the Cost Auditors is subject to ratification of the Members at the ensuing Annual General Meeting. Accordingly, the necessary resolution for ratification of the remuneration payable to M/s. ABK & Associates to conduct the audit of cost records of the Company for the financial year 2022-23 has been included in the Notice of the ensuing Annual General Meeting of the Company and the resolution is recommended for your approval.

19. CORPORATE SOCIAL RESPONSIBILITY (CSR)

The Company has a CSR Policy for 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 endeavours to make CSR a key business process for sustainable development and welfare of the needy sections of the society.

During the Financial Year 2021-22, the Company has spent the entire amount of ₹ 42.00 Lakh towards CSR activities through a 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".

There has been no change in the policy during the current year.

The CSR Policy may be accessed on the Company's website at the link <https://www.camlinfs.com/BusinessConductEthics>.

20. 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 E" to this report.

BOARD'S REPORT (Contd.)

21. 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.

22. ENVIRONMENTAL, SOCIAL & GOVERNANCE (ESG)

The Company has initiated various ESG initiatives with the following 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

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

23. GENERAL

The Board of Directors state that no disclosure or reporting is required in respect of the following items as there were no transactions or applicability on these items during the year under review:

- a) Issue of equity shares with differential rights as to dividend, voting or otherwise.
- b) The Company does not have any scheme of provision of money for the purchase of its own shares by employees or by trustees for the benefit of employees.
- c) Disclosure of Remuneration/Commission received by Managing Director(s) / Executive Director from the subsidiary company, where such Managing Director(s) / Executive Director receives commission from the Company.

24. ACKNOWLEDGEMENTS:

The Board of Directors would like to express their sincere appreciation for the assistance and co-operation received from the members, clients, customers, vendors, investors, bankers, financial institutions and business associates for their continued support during the year under review. The Board of Directors also wish to place on record its deep sense of appreciation for the committed services made by the executives, employees and staff. The growth of the Company was made possible by their hard work, co-operation and support.

The Board of Directors would also thank the Governments of various countries, 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

Ashish Dandekar

Chairman & Managing Director

Place: Mumbai

Dated: May 19, 2022

ANNEXURE A TO BOARD'S 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 2021-22 are as follows:

(₹ In Lakh)					
Sr. No.	Name of the Director	Remuneration Per Annum* (₹)	Median Remuneration Per Annum (₹)	Ratio (Remuneration of Director to Median Remuneration)	Remarks
1	Ashish Dandekar	197.22	4.61	42.78:1	----
2	Nirmal Momaya**	166.68	4.61	36.16:1	----
3	Arjun Dukane	96.70	4.61	20.98:1	----
4	Dilip Dandekar#	5.40	4.61	1.17:1	----

* excludes sitting fees, if any.

**Nirmal Momaya was appointed as Managing Director w.e.f. June 1, 2021

#Dilip Dandekar resigned w.e.f. June 1, 2021

(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 Dandekar - Not Applicable as resigned w.e.f. June 1, 2021
- Ashish Dandekar - 9.31%
- Nirmal Momaya - Not Applicable as appointed during FY 2021-22
- Arjun Dukane - 14.82%
- Santosh Parab (Chief Finance Officer) - 18.23%
- Rahul Sawale (Company Secretary & VP Legal) - Not Applicable as appointed during FY 2021-22

(iii) the percentage increase in the median remuneration of employees in the financial year: 5.49%

(iv) the number of permanent employees on the rolls of Company: 478

(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)	7.50%
Average increase in remuneration of managerial personnel	7.08%

ANNEXURE A TO BOARD'S REPORT (Contd.)

(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 Chairman & Managing Director and Managing Director, who were employed throughout the financial year, was in receipt of remuneration of ₹ 1.02 crores and above.

For & On behalf of the Board

Ashish Dandekar

Chairman & Managing Director

Place: Mumbai

Dated: May 19, 2022

ANNEXURE B TO BOARD'S 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 13th August 2018. Further, the Company at its 10th Extra Ordinary General Meeting held on 25th July 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	4,46,525	39,12,096
C	Exercise price	₹ 50/-	₹ 63.59
D	Option vested	2,70,500	Nil
E	Options exercised during the year	1,35,775	Nil
F	Total number of shares arising as a result of exercise of these options	1,35,775	Nil
G	Option lapsed /expired / forfeited during the year	8,000	Nil
H	Variation in terms of option	-	-
I	Money realized by exercise of these options during the year	₹ 67.89 Lakh	Nil
J	Employee-wise details of options granted to Key Managerial Personnel / Director / Senior Management	Arjun Dukane - 50,000 Santosh Parab - 50,000	Nirmal Momaya - 37,62,096 Arjun 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 earnings per share (EPS) pursuant to the issue of shares on exercise of options calculated in accordance with Ind AS 33 'Earning Per Share'.	1.94	1.94

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. 63,500 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 ₹ 738.90 Lakh (previous year ₹ 464.70 Lakh).

The Company at its 28th Annual General Meeting held on July 20, 2021 approved the CFS Employees Stock Option Plan, 2021 which provides for allotment of up to 45,00,000 (Forty Five Lacs) Options convertible into equivalent number of equity shares of ₹ 1/- each. No grant of options under the aforesaid scheme was made during the year under review.

For & On behalf of the Board

Ashish Dandekar
Chairman & Managing Director

Place: Mumbai
Dated: May 19, 2022

ANNEXURE 'C' TO BOARD'S REPORT

Form No. MR-3

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31st March 2022

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration 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 2022, 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, 2022 according to the provisions of: -

- i. The Companies Act, 2013 (the Act) and the rules made thereunder;
- ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made thereunder;
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- iv. Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder (FEMA) to the extent of Overseas Direct Investments including loans and guarantee sand 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; / Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021;
 - e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008(**Not applicable to the Company during audit period**);

ANNEXURE 'C' TO BOARD'S REPORT (Contd.)

- 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; / Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021 **(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 audit period under review, barring following instances of delays in submission of forms / returns / disclosures under the Act / SEBI LODR / FEMA Viz. IEPF-1 (2 Nos), IEPF-2, IEPF-5 e-verification report (5 Nos), CHG-1, MGT-14 and non submission of form DPT-3 (the Act), Disclosure under Regulation 23(9) of SEBI (LODR) Regulation 2015 for half year ended on 31st March 2021, FC-GPRs (2 Nos) in connection with allotment of warrants and issue of equity shares upon conversion of a portion of such warrants and ODI (Part III) for disinvestment in subsidiary at China (FEMA), Company has complied with the provisions of the Acts, Rules, Regulations and Guidelines as mentioned above.

We further report that: -

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

Adequate notice of atleast 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.

ANNEXURE 'C' TO BOARD'S REPORT (Contd.)

We further report that, during the audit period:-

1. The Company has allotted 1,00,00,000 (One Crore) and 1,93,50,000 (One Crore Ninety Three Lakh Fifty Thousand) fully paid-up Equity shares of ₹ 1/- each to Infinity Holdings Mauritius and Infinity Direct Holdings Mauritius respectively upon conversion of warrants at a premium of ₹ 46.89 /- per equity share.
2. The Company has obtained the consent of the members by postal ballot for appointment of Mr. Pradip Kanakia (DIN-00770347) as an Independent Non-executive Director of the Company-Resolution was passed on 26th March, 2022.

For **JHR & Associates**
Company Secretaries

J. H. Ranade
(Partner)

FCS: 4317, CP: 2520
UDIN: F004317D000344811

Place: Thane
Date: 19th May, 2022

ANNEXURE 'C' TO BOARD'S REPORT

THE 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

Place: Thane

Date: 19th May, 2022

ANNEXURE 'D' TO THE BOARD'S 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]

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES FOR THE FINANCIAL YEAR 2021-22

1 **Brief outline on CSR Policy of the Company** Refer Section: Corporate Social Responsibility (CSR) in the Board's Report

2 **Composition of CSR Committee:**

Sl. No.	Name of Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
i.	Mahabaleshwar Palekar	Non- Executive Director	1	1
ii.	Ashish Dandekar	Chairman & Managing Director	1	1
iii.	Nirmal Momaya	Managing Director	1	1

3 **Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company.** - www.camlinfs.com

4 **Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable (attach the report).**

Not Applicable for the financial year under review

5 **Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any**

Sl. No.	Financial Year	Amount available for set-off from preceding financial years (in ₹)	Amount required to be set- off for the financial year, if any (in ₹)
1	2020-21	Nil	Nil
2	2019-20	Nil	Nil
3	2018-19	Nil	Nil
	TOTAL	Nil	Nil

6 **Average net profit of the company as per section 135(5)** ₹ 2,098.48 Lakh

7 (a) **Two percent of average net profit of the company as per section 135(5)** ₹ 41.97 Lakh

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

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

(d) **Total CSR obligation for the financial year (7a+7b-7c).** ₹ 41.97 Lakh

ANNEXURE 'D' TO THE BOARD'S REPORT (Contd.)

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

Total Amount Spent for the Financial Year (in ₹)	Amount Unspent (In ₹)			
	Total Amount transferred to Unspent CSR Account as per section 135(6) Amount.	Date of transfer.	Name of the Fund	Amount.
42,00,000	Not Applicable			
		Not Applicable		

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

(1) Sl. No.	(2) Name of the project.	(3) Item from the list of activities in schedule VII to the Act.	(4) Local area (Yes/No)		(6) Project duration.	(7) Amount allocated for the project (in ₹).	(8) Amount spent in the current financial year (in ₹).	(9) Amount transferred to Unspent CSR Account for the project as per section 135(6) (in ₹).	(11) Mode of Implementation - Direct (Yes/No).	(12) Mode of Implementation - Through Implementing Agency	
			State.	District.						Name	CSR Registration number.
		Nil				-	-	-			
	TOTAL					-	-	-			

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

(1) Sl. No.	(2) Name of the project.	(3) Item from the list of activities in schedule VII to the Act.	(4) Local area (Yes/No)		(5) Location of the project.		(6) Amount spent in the current financial year (in ₹ Lakh).	(7) Mode of Implementation - Direct (Yes/No)	(8) Mode of Implementation - Through Implementing Agency	
			Yes	No	State.	District.			Name	CSR Registration number.
Upliftment Tribal Backward Class										
1	Upliftment Tribal Backward Class	Cl. (viii) Upliftment Tribal Backward Class	Yes		Nashik, Maharashtra		42	No	"Vanvasi Kalyan Ashram, a public trust formed since 1952. CSRO00000623"	
	Total						42.00			

ANNEXURE 'D' TO THE BOARD'S REPORT (Contd.)

8. d)	Amount spent on Administrative Overheads	Nil
8. e)	Amount spent on Impact Assessment, if applicable	Not Applicable
8. f)	Total amount spent for the Financial Year (8b+8c+8d+8e)	₹ 42.00 Lakh
8. g)	Excess amount for set off, if any	NA

Sl. No.	Particular	Amount (in ₹ Lakh)
(i)	Two percent of average net profit of the company as per section 135(5)	41.97
(ii)	Total amount spent for the Financial year	42.00
(iii)	Excess amount spent for the financial year [(ii)-(i)]	0.03
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	-
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	0.03

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

(1)	(2)	(3)	(4)	(5)			(6)
Sl. No.	Preceding Financial Year.	Amount transferred to Unspent CSR Account under section 135(6) (in ₹).	Amount spent in the reporting Financial Year (in ₹)	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any.			Amount remaining to be spent in succeeding financial years. (in ₹)
				Name of the Fund	Amount (in ₹)	Date of transfer	
1				Nil			

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

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

ANNEXURE 'D' TO THE BOARD'S REPORT (Contd.)

- 10 **In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year**
- | | |
|--|----------------|
| a) Date of creation or acquisition of the capital asset (s) | Not Applicable |
| b) Amount of CSR spent for creation of acquisition of capital asset. | Not Applicable |
| c) details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc | Not Applicable |
| d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset). | Not Applicable |
- 11 **Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5).** Not Applicable

For & On behalf of the Board

Mahabaleshwar Palekar
Chairman CSR Committee
DIN: 02455892

Ashish Dandekar
Chairman & Managing Director
DIN: 01077379

Date: May 19, 2022

ANNEXURE 'E' TO BOARD'S 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:

Some of the major steps taken towards energy conservation are as follows:

- a. Company continued its usage of natural waste viz brickettes instead of furnace oil/coal.
- b. Installation and maintenance of equipment like VFD in the electrical panels of cooling towers, process reactors and critical process pumps
- c. Heat recovery system at our Dahej Diphenol unit.

(ii) the steps taken by the company for utilising alternate sources of energy are as follows:

Company is exploring avenues for utilizing energy from the renewable natural resources such as solar and wind. Plan is being drawn to install solar energy units at Dahej facility. Company is also in the process of acquiring windmill to reduce its reliance on conventional energy.

(iii) the capital investment on energy conservation equipments; Nil

(iv) impact of the above matters:

On implementation of the solutions referred above, the Company will be able to further achieve economy in conservation of energy as well as reduction in cost of production.

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;

ANNEXURE 'E' TO BOARD'S REPORT (Contd.)

(iv) the expenditure incurred on Research and Development.

		(₹ in Lakh)	
	Expenditure on R&D	2021 - 2022	2020 - 2021
a)	Capital	6.17	23.45
b)	Recurring	452.60	444.72
c)	Total	458.77	468.17
d)	Total R&D Expenditure as a Percentage of total turnover	0.67%	0.78

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

		(₹ in Lakh)	
		2021 - 2022	2020 - 2021
	Foreign exchange outgo	11,925.75	32140.10
	Foreign exchange earned	41,902.10	42,225.62

For & On behalf of the Board

Ashish Dandekar

Chairman & Managing Director

Place: Mumbai

Dated: May 19, 2022

BUSINESS RESPONSIBILITY REPORT

The Directors present the Business Responsibility Report of the Company for the financial year ended on March 31, 2022, pursuant to Regulation 34(2)(f) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

1.	Corporate Identity Number (CIN) of the Company	L74100MH1993PLC075361
2.	Name of the Company	Camlin Fine Sciences Limited
3.	Registered address	Plot No. F/11 & F/12, WICEL, Opp. SEEPZ Main Gate, Central Road, Andheri East, Mumbai - 400093
4.	Website	www.camlinfs.com
5.	E-mail id	secretarial@camlinfs.com
6.	Financial Year reported	March 31, 2022
7.	Sector(s) that the Company is engaged in (industrial activity code-wise)	Speciality Chemicals
8.	List three key products/services that the Company manufactures/provides (as in balance sheet)	BHA , TBHQ , GUAIACOL BULK
9.	Total number of locations where business activity is undertaken by the Company (including that of group companies)	<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 : 392 130, 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>Via Baiona, 107/111 48123 Ravenna Italy.</p> <p>Sales Office and Manufacturing facility:</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>

BUSINESS RESPONSIBILITY REPORT (Contd.)

		<p>Calle Guanajuato No. 49-A Col. Tulpetlac C.P. 55400, Ecatepec de Morelos Estado 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:</p> <p>CFS Chile SpA San Antonio 19, oficina 1602, Santiago Centro.</p> <p>Sales Office:</p> <p>CFS Pahang Asia Pte. Ltd. 20 Maxwell Road, #09-17 Maxwell House, Singapore 069113</p> <p>Sales Office and Manufacturing facility:</p> <p>CFS Wanglong Flavours (Ningbo) Co. Ltd. No. 19 Langhai North Road, Xiaocao's Town, Yuyao City, Zhejiang Province, China 315475</p> <p>Sales Office and Manufacturing facility:</p> <p>AlgalR NutraPharms Private Limited S.No.259/1Q1, 1Q2, 1R1, 1R2, Palayapatti-North, Chithamparapatti, Sengipatti-Via Manayeripatti Post, Budalur Taluk, Thanjavur - 613402</p>
10.	Markets served by the Company - Local / State /National /International	Domestic and International

BUSINESS RESPONSIBILITY REPORT (Contd.)

SECTION B: FINANCIAL DETAILS OF THE COMPANY

1.	Paid up Capital	₹ 1,569.84 Lakh
2.	Total Turnover	₹ 68,550.81 Lakh
3.	Total profit after tax	₹ 2,586.98 Lakh
4.	Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	Please refer Annexure D to Directors Report
5.	List of activities in which expenditure in 4 above has been incurred	Please refer Annexure D to Directors Report

SECTION C: OTHER DETAILS

1.	Does the Company have any Subsidiary Company/ Companies?	Yes. Please refer Directors Report for details of Subsidiary Companies
2.	Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s)	No
3.	Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [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 Dandekar
- c) Designation - Chairman & Managing Director
- d) Details of the BR head

No.	Particulars	Details
1	DIN Number (if applicable)	01077379
2	Name	Ashish Dandekar
3	Designation	Chairman & Managing Director
4	Telephone number	022 67001000
5	e-mail id	secretarial@camlinfs.com

BUSINESS RESPONSIBILITY REPORT (Contd.)

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?	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.camlins.com/investorrelations	N	N	https://www.camlins.com/investorrelations	N	N	https://www.camlins.com/investorrelations	https://www.camlins.com/investorrelations	
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y

BUSINESS RESPONSIBILITY REPORT (Contd.)

No.	Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
8	Does the company have in-house structure to implement the policy /policies.	Y	Y	Y	Y	Y	Y	Y		Y
9	Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies?	Y	Y	Y	Y	Y	Y	Y		Y
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

(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 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 2022 is part of the Annual Report, which is available on the website of the Company www.camlinfs.com in the Investors Relations and financials/annual reports and is published annually.

BUSINESS RESPONSIBILITY REPORT (Contd.)

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, 2022, the Company has 12 directors on its board (including the Chairman), of which 6 are independent, 3 are non-independent, and 3 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, Risk Management 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

BUSINESS RESPONSIBILITY REPORT (Contd.)

(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.

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.

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 of the Company.- 1143 (includes both permanent and contractual)
2. Please indicate the total number of employees hired on temporary/contractual/casual basis. - 665
3. Please indicate the number of permanent women employees.- 27
4. Please indicate the number of permanent employees with disabilities - Nil
5. Do you have an employee association that is recognized by management.- Yes, 20 Worker association with Mumbai Labor Union

BUSINESS RESPONSIBILITY REPORT (Contd.)

6. What percentage of your permanent employees is members of this recognized employee association?- 4.18%
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.

No.	Category	No. of complaints filed during the financial year	No. of complaints pending as on end of the financial year
1	Child labour/forced labour/ involuntary labour	NIL	N.A
2	Sexual harassment	NIL	N.A
3	Discriminatory employment	NIL	N.A

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 2021-22, 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.

BUSINESS RESPONSIBILITY REPORT (Contd.)

2. Does the Company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc? Y/N

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. Company continued its usage of natural waste viz brickettes instead of furnace oil/coal.

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. 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. – Company is exploring avenues for utilizing energy from the renewable natural resources such as solar and wind. Plan is being drawn to install solar energy units at Dahej facility. Company is also in the process of acquiring windmill to reduce its reliance on conventional energy.

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

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?

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

BUSINESS RESPONSIBILITY REPORT (Contd.)

- 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.

- Have you done any impact assessment of your initiative? - No
- What is your company's direct contribution to community development projects- Amount in ₹ and the details of the projects undertaken. - Refer Annual Report (CSR)
- Have you taken steps to ensure that this community development initiative is successfully adopted by the community? - Refer Annual Report (CSR)

Principle 9

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

As at March 31, 2022, the Company has no pending consumer complaints.

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

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.

- 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.

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 2022.

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

The Company continuously carries out internal 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 2021-22 came on the back of a pandemic ridden year. Even though the global economy was hit by the second and third waves of the pandemic, mass vaccination drives along with easing of lockdown indicated positive signs. Global GDP improved by 5.5% in 2021 and is projected to grow by 4% in 2022 and by 3.5% in 2023. The robust recovery in 2021 was on account of strong consumer spending and an uptake in investment.

Steep increases in metals, coal, crude oil, and natural gas prices have led to rising food, energy and logistics prices, further leading to an increase in the commodity prices and triggering rapid inflation. This rise in inflation was also attributable to a unique combination of supply-side bottlenecks and a stronger-than-anticipated rebound of demand. The silver lining in this situation is for commodity exporting nations like India, who stand to benefit from the inflation.

International trade has also taken a hit as ongoing supply shortages and network disruptions will continue to be a drag on global merchandise trade in the near term. Although these issues are expected to recede over time, their duration and severity remain uncertain.

Lastly, the negative impact brought about due to the ongoing Ukraine-Russia crisis cannot be ignored. Loss of human life and vital resources along with the shift in global relations are all causes for concern. The impact of this crisis seems to have an adverse impact on geo-political stability across the world. Countries will move towards self-sufficiency, but the way forward is multilateralism on a global scale. These challenges can be overcome by ensuring equitable and sustainable growth with the whole world co-operating and acting together to achieve it.

INDIAN ECONOMY OVERVIEW

The Indian Economy was plagued by the Delta variant of COVID-19 right at the beginning of the financial year which derailed the economic recovery significantly. Reopening was delayed, fresh lockdowns were imposed, and death tolls mounted, severely impacting the economy. As the year progressed, the situation improved for India.

India's emergence as a potential superpower in the coming decade looks to be materializing. Global partnerships, self-reliance in terms of production of core commodities and the reduction of the global dependence on China, hold India in good stead on her road to becoming a global economic superpower. As per RBI's revised estimates of July 2021, the real GDP growth of the country is estimated at 21.4% for the first quarter of FY22. The increase in the tax collection, along with government's budget support to states, strengthened the overall growth of the Indian economy. India is expected to be the third largest consumer economy as its consumption may triple to US\$ 4 trillion by 2025, owing to shift in consumer behaviour and expenditure pattern, according to a Boston Consulting Group (BCG) report. It is estimated to surpass USA to become the second largest economy in terms of purchasing power parity (PPP) by 2040 as per a report by PricewaterhouseCoopers.

GLOBAL CHEMICAL INDUSTRY OVERVIEW

The last two years have been extremely challenging for Chemical companies as COVID-19 tested corporate resilience and the industry struggled with supply-chain disruptions, increased feedstock volatility, changing customer behaviour, and higher costs of doing business. Overcoming pandemic-driven disruption was the priority with particular focus on distorted oil and gas prices which have complicated feedstock management.

Looking forward, the risks and disruption facing the industry will become increasingly transformative. Though there is no end in sight for the pandemic, it's time for the industry to switch its focus from short-term problem solving to the development of strategic agendas centred on sustainability. Proving the Camlin Fine Sciences Limited ("Company" or "CFS") sustainability will define the decade's winners. Companies must begin evaluating all issues through an environmental, social, and governance (ESG) lens moving forward.

MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

Even so, 2022 is likely to be a year of moderate to strong expansion, as the world emerges from COVID. If the industry is forward-thinking, it will use the financial momentum in 2022 to help finance the gradual shift away from fossil fuels and invest in new ways of manufacturing and increased recycling that will define chemicals moving forward.

Global chemical production (excluding pharmaceuticals) is expected to grow by 3.5% in 2022, slower than in the previous year (2021: 6.1%) but still above the average for the years prior to the coronavirus pandemic. In the advanced economies, 3.1% growth is anticipated (2021: 3.9%), which is above the average for the pre-crisis years. Growth in the emerging markets is expected to slow at a much stronger rate (2022: +3.7%; 2021: 7.2%). Based on these forecasts, global chemical production at the end of the year will be almost 10% above the 2019 level.

In China, the growth forecast is much weaker with chemical production at 4.0% as base effects from the previous year level off (2021: 7.7%). In the other emerging markets of Asia, chemical growth is estimated to be slightly weaker than in China. In the E.U., chemical production is expected to increase by 2.8% (2021: 6.0%). However, momentum in chemical production already slowed over the course of 2021. As a result, the European chemical industry will presumably grow below the average for the manufacturing sector. A growth of 2.0% is being assumed in the United Kingdom (2021: 2.5%). For the United States, a significantly stronger growth in chemical production is being predicted (2022: 4.5%; 2021: 1.8%) following the weather-related production outages in the previous year. Japan expects growth in chemical production to track the growth rate for GDP. Chemical production in South America will presumably grow at around the same rate as the economy (2022: 1.5%; 2021: 4.6%).

INDIAN CHEMICAL INDUSTRY OVERVIEW

India's chemical industry is extremely diversified and can be broadly classified into bulk chemicals, specialty chemicals, agrochemicals, petrochemicals, polymers, and fertilisers, all of which cover over 80,000 products. Globally, India is the fourth-largest producer of agrochemicals after the United States, Japan, and China. India accounts for approximately 16% of the world production of dyestuffs and dye intermediates. The Indian colorants industry has emerged as a key player with a global market share of approximately 15%. The country's chemicals industry is de-licensed, except for few hazardous chemicals. India holds a strong position in exports and imports of chemicals at a global level and ranks 14th in exports and 8th in imports at global level (excluding pharmaceuticals). The domestic chemicals sector's small and medium enterprises are expected to showcase 18-23% revenue growth in FY22, owing to an improvement in domestic demand and higher realisation due to high prices of chemicals. India's proximity to the Middle East, the world's source of petrochemicals feedstock, enables it to benefit on economies of scale. The specialty chemicals constitute 22% of the total chemicals and petrochemicals market in India.

The Indian government recognises the chemical industry as a key growth element and forecasts an increase in the share of the chemical sector to ~25% of the GDP in the manufacturing sector by 2025.

The Indian government has also taken multiple steps to give the growth of the chemical industry a huge impetus. Under the Union Budget 2022-23 the government allocated ₹ 209 crores (US\$ 27.43 million) to the Department of Chemicals and Petrochemicals. The Government of India is considering launching a PLI scheme in the chemical sector to boost domestic manufacturing and exports. A 2034 vision for the chemicals and petrochemicals sector has been set up by the government to explore opportunities to improve domestic production, reduce imports and attract investments in the sector. The government plans to implement a production linked incentive system with 10-20% output incentives for the agrochemical sector and to create an end-to-end manufacturing ecosystem through the growth of clusters. Despite the current pandemic situation, the Indian chemical industry has numerous opportunities considering the supply chain disruption in China and trade conflict among the US, Europe, and China. Anti-pollution measures in China will also create opportunities for the Indian chemical industry in specific segments. To bring about structural changes in the working of domestic chemical industry, future investments should not only focus on transportation of fuels such as petrol and diesel, but also on crude-to-chemicals complexes or refineries set up to cater to the production of chemicals.

MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

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 operations for FY2021-22 is covered in this section.

Sr. No.	Business	Industries
1.	Shelf-life solutions	Food & Beverages, Petfood, Animal Nutrition, Aquaculture, Biodiesel etc.
2.	Performance Chemicals	Petrochemicals, Agrochemicals, Pharmaceuticals, Polymers etc.
3.	Aroma Ingredients	Food and Beverage, Flavour and Fragrance, Incense stick, Pharmaceuticals, Animal Nutrition etc.
4.	Health and Wellness	Food & Beverages, Petfood, Animal Nutrition, Nutraceuticals, and other dietary supplement industries

SHELF-LIFE SOLUTIONS

The year 2021-22 was marked by the gradual return to normalization of the global economies and markets, as multiple efforts were taken to combat the pandemic, including mass vaccination drives, workplace management, etc. The antioxidant market has been severely impacted because of a steep increase in raw material and edible oil prices. The global cooking-oil supply is reeling under the aftermath of the ongoing Ukraine-Russia crisis, and the ripple effect is being felt all over the world, from Indonesian markets to fish-and-chips shops in the UK. Russia and Ukraine collectively export close to two-thirds of the world's sunflower oil, a main ingredient in many packaged and prepared foods, which has severely restricted supply of sunflower and other vegetable oils, putting more pressure on a market already strained by the effects of climate change. The cooking-oil market was further rocked when Indonesia, which normally exports more palm oil than any country in the world, decided to ban export of palm oil in response to shortages of edible oils at home. Rising prices of edible oils have affected consumption of antioxidants by oil producers in India. Additionally, small players ceased operations waiting for prices to normalize which led to significant slowing down in the market. Despite the oils and fats market adversely impacting the Company, CFS has displayed significant growth over the previous year and with economies improving and stabilising, we are confident of robust growth in FY 2022-23.

Our revenues in Asia Pacific have shown significant growth over the previous year. The coming year looks extremely promising as CFS aims at attaining a leading position as one of the most competitive producer of Antioxidants TBHQ, BHA, and ASP globally.

CFS develops and markets an extensive line of products in the Animal Nutrition segment. The animal nutrition space in India has huge scope for growth on account of low current per capita consumption compared to developing nations (5kg vs 35-40kg) which will certainly improve with development.

CFS North America LLC saw strong growth in sales of BHA and TBHQ for food and petfood industries. The placid growth in CFS North America LLC in the current year was due to fresh lockdowns, travel restrictions and hampered supply chain mobility which impacted customer interest.

CFS subsidiary, Dresen Quimica SAPI De CV having its operations in Mexico, Central America and the Andean States had a good year but saw ample opportunities to further improve. Despite facing shortages, Mexico grew its food business as TBHQ, BHA and BHT demonstrated sizeable growth from the previous year. The business in the region has displayed a positive trend overall and promises to be a major contributor to growth in the coming year. Growth in the business, however, was hampered due to an increase in transport prices leading to increased overall prices and delays in deliveries, which in some cases were more than a month. It will be the endeavour of the Company to stay agile and flexible to the needs of the customers. In Peru, the business was impacted due to

MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

unfavourable pricing in some of the segments. African Swine Fever Virus (ASFV) that broke out in the Dominican Republic in July 2021 reduced business opportunities in the country.

The ongoing pandemic and socio-political crises have slowed down growth and created economic instability, which had a negative impact on our South American business. The feed production has grown despite the multiple challenges faced. The agricultural sector has maintained a solid growth since 2022 began, with a slight hiccup in the form of climatic issues. Drought coupled with high temperatures have impacted both production as well as prices of corn and soybean in Brazil and Argentina.

Animal nutrition also had a roller coaster year with highs and lows aplenty. Restart of face-to-face visits allowed us to build intimacy with existing and potential customers. New products, portfolio optimization, global integration and production efficiency enhancement will allow us to create a better network, better presence, higher sales and a larger customer base.

CFS' target is to grow the volume to leverage economies of scale, as this will help to offset the margin reduction on account of reduced prices.

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 ("CFS Europe"). The division is 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 in 2021, the capacities are further enhanced for Hydroquinone, Catechol, and creating further opportunities for downstream products. Focus was laid on ensuring stabilization of the entire process for which the plant was shut down for a brief period in July 2021. The Company reached a major milestone as it achieved 100% utilization of the diphenol facility in the month of September 2021. This was followed by implementation of strategies for backward integration and process optimization. It was decided to expand the total capacity of the plant from 10,000MTPA to 15,000MTPA. This was undertaken in March 2022 and has been completed in the month of May 2022.

Last year, the Company performed extremely well in the performance chemical space. The division delivered robust growth, with TBC and Veratrole sales reaching historical growth levels. With the enhanced production capacities of diphenols at Dahej, sales of Catechol have commenced to both, domestic and international customers. On commencement of Vanillin production in Dahej, the Company plans to internally consume a major portion of the Catechol. As far as CFS Europe goes, new investments were made at the Diphenol plant which were focused on improvement in performance and reduction in breakdowns. Despite these issues, CFS Europe has maintained total production in line with that of last year while improving the consumption rate and managing to reduce waste (tars) considerably. Alongside boosting sales of existing products, the Company is also innovating by developing multiple new products.

Lastly, the Ukraine-Russia crisis has severely impacted CFS Europe as power costs have risen 240% for the quarter ended March 2022, leading to an increase of ₹ 28 crores in power costs. Even though part of the inflationary increase in the costs has been passed onto its customers by increasing the selling prices of products, it is limited in its extent.

AROMA INGREDIENTS

Pursuant to the Supreme Court of China's order in February 2020, the Vanillin producing facility in China continues to remain shut. Our JV partner had filed a re-trial application which has been heard and he is confident about a positive outcome in the case. Until the court passes an order, the plant is likely to remain shut. In terms of the shareholders agreement entered into with Wanglong Technology Company Limited ("Wanglong Technology"), Wanglong Technology is required to indemnify CFS Wanglong Flavours (Ningbo) Co., Ltd. from any economic

MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

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. The 6000MTPA multipurpose manufacturing unit for the production of Vanillin and Ethyl Vanillin at its Dahej facility in India is almost ready and we have begun trial production in May 2022.

As a de-risking strategy, the Company is exploring the possibility of producing Heliotropin at the impugned Chinese Vanillin facility. Heliotropin falls under the same category as Vanillin i.e., Aroma ingredients and has good potential in the market. Though this exploration is in a nascent stage, the Company feels that it might stand to take advantage of the time being taken for the Supreme court decision to be passed to conduct viability studies and economic analyses to ensure we are well equipped to act without delay.

HEALTH & WELLNESS

The Health & Wellness division, formed with the intention of getting into the natural, sustainable product business. This business will grow as the division attains commercial scale of production in FY 22-23.

In November 2021, the Company has become a major shareholder (80%) in AlgalR Nutraceuticals Pvt. Ltd., a Company specialized in the production of Algal based DHA and having its own strain and applied patent. Efforts have been put to increase the efficiency and capacity of the plant by adding automation, process stabilization and new equipment. Standardization of the process has been initiated to ensure higher production capacity and considerable reduction of raw materials consumption. It is the aim of the Company to offer clean and vegan products. The products are currently being supplied to the existing customers with a view to expand into a multitude of geographies.

RESEARCH AND DEVELOPMENT

While the pandemic ravaged existing markets, supply chains, logistics and all other business processes, the Company strongly focused on innovation to ensure relevance in the post-pandemic 'new normal.'

The Company remains focussed on product innovation and new product development in the value added downstream of its chemical chain and complementary products in shelf life solutions. Stress is also on the improvement in current processes and yields.

An emphasis has been laid on adopting green chemistry in our production processes.

CUSTOMER SERVICE APPLICATIONS LABORATORY

With cultures, food eating habits and climatic conditions widely vary from region to region. Understanding local requirements and developing localized solutions is imperative for our shelf-life solutions business. Our applications laboratories spread across the globe, focus on this important aspect by catering to local needs and bringing us closer to our widespread customer base. Our knowledge pool along with our capabilities paved the way for solutions that meet our customers' everyday challenges. To add to that, we also invite customers to conduct collaborative application projects to support their product designs for high-value and efficient solutions for food, petfood, animal nutrition and biodiesel industries.

During the financial year, the Company remained committed to enhance its relationships with existing and new customers. Relationships have been further fortified by conducting technical webinars through "Food for thought" platform. It allows to create awareness, educate and showcase the product range. It is also a privilege for CFS to address customer's ongoing challenges in their commercial set-up. Moving forward, the efforts would be concerted towards attaining sustainability on new developments.

MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

ENVIRONMENT, SOCIAL AND GOVERNANCE (ESG) INITIATIVES

Health, poverty, education and environment have emerged as the top-most problems that the world is facing, and which are only going to aggravate further. The world is turning to the business community to pitch in for the solutions to these problems as majority of them emanate from business activities. The COVID-19 crisis has also led the world to alter its perspective of looking at business community especially due to its remarkable response to the crisis. Trust in the business community has certainly grown. Role of businesses in ESG initiatives is important nay imperative for a better world.

CFS certainly acknowledges this trust and is sure of optimum contribution in ESG initiatives. The business of shelf-life solutions contributes in a big way to not only address the food and feed requirements but also contributes to make adequate the scarce resource by preserving it for longer duration. The localised set up of our business, especially our local application laboratories, expertise in supporting local communities and resolving shelf-life challenges. Longer shelf life reduces food losses, eases pressure on distribution and logistics and contributes to a healthy society. CFS' business of manufacturing tailor made traditional/natural blends and additives for food safety and protection is in itself a huge initiative in promoting solutions for sustainability.

Further, we provide solutions for nutrition, health and hygiene of livestock to improve Food Conversion Ratio (FCR) and overall animal performance through the expansion of its Animal Nutrition Portfolio. The Company's comprehensive range of products, sanitization services and holistic health care approaches with antibiotic-alternatives would strive to create a thriving farm environment, which will have a positive impact on food chain, food security and human health.

In 2021, CFS acquired 80% stake in AlgalR Nutraceuticals Pvt. Ltd. which reflects its ongoing commitment to sustainability. BioSus, a range of sustainable products, is developed using a proprietary fermentation technology. DHA, a form of omega 3 derived from microalgae is clean, vegan and with no harm to marine life. CFS aims to provide better feed and food by integrating natural and fermentation technologies.

CFS is also working on new ecosystems to include new materials and find alternatives to nature's finite resources such as coal. We have taken necessary steps to decarbonise by adopting brickette instead of coal as an energy source at our facility at Tarapur. Brickette provides optimum calorific value, ease of transportation and lowers emission of harmful gas. It has high thermal value making it a better fuel. But the current dominant technologies for storage and distribution of power such as pumped hydro ion and lithium ion cannot sufficiently provide a durable solution. Lithium ion appears particularly vulnerable, due to its reliance on rare earth materials which have seen price volatility and intermittent scarcity. CFS has partnered with Lockheed Martin Energy (LM) on the Flow batteries sustainability project and the work is progressing steadily. Flow batteries' unique ability to address high-energy needs by cycling for ten or eleven hours on a sustained basis, are well suited for use even in emergency and unpredictable situations. Lockheed Martin is a US based firm that delivers comprehensive solutions across the energy industry to include energy storage, demand management solutions, microgrids, military energy solutions, nuclear systems and bioenergy generation. CFS' endeavour has always been to adopt a circular economy model, and this is being carried out wherever possible. Solvent recycling and reuse, use of sustainable packaging material, reducing single use material usage, are some of the initiatives taken by the Company amongst others.

CFS supports various deserving social projects around its surroundings. In 2021, an annual fund of ₹ 25 Lakh was invested into the local community for building a stadium to upgrade sports and other recreational activities in the locality. the Company has also spent an amount of ₹ 42 Lakh towards CSR activities through an NGO, Akhil Bhartiya Vanvasi Kalyan Ashram, which works for the Upliftment Tribal Backward Class.

MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

Dahej faces a major water shortage during the summer months. As the water of the Narmada River enters Bharuch, it tends to become more saline as it nears the estuary. Water from the sea also enters the river during high tides. This salinity ingress has spoiled the quality of fresh water flowing in Narmada downstream. Further, urbanisation and increase in agricultural activity due to the Sardar Sarovar Project, have led to provision of water being prioritised for residential and agricultural use, depriving the industry. To address these issues, a large desalination plant for industrial purposes is being built by GIDC for 100 MLD in Dahej by using seawater reverse osmosis method at a cost of around ₹ 1,200 crores. This plant will exclusively provide water to industries in Dahej. We have made a capital contribution of ₹ 15 crores to support the renewal and repurposing of salinated water for our Dahej facility. It helps reduce the dependence on fresh water from river Narmada, conserves natural resources and provides water security for the plant.

We continuously strive to reduce natural resource consumption and wastage to minimize adverse impact on the environment. Energy and water conservation is one of our topmost priorities and over the years, we have taken multiple steps, one of them being the installation of VFD in electrical panels of cooling towers, process reactors and some critical process pumps. Periodically we monitor our VOCs, ambient air quality, effluent quality and ensure we are well within the statutory norms. The largest waste component is solvent which has been used in the manufacturing process. Solvent is purified in situ and reused in the process.

The Company also ensures environmentally responsible ways to dispose its e- waste. It works along with an IT waste management agency that converts Electrical and Electronic Equipment (EEE) waste into raw materials like Metals, Plastics and Glass to reduce landfills and to promote a clean environment.

RISKS AND CONCERNS

The Company is prone to various risks such as technological risks, strategic risks, operational risks, foreign exchange currency risks, health, safety and environmental risks, financial risks as well as compliance & control risks. These risks can have a material adverse impact on the implementation of strategy, business, performance, results, cash flows & liquidity, stakeholders' value and of course reputation.

The Company has introduced an effective risk management framework to report, manage and mitigate these risks. The Board oversees these risks through various committees like Risk Management Committee, Audit Committee, and Stakeholders' Relationship Committee.

The Company continues to maintain 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 the risk handling ability of the Company which makes the difference.

Exposure to international markets exposes the business to currency risks. This risk has been mitigated by effective foreign exchange 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, it gets monitored regularly to ensure that they do not affect the operating margins of the Company. The Company continues with its efforts to improve its processes, yields and technological upgradation and also stresses on bringing about cost optimization.

COVID-19 pandemic exposed the Company to an unprecedented humanitarian challenge. Company was able to mitigate and reduce the impact to a large extent with smart use of scarce resources.

It is a Company principle to act pre-emptively in matters related to risk. Our ethos ensures that we anticipate and mitigate risks as far as possible.

MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

INFORMATION & TECHNOLOGY

In line with the overall growth objective and strengthening of our infrastructure base, the Company continues to invest in information technology tools such as Enterprise Resource Planning system & general Infrastructure for leveraging its business values. New infrastructure helps to automate workflows to support faster and leaner accounting processes while ensuring adequate controls and fulfilment of the regulatory requirements. Implementation of a robust IT system has allowed for seamless working on hybrid Mode (on-premises as well as remote). This also enabled the Company to smoothen collaboration across all its subsidiaries and to improve its operational efficiency, inventory management, cost optimization, record management, traceability, etc. The IT environment and its related systems and policies are periodically reviewed and benchmarked. Compliance with the Information Management policies receive focused attention of the Internal Audit team. Processes have been continuously strengthened for enhanced effectiveness and productivity including the deployment of best-in-class tools for analytics in the Audit domain. Quarterly ITGC (IT General Controls) is done by qualified engineers in the Internal Audits. We have initiated POC (Proof of Concept) & Audit for deploying Cybersecurity Tools for Data-Monitoring, security, availability & infrastructure.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has an adequate system of internal controls in place. The system consists of documented policies, guidelines and procedures which cover all important financial and operating functions. These controls have been designed to provide a reasonable assurance with regard to maintaining of proper accounting controls for ensuring reliability of financial reporting, monitoring of operations, protecting of assets from unauthorised use or loss, and complying with regulations.

The Company consistently strives to improve its processes and align them with the highest standards. An established framework is in place to monitor the controls through the Risk Management Committee as well as the Audit Committee. The Audit Committee comprises Independent Directors who regularly review audit plans, significant audit findings, adequacy of internal controls, compliances with accounting standards and changes thereto. The Risk Management Committee reviews business risk areas covering operational, financial, strategic and regulatory risks. The Company has independent internal auditors who review and report to the management and the audit committee about compliances with internal controls and the efficiency and effectiveness of operations as well as key process risks. Our internal control system is further fortified by our steps taken to address risks and concerns referred under the section, "Risks and Concerns."

There have been no changes in our internal control over financial reporting that occurred during the period of the annual report that have materially affected or are reasonably likely to materially affect our internal control over financial reporting. Similarly, our initiatives during the COVID-19 pandemic also did not have any significant effect on internal controls. During the financial year, we have assessed the effectiveness of the internal control over financial reporting and have determined that the system was effective as on March 31, 2022.

MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

FINANCIAL PERFORMANCE REVIEW

(₹ in Lakh)

Particulars	Standalone		Consolidated	
	2021-22	2020-21	2021-22	2020-21
Revenue from Operations	68,550.81	60,004.83	1,41,208.91	1,18,710.31
Other Income	1,870.44	546.83	3,303.42	498.42
Earnings before Interest, Tax, Depreciation & Amortisation	7,748.23	6,187.27	15,280.84	18,193.34
Less: Finance Cost	3,342.68	3,253.65	3,576.61	3,752.77
Less: Depreciation & Amortisation expenses	2,668.28	1,928.30	5,596.47	4,429.42
Less: Share of Profit / (Loss) of associate	-	-	(13.33)	0.06
Profit before exceptional item and tax	3,607.71	1,552.14	9,397.85	10,509.63
Less: Exceptional Item	-	50.32	-	-
Less: Tax Expenses	1,020.73	673.70	3,360.66	3,973.83
Profit After Tax	2,586.98	828.12	6,037.19	6,535.80
Other Comprehensive Income net of tax	(15.16)	(37.97)	(776.56)	11,350.04
Total Comprehensive Income for the Year	2,571.82	790.15	5,260.63	17,885.84

Members may refer to Note 51 to the financial statement which sets out financial ratios of the Company.

The details of significant changes (i.e. change of 25% or more as compared to the immediately previous financial year) in financial ratios is as follows:

Particulars	Standalone		Percentage change	Reason for change
	2021-22	2020-21		
Interest Service Coverage Ratio (Times)	1.94	1.23	57.94	Improvement in ratio on account of higher profits during the year under review.
Operating Profit Margin (%)	8.65	6.80	27.16	
Net Profit Margin (%)	3.77	1.38	173.45	
Return on Equity (%)	4.90	1.97	148.69	The Net profits after tax has increased from ₹ 828.12 Lakh to ₹ 2,586.98 Lakh.

The details of return on net worth at standalone levels are as follows:

Particulars	Standalone		Percentage change
	2021-22	2020-21	
Return on net worth (%)	4.90	1.97	148.69

Operating profit has increased from ₹ 4,081.77 Lakh to ₹ 5,929.66 Lakh and the net worth has increased from ₹ 46,463.55 Lakh to ₹ 59,234.17 Lakh which has resulted in increase in the return on net worth. Net worth has increased on account of increase in the Share Capital from ₹ 1,274.98 Lakh to ₹ 1,569.84 Lakh in view of allotment of equity shares to Infinity Direct Holdings and Infinity Holdings upon conversion of the warrants and allotment of ESOPs to the employees. Further, Other equity has increased from ₹ 45,188.57 Lakh to ₹ 57,664.33 Lakh in view of securities premium received in lieu of the aforesaid allotments.

MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

HUMAN RESOURCES AND INDUSTRIAL RELATIONS

The year 2021-22 was the year of resilience as offices resumed physical operations along with following protocols established with the new normal. CFS took utmost care of its employees during pandemic period and followed the same approach during the reopening phase. Even though COVID was easing out, the Human Resources team at CFS ensured full vaccination of all its employees, and also covered the vaccination of family members of employees as well. CFS reopened its offices in a staggered manner to ensure employee safety and adopted flexible working hours. In contrast to the general trends during the pandemic, CFS, rather than laying off employees, chose to remunerate employees and also undertook recruitment drives for augmenting resources in a leaner market. At all our facilities keeping our employees and contract workers healthy and safe is our priority and is an essential part of being a responsible employer. We aim for zero harm with our immediate aspiration being zero serious incidents, which has been achieved in the year under review. We also performed regular audits internally and externally to ensure that we mitigate and managed our risks effectively. It has and will always be our aim to ensure employee satisfaction and safety.

As on March 31, 2022, CFS has 478 permanent employees in India.

Sources:

World Economic Situation and Prospects Report by United Nations, 2022

India Brand Equity Foundation (IBEF) – Chemicals and Exports

BASF Report 2021 – Outlook for the chemical industry

Brink news chemical industry outlook for 2022 and beyond

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2021 Chemicals Global Market Report 2021

Global-Market-Report-2021-COVID-19-Impact-and-Recovery-to-2030.html

India Chem 2021 Report

Expert Market Research (EMR)

India Department of Chemicals and Petro-Chemicals India Markets and Markets

Edelman Trust Barometer, 2021

Report: Save Food for a Better Climate, 2017, FAO, 2017

Report: The State of Food Security and Nutrition in the World, United Nations, July 2020

BP's "Energy Outlook 2019", February 2019. <https://www.bp.com/en/global/corporate/energy-economics/energy-outlook.html>
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Adapted From Lockheed Martin Energy | The Energy Storage Imperative: A Guide For Grid Planners In The Renewables Era, 2019

B2B research

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, 2022.

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

The Company has a Executive Chairman and the number of Independent Directors is 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 Dandekar* Chairman	NED	1	-	NA	Nil	Nil
Ashish Dandekar** Chairman & Managing Director	ED / Promoter	5	6	Yes	Nil	Nil
Nirmal Momaya# Managing Director	ED	5	14	Yes	1	Nil
Arjun Dukane	ED	5	2	Yes	Nil	Nil
Atul Pradhan@	NED (I)	1	-	NA	Nil	Nil
Nicola Paglietti\$	NED (I)	1	-	NA	Nil	Nil
Anagha Dandekar	NED	5	-	Yes	Nil	Nil
Amol Shah	NED (I)	5	10	Yes	Nil	Nil
Sutapa Banerjee	NED (I)	5	9	Yes	1	6
Harsha Raghavan	NED	5	3	Yes	Nil	1
Sarvjit Bedi	NED	4	2	Yes	Nil	1
Joseph Conrad D'Souza	NED (I)	5	6	Yes	Nil	2
Mahabaleshwar Palekar	NED (I)	5	1	Yes	Nil	Nil
Thomas Videbaek	NED (I)	5	-	Yes	Nil	Nil
Pradip Kanakia^	NED (I)	3	7	NA	Nil	Nil

REPORT ON CORPORATE GOVERNANCE (Contd.)

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

*Dilip Dandekar resigned w.e.f. June 1, 2021

**Ashish Dandekar appointed as Chairman w.e.f. June 17, 2021

#Nirmal Momaya appointed as Managing Director w.e.f. June 1, 2021

@Atul Pradhan retired upon completion of term w.e.f. July 21, 2021

§Nicola Paglietti retired upon completion of term w.e.f. July 21, 2021

^Pradip Kanakia appointed w.e.f. October 18, 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 Dandekar is the paternal uncle of Ashish Dandekar and Anagha Dandekar. Also, Ashish Dandekar is brother of Anagha Dandekar. None of the other Directors on the Board are related to each other.

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

Details of Directorship in listed Companies:

Sr. No.	Name of the Director	Name of the Company	Category
1.	Nirmal Momaya	Dhanvarsha Finvest Limited	Non-Executive/ Independent
2.	Sutapa Banerjee	Godrej Properties Limited	Independent Director
		Manappuram Finance Limited	Independent Director
		JSW Holdings Limited	Independent Director
		Polycab India Limited	Independent Director
		Zomato Limited	Independent Director
4.	Harsha Raghavan	Hindustan Foods Limited	Independent Director
		Onward Technologies Limited	Independent Director
5.	Sarvjit Bedi	Hindustan Foods Limited	Independent Director
		Onward Technologies Limited	Independent Director
6.	Joseph Conrad D'Souza	Chalet Hotels Limited	Independent Director
7.	Pradip Kanakia	Healthcare Global Enterprises Limited	Independent Director
		JM Financial Limited	Independent Director

Following is 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

REPORT ON CORPORATE GOVERNANCE (Contd.)

Number of Board Meetings:-

During the financial year 2021-2022, 5 (five) Board Meetings were held on the following dates:

Sr. No.	Date	Board Strength	No. of Directors Present
1	May 28, 2021	14	14
2	August 13, 2021	11	11
3	November 12, 2021	12	11
4	February 7, 2022	12	12
5	March 25, 2022	12	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 <https://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) Arjun Dukane

Mr. Arjun Dukane aged 53 years is a Chemical Engineer (Diploma). He has an overall experience of over 30 years in the Chemical Industry out of which he has been associated with the Company for about last 15 years.

He is director in the following Companies:

Sr. No.	Names of the Companies/Bodies Corporate
1	Chemolutions Chemicals Limited
2	Naiknavare Chemicals Limited

Mr. Dukane holds 1,27,640 equity shares of the Company.

(B) Harsha Raghavan

Mr. Harsha Raghavan aged 50 years is the Managing Partner of Convergent Finance LLP. Mr. Raghavan 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, Mr. Raghavan advised on more than two dozen transactions totaling over \$1.5 billion in value.

Mr. 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.

REPORT ON CORPORATE GOVERNANCE (Contd.)

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
3.	Onward Technologies Limited

Mr. Raghavan does not hold any shares of the Company.

3. COMMITTEES OF THE BOARD:

As required under the Companies Act, 2013, SEBI LODR 2015 and SEBI Share Based Employee Benefits and Sweat Equity) Regulations, 2021 (“ESOP Guidelines”), the Board of Directors has in place 6 (six) Committees: Audit Committee, Stakeholders Relationship Committee, Nomination and Remuneration Committee, Corporate Social Responsibility Committee, Compensation Committee and Risk Management 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, Compensation Committee and Risk Management 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 2021-2022, 5 (five) meetings of the Audit Committee were held on the May 28, 2021, August 13, 2021, November 12, 2021, February 7, 2022 and March 25, 2022.

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
Pradip Kanakia*	Chairman	NED (I)	3
Joseph Conrad D’Souza	Member	NED (I)	5
Sutapa Banerjee#	Member	NED (I)	5
Amol Shah	Member	NED (I)	5
Mahabaleshwar Palekar	Member	NED (I)	4
Harsha Raghavan	Member	NED	5
Sarjit Bedi	Member	NED	4
Atul Pradhan**	Chairman	NED (I)	1

*Pradip Kanakia appointed w.e.f. October 18, 2021

**Atul Pradhan retired upon completion of term w.e.f. July 21, 2021

Chairperson w.e.f August 13, 2021 to November 12, 2021

REPORT ON CORPORATE GOVERNANCE (Contd.)

The Audit Committee meetings were attended by the 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 2021-2022, 4 (four) meeting of the Committee was held on the May 28, 2021, August 13, 2021, November 12, 2021 and March 25, 2022.

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
Amol Shah	Chairman	NED (I)	4
Sutapa Banerjee	Member	NED (I)	4
Joseph Conrad D'Souza	Member	NED (I)	3
Harsha Raghavan	Member	NED	4
Sarvjit Bedi	Member	NED	3
Mahabaleshwar Palekar	Member	NED (I)	4
Pradip Kanakia*	Member	NED (I)	1
Atul Pradhan**	Member	NED (I)	1

*Pradip Kanakia appointed w.e.f. October 18, 2021

**Atul Pradhan retired upon completion of term w.e.f. July 21, 2021

Terms of reference:

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

- 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;
- Formulation of criteria for evaluation of Independent Directors and the Board;
- Devising a policy on Board diversity;

REPORT ON CORPORATE GOVERNANCE (Contd.)

- 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 <https://www.camlinfs.com/BusinessConductEthics>.

Remuneration to Directors:

i. Chairman & Managing Director

Following are the remuneration details of the Chairman & Managing Director for the financial year ended March 31, 2022:

(₹ in Lakh)

Name	Gross Salary	Perquisites#	Commission	Contribution to P.F. and Other Funds	Total
Ashish Dandekar	117.49	65.63	-	14.10	197.22

#Perquisites *inter alia*, 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.

ii. Managing Director

Following are the remuneration details of the Executive Director for the financial year ended March 31, 2022:

(₹ in Lakh)

Name	Gross Salary	Perquisites#	Contribution to P.F. and Other Funds	Total
Nirmal Momaya	100.00	49.86	16.82	166.68

#Perquisites *inter alia*, 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.

REPORT ON CORPORATE GOVERNANCE (Contd.)

iii. Executive Director

Following are the remuneration details of the Executive Director - Technical for the financial year ended March 31, 2022:

(₹ in Lakh)

Name	Gross Salary	Perquisites#	Contribution to P.F. and Other Funds	Total
Arjun Dukane	35.97	54.68	6.05	96.70

#Perquisites *inter alia*, 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.

iv. Non-Executive Directors / Independent Directors

During the financial year 2021-2022, the Company has paid remuneration (excluding sitting fees) to Dilip Dandekar, Chairman & Non-Executive Director. The detail of payment is given below:

(₹ in Lakh)

Name	Category	Amount
Dilip Dandekar*	NED	5.40

*Dilip D. Dandekar resigned w.e.f. June 1, 2021

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 2021-2022. The details of remuneration (including sitting fees, salaries, arrears, commission and perquisites) of the existing Non-Executive Directors during the year 2021-2022 are given below:

(₹ in Lakh)

Name	Category	Commission / Remuneration	Sitting Fees	Total
Dilip Dandekar*	NED (Chairman)	5.40	1.40	6.80
Nirmal Momaya**	ED	-	1.00	1.00
Atul Pradhan [§]	NED (I)	-	2.65	2.65
Nicola Paglietti [#]	NED (I)	-	1.00	1.00
Anagha Dandekar	NED	-	5.00	5.00
Amol Shah	NED (I)	-	11.25	11.25
Sutapa Banerjee	NED (I)	-	11.25	11.25
Harsha Raghavan	NED	-	-	-
Sarvjit Bedi	NED	-	-	-
Joseph Conrad D'Souza	NED (I)	-	11.10	11.10
Mahabaleshwar Palekar	NED (I)	-	10.85	10.85
Thomas Vedebeak	NED (I)	-	5.25	5.25
Pradip Kanakia [^]	NED (I)	-	5.50	5.50

REPORT ON CORPORATE GOVERNANCE (Contd.)

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

*Dilip D. Dandekar resigned w.e.f. June 1, 2021

**Nirmal Momaya was NED and was appointed as Managing Director w.e.f. June 1, 2021

§Atul Pradhan retired upon completion of term w.e.f. July 21, 2021

#Nicola Paglietti retired upon completion of term w.e.f. July 21, 2021

^Pradip Kanakia appointed w.e.f. October 18, 2021

Details of Shareholding of Present Non-Executive Director/Independent Directors as on March 31, 2022.

Directors Name	Shares held
Anagha Dandekar	15,17,056
Mahabaleshwar Palekar	6,000

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 2021-2022 one (1) meeting was held on February 7, 2022.

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
Joseph Conrad D'Souza	Chairman	NED (I)	1
Mahabaleshwar Palekar	Member	NED (I)	1
Ashish Dandekar	Member	ED	1
Nirmal Momaya*	Member	ED	1

*Nirmal Momaya was appointed as Managing Director w.e.f. June 1, 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.

d) Compensation Committee:

Composition, meeting and the attendance during the year:

The Compensation Committee was constituted on April 29, 2008.

During the financial year 2021-2022, there was no meeting held.

REPORT ON CORPORATE GOVERNANCE (Contd.)

Details of Composition of the Committee are given below:

Name	Designation	Category
Amol Shah	Chairman	NED (I)
Sutapa Banerjee	Member	NED (I)
Nirmal Momaya*	Member	ED

*Nirmal Momaya was appointed as Managing Director w.e.f. June 1, 2021

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.

e) Risk Management Committee:

Composition, meeting and the attendance during the year:

The Risk Management Committee was constituted on August 13, 2021.

During the financial year 2021-2022, 2 (two) meeting was held on March 21, 2022 and March 28, 2022.

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

Name	Designation	Category	No. of Meetings attended
Amol Shah	Chairman	NED (I)	-
Nirmal Momaya*	Member	ED	2
Arjun Dukane	Member	ED	2

*Nirmal Momaya was appointed as Managing Director w.e.f. June 1, 2021

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

- To formulate a detailed risk management policy which shall include:
 - A framework for identification of internal and external risks specifically faced by the listed entity, in particular including financial, operational, sectoral, sustainability (particularly, ESG related risks), information, cyber security risks or any other risk as may be determined by the Committee;
 - Measures for risk mitigation including systems and processes for internal control of identified risk;
 - Business continuity plan.
- To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company;
- To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems;
- To periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity;

REPORT ON CORPORATE GOVERNANCE (Contd.)

5. To keep the board of directors informed about the nature and content of its discussions, recommendations and actions to be taken;
6. The appointment, removal and terms of remuneration of the Chief Risk Officer (if any) shall be subject to review by the Risk Management Committee.

f) 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 2021-2022, 1 (one) meeting was held on February 7, 2022.

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

Name	Designation	Category	No. of Meetings attended
Mahabaleshwar Palekar	Chairman	NED (I)	1
Ashish Dandekar	Member	ED	1
Nirmal Momaya*	Member	ED	1

*Nirmal Momaya was appointed as Managing Director w.e.f. June 1, 2021

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

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

4. 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 1 (one) meeting in a year, without the attendance of non-independent directors and members of the management.

During the financial year 2021-2022, 1 (one) meeting was held on February 7, 2022.

The role, broad terms and reference of the Independent Directors' Meeting shall include the following:

- a. Review the performance of Non-Independent Directors and the Board as a whole;
- b. Review the performance of the Chairperson of the Company, taking into account the views of Executive directors and Non-executive Directors;
- c. 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 LODR 2015, as amended from time to time and they are independent of the management.

REPORT ON CORPORATE GOVERNANCE (Contd.)

5. 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
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

6. THE BRIEF SUMMARY OF THE COMPETENCIES OF THE DIRECTORS IS AS UNDER:

Ashish Dandekar, Chairman & 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.

Nirmal Momaya, Managing 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 Dukane, Executive Director - Technical

Chemical Engineer with over 30 years of experience in the Chemical Industry and has been associated with CFS for about 15 years.

REPORT ON CORPORATE GOVERNANCE (Contd.)

Amol 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 Dandekar, Non-Executive Director

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

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

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

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

Joseph Conrad D'Souza, Independent Director

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. He is also a graduate of the Senior Executive Programme of the London Business School.

Mahabaleshwar Palekar, Independent Director

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 more than 25 years of experience in corporates in India and abroad.

Thomas Videbaek, Independent Director

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

Pradip Kanakia, Independent Director

Chartered Accountant (from The Institute of Chartered Accountants of India and in England and Wales), is a strong leader and governance oriented professional with expertise in strategy, transformation, performance management, accounting, auditing, reporting, controls, compliance and governance.

REPORT ON CORPORATE GOVERNANCE (Contd.)

7. 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
2020-2021	Video Conferencing ("VC") / Other Audio Visual Means ("OAVM")	July 20, 2021 at 11.00 a.m.
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.

1 (one) Special Resolutions was passed at the 26th Annual General Meeting for FY 2018-19, 1 (one) Special Resolutions was passed at the 27th Annual General Meeting for FY 2019-20 and 8 (eight) Special Resolutions were passed at the 28th Annual General Meeting for FY 2020-21

Further, the Board of Directors of the Company at its Meeting held on February 7, 2022 accorded approval to the proposal to conduct Postal Ballot pursuant to applicable laws and regulations, to seek approval of the shareholders for the appointment of Mr. Pradip Kanakia (Din: 00770347) as an Independent Non-Executive Director of the Company.

Accordingly, the Company had on February 24, 2022 completed the dispatch of the Postal Ballot Notice and Explanatory Statement thereto dated February 18, 2022 (the "Notice"), as per the permitted mode.

Mr. J. H. Ranade, Practicing Company Secretary who was appointed as Scrutinizer, carried out scrutiny of all the votes cast under remote e-Voting facility received upto 5.00 p.m. (IST) on Saturday, March 26, 2022 and prepared Scrutinizer's Report containing the results of e-Voting on the basis of data received by him. Total 373 members voted in the favour of the resolution whereas 19 members voted against the resolution.

The resolution, as set out in the Notice, was duly approved and passed through Postal Ballot by the shareholders of the Company with the requisite majority on March 26, 2022, being the last date of voting.

No special resolution is currently proposed to be conducted through the postal ballot.

8. 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; <https://www.camlinfs.com/BusinessConductEthics>.

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

REPORT ON CORPORATE GOVERNANCE (Contd.)

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, 2022	For the year ended March 31, 2021
Audit Fees	50.00	32.50
Certification	2.57	3.15
Reimbursement of Expenses	0.68	0.36
Total	53.25	36.01

Credit Ratings

Despite the global disruptions due to the COVID 19 pandemic, the Company's ratings improved during the year under review. As on March 31, 2022, the Company had the following credit ratings:

- i. For Term loan the rating improved from BBB+/Stable to IND A-/Stable;
- ii. For Fund-based limits, the rating improved from BBB+/Stable/IND A2 to IND A-/Stable/IND A2+; and
- iii. For Non-fund-based limits the rating improved from IND A2 to IND A2+.

Compliance with Regulations

The Company has complied with all the requirements of the SEBI LODR 2015 with the Stock Exchanges as well as the other 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:

- a. number of complaints filed during the financial year - Nil
- b. number of complaints disposed of during the financial year - Not applicable
- c. 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 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>.

It is hereby affirmed that in relation to the same, no personnel have been denied access to the Audit Committee.

REPORT ON CORPORATE GOVERNANCE (Contd.)

CEO / CFO Certification

Managing Director and 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. reporting of internal auditor to the Audit Committee.

9. 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.

10. GENERAL SHAREHOLDER INFORMATION:

As indicated in the Notice to our Shareholders, the 29th Annual General Meeting of the members of Camlin Fine Sciences Limited, will be held on Friday, July 29, 2022 at 11:00 a.m. (IST) through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM").

i. Financial Calendar	Financial Reporting by
Financial Year	: April - March
Unaudited Results for the quarter ending June 30, 2022.	: Mid of August, 2022
Unaudited Results for the quarter ending September 30, 2022.	: Mid of November, 2022
Unaudited Results for the quarter ending December 31, 2022.	: Mid of February, 2023
Audited Results for the year ending March 31, 2023.	: end of May, 2023
ii. Date of Book Closure	: July 23, 2022 to July 29, 2022 (both days inclusive)
iii. Date of Dividend Payment	: Not applicable
iv. Listing of Equity Shares on Stock Exchanges	: 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)
v. Demat ISIN in CDSL/NSDL	: INE052I01032

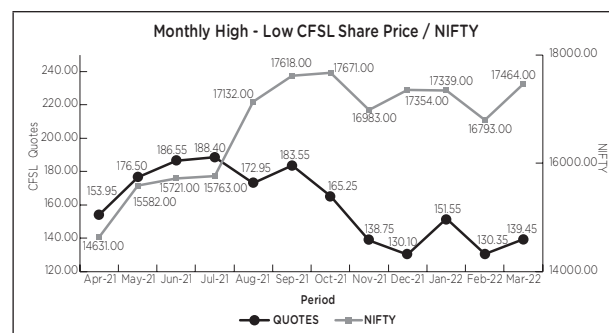
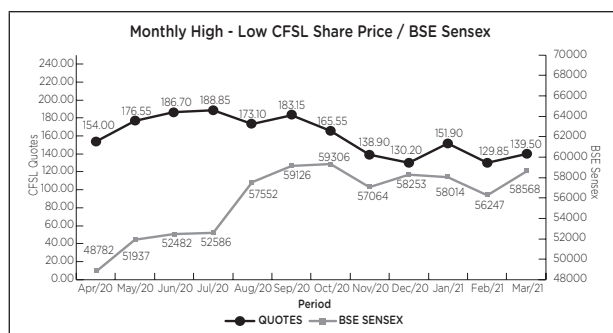
REPORT ON CORPORATE GOVERNANCE (Contd.)

vi. Share Price (High & Low) for the year 2021-2022 at BSE and NSE:

Month	BSE		NSE	
	High (₹)	Low (₹)	High (₹)	Low (₹)
April, 2021	161.30	128.00	161.70	132.00
May, 2021	195.10	148.05	195.40	150.90
June, 2021	196.80	163.65	196.90	163.15
July, 2021	230.80	181.20	230.80	181.00
August, 2021	194.45	152.95	194.40	152.95
September, 2021	190.80	165.15	191.00	165.00
October, 2021	213.00	164.00	213.00	164.15
November, 2021	187.00	137.35	186.00	137.25
December, 2021	148.10	116.30	148.50	116.10
January, 2022	169.70	127.05	169.80	127.00
February, 2022	162.70	118.75	163.80	120.00
March, 2022	152.25	128.70	152.50	126.90

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.

REPORT ON CORPORATE GOVERNANCE (Contd.)

ix. Distribution of Shareholding as on March 31, 2022.

No. of Equity Shares Held	No. of Shareholders	Percentage of Shareholders	No. of Shares	Percentage of Shares
Up to 500	45259	80.2251	5149210	3.2801
501 - 1000	4877	8.6449	4036142	2.5710
1001 - 2000	3264	5.7857	5098917	3.2480
2001 - 3000	962	1.7052	2424150	1.5442
3001 - 4000	546	0.9678	1995870	1.2714
4001 - 5000	417	0.7392	1925249	1.2264
5001 - 10000	533	0.9448	3863726	2.4612
10001 and above	557	0.9873	132490982	84.3976
TOTAL	56415	100.0000	156984246	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, 2022, 99.24 % 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 ₹ 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 ₹ 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 ₹ 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 ₹ 47.89/- per warrant aggregating to ₹ 17,000.95 Lakh. The Investors subscribed to the warrants by paying an amount equivalent to 33% of the issue price i.e. ₹ 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, 2020, Infinity Direct Holdings exercised its option to convert 61,50,000 warrants into equivalent number of equity shares of the Company. On November 17, 2020, IDH paid the balance 67% amount of ₹ 1,973.30 Lakh subsequent to which the Company issued 61,50,000 equity shares to IDH after complying with the necessary formalities.

The Company at its 28th Annual General Meeting held on July 20, 2021 approved the CFS Employees Stock Option Plan, 2021 which provides for allotment of up to 45,00,000 (Forty Five Lacs) Options convertible

REPORT ON CORPORATE GOVERNANCE (Contd.)

into equivalent number of equity shares of ₹ 1/- each. The first lot of Grants shall be issued at an Exercise Price of ₹ 150/-per option. The Nomination and Remuneration Committee shall decide on the exercise price for future grants, which shall be at a maximum discount of 25% to the market price of the equity shares on the Stock Exchange(s) on the date of grant of Options.

On February 23, 2022, Infinity Direct Holdings and Infinity Holdings exercised their options to convert 1,93,50,000 and 100,00,000 warrants into equivalent number of equity shares of the Company. During the year under review, IDH and IH paid the balance amount of ₹ 6,208.70 Lakh and ₹ 3,208.64 Lakh subsequent to which the Company issued 1,93,50,000 and 100,00,000 equity shares to IDH and IH 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 ₹ 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 has appointed Independent Director(s) of the Company on the Board of unlisted material subsidiary. The minutes of the meetings of the board of directors of the unlisted subsidiary were also placed at the meeting of the board of directors.

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.

REPORT ON CORPORATE GOVERNANCE (Contd.)

12. NON-MANDATORY REQUIREMENTS:

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 in permissible mode.

Audit Qualifications:

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

Reporting of internal auditor

The internal auditor reports directly to the Audit Committee.

For & On behalf of the Board

Ashish Dandekar
Chairman & Managing Director

Place : Mumbai

Dated : May 19, 2022

REPORT ON CORPORATE GOVERNANCE (Contd.)

Declaration by the Managing Director as required under Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

We hereby declare 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, 2022.

Ashish Dandekar
Chairman & Managing Director

Place : Mumbai
Dated : May 19, 2022

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, 2022 and that to the best of our knowledge and belief:
- 1) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - 2) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B. 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.

Ashish Dandekar
Chairman & Managing Director

Santosh Parab
Chief Financial Officer

Place : Mumbai
Dated : May 19, 2022

REPORT ON CORPORATE GOVERNANCE (Contd.)

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 31st March, 2022 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 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:F004317D000344844

Place : Thane

Date : 19th May, 2022

REPORT ON CORPORATE GOVERNANCE (Contd.)

Certificate from Practicing Company Secretaries Regarding Directors

CERTIFICATE

Based on our verification of the records maintained by Camlin Fine Sciences Limited (CIN: L74100MH1993PLC075361) (hereinafter called 'the Company') including declarations / notices received from the 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 2021-22, 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:F004317D000344833

Place : Thane

Date : 19th May, 2022

Independent Auditors' 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, 2022, 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 Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standard) Rules, 2015, as amended, and with the other accounting principles generally accepted in India of the state of affairs of the Company as at March 31, 2022, 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 of the Standalone Financial Statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. 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 Companies Act, 2013 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

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 i.e. ₹ 18,000 Lakhs 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. ₹ 1,265 Lakhs 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 has preferred an application for retrial of the aforesaid order before Honorable Court which was heard in the month October 2021, the decision thereof is awaited. 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.

Our opinion is not modified in respect of this matter.

Independent Auditors' Report (contd.)

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	Auditor's Response
<p>Exposure in group entities</p> <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 25% (March 31, 2021: over 26%) 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 7, Note 13.1, Note 16, Note 17, Note 26.1 and Note 46 forming part of the notes to the Standalone Financial Statements.</p>	<p>Principal Audit Procedures Performed</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 management's assumptions over the recoverability of intercompany receivables against our own knowledge of the 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>
<p>Capital Work-in-Progress in relation to Vanillin Plant at Dahej</p> <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>Principal Audit Procedures Performed</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.</p> <p>We assessed the nature of costs incurred on 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 capital work-in-progress 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>

Independent Auditors' Report (Contd.)

Information Other than the Standalone Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the 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.

Management's Responsibility 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, 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

Independent Auditors' Report (contd.)

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 Companies Act, 2013 we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- (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 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

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the **Annexure "A"**, a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

Independent Auditors' Report (Contd.)

2. As required by Section 143(3) of the Act, we report that:
- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The 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.
 - (e) On the basis of the written representations received from the Directors of the company as on March 31, 2022, taken on record by the Board of Directors, none of the directors of the Company is disqualified as on March 31, 2022 from being appointed as a Director in terms of Section 164 (2) of the Act.
 - (f) With respect to the adequacy of the internal financial controls 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 requisite approvals mandated by the provisions of Section 197 of the Act.
 - (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - 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, 2022, 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.
 - iv. (a) The Management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
 - (b) The management has represented, that, to the best of its knowledge and belief, no funds have been received by the Company from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever

Independent Auditors' Report (Contd.)

- by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
- (c) Based on such audit procedures that we have considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material mis-statement.
- v. The Company has not declared or paid any dividend during the year.

For KALYANIWALLA & MISTRY LLP
CHARTERED ACCOUNTANTS
Firm Registration Number: 104607W/W100166

FARHAD M. BHESANIA
PARTNER
Membership Number: 127355
UDIN: 22127355AJGHRQ1305

Place: Mumbai
Date: May 19, 2022

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, 2022.

Statement on Matters specified in paragraphs 3 & 4 of the Companies (Auditor's Report) Order, 2020:

- i. a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment and Right of Use assets.
- (B) The Company has maintained proper records showing full particulars of intangible assets.
- b) As explained to us, the Company has a regular program of physical verification of its Property, Plant and Equipment at regular intervals, by which all Property, Plant and Equipment are verified in a phased manner over a period of three years. In our opinion, the period of verification is reasonable having regard to the size of the Company and the nature of its assets.
- c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, we report that, the title deeds comprising all the immovable properties of land and building which are freehold and owned by the Company are held in the name of the Company except as tabulated below:

Description of property	Gross Carrying Value (₹ in Lakhs)	Held in name of	Whether promoter, director or their relative or employee	Period held- indicate range	Reason for not being held in name of Company
Freehold land at Pali	207.19	erstwhile name of Camlin Fine Chemicals Ltd.	Not Applicable	Since 2007	Formalities are pending

In respect of immovable properties of land that have been taken on lease and disclosed under Right of Use assets in the Standalone Financial Statements, the lease agreements are in the name of the Company, where the Company is the lessee.

- d) The Company has not revalued any of its Property, Plant and Equipment (including Right of Use assets) or intangible assets during the year.
- e) 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 proceedings have been initiated during the year or are pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) (as amended in 2016) and rules made thereunder.
- ii. a) The inventory has been physically verified by the management at reasonable intervals. In our opinion and according to information and explanations given to us, the coverage and procedure of such verification by the management is appropriate having regard to the size of the Company and the nature of its operations. No discrepancies of 10% or more in the aggregate for each class of inventories were noticed on such physical verification of inventories when compared to books of account and the same have been properly dealt with in the books of account.
- b) During the course of our examination of the books of accounts and records, the Company has been sanctioned working capital limits in excess of five crore rupees, in aggregate, from banks on the basis

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT (Contd.)

of security of fixed assets and the current assets of the Company. In our opinion and according to the information and explanations given to us, the quarterly returns and statements comprising stock statements, book debt statements, statement of ageing analysis of debtors/other receivables filed by the Company with such banks are in agreement with the unaudited books of account of the Company of the respective quarters and the difference, if any, is on account of explainable items and not material in nature.

- iii. The Company has not provided security to companies, firms, Limited Liability Partnerships or any other parties during the year. The Company has however, granted unsecured loans and has provided guarantee to subsidiaries as detailed below:

Particulars	Guarantees (₹ in Lakhs)	Loans (₹ in Lakhs)
Aggregate amount granted / provided during the year		
- Subsidiaries	8,486.77	680.41
Balance Outstanding as at Balance Sheet date in respect of the above cases		
- Subsidiaries	8,486.77	680.41

- 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 in respect of the investments made, the terms and conditions of unsecured loans granted and guarantees provided by the Company are not, prima facie, prejudicial to the interest of the Company.
- b) The Company has granted loans or provided advances in the nature of loan are payable on demand. During the year, the Company has not demanded such loan or advances in the nature of loan. Having regard to the fact that the repayment of principal or payment of interest has not been demanded by the Company, in our opinion the repayments of principal amounts and receipts of interest are regular. In respect of certain other loans, where the repayments of the principal and interest have been stipulated are not due during the year, hence, the question of repayment of principal and interest being regular does not arise.
- c) According to the information and explanations given to us and based on the audit procedures performed by us, there are no overdue amounts in respect of the unsecured loans granted by the Company.
- d) According to the information and explanations given to us and based on the audit procedures performed by us, there is an unsecured loan granted which has fallen due for repayment and renewed during the year as detailed below:

Name of the Parties	Aggregate amount of overdues of existing loans renewed or extended	Percentage of aggregate to the total loans or advances in the nature of loan granted during the year
CFS do Brasil Indústria, Comércio, Importação e Exportação de Aditivos Alimentícios Ltda.	₹ 91.09 Lakhs	12%

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT (Contd.)

- e) In our opinion and according to the information and explanations given to us and the records examined by us, there are loans granted by the Company having right with the Company to recall the amount at any time within the stipulated period. The details of such loans are as under:

Particulars	Subsidiaries
Aggregate amount of loan/advances in the nature of loan	
- Repayable on demand (A)	₹ 3,217.99 Lakhs
- Agreement does not specify any terms or period of repayment (B)	-
Total (A+B)	₹ 3,217.99 Lakhs
Percentage of loan/advances in nature of loans to the total	83%

- 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. According to the information and explanation given to us, the Company has not accepted deposits or amount which are deemed to be the deposits during the year and to the best of our knowledge and belief, no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or other tribunal which is to be complied with by the Company.
- vi. The maintenance of cost records has been specified by the Central Government under section 148(1) of the Companies Act, 2013 for some of the products. We have broadly reviewed the books of account maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended, prescribed by the Central Government of India for maintenance of cost records under Section 148(1) 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 Goods and Service Tax, 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, 2022, for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, there are no dues of Goods and Service tax, Income-tax, Sales tax, Service tax, Duty of Customs, Duty of Excise, Value Added Tax which has not been deposited by the Company on account of any dispute, other than the following:

Name of the Statute	Nature of Dues	Amount (₹ in lakhs)	Period to which the amount relates	Forum
Central Excise Act, 1944 and Customs Act, 1962.	Excise Duty	356.02	F. Y. 2013-14	Excise Tribunal
Income Tax Act, 1961	Income tax	535.94	F.Y. 2015-16	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Income tax	607.19	F.Y. 2016-17	
Income Tax Act, 1961	Income tax	593.20	F.Y. 2017-18	

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT (Contd.)

- viii. According to the information and explanations given to us and the records examined by us and based on the documents and records produced to us, we have not come across any transactions relating to previously unrecorded income that were surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961.
- ix. a) 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 other borrowings or in the payment of interest thereon to any lender.
- b) 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 we report that the Company has not been declared wilful defaulter by any bank or financial institution or any lender.
- c) To the best of our knowledge, in our opinion, term loans availed by the Company were, applied by the Company during the year for the purpose for which the loans were obtained, other than temporary deployment pending application.
- d) According to the information and explanations given to us, and the procedures performed by us, and on an overall examination of the financial statements of the Company, we report that funds raised on short term basis have, prima facie, not been used for long term purposes by the Company.
- e) According to the information and explanations given to us and an overall examination of the financial statements of the Company, we report that the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures.
- f) According to the information and explanations given to us and the procedures performed by us, we report that the Company has not raised loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies.
- x. a) 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), accordingly the provisions of paragraph 3(x)(a) of the Order are not applicable.
- b) According to the information and explanations given to us and on the basis of our examination of the records, the Company has made a preferential allotment during the year. In our opinion the money raised have been, prima facie, applied by the Company during the year for the purposes that they were raised, other than temporary deployment pending application of proceeds. There is no private placement of any shares or convertible debentures.
- xi. a) 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 instances of any fraud by the Company or any fraud on the Company has been noticed or reported during the year. Accordingly, the provisions of paragraph 3(xi)(a) of the Order are not applicable.
- b) No report under sub-section (12) of section 143 of the Act has been filed in Form ADT-4 as prescribed under Rule 13 of the Companies (Audit and Auditors) Rules, 2014 with the Central government, during the year and upto the date of this report.
- c) As represented to us by the management, there are no whistle blower complaints received by the company during the year.

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT (Contd.)

- 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, the provisions of paragraph 3(xii) of the Order are not applicable.
- xiii. According to the information and explanations given to us and based on our examination of the records of the Company, all transactions with related parties are in compliance with Section 177 and 188 of the Act, where applicable, and the details of transactions during the year have been disclosed in the Standalone Financial Statements as required by the applicable Indian Accounting Standards.
- xiv. a) In our opinion and based on our examination, the Company has an internal audit system commensurate with the size and nature of its business.
- b) We have considered the internal audit reports of the Company issued till date, for the period under audit.
- xv. 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 him. Accordingly, the provisions of paragraph 3(xv) of the Order are not applicable.
- xvi. a) 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, the provisions of paragraph 3(xvi) (a) of the Order are not applicable.
- b) According to the information and explanations given to us and based on our examination of the records and the representations made to us by the Management, the Company has not conducted any Non-Banking Financial or Housing Finance activities. Hence the question of commenting whether the aforementioned activities have been conducted without a valid Certificate of Registration (CoR) from the Reserve Bank of India as per the Reserve Bank of India Act, 1934, does not arise.
- c) The Company is not a Core Investment Company (CIC) as defined in the regulations made by Reserve Bank of India, hence the provisions of paragraph 3(xvi)(c) of the Order are not applicable.
- d) The Group does not have any CIC, hence the provisions of paragraph 3(xvi)(d) of the Order are not applicable.
- xvii. The Company has not incurred cash losses in the financial year and in the immediately preceding financial year.
- xviii. There has been no resignation of the statutory auditor during the year. Accordingly, reporting under paragraph 3(xviii) of the Order is not applicable.
- xix. According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
- xx. a) According to the information and explanations provided to us and based on our examination of the records of the Company, the Company has fully spent the required amount towards Corporate Social Responsibility

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT (Contd.)

(CSR) in respect of other than outgoing projects, hence the provisions of paragraph 3(xx)(a) of the Order are not applicable.

- b) According to the information and explanation provided to us the Company does not have any ongoing project with respect to CSR, hence the provisions of paragraph 3(xx)(b) of the Order are not applicable.

For KALYANIWALLA & MISTRY LLP
CHARTERED ACCOUNTANTS
Firm Registration Number: 104607W/W100166

FARHAD M. BHESANIA
PARTNER
Membership Number: 127355
UDIN: 22127355AJGHRQ1305

Place: Mumbai
Date: May 19, 2022

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, 2022.

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, 2022 in conjunction with our audit of the Standalone Financial Statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The 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 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

ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT (Contd.)

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, 2022, 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: 22127355AJGHRQ1305

Place: Mumbai
Date: May 19, 2022

Balance Sheet as at March 31, 2022

₹ (in Lakh)

Particulars	Notes	As at March 31, 2022	As at March 31, 2021
ASSETS			
Non-Current Assets			
Property, Plant and Equipment	2(a)	25,089.71	24,572.33
Capital Work-in-Progress	2(b)	20,669.30	1,844.26
Right-Of-Use Assets	3	3,154.32	2,269.77
Investment Property	4	-	207.19
Intangible Assets	5(a)	2,182.73	2,323.78
Intangible Assets under development	5(b)	17.85	-
Financial Assets			
Investments	6	8,177.73	7,356.42
Loans	7	680.41	-
Other Financial Assets	8	671.59	318.58
Income Tax Assets	10	465.22	440.34
Other Non-Current Assets	11	1,430.10	1,541.66
Total Non-Current Assets		62,538.96	40,874.33
Current Assets			
Inventories	12	14,249.65	13,135.37
Financial Assets			
Trade Receivables	13	44,065.22	36,821.45
Cash and Cash Equivalents	14	2,216.62	1,877.54
Bank Balances other than Cash and Cash Equivalents	15	3,431.36	6,281.31
Loans	16	3,028.81	2,932.84
Other Financial Assets	17	2,192.34	2,131.32
Other Current Assets	18	2,663.43	2,617.29
Total Current Assets		71,847.43	65,797.12
Assets Held For Sale	19	207.19	-
TOTAL ASSETS		134,593.58	106,671.45
EQUITY AND LIABILITIES			
EQUITY			
Equity Share Capital	20	1,569.84	1,274.98
Other Equity	21	57,664.33	45,188.57
Total Equity		59,234.17	46,463.55
LIABILITIES			
Non-Current Liabilities			
Financial Liabilities			
Borrowings	22	25,827.21	16,273.39
Lease Liabilities		996.46	408.11
Provisions	23	332.46	282.57
Deferred Tax Liabilities (Net)	9	1,030.77	630.56
Other Non Current Liabilities	24	153.64	39.58
Total Non-Current Liabilities		28,340.54	17,634.21
Current Liabilities			
Financial Liabilities			
Borrowings	25	18,938.88	21,020.68
Lease Liabilities		249.02	120.15
Trade Payables	26		
(A) Total outstanding dues of Micro Enterprises and Small Enterprises		373.16	821.86
(B) Total outstanding dues of creditors other than Micro Enterprises and Small Enterprises		20,787.03	18,465.91
Other Financial Liabilities	27	3,709.46	1,207.91
Other Current Liabilities	28	2,229.86	827.13
Provisions	29	169.87	98.00
Current Tax Liabilities	30	561.59	12.05
Total Current Liabilities		47,018.87	42,573.69
Total Liabilities		75,359.41	60,207.90
TOTAL EQUITY AND LIABILITIES		134,593.58	106,671.45
Significant Accounting Policies	1		

The accompanying notes 1 to 53 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

Signatures to the Balance Sheet and Notes to Financial Statements

For and on behalf of the Board

Ashish Dandekar

Chairman & Managing Director

DIN: 01077379

Santosh Parab

Chief Financial Officer

Nirmal Momaya

Managing Director

DIN:01641934

Rahul Sawale

Company Secretary & VP – Legal

Membership No: A 29314

Mumbai, Dated: May 19, 2022

Mumbai, Dated: May 19, 2022

Statement of Profit and Loss for the year ended March 31, 2022

₹ (in Lakh)

Particulars	Notes	For the year ended March 31, 2022	For the year ended March 31, 2021
INCOME			
Revenue from Operations	31	68,550.81	60,004.83
Other Income	32	1,870.44	546.83
Total Income		70,421.25	60,551.66
EXPENSES			
Cost of Materials Consumed	33	38,216.64	38,417.99
Purchases of Stock-in-Trade		762.07	1,604.49
Changes in Inventories of Finished Goods, Stock-in-Trade and Work-in-Progress	34	471.50	(2,182.59)
Employee Benefits Expense	35	5,288.87	3,869.86
Finance Costs	36	3,342.68	3,253.65
Depreciation and Amortisation Expense	37	2,668.28	1,928.30
Other Expenses	38	16,063.50	12,107.82
Total Expenses		66,813.54	58,999.52
Profit Before Exceptional Items and Tax		3,607.71	1,552.14
Exceptional Items	42	-	50.32
Profit Before Tax		3,607.71	1,501.82
Tax Expense			
Current tax	9(b)	639.84	277.92
Deferred tax	9(b)	380.89	395.78
Total Tax Expenses		1,020.73	673.70
Profit for the year		2,586.98	828.12
Other Comprehensive Income			
Items that will not be subsequently reclassified to Profit or Loss			
Remeasurements of Defined Benefit Plans		(23.30)	(49.46)
Income Tax relating to items that will not be reclassified to Profit or Loss	9(c)	8.14	11.49
Total Other Comprehensive Income for the year		(15.16)	(37.97)
Total Comprehensive Income for the year		2,571.82	790.15
Earnings per Equity Share (Face Value of ₹ 1 each)			
Basic	43	1.98	0.67
Diluted		1.94	0.60
Significant Accounting Policies			
	1		

The accompanying notes 1 to 53 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

Signatures to the Statement of Profit & Loss and Notes to Financial Statements

For and on behalf of the Board

Ashish Dandekar
Chairman & Managing Director
DIN: 01077379

Santosh Parab
Chief Financial Officer

Nirmal Momaya
Managing Director
DIN:01641934

Rahul Sawale
Company Secretary & VP – Legal
Membership No: A 29314

Mumbai, Dated: May 19, 2022

Mumbai, Dated: May 19, 2022

Statement of Cash Flows for the year ended March 31, 2022

₹ (in Lakh)

Particulars	For the year Ended March 31, 2022	For the year Ended March 31, 2021
Cash Flow from Operating Activities		
Profit Before Tax	3,607.71	1,501.82
Adjustment for:		
Depreciation and Amortisation Expense	2,668.28	1,928.30
Finance Costs	3,342.68	3,253.65
Foreign Exchange Loss / (Gain) (Unrealised)	(574.88)	1,219.80
(Gain)/Loss on sale of Property, Plant & Equipment and Intangible Assets	0.09	(3.47)
Allowance/(Reversal) of Credit Loss	(118.22)	88.60
Allowances for Doubtful advances	109.64	-
Impairment in investments, loans and advances	-	50.32
Expense/(Reversal) recognised in respect of equity-settled share-based payments	735.96	452.63
Provision for Defined Benefit Plans	98.46	48.07
Interest Income	(411.25)	(385.57)
Rent Expenses	0.29	0.63
Guarantee Commission	(49.75)	-
Net Gain arising on Financial Liabilities measured at Fair Value Through Profit or Loss (FVTPL)	(330.10)	(104.08)
Operating Profit before working capital changes	9,078.91	8,050.70
Adjustment for:		
Increase/(Decrease) in Non Financial Liabilities	1,392.51	150.17
Increase/(Decrease) in Financial Liabilities	1,551.86	6,683.21
(Increase)/Decrease in Non Financial Assets	(945.05)	(5,636.66)
(Increase)/Decrease in Financial Assets	(6,283.49)	(5,608.52)
Cash generated from/(used in) operations	4,794.74	3,638.90
Taxes Paid (Net)	(115.19)	(1,036.73)
Net Cash Flow from/(used in) Operating activities	4,679.55	2,602.17
Cash Flow from Investing Activities		
Purchase of Property, Plant & Equipment and Intangible Assets	(18,949.12)	(3,953.89)
Sale of Property, Plant & Equipment and Intangible Assets	-	6.78
Acquisition of subsidiary	(654.57)	-
Loan to Subsidiary	(640.00)	-
Maturity of / (Investment in) Fixed Deposit	2,849.95	(5,039.05)
Interest Received	161.13	186.40
Net Cash Flow from/(used in) Investing Activities	(17,232.61)	(8,799.76)

Statement of Cash Flows for the year ended March 31, 2022 (contd.)

₹ (in Lakh)

Particulars	For the year Ended March 31, 2022	For the year Ended March 31, 2021
Cash Flow from Financing Activities		
Proceeds from Issue of Equity Shares under Employee Stock Option Plan	67.06	47.24
Proceeds from Issue of Equity Shares pursuant to conversion of Preferential Share Warrants	9,417.33	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)	8,802.12	5,682.70
Proceeds from / (Repayment of) Short Term Borrowings (Net)	(2,081.82)	(1,070.96)
Payment of lease liabilities	(225.18)	(162.54)
Interest Paid	(3,087.37)	(4,017.96)
Net Cash Flow from Financing Activities	12,892.14	8,005.30
Net Increase / (Decrease) in Cash & Cash Equivalents	339.08	1,807.71
Cash & Cash Equivalents at the beginning of the year	1,877.54	69.83
Cash & Cash Equivalents at the end of the year	2,216.62	1,877.54

Notes :

(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 :

₹ (in Lakh)

Particulars	As at March 31, 2022	As at March 31, 2021
Balances with Banks in Current Accounts	54.90	351.15
Bank deposits with original maturity of less than three months	2,158.33	1,525.09
Cash on Hand	3.39	1.30
Cash and cash equivalents in Statement of Cash Flows	2,216.62	1,877.54

(c) Previous year's figures have been regrouped/reclassified wherever applicable.

The accompanying notes 1 to 53 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

Signatures to the Statement of Cash Flows and Notes to Financial Statements

For and on behalf of the Board

Ashish Dandekar

Chairman & Managing Director

DIN: 01077379

Santosh Parab

Chief Financial Officer

Nirmal Momaya

Managing Director

DIN:01641934

Rahul Sawale

Company Secretary & VP - Legal

Membership No: A 29314

Mumbai, Dated: May 19, 2022

Mumbai, Dated: May 19, 2022

Statement of Changes in Equity for the year ended March 31, 2022

A) EQUITY SHARE CAPITAL

Particulars	₹ (in Lakh)	
	As at March 31, 2022	As at March 31, 2021
Balance at the beginning of the reporting year	1,274.98	1,212.54
Issued pursuant to exercise of Employee Stock Options	1.36	0.94
Issued pursuant to conversion of Preferential Share Warrants	293.50	61.50
Changes in equity share capital during the year	294.86	62.44
Balance at the end of the reporting year	1,569.84	1,274.98

B) OTHER EQUITY

Particulars	Share application money pending allotment	Equity component of Foreign Currency Convertible Bonds (FCCB)	Reserves and Surplus					Put Option	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				
Balance as at April 1, 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 towards 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

Statement of Changes in Equity for the year ended March 31, 2022 (contd.)

Particulars	Share application money pending allotment	Equity component of Foreign Currency Convertible Bonds (FCCB)	Reserves and Surplus				Put Option	Money received against Preferential Share Warrants	Issue expenses towards non-converted share warrants	Total
			Capital Reserve	Securities Premium	Employee Stock Option Outstanding	General Reserve				
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	45,188.57
Profit for the year	-	-	-	-	-	-	2,586.98	-	-	2,586.98
Remeasurement of Defined Benefit Plans	-	-	-	-	-	-	(15.16)	-	-	(15.16)
Total Comprehensive Income for the year	-	-	-	-	-	-	2,571.82	-	-	2,571.82
Amount Received during the year	-	-	-	-	-	-	-	-	9,417.33	9,417.33
Issue of Equity Shares pursuant to exercise of Employee Stock Option (ESOP)	(0.83)	-	-	66.53	-	-	-	-	-	65.70
Issue of Equity Shares pursuant to conversion of preferential share warrants	-	-	-	13,762.24	-	-	-	-	(14,055.71)	(293.47)
Issue expenses towards converted preferential share warrants transferred to Securities Premium	-	-	-	(57.63)	-	-	-	-	57.63	-
Deferred Tax on QIP Issue expenses	-	-	-	-	-	-	(27.46)	-	-	(27.46)
Fair valuation of Share Based Payments	-	-	-	-	741.84	-	-	-	-	741.84
Transferred to Securities Premium	-	-	-	23.86	(23.86)	-	-	-	-	-
Balance as at March 31, 2022	-	330.97	2,166.13	38,187.22	1,219.50	2,532.04	12,980.67	247.80	-	57,664.33

The accompanying notes 1 to 53 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 19, 2022

Signatures to the Statement of Changes in Equity and Notes to Financial Statements
For and on behalf of the Board

Ashish Dandekar
Chairman & Managing Director
DIN: 01077379

Ashish Dandekar
Chairman & Managing Director
DIN: 01077379

Nirmal Momaya
Managing Director
DIN: 01641934

Rahul Sawale
Company Secretary & VP - Legal
Membership No: A 29314

Mumbai, Dated: May 19, 2022

Notes to the Financial Statements for the year ended March 31, 2022

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 BSE Limited and National Stock Exchange of India Ltd.

The Financial Statements of the Company for the year ended March 31, 2022 are approved by the Board of Directors on May 19, 2022.

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, 2022 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 hitherto 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 lakhs, unless otherwise indicated.

Basis of Measurement

The 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

Notes to the Financial Statements for the year ended March 31, 2022 (contd.)

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.
- (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.

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, 2022 (contd.)

C. Recent Accounting Developments

Ministry of Corporate Affairs (“MCA”) notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 23, 2022, MCA vide Companies (Indian Accounting Standards) Amendment Rules, 2022 amended Companies (Indian Accounting Standards) Rules as below:

1 Ind AS 16 - Property, Plant and Equipment

The amendment clarifies that excess of net sale proceeds of items produced over the cost of testing, if any, shall not be recognised in the profit or loss but deducted from the directly attributable costs considered as part of cost of item of property, plant and equipment. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2022. The Company has evaluated the amendment and there is no impact of the amendment on the financial statements.

2 Ind AS 37 - Provisions, Contingent Liabilities and Contingent Assets

The amendment specifies that the ‘cost of fulfilling’ a contract comprises the ‘costs that relate directly to the contract’. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract). The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2022. The Company has evaluated the amendment and the impact of the amendment is not expected to be material.

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.

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.

Notes to the Financial Statements for the year ended March 31, 2022 (contd.)

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. 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

(i) 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 measured at amortised cost using the effective interest

Notes to the Financial Statements for the year ended March 31, 2022 (contd.)

method. It is remeasured when there is a change in future lease payments or if Company 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 are separately presented in the Balance Sheet and lease payments are 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.

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.

Notes to the Financial Statements for the year ended March 31, 2022 (contd.)

Internally generated intangible assets

Expenditure on research activities is recognised as expenses 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 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. 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.

Notes to the Financial Statements for the year ended March 31, 2022 (contd.)

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.

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.

Notes to the Financial Statements for the year ended March 31, 2022 (contd.)

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.

(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.

Notes to the Financial Statements for the year ended March 31, 2022 (contd.)

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 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.

Notes to the Financial Statements for the year ended March 31, 2022 (contd.)

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.

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 flows, 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.

Notes to the Financial Statements for the year ended March 31, 2022 (contd.)

(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.

I. Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sale of such asset and its sale is highly probable. For the sale to be highly probable, the appropriate level of management must be committed to a plan to sell the asset and an active programme to locate a buyer and complete the plan must have been initiated.

m. 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 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.

Notes to the Financial Statements for the year ended March 31, 2022 (contd.)

n. 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).

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.

Notes to the Financial Statements for the year ended March 31, 2022 (contd.)

o. 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”.

p. 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.

q. 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.

r. 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.

Notes to the Financial Statements for the year ended March 31, 2022 (contd.)

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.

s. 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.

t. 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

Notes to the Financial Statements for the year ended March 31, 2022 (contd.)

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.

u. 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 Fine Chemicals.

v. 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, 2022 (contd.)

2 (a) PROPERTY, PLANT & EQUIPMENT

Particulars	₹ (in Lakh)						Total Property, Plant and Equipment
	Factory & Other Building	Site Development	Plant, Equipment & Machinery	Furniture & Fixtures	Vehicles	Computer/Hardware Cost	
Gross Block							
Balance as at April 1, 2021	3,565.27	261.72	24,584.20	544.44	65.37	382.32	29,403.32
Additions	661.66	-	2,183.65	15.29	-	36.77	2,897.37
Deletions / Disposals	56.45	5.97	240.77	-	-	19.47	322.66
Balance as at March 31, 2022	4,170.48	255.75	26,527.08	559.73	65.37	399.62	31,978.03
Accumulated Depreciation							
Balance upto April 1, 2021	265.49	11.60	4,132.71	249.95	17.50	153.74	4,830.99
Depreciation for the year	163.92	8.89	1,823.65	47.71	10.68	67.28	2,122.13
Deletions / Disposals	24.09	2.61	18.77	-	-	19.33	64.80
Balance upto March 31, 2022	405.32	17.88	5,937.59	297.66	28.18	201.69	6,888.32
Net Carrying Amount as at March 31, 2022	3,765.16	237.87	20,589.49	262.07	37.19	197.93	25,089.71

Particulars	₹ (in Lakh)						Total Property, Plant and Equipment
	Factory & Other Building	Site Development	Plant, Equipment & Machinery	Furniture & Fixtures	Vehicles	Computer/Hardware Cost	
Gross Block							
Balance as at April 1, 2020	1,104.66	27.61	8,429.58	362.89	101.39	163.43	10,189.56
Additions	2,460.61	234.11	16,154.62	181.55	7.23	218.89	19,257.01
Deletions / Disposals	-	-	-	-	43.25	-	43.25
Balance as at March 31, 2021	3,565.27	261.72	24,584.20	544.44	65.37	382.32	29,403.32
Accumulated Depreciation							
Balance upto April 1, 2020	166.95	6.16	2,804.79	205.80	40.74	100.29	3,324.73
Depreciation for the year	98.54	5.44	1,327.92	44.15	16.70	53.45	1,546.20
Deletions / Disposals	-	-	-	-	39.94	-	39.94
Balance upto March 31, 2021	265.49	11.60	4,132.71	249.95	17.50	153.74	4,830.99
Net Carrying Amount as at March 31, 2021	3,299.78	250.12	20,451.49	294.49	47.87	228.58	24,572.33

2.a.i Refer Note 22.2, 22.3 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, 2022 (contd.)

2.a.ii Property, Plant & Equipment in Note 2(a) includes assets given on lease as under:

₹ (in Lakh)

Particulars	Plant, Equipment & Machinery	Factory & Other Building	Total
Gross Block			
Balance as at April 1, 2021	23.80	212.40	236.20
Additions	-	-	-
Deletions / Disposals	15.20	-	15.20
Balance as at March 31, 2022	8.60	212.40	221.00
Accumulated Depreciation			
Balance upto April 1, 2021	6.05	13.72	19.77
Depreciation for the year	2.51	6.72	9.23
Deletions / Disposals	5.39	-	5.39
Balance upto March 31, 2022	3.17	20.44	23.61
Net Carrying Amount as at March 31, 2022	5.43	191.96	197.39

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

The Company has given building, plant, equipment & machinery on lease to a subsidiary for its manufacturing operation.

2.a.iii Details regarding maturity analysis of undiscounted lease income receivable

₹ (in Lakh)

Particulars	As at March 31, 2022	As at March 31, 2021
For next year	24.00	39.00
In second year	24.00	39.00
In third year	2.00	39.00
In fourth year	-	3.25
Total	50.00	120.25

Notes to the Financial Statements for the year ended March 31, 2022 (contd.)

2.b Capital Work-in-Progress (CWIP)

₹ (in Lakh)

Particulars	As at	As at
	March 31, 2022	March 31, 2021
Capital Work-in-Progress	20,669.30	1,844.26
	20,669.30	1,844.26

2.b.i Capital Work-in-Progress includes ₹ 230.13 lakh (2020-2021: ₹ 16.94 lakh) towards borrowing costs on general borrowing capitalised during the year. The average capitalisation rate for general borrowing is 8.64% p.a. (2020-2021: 10.80% p.a). Further, the borrowing cost of ₹ 486.57 lakh (including exchange loss of ₹ 193.71 lakh and net of interest income on temporary investments amounting to ₹ 28.53 lakh) ((2020-2021: the borrowing cost of ₹ 32.51 lakh (including exchange loss of ₹ 22.55 lakh net of interest income on temporary investments amounting to ₹ 8.16 lakh)) is towards specific borrowing capitalised during the year. The capitalisation rate is 4.15 % p.a. (2020-2021: 5.01% p.a.)

2.b.ii Refer Note 45 (II) for disclosure of contractual commitments for the acquisition of Property, Plant and Equipment.

2.b.iii Capital Work-in-Progress Ageing Schedule

As at March 31, 2022

₹ (in Lakh)

Particulars	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in Progress	19,326.68	1,272.62	44.00	26.00	20,669.30
	19,326.68	1,272.62	44.00	26.00	20,669.30

Projects in Progress include projects amounting to ₹ 18,912.37 lakh which have exceeded their original budgeted cost and / or expected time of completion. These projects are expected to be completed within 1 year.

As at March 31, 2021

₹ (in Lakh)

Particulars	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in Progress	1,701.94	48.40	57.06	36.86	1,844.26
	1,701.94	48.40	57.06	36.86	1,844.26

Notes to the Financial Statements for the year ended March 31, 2022 (contd.)

3 RIGHT-OF-USE ASSETS

(a) Changes in the carrying value of right of use assets during the year ended March 31, 2022

₹ (in Lakh)

Particulars	Category of Asset		
	Land	Buildings	Total
Balance as at April 1, 2021	1,726.28	543.49	2,269.77
Additions	228.89	1,225.56	1,454.45
Deletions / Disposals	-	-	-
Adjustment on account of lease modifications (Refer Note 32.2)	-	(281.90)	(281.90)
Depreciation / Amortisation Expense	(50.01)	(237.99)	(288.00)
Balance as at March 31, 2022	1,905.16	1,249.16	3,154.32

Changes in the carrying value of right of use assets during the year ended March 31, 2021

₹ (in Lakh)

Particulars	Category of Asset		
	Land	Buildings	Total
Balance as at April 1, 2020	1,772.02	686.18	2,458.20
Additions	-	31.31	31.31
Deletions / Disposals	-	-	-
Depreciation / Amortisation Expense	(45.74)	(174.00)	(219.74)
Balance as at March 31, 2021	1,726.28	543.49	2,269.77

(b) Movement in lease liabilities during the year ended March 31, 2022

₹ (in Lakh)

Particulars	Category of Asset		
	Land	Buildings	Total
Balance as at April 1, 2021	5.67	522.59	528.26
Additions	-	1,194.17	1,194.17
Deletions / Disposals	-	-	-
Adjustment on account of lease modifications (Refer Note 32.2)	-	(327.44)	(327.44)
Interest incurred during the year	0.62	75.05	75.67
Payment of lease liabilities	(0.68)	(224.50)	(225.18)
Balance as at March 31, 2022	5.62	1,239.86	1,245.48

Notes to the Financial Statements for the year ended March 31, 2022 (contd.)

Movement in lease liabilities during the year ended March 31, 2021

₹ (in Lakh)

Particulars	Category of Asset		
	Land	Buildings	Total
Balance as at April 1, 2020	5.76	594.40	600.16
Additions	-	30.68	30.68
Deletions / Disposals	-	-	-
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

(c) Contractual maturities of lease liabilities on an undiscounted basis

₹ (in Lakh)

Particulars	As at March 31, 2022	As at March 31, 2021
Less than one year	369.37	170.18
One to two years	306.53	179.93
Two to five years	889.71	284.36
More than five years	12.21	13.56
Total	1,577.82	648.03

(d) The Company has incurred ₹ 91.05 lakh (2020-2021: ₹ 128.04 lakh) towards short term leases (Refer Note 38).

4 INVESTMENT PROPERTY

₹ (in Lakh)

Particulars	Gross and Net Carrying Amount	
	As at March 31, 2022	As at March 31, 2021
Freehold Land		
Opening Balance	207.19	207.19
Less: Classified as assets held for sale (Refer Note 19)	(207.19)	-
Closing Balance	-	207.19

4.1 Refer Note 22.2, 22.3 and 25 for information on freehold land classified as held for sale pledged as security for borrowings.

Notes to the Financial Statements for the year ended March 31, 2022 (contd.)

4.2 Details of title deeds of investment property not held in the name of the Company:

Description of item of immovable property	Gross Carrying Value (₹ Lakh) as on March 31, 2021	Title deeds held in the name of	Property held since which date	Reason for not being held in the name of the Company
Freehold Land	207.19	Camlin Fine Chemicals Limited (erstwhile name of the Company)	October 19, 2007	The property is in the erstwhile name of the Company.

4.3 Fair Value as on March 31, 2021

The Company has carried out valuation of investment property as on May 18, 2019 amounting to ₹ 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 (a) INTANGIBLE ASSETS

₹ (in Lakh)

Particulars	Software	Technical Knowhow	R & D Process Development	Total Intangible Assets
Gross Block				
Balance as at April 1, 2021	168.53	2,613.34	80.20	2,862.07
Additions	10.24	106.86	-	117.10
Deletions / Disposals	-	-	-	-
Balance as at March 31, 2022	178.77	2,720.20	80.20	2,979.17
Accumulated Amortisation				
Balance upto April 1, 2021	159.09	299.00	80.20	538.29
Amortisation for the year	5.18	252.97	-	258.15
Deletions / Disposals	-	-	-	-
Balance upto March 31, 2022	164.27	551.97	80.20	796.44
Net Carrying Amount as at March 31, 2022	14.50	2,168.23	-	2,182.73

₹ (in Lakh)

Particulars	Software	Technical Knowhow	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

Notes to the Financial Statements for the year ended March 31, 2022 (contd.)

₹ (in Lakh)

Particulars	Software	Technical Knowhow	R & D Process Development	Total Intangible Assets
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

5. (b) Intangible Assets under Development Ageing Schedule

As at March 31, 2022

	Amount in Intangible Assets under Development for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in Progress	17.85	-	-	-	17.85
	17.85	-	-	-	17.85

Intangible assets under development as on March 31, 2021 - ₹ Nil.

6 INVESTMENTS

₹ (in Lakh)

Particulars	As at March 31, 2022		As at March 31, 2021	
	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.P.I de C.V (of Mexican Pesos 1 each) (Refer Note 6.2 and 6.3)	50,820,277	2,033.61	50,820,277	1,996.38
CFS Europe S.p.A. (Refer Note 6.4)	2,000,000	1,178.56	2,000,000	1,178.56
Industrias Petrotec de Mexico S.A. de C.V. (Refer Note 6.5)		5.93		4.46
Chemolutions Chemicals Limited (of ₹ 10 each)	6,366,499	950.00	6,366,499	950.00

Notes to the Financial Statements for the year ended March 31, 2022 (contd.)

₹ (in Lakh)

Particulars	As at March 31, 2022		As at March 31, 2021	
	Number of Shares	Amount	Number of Shares	Amount
CFS Wanglong Flavors (Ningbo) Co. Ltd. (Refer Note 6.6 and 41)		628.82		627.35
CFS Pahang Asia Pte Ltd	25,500	17.89	25,500	17.89
AlgalR NutraPharms Private Limited (Refer Note 6.7)	920,000	654.56	-	-
CFS De Mexico Blends S.A.P.I. DE C.V. (Refer Note 6.8)	-	126.58	-	-
Total (i)		8,233.25		7,411.94
(ii) Associate (Fully Paid) (At Cost)				
Fine Lifestyle Brand Limited (of ₹ 10 each) (Refer Note 6.9)	-	-	254,994	25.50
(iii) Others (Fully Paid) (At Cost)				
Fine Renewable Energy Limited (of ₹ 10 each)	50,995	5.10	50,995	5.10
Saraswat Co-Operative Bank Limited (of ₹ 10 each)	5,000	0.50	5,000	0.50
Total (iii)		5.60		5.60
(iv) Total (i+ii+iii)		8,238.85		7,443.04
(v) Provision for impairment in value of investments (Refer Note 6.10)		(61.12)		(86.62)
(vi) Net Investments (iv-v)		8,177.73		7,356.42
Aggregate amount of unquoted investments		8,238.85		7,443.04
Aggregate amount of impairment in value of investments		61.12		86.62

6.1 The Company had invested ₹ 56.01 lakh (March 31, 2021 : ₹ 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 initiated the process of closure, which is delayed due to technical reasons. Consequently, the Company has made full provision for impairment in the value of said investment.

6.2 The Company had provided a corporate guarantee against the payment of principal and interest on the loan utilised for acquisition of 65% stake in Dresen Quimica S.A.P.I De C.V. (Dresen Quimica). Pursuant to the re-finance of loan by another bank during the year, the corporate guarantee stands cancelled. The fair value of financial guarantee amounting to ₹ 78.08 lakh issued in respect of the loan remains as investment. 50,820,277 Equity Shares of Dresen Quimica pledged in respect of the aforesaid loan have been released.

Pursuant to the refinance of loan, the Company has provided a fresh corporate guarantee against the payment of principal and interest to the new lender. The value of investment includes ₹ 37.23 lakh towards fair value of the said financial guarantee issued to the new lender. 50,820,277 Equity Shares are pledged in respect of the aforesaid loan.

Notes to the Financial Statements for the year ended March 31, 2022 (contd.)

6.3 Recognition of Put Option

As per the amended shareholders agreement dated October 18, 2021 entered into by the Company with the minority shareholder of Dresen Quimica, on November 17, 2021, the Company has, through its wholly owned subsidiary CFS De Mexico Blends S.A.P.I. DE C.V. (CFS Blends) acquired 33.50% stake in Dresen Quimica for a total consideration of US\$ 8.50 million equivalent to ₹ 6,344.80 lakh. The balance 1.50% non-controlling interest will extinguish on payment of preferred dividend by Dresen Quimica over a period upto December 31, 2023 amounting to US\$ 4.623 million as escalated by 3% per annum from January 1, 2021 till the date of respective payments. If the aforesaid payments are not made or are inadequate, then the amended agreement provides a put option to the non-controlling interest to sell 1.50% stake which will be valued at the unpaid portion of the preferred dividend. There will be no participating rights in any profits to the non-controlling interest effective January 1, 2021.

The fair value of put option obligation is calculated based on 'Income Approach'. The fair value of put option being negligible, there is no recognition thereof as investment and there is no corresponding recognition of other equity and / or financial obligation.

The erstwhile put option for 35% based on original shareholders' agreement has extinguished on entering into the amended agreement. The initial recognition of the fair value of erstwhile put option as a financial obligation amounting to ₹ 615.15 lakh remains as investment. With extinguishment of this put option, the erstwhile put option liability has extinguished as on the date of amended agreement. The fair value of said put liability was Nil as on March 31, 2021.

- 6.4** ₹ 125.33 lakh (March 31, 2021: ₹ 125.33 lakh) towards fair value of financial guarantees issued to a Bank in relation to loan availed by CFS Europe S.p.A.
- 6.5** ₹ 5.93 lakh (March 31, 2021: ₹ 4.46 lakh) is towards 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 21.4).
- 6.6** Includes ₹ 5.93 lakh (March 31, 2021: ₹ 4.46 lakh) towards 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 21.4).
- 6.7** During the year, the Company has acquired equity stake and also invested in AlgalR Nutraceuticals Private Limited ('AlgalR') for a total investment amounting to ₹ 654.56 lakh. Pursuant to the above, the Company holds 80% stake in the equity share capital of AlgalR with effect from November 11, 2021.
- 6.8** During the year, the Company has participated in 49,999 shares of CFS De Mexico Blends S.A.P.I. DE C.V. its wholly owned subsidiary. The amount towards the aforesaid subscription has not been remitted as on March 31, 2022.

Includes ₹ 126.58 lakh towards fair value of financial guarantees issued to a Bank in relation to loan availed for acquisition of 33.5% stake in Dresen Quimica. 77,013,255 Equity Shares (March 31, 2021: Nil) of Dresen Quimica and 49,999 Equity Shares (March 31, 2021: Nil) of CFS Blends are pledged in respect of the aforesaid loan.

- 6.9** During the year, Fine Lifestyle Brand Limited ('associate') made an application to the Registrar of Companies, under Section 248 of the Companies Act, 2013, for removal of its name from the register of companies ('register'). Pursuant to such application, the name of associate has been struck off from the register with effect from February 01, 2022 and the said Company is dissolved. The amount of investment appearing in the financial statements has been written off during the year.

Notes to the Financial Statements for the year ended March 31, 2022 (contd.)

6.10 The provision for impairment in the value of investments represents the provision in respect of investments in Fine Renewable Energy Limited and Solentus North America Inc.

7 LOANS

₹ (in Lakh)

Particulars	As at March 31, 2022	As at March 31, 2021
I Unsecured, considered Good		
Loans to related parties (Refer Note 7.1,16 and Note 46(III)(4))	680.41	-
II Unsecured, Credit Impaired		
Loans to related parties	189.18	189.18
Less:- Allowance for Credit Impaired (Refer Note 7.1, 7.3, 16 and Note 46(III)(4))	(189.18)	(189.18)
	680.41	-

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 and in compliance with the provisions of Companies Act, 2013.

7.2 No loans are due from 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 ₹ 189.18 lakh (₹ 242.27 lakh including interest of ₹ 53.09 lakh (Refer Note 17) to Solentus North America Inc., its wholly owned subsidiary company. The Company had also provided advances of ₹ 15.79 lakh to Solentus North America Inc. (Refer Note 17). The Company has decided to close the said subsidiary and has initiated the process of closure, which is delayed due to technical reasons. Consequently, the Company has made full provision for impairment of said loans and advances. (Refer Note 6.1).

8 OTHER FINANCIAL ASSETS

₹ (in Lakh)

Particulars	As at March 31, 2022	As at March 31, 2021
Security Deposit	331.51	308.61
Derivative asset (Refer Note 8.1)	340.08	9.97
	671.59	318.58

8.1 The derivative asset ₹ 340.08 lakh (March 31, 2021: ₹ 9.97 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 ₹ 330.10 lakh (2020-2021: ₹ 11.59 lakh) has been recognised in the Statement of Profit and Loss (Refer Note 32(b)).

Notes to the Financial Statements for the year ended March 31, 2022 (contd.)

9 DEFERRED TAX ASSETS / LIABILITIES (NET)

(a) Movement in Deferred Tax Balances

₹ (in Lakh)

Particulars	As at April 1, 2021	Movement during the year			As at March 31, 2022
		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	(2,849.61)	(200.67)	-	-	(3,050.28)
Provision for Doubtful Debts and Advances	336.63	(50.22)	-	-	286.41
QIP Issue Expenses	27.46	-	(27.46)	-	-
Transaction cost (net) relating to borrowings	(166.21)	199.61	-	-	33.40
Employee Benefits	125.55	192.30	-	8.14	325.99
Unabsorbed Depreciation	1,528.51	(1,156.94)	-	-	371.57
Unutilised MAT Credit	377.66	630.33	-	-	1,007.99
Others	(10.55)	4.70	-	-	(5.85)
Deferred Tax Asset/ (Liabilities)	(630.56)	(380.89)	(27.46)	8.14	(1,030.77)

₹ (in Lakh)

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)	(2,005.34)	-	-	(2,849.61)
Provision for Doubtful Debts and Advances	294.94	41.69	-	-	336.63
QIP Issue Expenses	65.55	-	(38.09)	-	27.46
Transaction cost (net) relating to borrowings	(13.90)	(152.31)	-	-	(166.21)
Employee Benefits	98.75	15.31	-	11.49	125.55
Unabsorbed Depreciation	-	1,528.51	-	-	1,528.51
Unutilised MAT Credit	162.63	215.03	-	-	377.66
Others	28.12	(38.67)	-	-	(10.55)
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, 2022 (contd.)

(b) Tax recognised in Profit and Loss

₹ (in Lakh)		
Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Current Tax		
In respect of the current year	639.84	277.92
	639.84	277.92
Deferred Tax		
Origination and reversal of Tax on Temporary Differences [#]	1,011.22	610.41
(Origination) / Utilisation of MAT Credit Entitlement	(630.33)	(214.63)
	380.89	395.78
Tax expense for the year	1,020.73	673.70

[#]Deferred tax expense for the year ended March 31, 2021 includes ₹ 377 lakh pertaining to earlier years

(c) Tax recognised in Other Comprehensive Income

₹ (in Lakh)		
Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Items that will not be subsequently reclassified to Profit and Loss		
Remeasurements of Defined Benefit Plans	(8.14)	(11.49)
	(8.14)	(11.49)

(d) Reconciliation of Effective Tax Rate

₹ (in Lakh)		
Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Profit Before Tax	3,607.71	1,501.82
Statutory income tax rate [#]	34.94%	34.94%
Expected Income Tax Expense	1,260.68	524.80
Tax effect of:		
Property, Plant and Equipment & Intangible Assets	(200.67)	(2,005.34)
Tax expense in respect of prior year	-	377.00
Tax rate difference	140.94	167.68
Provision for Doubtful Debts and Advances	(50.22)	41.69
Transaction cost (net) relating to borrowings	199.61	(152.31)
Employee Benefits	192.30	15.31
Unabsorbed Business Losses / Depreciation	(1,156.94)	1,528.51

Notes to the Financial Statements for the year ended March 31, 2022 (contd.)

₹ (in Lakh)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Utilisation of MAT Credit Entitlement	630.33	215.03
Others	4.70	(38.67)
Total Income Tax Expense	1,020.73	673.70

#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

₹ (in Lakh)

Particulars	As at March 31, 2022	As at March 31, 2021
Advance Tax and Tax Deducted at Source (Net of Provision for Tax)	465.22	440.34
	465.22	440.34

11 OTHER NON-CURRENT ASSETS

₹ (in Lakh)

Particulars	As at March 31, 2022	As at March 31, 2021
Capital Advances	1,400.87	1,504.97
Prepaid Expenses	29.23	36.69
	1,430.10	1,541.66

12 INVENTORIES

₹ (in Lakh)

Particulars	As at March 31, 2022	As at March 31, 2021
Raw material and Components		
(i) in stock	5,494.32	4,264.12
(ii) in transit	822.85	516.00
Work-in-Progress	6,288.34	5,959.16
Finished Goods	1,009.75	1,644.60
Stock-in-Trade	65.47	231.30
Stores and Spares	568.92	520.19
	14,249.65	13,135.37

12.1 Refer Note 22.2 and 25 for information on inventories pledged as security for borrowings.

Notes to the Financial Statements for the year ended March 31, 2022 (contd.)

13 TRADE RECEIVABLES

₹ (in Lakh)

Particulars	As at March 31, 2022	As at March 31, 2021
Unsecured, Considered Good (Refer Note 13.1 and 41)	44,320.14	37,194.59
Less: Loss Allowance (Refer Note 13.4)	(254.92)	(373.14)
	44,065.22	36,821.45

13.1 Includes ₹ 31,267.03 lakh (March 31, 2021: ₹ 27,032.32 lakh) from related parties. (Refer Note 46(III)(1))

13.2 Details of ageing of gross amount of trade receivables outstanding from the due date of payment

As at March 31, 2022

₹ (in Lakh)

Particulars	Not Due	Outstanding for the following periods from the due date of payment					Total
		Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed, considered good	13,334.01	8,392.73	3,398.43	11,941.79	7,017.49	235.69	44,320.14
	13,334.01	8,392.73	3,398.43	11,941.79	7,017.49	235.69	44,320.14

As at March 31, 2021

₹ (in Lakh)

Particulars	Not Due	Outstanding for the following periods from the due date of payment					Total
		Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed, considered good	12,475.73	10,456.64	4,493.18	8,445.26	1,147.63	176.15	37,194.59
	12,475.73	10,456.64	4,493.18	8,445.26	1,147.63	176.15	37,194.59

13.3 Relationship with struck off companies

₹ (in Lakh)

Name of struck off company	Nature of transactions	Transaction during the year ended March 31, 2022	Balance outstanding as on March 31, 2022	Transaction during the year ended March 31, 2021	Balance outstanding as on March 31, 2021	Relationship with struck off company
Balaji Industries	Sale of goods	-	-	0.35	-	Customer
		-	-	0.35	-	

13.4 Details of loss allowance

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 calculated on the basis of ageing of the days, the receivables are due and the expected credit loss rate.

Notes to the Financial Statements for the year ended March 31, 2022 (contd.)

The movement in loss allowance is as follows:

Particulars	₹ (in Lakh)	
	As at March 31, 2022	As at March 31, 2021
Balance as at Beginning of the year	373.14	295.29
Add: Created during the year	(118.22)	88.60
Less: Released during the year	-	(10.75)
Balance as at end of the year	254.92	373.14

14 CASH AND CASH EQUIVALENTS

Particulars	₹ (in Lakh)	
	As at March 31, 2022	As at March 31, 2021
Balances with Banks in Current Accounts	54.90	351.15
Bank deposits with original maturity of less than three months	2,158.33	1,525.09
Cash on Hand	3.39	1.30
	2,216.62	1,877.54

15 BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

Particulars	₹ (in Lakh)	
	As at March 31, 2022	As at March 31, 2021
Earmarked balances with banks (Refer Note 15.1)	15.95	19.29
Bank deposits with original maturity of more than three months but less than 12 months.	2,055.32	4,515.79
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.	1,360.09	1,746.23
	3,431.36	6,281.31

15.1 Earmarked balance with banks refers to balance carried in designated bank account towards unclaimed dividend.

16 LOANS

Particulars	₹ (in Lakh)	
	As at March 31, 2022	As at March 31, 2021
Unsecured, Considered Good		
Loans to related parties (Refer Note 16.1, 16.2, 16.3 & note 46(III)(4))	3,028.81	2,932.84
	3,028.81	2,932.84

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 and in compliance with the provisions of Companies Act, 2013.

Notes to the Financial Statements for the year ended March 31, 2022 (contd.)

16.2 Loans to subsidiaries are as follows: (Refer Note 46 (III)(4))

Particulars	As at March 31, 2022		As at March 31, 2021	
	Balance	Maximum outstanding during the year	Balance	Maximum outstanding during the year
CFS Do Brasil Industria, Comercio, Importacao E Exportacao De Aditivos Alimenticios LTDA	1,518.21	1,518.21	1,470.09	1,510.54
Solentus North America Inc	189.18	189.18	189.18	189.18
CFS North America LLC	1,510.60	1,510.60	1,462.75	1,502.98
AlgalR NutraPharms Private Limited	680.41	680.41	-	-
	3,898.40	3,898.40	3,122.02	3,202.70

16.3 Additional information on the above

₹ (in Lakh)

Particulars	As at March 31, 2022	As at March 31, 2021
Disclosed as		
Current	3,028.81	2,932.84
Non-Current (before provision for impairment of ₹ 189.18 lakh (March 31, 2021: ₹ 189.18 lakh) towards Solentus North America Inc (Refer Note 7.3)	869.59	189.18
	3,898.40	3,122.02

16.4 The details of loans given to related parties which are repayable on demand are as follows:

₹ (in Lakh)

Type of Borrower	As at March 31, 2022		As at March 31, 2021	
	Amount of loans outstanding	Percentage to the total loans	Amount of loans outstanding	Percentage to the total loans
Related Parties	3,217.99	83%	3,122.02	100%
	3,217.99	83%	3,122.02	100%

16.5 No loans are due from 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.

Notes to the Financial Statements for the year ended March 31, 2022 (contd.)

17 OTHER FINANCIAL ASSETS

₹ (in Lakh)

Particulars	As at March 31, 2022	As at March 31, 2021
Security Deposits	177.31	59.80
Export Benefits Receivable	-	767.04
Receivable from Subsidiaries		
Interest on loans (Refer Note 46 (III)(5))		
Considered Good	1,105.81	842.27
Considered Credit Impaired (Refer Note 7.3)	53.09	53.09
Less: Allowance for Credit Impaired	(53.09)	(53.09)
Other receivable (Refer Note 46 (III)(6))		
Considered Good (Refer Note 41)	378.77	218.11
Considered Credit Impaired (Refer Note 7.3)	15.79	15.79
Less: Allowance for Credit Impaired	(15.79)	(15.79)
Insurance Claim Receivable	496.38	-
Others	34.07	244.10
	2,192.34	2,131.32

18 OTHER CURRENT ASSETS

₹ (in Lakh)

Particulars	As at March 31, 2022	As at March 31, 2021
Unsecured, Considered Good		
Advances to Vendors (Refer Note 18.1)	498.88	748.45
Prepaid Expenses	585.88	638.68
Balance with Gratuity Fund (Refer Note 35.1 (c))	-	86.34
Balance with Government Authorities	1,366.34	931.47
Others (Refer Note 45(I)(e))	212.33	212.35
Unsecured, Credit Impaired		
Advances to Vendors	355.14	245.50
Less:- Allowance for Credit Impaired	(355.14)	(245.50)
	2,663.43	2,617.29

18.1 Includes ₹ 27.30 Lakh (March 31, 2021: ₹ Nil) towards advances given to related parties (Refer Note 46 (III)(7)).

19 ASSETS AS HELD FOR SALE

₹ (in Lakh)

Particulars	As at March 31, 2022	As at March 31, 2021
Freehold Land (Refer Note 4)	207.19	-

Notes to the Financial Statements for the year ended March 31, 2022 (contd.)

19.1 The Company intends to dispose off freehold land situated at Pali in the next 12 months. This land was not utilised by the Company for its operations. No impairment loss is recognised on reclassification of the land as held for sale, as the management expects that the fair value (estimated based on the recent market prices of similar properties in similar locations) less costs to sell is higher than the carrying amount.

19.2 Refer Note 4.2 for details of title deeds of asset held for sale not held in the name of the Company.

20 EQUITY SHARE CAPITAL

Particulars	₹ (in Lakh)	
	As at March 31, 2022	As at March 31, 2021
a) Authorised :		
180,000,000 Equity Shares of ₹ 1 each (March 31, 2021: 180,000,000 Equity Shares of ₹ 1 each).	1,800.00	1,800.00
	1,800.00	1,800.00
b) Issued, Subscribed and Paid - up:		
156,984,246 Equity Shares of ₹ 1 each (March 31, 2021: 127,498,471 Equity Shares of ₹ 1 each).	1,569.84	1,274.98
	1,569.84	1,274.98

c) Reconciliation of number of Shares and amount outstanding at the beginning and at the end of the year

Particulars	As at March 31, 2022		As at March 31, 2021	
	No. of Shares	₹ (in Lakh)	No. of Shares	₹ (in Lakh)
Equity Shares				
Outstanding at the beginning of the year	127,498,471	1,274.98	121,253,996	1,212.54
Add: Issued pursuant to exercise of employee stock options Scheme 2018.	135,775	1.36	94,475	0.94
Add: Issued pursuant to conversion of preferential share warrants	29,350,000	293.50	6,150,000	61.50
Outstanding at the end of the year	156,984,246	1,569.84	127,498,471	1,274.98

d) Rights, preferences and restrictions attached to Equity Shares

The Company has only one class of shares having par value of ₹ 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.

Notes to the Financial Statements for the year ended March 31, 2022 (contd.)

e) Shareholders holding more than 5% Equity Shares as at the end of the year

Name of the Shareholder	As at March 31, 2022		As at March 31, 2021	
	No. of Shares	% held	No. of Shares	% held
Infinity Direct Holdings	25,500,000	16.24	-	-
Ashish Subhash Dandekar	14,060,400	8.96	14,060,400	11.03
ICICI Prudential Midcap Fund	11,473,477	7.31	11,227,825	8.81
Infinity Holdings	10,663,586	6.79	-	-
SBI Flexicap Fund	9,644,844	6.14	-	-
SBI Magnum Multicap Fund	-	-	10,111,844	7.93
	71,342,307	45.44	35,400,069	27.77

f) Shares reserved for issue under options outstanding as at the end of the year on un-issued share capital:

- The Company has 4,500,000 (March 31, 2021: Nil) Equity Shares reserved for issue under Employee Stock Option Plan, 2021 as at March 31, 2022. As at March 31, 2022, the Company has not issued grant letters to eligible employees under the said scheme.
- The Company has 3,912,096 (March 31, 2021: 3,912,096) Equity Shares reserved for issue under Employee Stock Option Plan, 2020 as at March 31, 2022 (Refer Note 35.2.1 for terms of employee stock options).
- The Company has 310,750 (March 31, 2021: 446,525) Equity Shares reserved for issue under Employee Stock Option Scheme, 2018 as at March 31, 2022 (Refer Note 35.2.2 for terms of employee stock options).

g) Terms of any securities convertible into equity shares issued along with earliest date of conversion

- The Company has 10,241,714 (March 31, 2021: 8,603,029) Equity Shares reserved towards conversion of Foreign Currency Convertible Bonds. (Refer Note 22.1 for terms of Foreign Currency Convertible Bonds). Pursuant to the FCCB amendment agreement entered on October 29, 2021, the FCCB conversion price is changed to ₹ 105 per share from ₹ 125 per share. This has resulted in increase of equity shares reserved towards FCCB conversion to 10,241,714 equity shares as on March 31, 2022.
- The Company has Nil (March 31, 2021: 29,350,000) Equity Shares reserved for issue towards conversion of Preferential Share Warrants (Refer Note 21.6 for terms of preferential warrants)

h) Shareholding of promoters as at the end of the year and percentage change during the year

Name of the Shareholder	As at March 31, 2022		As at March 31, 2021		% change during the year*	As at March 31, 2020		% change during the year*
	No. of Shares	% held	No. of Shares	% held		No. of Shares	% held	
Ashish Subhash Dandekar	14,060,400	8.96%	14,060,400	11.03%	(2.07%)	14,060,400	11.60%	(0.57%)
Subhash Digambar Dandekar	1,016,000	0.65%	1,016,000	0.80%	(0.15%)	1,016,000	0.84%	(0.04%)
S D Dandekar (HUF)	1,028,900	0.66%	1,028,900	0.81%	(0.15%)	1,028,900	0.85%	(0.04%)
Rajani Subhash Dandekar	524,800	0.33%	524,800	0.41%	(0.08%)	524,800	0.43%	(0.02%)

Notes to the Financial Statements for the year ended March 31, 2022 (contd.)

Name of the Shareholder	As at March 31, 2022		As at March 31, 2021		% change during the year*	As at March 31, 2020		% change during the year*
	No. of Shares	% held	No. of Shares	% held		No. of Shares	% held	
Camart Finance Ltd. (erstwhile Camart Industries Ltd.)#	5,319,360	3.39%	5,319,360	4.17%	(0.78%)	5,319,360	4.39%	(0.21%)
Vibha Agencies Pvt. Ltd.	2,606,340	1.66%	2,606,340	2.04%	(0.38%)	2,606,340	2.15%	(0.11%)
Cafco Consultants Limited	1,497,600	0.95%	1,497,600	1.17%	(0.22%)	1,497,600	1.24%	(0.06%)
M K Falcon Agro Tech Pvt. Ltd.	-	-	-	-	-	-	-	-
Anagha Subhash Dandekar	1,517,056	0.97%	1,517,056	1.19%	(0.22%)	1,517,056	1.25%	(0.06%)
	27,570,456	17.56%	27,570,456	21.62%		27,570,456	22.74%	

*Pursuant to shares issued on conversion of preferential share warrants and exercise of employee stock options.

#The name of Camart Industries Ltd. has been changed to Camart Finance Ltd. during the year.

i) Utilisation of the proceeds of Preferential Issue

On September 17, 2020, the Company had allotted 35,500,000 share warrants at a subscription price of ₹47.89 each amounting to proceeds of ₹ 17,000.95 lakh to select investors pursuant to Preferential Issue under Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended.

The Company has utilized the issue proceeds as follows:

Particulars	₹ (in Lakh)	
	As at March 31, 2022	As at March 31, 2021
Capital expenditure	8,069.75	2,453.87
Investment in / loan to subsidiary	1,473.49	14.56
General corporate purposes	3,738.06	-
Amount kept in fixed deposits / current account with banks	3,719.65	3,687.60
Total funds raised through Preferential Issue	17,000.95	6,156.03

Notes to the Financial Statements for the year ended March 31, 2022 (contd.)

21 OTHER EQUITY

₹ (in Lakh)

Particulars	As at March 31, 2022	As at March 31, 2021
Share application money pending allotment		
Employee Stock Option Plan	-	0.83
Equity component of Foreign Currency Convertible Bonds (FCCBs) (Refer Note 21.1)	330.97	330.97
Capital Reserve (Refer Note 21.2)	2,166.13	2,166.13
Securities Premium (Refer Note 21.3)		
Opening Balance	24,392.22	21,462.20
Issue of Equity Shares pursuant to exercise of Employee Stock Options	66.53	46.29
Issue of Equity Shares pursuant to conversion of preferential share warrants	13,762.24	2,883.74
Transferred from Employee Stock Option Outstanding	23.86	12.07
Utilisations during the year	(57.63)	(12.08)
Closing Balance	38,187.22	24,392.22
Employee Stock Option Outstanding (Refer Note 21.4)		
Opening Balance	501.52	44.39
Additions/(Reversals) during the year	741.84	469.20
Transferred to Securities Premium	(23.86)	(12.07)
Closing Balance	1,219.50	501.52
General Reserve (Refer Note 21.5)	2,532.04	2,532.04
Retained Earnings		
Opening Balance	10,436.31	9,684.25
Profit for the year	2,586.98	828.12
Remeasurement of Defined Employee Benefit Plan	(15.16)	(37.97)
Deferred tax on QIP Expenses	(27.46)	(38.09)
Closing Balance	12,980.67	10,436.31
Recognition of Put Option (Refer Note 6.3)	247.80	247.80
Money received against Preferential Share Warrants (Refer Note 21.6)		
Opening Balance	4,638.38	-
Amount received during the year	9,417.33	7,583.62
Issue of Equity Shares pursuant to conversion of preferential share warrants	(14,055.71)	(2,945.24)
Expenses incurred towards issue of Preferential Share Warrants	-	(69.71)

Notes to the Financial Statements for the year ended March 31, 2022 (contd.)

Particulars	₹ (in Lakh)	
	As at March 31, 2022	As at March 31, 2021
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
Closing Balance	-	4,638.38
Issue expenses towards non-converted Preferential Share Warrants (Refer Note 21.7)		
Opening Balance	(57.63)	-
Issue expenses towards converted preferential share warrants transferred to Securities Premium	57.63	(57.63)
Closing Balance	-	(57.63)
	57,664.33	45,188.57

Nature and Purpose of Reserves:

21.1 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.

21.2 Capital Reserve

Capital Reserve comprises of amount received pursuant to preferential share warrants forfeited by the Company on account of warrants not exercised by the allottees.

21.3 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

21.4 Employee Stock Option Outstanding

The Company has Employees' Stock Option Scheme/Plan 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 CFS Employees' Stock Option Plan, 2020.

21.5 General Reserve

General Reserve is created from time to time by way of transfer of profits from Retained Earnings.

21.6 Money received against Preferential Share Warrants

At the EOGM held on July 25, 2020, the shareholders had approved an issue of 35,500,000 warrants at a price of ₹ 47.89 each on a preferential basis to certain proposed allottees aggregating to ₹ 17,000.95 lakh. An amount equivalent to 1/3rd price of ₹ 5,610.31 lakh was subscribed on September 17, 2020 on issue of the

Notes to the Financial Statements for the year ended March 31, 2022 (contd.)

warrants. Each warrant is converted into 1 Equity Share at the face value of ₹ 1 and premium of ₹ 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 ₹ 1,973.21 lakh. Pursuant to this conversion, 6,150,000 equity shares have been issued on November 24, 2020. On February 23, 2022, the investors exercised their option of conversion of balance 29,350,000 warrants by subscribing the balance amount of ₹ 14,055.71 lakh. Pursuant to this conversion, 29,350,000 equity shares have been issued on February 23, 2022.

21.7 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 had not been converted as on March 31, 2021. The same are transferred to Securities Premium on conversion of warrants to equity shares.

22 BORROWINGS

₹ (in Lakh)

Particulars	As at March 31, 2022		As at March 31, 2021	
	Non-current	Current	Non-current	Current
I Foreign Currency Convertible Bonds - Unsecured (Refer Note 22.1)	11,988.69	-	11,194.98	-
II Term Loans				
(a) From Banks -Secured				
In Rupees (Refer Note 22.2)	2,955.83	974.68	1,540.31	946.64
(b) From Others - Secured				
In Foreign Currency (Refer Note 22.3)	10,882.69	-	3,538.10	-
	25,827.21	974.68	16,273.39	946.64

22.1 Foreign Currency Convertible Bonds -Unsecured

Foreign Currency Convertible Bonds (FCCBs) denominated in US\$ carried at ₹ 11,988.69 lakh as at March 31, 2022 (March 31, 2021: ₹ 11,194.98 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 ₹ 1 each at a conversion price of ₹ 105 per share (March 31, 2021: ₹ 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. Simple interest at the rate of 5.5% per annum from October 29, 2021 (4.5% per annum from inception upto October 28, 2021) is payable semi-annually on the outstanding amount of FCCBs, compound interest at the rate of 1% per annum from October 29, 2021 (2% per annum from inception upto October 28, 2021) and additional interest at the rate of 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.

22.2 Term Loans from Banks in Rupees - Secured

(a) ₹ Nil (March 31, 2021: ₹ 250.00 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 fully repaid during the year.

Notes to the Financial Statements for the year ended March 31, 2022 (contd.)

- (b) ₹ 45.36 lakh (March 31, 2021: ₹ 152.00 lakh) secured by first pari passu charge on all current assets of the Company, both present and future. Further secured by second pari passu charge by an equitable mortgage on entire movable and immovable fixed assets of the Company, both present and future, excluding assets charged exclusively to other lenders. The loan is repayable in remaining 4 monthly instalments by July 2022. The current interest rate is equivalent to 1 year MCLR.
- (c) ₹ Nil (March 31, 2021: ₹ 590.00 lakh) secured by first pari passu charge on all current assets of the Company, both present and future. Further secured by second pari passu charge by an equitable mortgage on entire movable and immovable fixed assets of the Company, both present and future, excluding assets exclusively charged to other lenders. The loan is fully repaid during the year.
- (d) ₹ 1,463.80 lakh (March 31, 2021: ₹ 1,494.95 lakh) secured by first pari passu charge by way of hypothecation of inventories and book debts of the Company along with other working capital lenders. Further secured by second pari passu charge by an equitable mortgage on entire movable and immovable fixed assets of the Company, both present and future, excluding assets exclusively charged to other lenders. The loan is repayable in remaining 47 monthly instalments by March 2026. The current interest rate is at a spread of 100 basis points over 1 year MCLR.
- (e) ₹ 565.00 lakh (March 31, 2021: ₹ Nil) secured by first pari passu charge by way of hypothecation of inventories and book debts of the Company along with other working capital lenders. Further secured by second pari passu charge by an equitable mortgage on entire movable and immovable fixed assets of the Company, both present and future, excluding assets exclusively charged to other lenders. The loan is repayable in remaining 48 monthly instalments by June 2026. The current interest rate is at a spread of 100 basis points over 1 year MCLR.
- (f) ₹ 1,581.35 lakh (March 31, 2021: ₹ Nil) secured by first pari passu charge by way of hypothecation of inventories and book debts of the Company. Further secured by second pari passu charge by an equitable mortgage on entire movable and immovable fixed assets of the Company, both present and future, excluding assets exclusively charged to other lenders. The loan is repayable in remaining 47 monthly instalments by February 2026. The current interest rate is at a spread of 100 basis points over 6 months MCLR.
- (g) ₹ 275.00 lakh (March 31, 2021: ₹ Nil) secured by second pari passu charge by way of hypothecation of inventories and book debts of the Company. Further secured by second pari passu charge by an equitable mortgage on entire movable and immovable fixed assets of the Company, both present and future, excluding assets exclusively charged to other lenders. The loan is repayable in remaining 48 monthly instalments by July 2026. The current interest rate is at a spread of 100 basis points over 1 year MCLR.

22.3 Loan from others in Foreign Currency - Secured

₹ 10,882.69 lakh (March 31, 2021: ₹ 3,538.10 lakh) secured by first ranking exclusive lien on all land and fixed assets at Dahej. The loan is repayable in remaining 12 semi-annual instalments by July 2029 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.

22.4 The Company does not have any charges which are yet to be registered with the Registrar of Companies (ROC) beyond the statutory period. Further, no certification in relation to the satisfaction of charge received from the banks are pending for submission with ROC.

Notes to the Financial Statements for the year ended March 31, 2022 (contd.)

23 PROVISIONS

₹ (in Lakh)

Particulars	As at March 31, 2022	As at March 31, 2021
Provision for Employee Benefits		
Compensated Absences	332.46	282.57
	332.46	282.57

24 OTHER NON-CURRENT LIABILITIES

₹ (in Lakh)

Particulars	As at March 31, 2022	As at March 31, 2021
Unearned premium on financial guarantees given to subsidiaries	153.64	39.58
	153.64	39.58

25 BORROWINGS

₹ (in Lakh)

Particulars	As at March 31, 2022	As at March 31, 2021
I Loans repayable on demand		
From Banks -Secured		
Working Capital loans (Refer Note 25.1)	17,322.15	20,074.04
II Other Short Term Borrowings		
(a) From Banks -Secured		
Working Capital loans (Refer Note 25.2)	642.05	-
(b) Current maturities of long-term debt (Refer Note 22)	974.68	946.64
	18,938.88	21,020.68

25.1 Loans repayable on demand - Secured

₹ 17,322.15 lakh (March 31, 2021: ₹ 20,074.04 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 by an equitable mortgage on the entire movable and immovable fixed assets of the Company, both present and future, excluding assets exclusively charged to other lenders. The said working capital facilities are additionally guaranteed by Mr. Ashish Dandekar, as Chairman & Managing Director and promoter of the Company. The current interest rates range from 8.95% to 10.25% p.a.

25.2 Other Short Term Borrowings - Secured

₹ 642.05 lakh (March 31, 2021: Nil) towards buyers credit availed from banks and are secured by security stated against Note 25.1.

25.3 The Company does not have any charges which are yet to be registered with the Registrar of Companies (ROC) beyond the statutory period. Further, no certification in relation to the satisfaction of charge received from the banks are pending for submission with ROC.

Notes to the Financial Statements for the year ended March 31, 2022 (contd.)

25.4 During the year, the Company has entered into a consortium agreement with its working capital lenders. the Company has submitted stock statements, debtors statements and other information / returns as required by the lender on a monthly as well as quarterly basis. Such monthly / quarterly statements and returns are generally in agreement with the books of accounts except for differences in some cases on account of valuation, provisions etc, the impact of which is not material.

25.5 Movement in borrowings

₹ (in Lakh)

Particulars	April 01, 2021	Cash flows	Non-cash changes	March 31, 2022
Non-current borrowings	16,273.39	8,802.12	751.70	25,827.21
Current borrowings	21,020.68	(2,081.82)	0.02	18,938.88
Total borrowings	37,294.07	6,720.30	751.72	44,766.09

₹ (in Lakh)

Particulars	April 01, 2020	Cash flows	Non-cash changes	March 31, 2021
Non-current borrowings	11,296.43	5,682.70	(705.74)	16,273.39
Current borrowings	22,091.64	(1,070.96)	-	21,020.68
Total borrowings	33,388.07	4,611.74	(705.74)	37,294.07

26 TRADE PAYABLES

₹ (in Lakh)

Particulars	As at March 31, 2022	As at March 31, 2021
(A) Total outstanding dues of Micro Enterprises and Small Enterprises (Refer Note 26.3)	373.16	821.86
(B) Total outstanding dues of creditors other than Micro Enterprises and Small Enterprises (Refer Note 26.1 and 41)	20,787.03	18,465.91
	21,160.19	19,287.77

26.1 Above balances of trade payables includes ₹ 10,213.04 lakh (March 31, 2021: ₹ 11,193.90 lakh) towards related parties. (Refer Note 46(III)(2))

26.2 Details of ageing of trade payables outstanding from the due date for payment

As at March 31, 2022

₹ (in Lakh)

Particulars	Not Due	Outstanding for the following periods from the due date of payment					Total
		Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed, MSME	296.79	49.30	7.45	15.44	-	4.18	373.16
(ii) Undisputed, Others	9,298.74	4,516.62	1,459.09	3,621.93	1,890.52	0.13	20,787.03
	9,595.53	4,565.92	1,466.54	3,637.37	1,890.52	4.31	21,160.19

Notes to the Financial Statements for the year ended March 31, 2022 (contd.)

As at March 31, 2021

₹ (in Lakh)

Particulars	Not Due	Outstanding for the following periods from the due date of payment					Total
		Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed, MSME	428.09	301.81	53.41	32.00	5.29	1.26	821.86
(ii) Undisputed, Others	7,308.15	7,729.79	1,353.77	2,044.51	22.04	7.65	18,465.91
	7,736.24	8,031.60	1,407.18	2,076.51	27.33	8.91	19,287.77

26.3 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:

₹ (in Lakh)

Particulars	As at March 31, 2022	As at March 31, 2021
a) The principal amount and the interest due thereon remaining unpaid to any supplier at the end of each accounting year		
Principal	338.12	737.76
Interest	35.04	84.10
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	29.97	68.65
d) The amount of interest accrued and remaining unpaid at the end of each accounting year	5.07	15.45
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	35.04	84.10
f) Balance as at the year end	373.16	821.86

Notes to the Financial Statements for the year ended March 31, 2022 (contd.)

27 OTHER FINANCIAL LIABILITIES

₹ (in Lakh)

Particulars	As at March 31, 2022	As at March 31, 2021
Interest accrued but not due on borrowings	66.43	32.34
Unpaid / Unclaimed dividends (Refer Note 27.1)	12.03	15.37
Deposits	0.29	0.79
Unclaimed Interest on public deposit	2.53	2.53
Unclaimed public deposit (Refer Note 27.2)	2.30	2.30
Payable towards purchase of property, plant and equipment	3,079.39	510.79
Put Option Liability (Refer Note 6.3)	-	-
Fair value of Forward Contracts	-	1.63
Other outstanding liabilities	546.49	642.16
	3,709.46	1,207.91

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 ₹ 2.30 lakh outstanding at March 31, 2022 (March 31, 2021: ₹ 2.30 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 OTHER CURRENT LIABILITIES

₹ (in Lakh)

Particulars	As at March 31, 2022	As at March 31, 2021
Advance received from customers	2,022.18	596.28
Statutory Dues	207.68	200.85
Others	-	30.00
	2,229.86	827.13

29 PROVISIONS

₹ (in Lakh)

Particulars	As at March 31, 2022	As at March 31, 2021
Provision for Employee Benefits		
Compensated absences	112.64	98.00
Balance with Gratuity Fund (Refer Note 35.1 (c))	57.23	-
	169.87	98.00

Notes to the Financial Statements for the year ended March 31, 2022 (contd.)

30 CURRENT TAX LIABILITIES

Particulars	₹ (in Lakh)	
	As at March 31, 2022	As at March 31, 2021
Provision for Tax (Net of Income Tax Assets)	561.59	12.05
	561.59	12.05

31 REVENUE FROM OPERATIONS

Particulars	₹ (in Lakh)	
	For the year ended March 31, 2022	For the year ended March 31, 2021
(a) Sale of Products		
Finished goods	67,114.85	57,027.28
Traded goods	994.97	1,647.89
	68,109.82	58,675.17
(b) Other Operating Revenues		
Export Incentives	-	384.95
Service Income	418.06	912.49
Commission Income	13.86	24.44
Sale of Scrap	9.05	7.78
	440.97	1,329.66
	68,550.81	60,004.83

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	₹ (in Lakh)	
	For the year ended March 31, 2022	For the year ended March 31, 2021
Domestic	23,154.30	16,069.12
Exports	44,955.52	42,606.05
Total	68,109.82	58,675.17

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.

Notes to the Financial Statements for the year ended March 31, 2022 (contd.)

32 OTHER INCOME

Particulars	₹ (in Lakh)	
	For the year ended March 31, 2022	For the year ended March 31, 2021
(a) Interest income On		
Bank Deposits	79.58	130.69
Loans to subsidiaries	272.36	248.04
Refund of Income Tax	34.07	-
Other financial assets carried at amortised cost	25.24	6.84
	411.25	385.57
(b) Other Non-Operating Income		
Gain on foreign exchange transactions and translation	919.06	-
Guarantee Commission Income (Refer Note 32.1)	49.75	65.67
Gain on fair valuation of put option liability	-	26.82
Net gain on fair value changes on FCCBs	330.10	11.59
Profit on Sale of Property, Plant and Equipment	-	3.47
Lease Income (Refer Note 32.2)	84.55	39.03
Miscellaneous Income	75.73	14.68
	1,459.19	161.26
	1,870.44	546.83

32.1 Guarantee commission income includes ₹ 34.71 lakh (2020-2021: ₹ 49.50 lakh) towards cancellation of guarantee given on behalf of subsidiary pursuant to repayment of loan by subsidiary.

32.2 Lease income includes ₹ 45.54 lakh (2020-2021: ₹ Nil) towards lease modification (Refer Note 3).

33 COST OF MATERIALS CONSUMED

Particulars	₹ (in Lakh)	
	For the year ended March 31, 2022	For the year ended March 31, 2021
Raw Material and Packing Material Consumed		
Opening Inventories	4,780.12	3,775.79
Add: Purchases	39,753.69	39,422.32
Less: Closing Inventories	(6,317.17)	(4,780.12)
	38,216.64	38,417.99

Notes to the Financial Statements for the year ended March 31, 2022 (contd.)

34 CHANGES IN INVENTORIES OF FINISHED GOODS, STOCK-IN-TRADE AND WORK-IN-PROGRESS

Particulars	₹ (in Lakh)	
	For the year ended March 31, 2022	For the year ended March 31, 2021
Opening 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
Closing Inventories		
Finished Goods	1,009.75	1,644.60
Stock-in-Trade	65.47	231.30
Work-in-Progress	6,288.34	5,959.16
	7,363.56	7,835.06
	471.50	(2,182.59)

35 EMPLOYEE BENEFITS EXPENSE

Particulars	₹ (in Lakh)	
	For the year ended March 31, 2022	For the year ended March 31, 2021
Salaries and Wages (Refer Note 35.1(a))	3,963.23	3,100.01
Contributions to -		
Provident Funds and other Funds (Refer Note 35.1 (b))	218.07	167.11
Gratuity Fund (Refer Note 35.1(c))	211.33	28.88
Share based payments (Employee Stock Option Plan) (Refer Note 35.2)	738.90	464.70
Staff Welfare Expenses	200.38	126.37
	5,331.91	3,887.07
Less: Reimbursement of expenses	(43.04)	(17.21)
	5,288.87	3,869.86

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:

Notes to the Financial Statements for the year ended March 31, 2022 (contd.)

(i) Provisions in Balance Sheet:

Particulars	₹ (in Lakh)	
	As at March 31, 2022	As at March 31, 2021
Current	112.64	98.00
Non-Current	332.46	282.57
	445.10	380.57

(ii) Recognised in Statement of Profit and Loss

Particulars	₹ (in Lakh)	
	For the year ended March 31, 2022	For the year ended March 31, 2021
Expenses	64.53	48.06

(b) Defined Contribution Plans:

The contributions to the Provident Fund of eligible 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 ₹ 218.07 lakh (2020-21: ₹ 167.11 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. On retirement / resignation, the Scheme provides for payment as per the provisions of Payment of Gratuity Act, 1972 with vesting period of 5 years of service. On death / permanent disablement in service, vesting period is not applicable.

The most recent actuarial valuation of plan assets and present value of defined benefit obligation of gratuity was carried out as at March 31, 2022. 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:

Particulars	₹ (in Lakh)	
	As at March 31, 2022	As at March 31, 2021
I Change in the Present Value of Projected Benefit Obligation		
Present Value of Benefit Obligation at the beginning of the year	487.25	432.90
Interest Cost	33.13	29.74
Current Service Cost	43.49	37.43
Past Service Cost	173.71	-
Benefits paid from the Fund	(246.70)	(58.99)

Notes to the Financial Statements for the year ended March 31, 2022 (contd.)

₹ (in Lakh)

Particulars	As at March 31, 2022	As at March 31, 2021
Actuarial (Gains)/Losses on Obligations - Due to Change in Demographic Assumptions	(0.21)	-
Actuarial (Gains) / Losses on Obligations - Due to Change in Financial Assumptions	(13.90)	2.09
Actuarial (Gains) / Losses on Obligations - Due to Experience	50.88	44.08
Present Value of Benefit Obligation at the end of the year	527.65	487.25
II Change in the Fair Value of Plan Assets		
Fair Value of Plan Assets at the beginning of the year	573.59	557.39
Interest Income	39.00	38.29
Contributions by the Employer	91.06	40.18
Benefits paid from the Fund	(246.70)	(58.99)
Return on Plan Assets, excluding Interest Income	13.47	(3.28)
Fair Value of Plan Assets at the end of the year	470.42	573.59
III Net Asset / (Liability) recognised in Balance Sheet.		
Present value of defined benefit obligation at the end of the year	(527.65)	(487.25)
Fair value of plan assets at the end of the year	470.42	573.59
Net Asset / (Liability) at the end of the year	(57.23)	86.34
IV Expenses recognised in the Statement of Profit and Loss		
Current Service Cost	43.49	37.43
Net Interest Cost	(5.87)	(8.55)
Past Service Cost	173.71	-
Expenses recognised in the Statement of Profit and Loss	211.33	28.88
V Expenses recognised in the Other Comprehensive Income (OCI)		
Actuarial (Gains) / Losses on Obligation for the year	36.77	46.17
Return on Plan Assets, excluding Interest Income	(13.47)	3.28
Net (Income) / Expense for the year recognised in OCI	23.30	49.45
VI Actuarial assumptions considered		
(i) Discount rate	7.23%	6.80%
(ii) Expected return on plan assets	7.23%	6.80%
(iii) Salary escalation rate	5.00%	5.00%
(iv) Rate of employee turnover	4.00%	4.00%
(v) Mortality Table	Indian Assured Lives Mortality (2012-2014) Urban	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 Financial Statements for the year ended March 31, 2022 (contd.)

₹ (in Lakh)

Particulars	As at March 31, 2022	As at March 31, 2021
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	69.30	61.29
(ii) Year 2	23.91	31.95
(iii) Year 3	91.36	46.23
(iv) Year 4	39.13	72.59
(v) Year 5	64.62	34.96
(vi) Years 6 -10	268.94	254.18
(vii) Years 11 and above	363.21	326.52
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	527.65	487.25
1% increase in Discount Rate	(29.66)	(28.28)
1% decrease in Discount Rate	33.52	32.00
1% increase in Salary Escalation Rate	33.94	31.83
1% decrease in Salary Escalation Rate	(30.53)	(28.58)
1% increase in Rate of Employee Turnover	4.17	3.22
1% decrease in Rate of Employee Turnover	(4.73)	(3.65)
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 defined 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 defined 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 defined 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, 2022 (contd.)

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	Weighted Average Exercise Price (WAEP) (₹)	No. of Options	Weighted Average Exercise Price (WAEP) (₹)
	March 31, 2022		March 31, 2021	
Options outstanding at the beginning of the year	3,912,096	-	-	-
Options granted during the year	-	63.59	3,912,096	63.59
Options exercised during the year	-	N.A.	-	N.A.
Options expired / lapsed and forfeited during the year [#]	-	N.A.	-	N.A.
Options outstanding at the end of the year	3,912,096	63.59	3,912,096	63.59
Exercisable at the end of the year	3,912,096	63.59	3,912,096	63.59
Other Information:				
Average of exercise price of options outstanding at the end of the year (₹)	63.59		63.59	
Average Share price during the year (₹)	162.86		89.20	
Weighted average remaining contractual life of the option outstanding at the end of the year	0.33 years		1.33 years	
Weighted average fair value of the options as on date of grant (granted during the year)	N.A.		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, 2022 (contd.)

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 - Camlin Fine Sciences 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
	1 st Vesting	2 nd Vesting	3 rd Vesting	4 th 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) (₹)	No. of Options		Weighted Average Exercise Price (WAEP) (₹)	
			March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
Options outstanding at the beginning of the year	446,525	50	541,000		50	
Options granted during the year	-	50	-		50	
Options exercised during the year	135,775	50	94,475		50	
Options expired / lapsed and forfeited during the year	8,000	50	5,500		50	
Options eligible for re-issue	8,000	50	5,500		50	
Options outstanding at the end of the year	310,750	50	446,525		50	
Exercisable at the end of the year	310,750	50	446,525		50	

Notes to the Financial Statements for the year ended March 31, 2022 (contd.)

Particulars	No. of Options	Weighted Average Exercise Price (WAEP) (₹)	No. of Options	Weighted Average Exercise Price (WAEP) (₹)
	March 31, 2022		March 31, 2021	
Other Information:				
Average of exercise price of options outstanding at the end of the year (₹)	50		50	
Average Share price during the year (₹)	162.86		89.20	
Weighted average remaining contractual life of the option outstanding at the end of the year	0.45 years		0.76 years	
Weighted average fair value of the options as on date of grant (granted during the year)	N.A.		N.A.	
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
	1 st Vesting	2 nd Vesting	3 rd Vesting	4 th 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	

Notes to the Financial Statements for the year ended March 31, 2022 (contd.)

36 FINANCE COSTS

Particulars	₹ (in Lakh)	
	For the year ended March 31, 2022	For the year ended March 31, 2021
Interest Expense	3,060.09	3,326.97
Interest on lease liabilities (Refer Note 3(b))	75.67	59.33
Foreign Exchange Loss / (Gain) (Refer Note 36.1)	850.83	(202.24)
Other Borrowing Cost	101.32	127.20
Total Finance Costs	4,087.91	3,311.26
Less: Interest income from temporary investments (Refer Note 2.b.i)	(28.53)	(8.16)
Less: Capitalised to Capital Work in Progress (Refer Note 2.b.i)	(716.70)	(49.45)
	3,342.68	3,253.65

36.1 Foreign Exchange Loss / (Gain) includes exchange loss on foreign currency borrowings amounting to ₹ 193.71 lakh (2020-2021: ₹ 22.55 lakh), regarded as an adjustment to interest costs.

37 DEPRECIATION AND AMORTISATION EXPENSE

Particulars	₹ (in Lakh)	
	For the year ended March 31, 2022	For the year ended March 31, 2021
Depreciation on Property, Plant and Equipment (Refer Note 2(a))	2,122.13	1,546.20
Depreciation / Amortisation on Right-Of-Use Assets (Refer Note 3(a))	288.00	219.74
Amortisation on Intangible Assets (Refer Note 5)	258.15	162.36
	2,668.28	1,928.30

38 OTHER EXPENSES

Particulars	₹ (in Lakh)	
	For the year ended March 31, 2022	For the year ended March 31, 2021
Consumption of Stores and Spares	720.41	656.81
Power and Fuel	5,396.72	2,738.56
Short term Leases	91.05	128.04
Rates and Taxes	72.33	110.61
Insurance	470.98	440.09
Repairs to Building	22.31	-
Repairs - Plant and Equipment	424.73	372.08
Repairs - Others	456.88	138.81
Sub-Contract Charges	923.49	1,134.71
Labour Charges	1,384.84	1,074.03

Notes to the Financial Statements for the year ended March 31, 2022 (contd.)

₹ (in Lakh)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Advertisement and Sales Promotion	561.80	410.73
Transport and Forwarding Charges	2,282.79	1,322.04
Commission / Discount / Service Charges on Sales	280.70	271.41
Travelling and Conveyance	390.79	239.73
Directors' Fees	66.25	70.60
Royalty	-	190.50
Auditor's Remuneration (Refer Note 39)	53.25	36.01
Legal & Professional Fees	854.70	585.50
Bad Debts written off	-	10.75
Allowance for doubtful debts written back	-	(10.75)
Allowances for Credit Loss	(118.22)	88.60
Allowances for Doubtful advances	109.64	-
Loss on Property, Plant and Equipment sold / discarded	0.09	-
Loss on foreign currency transactions and translation	-	872.68
Corporate Social Responsibility Contribution (Refer Note 40)	42.00	20.38
Bank Charges	296.11	382.22
Export licenses written off	390.76	127.50
Establishment Expenses	236.70	162.66
Water Charges	113.93	68.36
Miscellaneous Expenses	556.37	483.83
	16,081.40	12,126.49
Less: Reimbursement of Expenses	(17.90)	(18.67)
	16,063.50	12,107.82

39 AMOUNT PAID TO AUDITORS

₹ (in Lakh)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Audit Fees	50.00	32.50
Certification	2.57	3.15
Reimbursement of Expenses	0.68	0.36
Total	53.25	36.01

Notes to the Financial Statements for the year ended March 31, 2022 (contd.)

40 CORPORATE SOCIAL RESPONSIBILITY

The Company has spent ₹ 42.00 lakh during the financial year (2020-2021: ₹ 20.38 lakh) 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 - ₹ 41.97 lakh (2020-2021: ₹ 20.38 lakh)

b) Amount spent during the year on:

			₹ (in Lakh)
Particulars	Amount spent in cash	Amount yet to be paid in cash	Total
Year ending March 31, 2022			
(i) Construction / Acquisition of asset	-	-	-
(ii) On purpose other than (i) above	42.00	-	42.00
Year ending March 31, 2021			
(i) Construction / Acquisition of asset	-	-	-
(ii) On purpose other than (i) above	20.38	-	20.38

c) Nature of CSR activities during the year

The 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.

During the year, the Company has spent ₹ 42.00 lakh towards CSR activities through NGOs operating in the said areas.

41 OPERATIONS AT CFS WANGLONG FLAVORS (NINGBO) CO. LTD.

Supreme People's Court of China vide its judgement dated February 19, 2021 had imposed a penalty of RMB 159.32 million (about US\$ 25 million / ₹ 18,000 lakh) including right protection cost of RMB 3.49 million (about US\$ 0.55 million / ₹ 390 lakh) on our JV partner Ningbo Wanglong Technology Limited (being 49% stake holder in Company's subsidiary CFS Wanglong Flavors (Ningbo) Co. 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 US\$ 1.70 million / ₹ 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 has preferred an application for retrial of the aforesaid order before Supreme People's Court of China which was heard in the month of October 2021, the decision thereof is awaited. The management is confident of favourable decision in the retrial proceedings and that no penalty is 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.

Notes to the Financial Statements for the year ended March 31, 2022 (contd.)

Under these circumstances, no impairment of the investment value of the subsidiary and / or other receivables is envisaged in the financial statements.

42 EXCEPTIONAL ITEMS

Exceptional item for 2020-2021 pertains to impairment in the value of investment of CFS International Trading (Shanghai) Ltd, a wholly owned subsidiary, amounting to ₹ 50.32 lakh.

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	₹ (in Lakh)	
	For the year ended March 31, 2022	For the year ended March 31, 2021
Profit attributable to ordinary shareholders of the Company as per Statement of Profit and Loss	2,586.98	828.12

ii) Weighted average number of ordinary shares

Particulars	₹ (in Lakh)	
	For the year ended March 31, 2022	For the year ended March 31, 2021
Number of equity shares at the beginning of the year	127,498,471	121,253,996
Add: Effect of Employee Stock share options exercised	103,616	38,071
Add: Effect of shares issued pursuant to conversion of preferential share warrants	2,975,205	2,156,712
Weighted average number of equity shares for basic EPS	130,577,292	123,448,779
Basic Earnings Per Share (Amount in ₹)	1.98	0.67

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.

Notes to the Financial Statements for the year ended March 31, 2022 (contd.)

i) Profit attributable to ordinary shareholders

Particulars	₹ (in Lakh)	
	For the year ended March 31, 2022	For the year ended March 31, 2021
Profit attributable to ordinary shareholders of the Company as per Statement of Profit and Loss	2,586.98	828.12

ii) Weighted average number of ordinary shares

Particulars	₹ (in Lakh)	
	For the year ended March 31, 2022	For the year ended March 31, 2021
Weighted average number of equity shares outstanding (Basic)	130,577,292	123,448,779
Add: Potential equity shares under Employee Stock Option Plans	2,599,960	1,319,293
Add: Potential equity shares pursuant to exercise of preferential share warrants	-	13,591,798
Weighted average number of equity shares for diluted EPS	133,177,252	138,359,870
Diluted Earnings Per Share (Amount in ₹)	1.94	0.60

- 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	₹ (in Lakh)	
	For the year ended March 31, 2022	For the year ended March 31, 2021
Conversion of foreign currency convertible bonds (FCCBs) (Refer Note 22.1)	10,241,714	8,603,029

44 SEGMENT REPORTING

As per the requirements of Ind AS 108 on "Operating Segments", segment information has been provided in Note 45 to the Consolidated Financial Statements.

45 CONTINGENT LIABILITIES AND COMMITMENTS

Particulars	₹ (in Lakh)	
	As at March 31, 2022	As at March 31, 2021
I Contingent liabilities		
a) Claims for Excise Duties, Taxes and Other Matters		
i) In respect of Income Tax matter	1,736.33	55.61
ii) In respect of VAT / CST and Excise Matter	356.02	356.02

Notes to the Financial Statements for the year ended March 31, 2022 (contd.)

₹ (in Lakh)

Particulars	As at March 31, 2022	As at March 31, 2021
b) In respect of Bank guarantees issued to VAT, Excise and Custom Authorities	57.75	259.51
c) Guarantees given on behalf of Subsidiaries		
In respect of corporate guarantees issued against the borrowings of:		
i) Dresen Quimica S.A.P.I. De C.V (Refer Note 45.1)	-	4,730.03
Loan balance outstanding in respect of the above guarantee is ₹ Nil (March 31, 2021: ₹ 2,155.54 lakh)		
ii) Dresen Quimica S.A.P.I. De C.V (Refer Note 45.1)	1,920.53	-
Loan balance outstanding in respect of the above guarantee is ₹ 1,787.51 lakh (March 31, 2021: ₹ Nil)		
iii) Chemolutions Chemicals Limited	50.00	50.00
Loan balance outstanding in respect of the above guarantee is ₹ Nil (March 31, 2021: ₹ Nil)		
iv) CFS De Mexico Blends S.A.P.I. DE C.V.	6,566.24	-
Loan balance outstanding in respect of the above guarantee is ₹ 6,161.85 lakh (March 31, 2021: ₹ 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	Nil	1,690.12
Contractors payment obligations outstanding in respect of the above guarantee is ₹ Nil (March 31, 2021: ₹ 20.63 lakh.)		
e) In respect of compensation attributed by the National Green Tribunal (NGT)	1,712.31	515.56
(Refer Note 45.2)		
II Commitments		
Value of contracts (net of advance) remaining to be executed on capital account not provided for	1,498.38	4,905.27

45.1 Pursuant to the refinance of borrowing availed by Dresen Quimica S.A.P.I. de C.V. (Dresen Quimica) during the year, corporate guarantee amounting to ₹ 4,730.03 lakh as on March 31, 2021, issued against the aforesaid borrowing stands cancelled.

The Company has issued a fresh corporate guarantee amounting to ₹ 1,920.53 lakh towards the new lender during the year.

45.2 Pursuant to the directions of the Honorable Supreme Court dated December 14, 2020, National Green Tribunal had reheard the matter and vide its direction dated January 24, 2022 had enhanced the portion of compensation attributable to the Company for alleged violations of environmental norms by manufacturers at Tarapur MIDC for an amount of ₹ 1,712.31 lakh from ₹ 515.56 lakh. The Honourable Supreme Court vide its order dated April 27, 2022 has stayed the proceedings of the aforesaid directions until the matter is heard. Further the Honourable Supreme Court has directed to deposit ₹ 515.56 lakh until the matter is heard. The Company has deposited ₹ 154.97 lakh which is disclosed as recoverable advance (Refer Note 18). Based on the assessment of the management, the Company believes that it has strong grounds to defend its position against these directions and hence no provision for the compensation is considered necessary in the financial statements.

Notes to the Financial Statements for the year ended March 31, 2022 (contd.)

45.3 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.

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

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) Co. Ltd.

Dresen Quimica S.A.P.I. De. C.V.

CFS Pahang Asia Pte Ltd

CFS Europe S.P.A.

AlgalR Nutraceuticals Private Limited (with effect from November 11, 2021)

CFS De Mexico Blends S.A.P.I. DE C.V. (with effect from November 17, 2021)

Step down subsidiaries

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 Associates

Fine Lifestyle Brands Limited (upto February 1, 2022)

AlgalR Nutraceuticals Private Limited (June 8, 2021 - November 11, 2021)

iii Key Management Personnel (KMP)

a) Chairman

Dilip Dandekar (upto May 31, 2021)

b) Chairman and Managing Director

Ashish Dandekar (from June 17, 2021)

c) Managing Director

Ashish Dandekar (upto June 16, 2021)

Nirmal Momaya (from June 1, 2021)

Notes to the Financial Statements for the year ended March 31, 2022 (contd.)

d) Non-Executive Directors

Anagha Dandekar
 Amol Shah
 Sutapa Banerjee
 Harsha Raghavan (from August 10, 2020)
 Sarvjit Singh Bedi (from September 29, 2020)
 Joseph Conrad D'souza (from September 29, 2020)
 Mahabaleshwar Palekar (from December 24, 2020)
 Thomas Videbaek (from March 31, 2021)
 Pradip Kanakia (from October 18, 2021)
 Atul Pradhan (upto July 20, 2021)
 Nicola Paglietti (upto July 20, 2021)
 Nirmal Momaya (upto May 31, 2021)
 Sharad Kulkarni (upto September 30, 2020)
 Pramod Sapre (upto September 30, 2020)

e) Executive Director

Arjun Dukane

f) Chief Financial Officer

Santosh Parab

g) Company Secretary

Rahul Sawale (from November 12, 2021)
 Mandar Godbole (upto August 31, 2021)

iv Relatives of KMP

Subhash 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

Notes to the Financial Statements for the year ended March 31, 2022 (contd.)

II The details of transactions with related parties during the year are given below:

₹ (in Lakh)

Sr. No.	Nature of Transactions	Name of Related Party	For the year ended March 31, 2022	For the year ended March 31, 2021	
1	Sale of products (net of returns)	CFS Europe S.P.A	2,962.31	2,247.61	
		CFS do Brazil	4,179.29	4,445.30	
		CFS North America LLC	2,303.53	1,757.91	
		CFS Wanglong Flavors (Ningbo) Co. Ltd.	(1,104.81)	6,514.74	
		Dresen Quimica S.A.P.I. De.C.V.	3,427.36	2,332.29	
		Inovel S.A.S.	375.24	439.67	
		CFS Argentina S.A	-	32.56	
		Nuvel S.A.C	-	58.89	
		Chemolutions Chemicals Limited	17.04	21.46	
		Hardware Renaissance Inc	186.44	151.91	
		12,346.40	18,002.34		
2	Services availed:				
		(a) Reimbursement of IT services	CFS Europe S.P.A	30.46	17.94
			CFS do Brazil	3.05	1.79
			CFS North America LLC	7.62	4.48
			Dresen Quimica S.A.P.I. De.C.V.	15.24	8.97
			CFS Wanglong Flavors (Ningbo) Co. Ltd.	4.57	2.69
				60.94	35.87
		(b) Reimbursement of expenses	Kokuyo Camlin Limited	-	0.11
			Hardware Renaissance Inc	-	3.19
				-	3.30
(c) Job work charges	Chemolutions Chemicals Limited	177.23	169.70		
3	Purchase of goods	CFS Europe S.P.A	3,879.69	12,300.80	
		Chemolutions Chemicals Limited	63.21	68.84	
		CFS Wanglong Flavors (Ningbo) Co. Ltd.	-	3,561.42	
		3,942.90	15,931.06		
4	Commission Expenses	CFS do Brazil	25.25	79.89	
5	Interest Income	CFS do Brazil	125.32	124.33	
		CFS North America LLC	124.69	123.71	
		AlgalR NutraPharms Private Limited	22.34	-	
		272.35	248.04		

Notes to the Financial Statements for the year ended March 31, 2022 (contd.)

₹ (in Lakh)

Sr. No	Nature of Transactions	Name of Related Party	For the year ended March 31, 2022	For the year ended March 31, 2021
6	Royalty Expenses	CFS Europe S.P.A.	-	190.50
7	Investments	Dresen Quimica S.A.P.I. De.C.V. (Refer Note 6.2)	37.23	-
		Industrias Petrotec de Mexico S.A.De.C.V. (Refer Note 6.5)	1.47	2.25
		CFS Wanglong Flavors (Ningbo) Co. Ltd. (Refer Note 6.6)	1.47	2.25
		AlgalR NutraPharms Private Limited (Refer Note 6.7)	654.56	-
		CFS De Mexico Blends S.A.P.I. DE C.V. (Refer Note 6.8)	126.58	-
			821.31	4.50
8	Loans given	AlgalR NutraPharms Private Limited	680.41	-
9	Consultancy / Professional services	Subhash D. Dandekar	6.60	6.60
		V.R. Momaya & Associates	-	4.70
		Pagoda Advisors Private Limited	12.64	75.84
			19.24	87.14
10	Lease Income	Abana Medisys Private Limited	-	0.01
		Fine Renewable Energy Limited	-	0.01
		Chemolutions Chemicals Limited	39.01	39.01
			39.01	39.03
11	Write off for impairment in value of investment	CFS International Trading (Shanghai) Limited (Refer Note 42)	-	50.32
12	Guarantee Commission Income (Refer Note 32.b)	Dresen Quimica S.A.P.I. De.C.V.	41.90	7.80
		CFS Europe S.P.A	-	57.87
		CFS De Mexico Blends S.A.P.I. DE C.V.	7.85	-
			49.75	65.67
13	Re-imbusement of expenses	CFS North America LLC	66.47	-
		CFS do Brazil	0.14	-
		CFS Europe S.P.A	4.60	-
		Dresen Quimica S.A.P.I. De.C.V.	4.60	-
		CFS Wanglong Flavors (Ningbo) Co. Ltd.	0.14	-
		CFS De Mexico Blends S.A.P.I. DE C.V.	88.36	-

Notes to the Financial Statements for the year ended March 31, 2022 (contd.)

₹ (in Lakh)

Sr. No	Nature of Transactions	Name of Related Party	For the year ended March 31, 2022	For the year ended March 31, 2021
			164.32	-
14	Compensation to KMP	Short term benefits (including bonus and value of perquisites)*	578.79	394.82
		Other long term benefits	17.91	15.25
		Share-based payment	714.10	441.93
		Sitting fees	66.25	70.60
15	Contribution paid to the Group Gratuity Scheme	Paid to Life Insurance Corporation on behalf of Camlin Fine Sciences Limited Group Gratuity Scheme	91.06	40.18

*The compensation to Key Managerial Personnel figures does not include premium paid for group medical and accident insurance.

III The details of outstanding with related parties as at year end are given below:

₹ (in Lakh)

Sr. No.	Nature of Transactions	Name of Related Party	As at March 31, 2022	As at March 31, 2021
1	Trade Receivable	CFS Europe S.P.A	1,261.83	1,004.54
		CFS do Brazil	9,926.34	7,060.36
		Dresen Quimica S.A.P.I. De.C.V.	2,057.94	1,179.10
		CFS North America LLC	6,143.25	4,815.89
		Inovel S.A.S.	202.41	291.08
		CFS Wanglong Flavors (Ningbo) Co. Ltd.	11,228.85	12,253.42
		CFS Argentina S.A	215.68	208.85
		Nuvel S.A.C	-	59.17
		AlgalR NutraPharms Private Limited	43.78	-
		Hardware Renaissance Inc	186.95	159.91
			31,267.03	27,032.32
2	Trade Payable	CFS Europe S.P.A	4,181.88	5,395.24
		CFS Wanglong Flavors (Ningbo) Co. Ltd.	5,724.00	5,542.63
		Chemolutions Chemicals Limited	307.16	256.03
			10,213.04	11,193.90
3	Other Payable	CFS do Brazil	135.34	164.39
		CFS Europe S.P.A	95.70	162.60
		CFS Wanglong Flavors (Ningbo) Co. Ltd.	2.76	2.68
		CFS North America LLC	65.75	-
			299.55	329.67
4	Loan and Advances Receivable	CFS do Brazil	1,518.21	1,470.09

Notes to the Financial Statements for the year ended March 31, 2022 (contd.)

₹ (in Lakh)

Sr. No.	Nature of Transactions	Name of Related Party	As at March 31, 2022	As at March 31, 2021
		Solentus North America Inc	189.18	189.18
		CFS North America LLC	1,510.60	1,462.75
		AlgalR NutraPharms Private Limited	680.41	-
			3,898.40	3,122.02
		Allowance for Credit Impaired (Refer Note 7.3)	(189.18)	(189.18)
			3,709.22	2,932.84
5	Interest Receivable	CFS do Brazil	468.18	348.56
		Solentus North America Inc	53.09	53.09
		CFS North America LLC	617.52	493.71
		AlgalR NutraPharms Private Limited	20.11	-
			1,158.90	895.36
		Allowance for Credit Impaired (Refer Note 7.3 and Note 17)	(53.09)	(53.09)
			1,105.81	842.27
6	Other Receivable	CFS Europe S.P.A	17.99	17.19
		CFS do Brazil	8.91	5.48
		Solentus North America Inc	15.79	15.79
		CFS North America LLC	164.16	150.76
		Dresen Quimica S.A.P.I De C.V.	59.56	12.48
		CFS Wanglong Flavors (Ningbo) Co. Ltd.	38.04	32.20
		CFS De Mexico Blends S.A.P.I. DE C.V.	90.11	-
			394.56	233.90
		Allowance for Credit Impaired (Refer Note 7.3 and Note 17)	(15.79)	(15.79)
			378.77	218.11
7	Material Advance given	AlgalR NutraPharms Private Limited (Refer Note 18.1)	27.30	-
8	Compensation to KMP	Long term benefits	157.86	139.94
9	Lease Income Receivable	Abana Medisys Private Limited	0.56	0.49
		Fine Renewable Energy Limited	0.04	0.03
			0.60	0.52

Notes to the Financial Statements for the year ended March 31, 2022 (contd.)

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.

₹ (in Lakh)

March 31, 2022	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	-	680.41	680.41	-	-	-	-
Security Deposits	-	331.51	331.51	-	-	-	-
Other Financial Assets	340.08	-	340.08	-	340.08	-	340.08
Current							
Trade Receivables	-	44,065.22	44,065.22	-	-	-	-
Cash and cash equivalents	-	2,216.62	2,216.62	-	-	-	-
Bank balances other than above	-	3,431.36	3,431.36	-	-	-	-
Loans	-	3,028.81	3,028.81	-	-	-	-
Security Deposits	-	177.31	177.31	-	-	-	-
Other Financial Assets	-	2,015.03	2,015.03	-	-	-	-
	340.08	55,946.27	56,286.35	-	340.08	-	340.08
Financial Liabilities							
Non Current							
Foreign Currency Convertible Bonds	-	11,988.69	11,988.69	-	-	-	-
Term Loans	-	13,838.52	13,838.52	-	-	-	-
Lease Liabilities	-	996.46	996.46	-	-	-	-
Current							
Borrowings	-	18,938.88	18,938.88	-	-	-	-
Lease Liabilities	-	249.02	249.02	-	-	-	-
Trade Payables	-	21,160.19	21,160.19	-	-	-	-
Put Option Liability (Refer Note 47.2)	-	-	-	-	-	-	-
Other Financial Liabilities	-	3,709.46	3,709.46	-	-	-	-
	-	70,881.22	70,881.22	-	-	-	-

Notes to the Financial Statements for the year ended March 31, 2022 (contd.)

47.1 The above table excludes investments amounting to ₹ 8,177.73 lakh (March 31, 2021: ₹ 7,356.42 lakh) measured at amortised cost net of provision for impairment in the value of investments.

47.2 The value of put option liability as on March 31, 2022 is Nil (Refer Note 6.3). The fair value hierarchy for put option liability is Level 3.

₹ (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							
Security 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	-	-	-	-
Security 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	-	21,020.68	21,020.68	-	-	-	-
Lease Liabilities	-	120.15	120.15	-	-	-	-
Trade Payables	-	19,287.77	19,287.77	-	-	-	-
Put Option Liability (Note 47.4)	-	-	-	-	-	-	-
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

47.3 The above table excludes investments amounting to ₹ 7,356.42 lakh (March 31, 2020: ₹ 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, 2022 (contd.)

47.4 The value of put option liability as on March 31, 2021 is Nil (Refer Note 6.3). The fair value hierarchy for put option liability is Level 3.

b) Fair value hierarchy (Refer Note B to significant accounting policies)

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 both the year. 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 and other financial liabilities (current) approximate to their carrying amounts largely due to the short-term maturities of these instruments. The Company does not anticipate that the carrying amount would be significantly different from the values that would eventually be received or settled.
- (ii) 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.
- (iii) 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.

(iv) Movement of items measured using unobservable inputs (Level 3):

Particulars	₹ (in Lakh)
Balance as at April 01, 2020	26.82
(Gains) / Losses recognised in Statement of Profit and Loss during 2020-2021	(26.82)
Balance as at March 31, 2021	-
Balance as at March 31, 2022	-

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 profit after tax.

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, 2022 (contd.)

(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	₹ (in Lakh)	
	March 31, 2022	March 31, 2021
Not Due	13,334.01	12,475.73
Less than 6 months	8,392.73	10,456.64
6 months - 1 year	3,398.43	4,493.18
1-2 years	11,941.79	8,445.26
2-3 years	7,017.49	1,147.63
More than 3 years	235.69	176.15
	44,320.14	37,194.59
Less: - Loss allowance	(254.92)	(373.14)
	44,065.22	36,821.45

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 up 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.

Notes to the Financial Statements for the year ended March 31, 2022 (contd.)

₹ (in Lakh)

March 31, 2022	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#	11,988.69	13,788.08	-	7,010.40	6,777.68	-
Term Loans	13,838.52	16,113.05	-	2,670.63	8,901.40	4,541.02
Lease Liabilities	996.46	1,208.45	-	306.53	889.71	12.21
Current						
Borrowings	18,938.88	20,292.77	20,292.77	-	-	-
Lease Liabilities	249.02	369.37	369.37	-	-	-
Trade Payables	21,160.19	21,160.19	21,160.19	-	-	-
Other Financial Liabilities	3,709.46	3,709.46	3,709.46	-	-	-
Financial Guarantee*	-	8,536.77	8,536.77	-	-	-
	70,881.22	85,178.14	54,068.54	9,987.56	16,568.79	4,553.23

₹ (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#	11,194.98	13,671.42	-	558.94	12,553.54	-
Term Loans	5,078.41	6,984.96	-	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	-	-	-
Current						
Borrowings	21,020.68	21,734.12	21,734.12	-	-	-
Lease Liabilities	120.15	170.18	170.18	-	-	-
Trade Payables	19,287.77	19,287.77	19,287.77	-	-	-
Other Financial Liabilities	1,207.91	1,207.91	1,207.91	-	-	-
Financial Guarantee*	-	6,470.15	6,470.15	-	-	-
	58,318.01	70,005.98	48,871.75	1,447.96	17,268.15	1,704.68

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, 2022 (contd.)

(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 ₹ (in lakh), is as follows:

a) Trade receivables

Figures (in Lakh)

Foreign Currency	As at March 31, 2022		As at March 31, 2021	
	Amount (in original currency)	Amount (in ₹)	Amount (in original currency)	Amount (in ₹)
US\$	487.81	37,029.90	432.27	31,773.94
EURO	0.81	67.68	4.09	352.18
		37,097.58		32,126.12

b) Loan and other receivable

Figures (in Lakh)

Foreign Currency	As at March 31, 2022		As at March 31, 2021	
	Amount (in original currency)	Amount (in ₹)	Amount (in original currency)	Amount (in ₹)
US\$	63.45	4,816.15	54.09	3,976.03
EURO	0.21	17.99	0.20	17.19
		4,834.14		3,993.22

c) Borrowings

Figures (in Lakh)

Foreign Currency	As at March 31, 2022		As at March 31, 2021	
	Amount (in original currency)	Amount (in ₹)	Amount (in original currency)	Amount (in ₹)
US\$	301.29	22,871.39	200.44	14,733.08
		22,871.39		14,733.08

Notes to the Financial Statements for the year ended March 31, 2022 (contd.)

d) Trade payable

Figures (in Lakh)

Foreign Currency	As at March 31, 2022		As at March 31, 2021	
	Amount (in original currency)	Amount (in ₹)	Amount (in original currency)	Amount (in ₹)
US\$	143.81	10,916.02	158.73	11,667.03
EURO	1.14	95.70	1.89	162.60
RMB	0.24	2.68	0.23	2.68
		11,014.40		11,832.31

The following significant exchange rates have been applied during the year:

Foreign Currency	Year end spot rate as at	
	March 31, 2022	March 31, 2021
US\$ / ₹	75.9103	73.5047
EUR / ₹	84.0620	86.0990

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, 2022 and March 31, 2021:

₹ (in Lakh)

Particulars	Impact on profit before tax		Impact on equity	
	For the year ended March 31, 2022	For the year ended March 31, 2021	For the year ended March 31, 2022	For the year ended March 31, 2021
US\$ / ₹ increase by 5%	402.95	449.12	262.14	292.18
US\$ / ₹ decrease by 5%	(402.95)	(449.12)	(262.14)	(292.18)
EUR / ₹ increase by 5%	(0.50)	10.20	(0.33)	6.64
EUR / ₹ decrease by 5%	0.50	(10.20)	0.33	(6.64)

(iv) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to 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, 2022 (contd.)

The interest rate profile of the Company's interest bearing financial instruments at the end of the reporting period is as follows:

Particulars	₹ (in Lakh)	
	As at March 31, 2022	As at March 31, 2021
Financial Liabilities		
Borrowings		
Fixed rate instruments		
Foreign Currency Convertible Bonds	11,988.69	11,194.98
Variable rate instruments		
Term Loans (including current maturities)	14,813.20	6,025.05
Cash Credit	17,322.15	20,074.04
Other short term loans	642.05	-
	44,766.08	37,294.07
Financial Assets		
Fixed rate instruments		
Fixed Deposits	5,573.74	7,787.11
Security Deposits	508.82	368.41
Loans given	3,898.40	3,122.02
	9,980.96	11,277.54

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, 2022 and March 31, 2021. 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	₹ (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, 2022	(327.77)	327.77	(216.36)	216.36
March 31, 2021	(260.99)	260.99	(169.79)	169.79

Notes to the Financial Statements for the year ended March 31, 2022 (contd.)

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 are as follows:

Particulars	₹ (in Lakh)	
	As at March 31, 2022	As at March 31, 2021
Non-Current Borrowings#	25,827.21	16,273.39
Current Borrowings	18,938.88	21,020.68
Gross Debt	44,766.09	37,294.07
Less : Cash and Cash Equivalents	2,216.62	1,877.54
Less : Bank balances other than above	3,431.36	6,281.31
Net Debt	39,118.11	29,135.22
Total Equity	59,234.17	46,463.55
Net Debt to Equity Ratio	0.66	0.63

#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 7 and 16.
- Details of Guarantee given on behalf are disclosed in Note: 45(I)(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.

Notes to the Financial Statements for the year ended March 31, 2022 (contd.)

51 ANALYTICAL RATIOS

Ratio Name	Numerator	Denominator	Current Period		Previous Period		% Variance	Reason for Variance		
			Numerator	Denominator	Ratio Value	Numerator			Denominator	Ratio Value
Current Ratio	Current Assets	Current Liabilities	72,054.62	47,018.87	1.53	65,797.12	42,573.69	1.55	(0.84%)	-
Debt Equity Ratio	Total Debt	Shareholders Equity	44,766.09	59,234.17	0.76	37,294.07	46,463.55	0.80	(5.84%)	-
Debt Service Coverage Ratio	Earnings available for debt service	Debt Service	8,597.93	2,577.58	3.34	6,010.07	1,780.23	3.38	(1.20%)	-
Return on Equity	Net profit after taxes	Average Shareholders Equity	2,586.98	52,848.86	4.90%	828.12	42,071.94	1.97%	148.69%	Improvement in ratio due to increase in net profit during the year.
Inventory Turnover Ratio	Cost of goods sold	Average inventory	39,450.22	13,692.51	2.88	37,839.90	11,428.60	3.31	(2.98%)	-
Trade Receivables Turnover Ratio	Sales	Average trade receivables	68,550.81	40,443.33	1.69	60,004.83	34,584.84	1.74	(2.31%)	-
Trade Payables Turnover Ratio	Purchases	Average trade payables	40,515.76	20,223.98	2.00	41,026.82	16,291.70	2.52	(20.45%)	-
Net Capital Turnover Ratio	Sales	Working Capital	68,550.81	25,035.75	2.74	60,004.83	23,223.43	2.58	5.97%	-
Net Profit Ratio	Net profit after taxes	Sales	2,586.98	68,550.81	3.77%	828.12	60,004.83	1.38%	173.45%	Improvement in ratio due to increase in net profit during the year.
Return on Capital Employed	Earnings before interest and taxes	Capital Employed	6,950.39	105,031.03	6.62%	4805.79	84,388.18	5.69%	16.20%	-

Notes to the Financial Statements for the year ended March 31, 2022 (contd.)

52 ADDITIONAL REGULATORY INFORMATION

- 1 The Company does not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property.
 - 2 The Company has not been declared as wilful defaulter by any lender who has the powers to declare a company as wilful defaulter at any time during the financial year or after the end of the reporting period but before the date when financial statements are approved.
 - 3 The Company has complied with the number of layers prescribed under clause 87 of section 2 of the Companies Act, 2013 read with the Companies (Restriction on number of Layers) Rules, 2017.
 - 4 The Company does not have any approved scheme of Arrangement during the year.
 - 5 The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall;
 - (i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate Beneficiaries) or
 - (ii) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.
 - 6 The Company has not received any funds from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding that the Company shall;
 - (i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
 - (ii) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.
 - 7 The Company does not have any transaction recorded in the books of account, that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961.
 - 8 The Company has not traded or invested in Crypto Currency or Virtual Currency during the financial year.
- 53** Previous year's figures have been regrouped / reclassified wherever necessary in accordance with amendments to Schedule III to the Companies Act. 2013.

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 19, 2022

For and on behalf of the Board

Ashish Dandekar

Chairman & Managing Director
DIN: 01077379

Santosh Parab

Chief Financial Officer

Mumbai, Dated: May 19, 2022

Nirmal Momaya

Managing Director
DIN:01641934

Rahul Sawale

Company Secretary & VP - Legal
Membership No: A 29314

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.

(All amounts in ₹ lakh, except exchange rate)

Sr. No.	Name of Subsidiary	Reporting Period	Reporting Currency	Exchange Rate	Share Capital	Reserves & Surplus	Total Assets	Total Liabilities	Investments	Turnover	Profit / (Loss) Before Taxation	Provision for Taxation	Profit / (Loss) After Taxation	Proposed Dividend	% of Shareholding
1	CFS Europe S.p.A.	Apr 21 to Mar 22	EUR	84.06	1,053.23	25,613.18	40,053.07	16,949.32	3,562.66	43,945.71	3,671.09	(898.36)	2,772.73	-	100%
2	CFS Do Brasil Importacao E Exportacao De Aditivos Alimenticios LTDA.	Apr 21 to Mar 22	BRL	16.02	16,031.11	(3,818.95)	11,932.69	14,270.81	122.28	9,023.73	3,996.69	(6.54)	393.15	-	100%
3	Solentus North America Inc	Apr 21 to Mar 22	CAD	60.69	56.01	(401.35)	5.89	351.23	-	-	(17.25)	-	(17.25)	-	100%
4	CFS North America LLC	Apr 21 to Mar 22	USD	75.91	978.17	(7,284.02)	2,679.84	8,985.69	-	5,202.04	(1,012.49)	(776.80)	(1,189.29)	-	100%
5	Dresen Quimica, S.A.P.I. de C.V. ^#	Apr 21 to Mar 22	MXP	3.82	2,986.12	13,999.62	22,414.19	10,535.90	5,107.46	28,093.35	4,943.41	(1,285.27)	3,658.15	-	98.50%
6	Industrias Petrotec de Mexico, S.A. de C.V. ^#	Apr 21 to Mar 22	MXP	3.82	417	207.12	457.73	246.44	-	2,364.09	52.86	17.55	70.41	-	98.50%
7	Inovel, S.A.S. ^#	Apr 21 to Mar 22	MXP	3.82	85.42	10,49.37	2,247.64	1,112.85	-	2,976.58	555.88	(184.77)	371.11	-	98.50%
8	Nuvel, S.A.C. ^#	Apr 21 to Mar 22	MXP	3.82	32.48	1,474.88	2,045.01	537.64	-	2,666.61	393.14	(81.95)	311.19	-	98.50%
9	Britec, S.A. ^#	Apr 21 to Mar 22	MXP	3.82	32.67	649.95	1,435.37	752.75	-	1,716.70	116.25	(41.34)	74.91	-	98.50%
10	Grinel, S.R.L. ^#	Apr 21 to Mar 22	MXP	3.82	1.56	-	1.56	-	-	-	-	-	-	-	98.50%
11	Chemolutions Chemicals Ltd.	Apr 21 to Mar 22	₹	1.00	676.70	(280.25)	485.97	89.52	-	241.75	4.53	2.65	7.18	-	94.08%
12	CFS Wanglong Flavors (Ningbo) Co.Ltd.*	Apr 21 to Mar 22	CNY	11.95	7,798.63	(3,884.95)	17,527.37	13,613.69	-	-	(2,047.62)	412.34	(1,635.28)	-	51%
13	CFS Argentina SA	Apr 21 to Mar 22	ARG	0.68	71.83	(224.96)	968.36	1,121.49	-	786.04	(62.05)	-	(62.05)	-	100%
14	CFS Chile SpA	Apr 21 to Mar 22	CLP	0.10	50.46	192.48	1,033.73	790.79	-	1,390.35	51.53	(0.28)	51.25	-	100%
15	CFS Pahang Asia Pte Ltd.	Apr 21 to Mar 22	SGD	56.02	35.11	(10.90)	25.61	1.40	-	-	(3.17)	-	(3.17)	-	51%
16	AlgaiR Nutrpharms Private Limited	Apr 21 to Mar 22	₹	1.00	115.00	(640.65)	429.34	954.99	-	29.87	(124.91)	-	(124.91)	-	80%
17	CFS De Mexico Blends S.A.P.I. DE C.V.	Apr 21 to Mar 22	MXP	3.82	0.00	(307.79)	16.61	6,669.20	6,344.80	-	184.48	(87.50)	96.98	-	100%

^ The numbers shown above are unconsolidated numbers (before intercompany eliminations).

* The Company holds 7.65% stake and CFS Europe S.p.A. holds 43.35% stake in CFS Wanglong Flavors (Ningbo) Co. Ltd.

The Company holds 65% stake and CFS De Mexico Blends S.A.P.I. DE C.V. holds 33.50% stake in Dresen Quimica, S.A.P.I. de C.V. and its subsidiaries.

Part “B”: Associates and Joint Ventures

1	Name of Associate	Fine Lifestyle Brands Limited
2	Latest audited Balance Sheet Date	-
3	Shares of Associate held by the company on the Year end	
	Number of Shares	-
	Amount of Investment in Associate	-
	Extend of Holding %	-
4	Description of how there is Significant Influence	NA
5	Reason why the Associate is not consolidated	Dissolved during the year
6	Net worth attributable to Shareholding as per latest audited Balance Sheet (₹ in lakhs)	-
7	Profit for the Year	
	i. Considered in Consolidation (₹ in lakhs)	-
	ii. Not Considered in Consolidation (₹ in lakhs)	-
8	Names of associates or joint ventures which are yet to commence operations	NA

For and on behalf of the Board

Ashish Dandekar

Chairman & Managing Director
DIN: 01077379

Nirmal V. Momaya

Managing Director
DIN:01641934

Santosh Parab

Chief Financial Officer

Rahul Sawale

Company Secretary & VP – Legal
Membership No: A 29314

Mumbai, Dated: May 19, 2022

Independent Auditors' 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") and its subsidiaries (the Holding Company and its subsidiaries collectively referred to as "the Group"), which comprise the Consolidated Balance Sheet as at March 31, 2022, 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 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, 2022, 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 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 Institute of Chartered Accountants of India (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

We draw attention to Note 41 of the Consolidated Financial Statements relating to the decision of the Supreme People's Court of China ("Honorable Court") which has imposed penalty amounting to RMB 159.32 million (₹ 18,000 lakhs) on the JV partner of 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. ₹ 1,265 lakhs 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 facility till further directions of the Honorable 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 has preferred an application for retrial of the aforesaid order before Honorable Court which was heard in the month October 2021, the decision thereof is awaited. In the opinion of the Holding Company's 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.

Independent Auditors' Report (Contd.)

Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Consolidated Financial Statements of the current period. These matters were addressed in the context of our audit of the Consolidated Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matter Description	Auditor's Response
<p>Capital Work-in-Progress in relation to Vanillin Plant at Dahej</p> <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>Principal Audit Procedures Performed</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.</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 capital work-in-progress 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>

Information Other than the Consolidated Financial Statements and Auditor's Report Thereon

The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report, namely Financial Highlights, Directors' Report, Management Discussion and Analysis, Report on Corporate Governance and Business Responsibility Report but does not include the Consolidated Financial Statements and our auditor's report thereon.

Our opinion on the Consolidated Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Consolidated Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Consolidated Financial Statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If

Independent Auditors' Report (Contd.)

based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibilities 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 terms of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance (including other comprehensive income), consolidated statement of changes in equity and consolidated cash flows of the Group is 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 are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group 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 are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are responsible for overseeing the financial reporting process of the Group.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the Consolidated Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Consolidated Financial Statements.

As part of an audit in accordance with SAs, we exercise professional judgement 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 incorporated in India has adequate internal financial controls system in place and the operating effectiveness of such controls.

Independent Auditors' Report (Contd.)

- (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 to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Consolidated Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- (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 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 of the Holding Company 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 twelve subsidiaries incorporated outside India and a subsidiary in India included in the Consolidated Financial Statements, whose financial statements reflect total asset of ₹ 1,11,610.69 lakh as at March 31, 2022; total revenue of ₹ 90,389.45 lakh and net cash flows amounting to ₹ 2,767.20 lakh for the year ended on that date. These financial statements and other financial information have

Independent Auditors' Report (Contd.)

been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the Consolidated Financial Statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, is based solely on the reports of the other auditors.

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 three subsidiaries incorporate outside India and a subsidiary in India, whose financial statements reflect total assets of ₹ 2,437.33 lakh as at March 31, 2022, total revenues of ₹ 2,206.26 lakh and net cash flows amounting to ₹ 122.91 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 our report in terms of sub-section (3) of Section 143 of the Act in so far as it relates to the aforesaid subsidiaries, is based solely on 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

1. As required by Section 143(3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit 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 incorporated

Independent Auditors' Report (Contd.)

in India as on March 31, 2022 taken on record by the Board of Directors of the respective Group Companies incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on March 31, 2022 from being appointed as a director in terms of Section 164(2) of the Act.

- (f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company and its subsidiaries 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.
- (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 has disclosed the impact of pending litigations on its financial position in its Consolidated Financial Statements - Refer Note 43.I to the Consolidated Financial Statements.
 - ii. The Group did not have any long-term contracts during the year ended March 31, 2022, 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 Holding Company during the year ended March 31, 2022.
 - iv. (a) The Management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(b) The Management has represented, that, to the best of its knowledge and belief, no funds have been received by the Company from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
 - (c) Based on such audit procedures that we have considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11 (e) as provided under (a) and (b) above, contain any material mis-statement.
- v. The Holding Company and its subsidiary companies incorporated in India has not declared or paid any dividend during the year.

2. According to the information and explanations given to us, and based on the CARO report issued by the component auditor of a subsidiary included in the Consolidated Financial Statements of the Company, to which reporting under CARO is applicable, we report that in respect of the company where audit have been completed under section 143 of the Act, the auditors of this company have not reported any qualifications or adverse remarks. In respect of the following company included in the Consolidated Financial Statements of the Company, whose audit under section 143 of the Act has not yet been completed, the CARO report as applicable in respect of this entity is not available and consequently have not been provided to us as on the date of this audit report:

Name of the Company	CIN	Nature of relationship
AlgalR NutraPharms Private Limited	U74900TN2014PTC096649	Subsidiary

For KALYANIWALLA & MISTRY LLP
CHARTERED ACCOUNTANTS
Firm Registration Number: 104607W/W100166

FARHAD M. BHESANIA
 PARTNER
 Membership Number: 127355
 UDIN: 22127355AJGHYO8035

Place: Mumbai
 Date: May 19, 2022

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT

Referred to in Para 1 (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, 2022.

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 subsidiaries, which are companies incorporated in India, as of March 31, 2022 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 and its subsidiaries, 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 and its subsidiaries 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 internal financial controls system with reference to the financial statement of the Holding Company and its subsidiary companies, which are companies incorporated in India.

Meaning of Internal Financial Controls 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 Consolidated Financial Statements for external purposes in accordance with generally accepted accounting principles. A company's internal

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT (Contd.)

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 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 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 and its subsidiaries 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, 2022, based on the internal control over financial reporting criteria established by the Holding Company and its subsidiary 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)(i) 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 subsidiaries 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: 22127355AJGHYO8035

Place: Mumbai
Date: May 19, 2022

Consolidated Balance Sheet as at March 31, 2022

₹ (in Lakh)

Particulars	Notes	As at March 31, 2022	As at March 31, 2021
ASSETS			
Non-Current Assets			
Property, Plant and Equipment	2(a)	48,183.36	48,175.13
Capital Work-in-Progress	2(b)	21,471.10	2,367.71
Right-of-Use Assets	3	4,371.31	3,128.88
Investment Property	4	-	207.19
Goodwill		5,279.29	4,443.31
Intangible Assets	5 (a)	2,286.62	2,398.08
Intangible Assets under development	5 (b)	32.31	13.95
Investment in Associate	6	-	13.33
Financial Assets			
Investments	7	722.55	722.55
Others	8	1,768.71	1,338.65
Deferred Tax Assets (Net)	9	3,638.05	3,300.85
Income Tax Assets	10	1,335.10	867.84
Other Non-Current Assets	11	1,565.83	1,713.48
Total Non-Current Assets		90,654.23	68,690.95
Current Assets			
Inventories	12	37,085.89	31,999.57
Financial Assets			
Trade Receivables	13	29,967.64	27,070.74
Cash and Cash Equivalents	14	10,781.16	7,551.96
Bank Balances other than Cash and Cash Equivalents	15	3,432.40	6,282.34
Loans	16	8.47	7.26
Other Financial Assets	17	754.99	1,094.21
Other Current Assets	18	7,116.31	5,463.41
Total Current Assets		89,146.86	79,469.49
Assets held for sale	19	207.19	-
TOTAL ASSETS		180,008.28	148,160.44
EQUITY AND LIABILITIES			
EQUITY			
Equity Share Capital	20	1,569.84	1,274.98
Other Equity	21	73,223.56	63,065.10
Non-Controlling Interests	22	1,711.91	6,974.95
Total Equity		76,505.31	71,315.03
LIABILITIES			
Non-Current Liabilities			
Financial Liabilities			
Borrowings	23	38,764.72	27,324.97
Lease Liabilities		1,701.25	844.04
Other Financial Liabilities	24	2,102.14	-
Provisions	25	332.46	282.57
Deferred Tax Liabilities (Net)	9	1,030.77	630.56
Other Non-Current Liabilities	26	46.50	-
Total Non-Current Liabilities		43,977.84	29,082.14
Current Liabilities			
Financial Liabilities			
Borrowings	27	23,493.88	26,465.37
Lease Liabilities		600.94	364.59
Trade Payables	28		
(A) Total Outstanding Dues of Micro Enterprises and Small Enterprises		375.73	828.24
(B) Total Outstanding Dues of creditors other than Micro Enterprises and Small Enterprises		23,002.66	15,011.34
Other Financial Liabilities	29	6,969.71	2,090.77
Other Current Liabilities	30	3,480.93	2,024.86
Provisions	31	947.05	961.50
Current Tax Liabilities	32	654.23	16.60
Total Current Liabilities		59,525.13	47,763.27
Total Liabilities		103,502.97	76,845.41
TOTAL EQUITY AND LIABILITIES		180,008.28	148,160.44
Significant Accounting Policies	1		

The accompanying notes 1 to 53 form an integral part of the Consolidated Financial Statements.

As per our Report of even date.

Signatures to the Consolidated Balance Sheet and Notes to Consolidated Financial Statements

For KALYANIWALLA & MISTRY LLP
CHARTERED ACCOUNTANTS

Firm Registration Number 104607W/W100166

FARHAD M. BHESANIA
PARTNER
Membership Number 127355

Mumbai, Dated: May 19, 2022

For and on behalf of the Board

Ashish Dandekar
Chairman & Managing Director
DIN: 01077379

Santosh Parab
Chief Financial Officer

Mumbai, Dated: May 19, 2022

Nirmal Momaya
Managing Director
DIN:01641934

Rahul Sawale
Company Secretary & VP - Legal
Membership No: A 29314

Consolidated Statement of Profit and Loss for the year ended March 31, 2022

₹ (in Lakh)

Particulars	Notes	For the year ended March 31, 2022	For the year ended March 31, 2021
INCOME			
Revenue from Operations	33	141,208.91	118,710.31
Other Income	34	3,303.42	498.42
Total Income		144,512.33	119,208.73
EXPENSES			
Cost of Materials Consumed	35	72,760.09	48,803.22
Purchases of Stock-in-Trade		4,530.31	7,813.59
Changes in Inventories of Finished Goods, Stock-in-Trade and Work-in-Progress	36	(1,340.97)	1,732.00
Employee Benefits Expense	37	14,504.81	12,038.31
Finance Costs	38	3,576.61	3,752.77
Depreciation and Amortisation Expense	39	5,596.47	4,429.42
Other Expenses	40	35,473.83	30,129.85
Total Expenses		135,101.15	108,699.16
Profit Before Share of Profit / (Loss) of Associate		9,411.18	10,509.57
Share of Profit / (Loss) of Associate (Net of Tax)		(13.33)	0.06
Profit Before Tax		9,397.85	10,509.63
Tax Expense			
Current tax	9 (b)	3,207.41	2,735.69
Deferred tax	9 (b)	153.25	1,238.14
Total Tax Expense		3,360.66	3,973.83
Profit for the Year		6,037.19	6,535.80
Other Comprehensive Income			
(A) Items that will not be subsequently reclassified to Profit or Loss			
Remeasurements of Defined Benefit Plans		(23.30)	(55.36)
Changes in revaluation surplus		-	10,021.92
Income Tax relating to items that will not be reclassified to Profit or Loss	9 (c)	8.14	13.50
Total (A)		(15.16)	9,980.06
(B) Items that will be reclassified subsequently to Profit or Loss			
Exchange differences in translating the financial statements of foreign operations		(761.40)	1,369.98
Income Tax relating to items that will be reclassified to Profit or Loss		-	-
Total (B)		(761.40)	1,369.98
Total Other Comprehensive Income for the Year (A)+(B)		(776.56)	11,350.04
Total Comprehensive Income for the Year		5,260.63	17,885.84
Profit / (Loss) for the Year attributable to:			
Owners of the Company		6,067.78	5,096.34
Non-Controlling Interests		(30.59)	1,439.46
Total Other Comprehensive Income for the Year attributable to:			
Owners of the Company		(880.33)	10,936.97
Non-Controlling Interests		103.77	413.07
Total Comprehensive Income for the Year attributable to:			
Owners of the Company		5,187.45	16,033.31
Non-Controlling Interests		73.18	1,852.53
Earnings per Equity Share (Face Value ₹ 1 each)			
Basic	42	4.65	4.13
Diluted		4.56	3.68
Significant Accounting Policies	1		

The accompanying notes 1 to 53 form an integral part of the Consolidated Financial Statements

As per our Report of even date.

Signatures to the Consolidated Statement of Profit and Loss and Notes to Consolidated Financial Statements

For KALYANIWALLA & MISTRY LLP
CHARTERED ACCOUNTANTS

Firm Registration Number 104607W/W100166

FARHAD M. BHESANIA
PARTNER
Membership Number 127355

Mumbai, Dated: May 19, 2022

For and on behalf of the Board

Ashish Dandekar
Chairman & Managing Director
DIN: 01077379

Santosh Parab
Chief Financial Officer

Mumbai, Dated: May 19, 2022

Nirmal Momaya
Managing Director
DIN:01641934

Rahul Sawale
Company Secretary & VP - Legal
Membership No: A 29314

Consolidated Statement of Cash Flows for the year ended March 31, 2022

₹ (in Lakh)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Cash Flow from Operating Activities		
Profit Before Tax	9,397.85	10,509.63
Adjustment for:		
Depreciation and Amortisation Expense	5,596.47	4,429.42
Finance Costs	3,576.61	3,752.77
Foreign Exchange Loss / (Gain) (Unrealised)	(1,695.63)	2,992.65
(Gain)/Loss on sale of Property, Plant & Equipment and Intangible Assets	23.29	(3.47)
Allowance / (Reversal) for Credit Loss	(362.78)	(3.84)
Allowance for Doubtful Advances	109.64	-
Expenses / (reversal) recognised in respect of equity settled share based payments	738.90	452.63
Provision for Defined Benefit Plans	12.14	114.01
Interest income	(156.38)	(129.91)
Rent Expense	0.31	0.63
Hyperinflationary effect on Consolidated Statement of Profit and Loss	23.03	(85.75)
Share of loss of associate	13.33	(0.06)
Net gain arising on Financial Liabilities measured at Fair Value Through Profit or Loss (FVTPL)	(330.10)	(104.08)
Operating Profit before working capital changes	16,946.68	21,924.63
Adjustment for:		
Increase/(Decrease) in Non Financial Liabilities	1,456.07	922.32
Increase/(Decrease) in Financial Liabilities	8,033.61	(1,383.44)
(Increase)/Decrease in Non Financial Assets	(6,764.43)	(2,955.42)
(Increase)/Decrease in Financial Assets	(2,090.15)	(3,176.58)
Cash generated from / (used in) operations	17,581.78	15,331.51
Taxes Paid (Net)	(3,037.04)	(3,593.33)
Net Cash Flow from / (used in) Operating activities	14,544.74	11,738.18
Cash Flow from Investing Activities		
Purchase of Property, Plant & Equipment and Intangible Assets	(21,378.72)	(8,387.47)
Sale/ (Purchase) of non-current investments	-	6.78
Maturity of / (Investment in) Fixed Deposit	2,849.94	(5,040.07)
Interest Received	169.80	135.19
Acquisition of subsidiaries (Net)	(6,553.56)	-
Net Cash Flows from/(used in) Investing Activities	(24,912.54)	(13,285.57)

Consolidated Statement of Cash Flows for the year ended March 31, 2022 (contd.)

₹ (in Lakh)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Cash Flow from Financing Activities		
Proceeds from Issue of Equity Shares under Employee Stock Option Plan	67.06	47.24
Proceeds from Issue of Equity Shares pursuant to conversion of Preferential Share Warrants	9,417.33	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)	10,577.47	8,408.27
Proceeds from / (Repayment of) Short Term Borrowings (Net)	(2,971.49)	(6,116.62)
Payment of lease liabilities	(882.58)	(633.31)
Interest Paid	(2,539.51)	(4,827.39)
Dividend paid to non-controlling interests of Dresen Quimica S.A.P.I. de C.V.	(71.28)	(542.34)
Net Cash Flow from Financing Activities	13,597.00	3,862.68
Net Increase/(Decrease) in Cash & Cash Equivalents	3,229.20	2,315.29
Cash & Cash Equivalents at the beginning of the year	7,551.96	5,236.67
Cash & Cash Equivalents at the end of the year	10,781.16	7,551.96

Notes :

(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 :

₹ (in Lakh)

Particulars	As at March 31, 2022	As at March 31, 2021
Balances with Banks in Current Accounts	8,614.26	6,017.74
Bank deposits with original maturity of less than three months	2,158.33	1,525.09
Cash on Hand	8.57	9.13
Cash and cash equivalents in Consolidated Statement of Cash Flows	10,781.16	7,551.96

(c) Previous year's figures have been regrouped/reclassified wherever applicable.

The accompanying notes 1 to 53 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 19, 2022

Signatures to the Consolidated Statement of Cash Flows and Notes to Consolidated Financial Statements

For and on behalf of the Board

Ashish Dandekar
Chairman & Managing Director
DIN: 01077379

Santosh Parab
Chief Financial Officer

Mumbai, Dated: May 19, 2022

Nirmal Momaya
Managing Director
DIN:01641934

Rahul Sawale
Company Secretary & VP - Legal
Membership No: A 29314

Consolidated Statement of Changes in Equity for the year ended March 31, 2022

A) EQUITY SHARE CAPITAL

Particulars	₹ (in Lakh)	
	As at March 31, 2022	As at March 31, 2021
Balance at the beginning of the reporting year	1,274.98	1,212.54
Issued pursuant to exercise of Employee Stock Options	1.36	0.94
Issued pursuant to conversion of Preferential Share Warrants	293.50	61.50
Changes in equity share capital during the year	294.86	62.44
Balance at the end of the reporting year	1,569.84	1,274.98

B) OTHER EQUITY

Particulars	Share application money pending allotment	Equity component of Foreign Currency Convertible Bonds (FCCB)	Reserves and Surplus				Revaluation Surplus	Foreign Currency Translation Reserve (FCTR)	Money received against Share Warrants	Issue expenses towards non-converted share warrants	Loss on change in proportion held by non-controlling interests	Total before Non-Controlling Interest	Non-Controlling Interest	Total after Non-Controlling Interest
			Capital Reserve Consolidation	Capital Reserve on Securities Premium	Employee Stock Option Outstanding	General Reserve								
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	-	-	-	-	-	-	-	(4186)	-	-	-	(4186)	-	(4186)
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	-	-	-	-	-

Consolidated Statement of Changes in Equity for the year ended March 31, 2022 (contd.)

Particulars	Share application money pending allotment	Equity component of Foreign Currency Convertible Bonds (FCCB)	Reserves and Surplus				Revaluation Surplus	Foreign Currency Translation Reserve (FCTR)	Money received against Preferential Share Warrants	Issue expenses towards non-converted share warrants	Loss on change in proportion held by non-controlling interests	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								
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 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	1,278.11
Balance as at March 31, 2021	0.83	330.97	2,220.05	1,080.63	24,392.22	2,536.29	10,021.92	1,946.25	(57.63)	6,067.78	63,065.10	6,974.95	70,040.05	70,040.05
Profit for the Year	-	-	-	-	-	-	-	-	-	-	-	-	-	6,067.78
Remeasurement of Defined Benefit Plans	-	-	-	-	-	(15.16)	-	-	-	-	(15.16)	-	-	(15.16)
Exchange differences in translating the financial statements of foreign operations	-	-	-	-	-	-	(875.57)	-	-	-	(875.57)	-	-	(875.57)
Total Comprehensive Income for the year	-	-	-	-	-	6,052.62	(875.57)	-	-	-	5,177.05	-	-	5,177.05
Amount received during the year	-	-	-	-	-	-	-	9,417.33	-	-	-	-	-	9,417.33
Issue of Equity Shares pursuant to exercise of Employee Stock Options (ESOP)	(0.83)	-	-	66.53	-	-	-	-	-	-	65.70	-	-	65.70
Issue of Equity Shares pursuant to conversion of preferential share warrants	-	-	-	13,762.24	-	-	-	(14,055.71)	-	-	(293.47)	-	-	(293.47)
Issue expenses towards converted preferential share warrants transferred to Securities Premium	-	-	-	(57.63)	-	-	-	-	57.63	-	-	-	-	-
Deferred Tax on QIP Issue expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	(27.46)

Consolidated Statement of Changes in Equity for the year ended March 31, 2022 (contd.)

Particulars	Share application money pending allotment	Equity component of Foreign Currency Convertible Bonds (FCCB)	Reserves and Surplus				Revaluation Surplus	Foreign Currency Translation Reserve (FCTR)	Money received against Preferential Share Warrants	Issue expenses towards non-converted share warrants	Loss on change in proportion held by non-controlling interests	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								
Fair valuation of Share Based Payments	-	-	-	-	-	741.84	-	-	-	-	-	741.84	-	741.84
Transferred to Securities Premium	-	-	-	23.86	-	(23.86)	-	-	-	-	-	-	-	-
Depreciation on revaluation of assets transferred to retained earnings	-	-	-	-	-	-	1,763.87	-	-	-	-	-	-	-
Loss on change in proportion held by non-controlling interests	-	-	-	-	-	-	-	-	-	(4,922.53)	(4,922.53)	-	-	(4,922.53)
Changes in Non-Controlling Interests	-	-	-	-	-	-	-	-	-	-	-	(5,263.04)	(5,263.04)	(5,263.04)
Balance as at March 31, 2022	-	330.97	2,220.05	1,080.63	38,187.22	1,219.50	2,536.29	23,242.70	8,258.05	1,070.68	(4,922.53)	1,711.91	73,223.56	74,935.47

The accompanying notes 1 to 53 form an integral part of the Consolidated Financial Statements

As per our Report of even date.

Signatures to the Consolidated Statement of Changes in Equity and Notes to Consolidated Financial Statements

**For KALYANIWALLA & MISTRY LLP
CHARTERED ACCOUNTANTS**

Firm Registration Number 104607W/W100166

**FARHAD M. BHESANIA
PARTNER**

Membership Number 127355

For and on behalf of the Board

Ashish Dandekar

Chairman & Managing Director
DIN: 01077379

Nirmal Momaya

Managing Director
DIN: 01641934

Santosh Parab

Chief Financial Officer

Rahul Sawale

Company Secretary & VP – Legal
Membership No: A 29314

Mumbai, Dated: May 19, 2022

Mumbai, Dated: May 19, 2022

Notes to the Consolidated Financial Statements for the year ended March 31, 2022

NOTE 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 a public listed Company 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 Holding Company is listed on BSE Limited and National Stock Exchange of India Ltd.

The Financial Statements of the Group for the year ended March 31, 2022 are approved by the Board of Directors on May 19, 2022.

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, 2022 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 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.

Notes to the Consolidated Financial Statements for the year ended March 31, 2022 (contd.)

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 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.

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, 2022 (contd.)

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

Ministry of Corporate Affairs (“MCA”) notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 23, 2022, MCA vide Companies (Indian Accounting Standards) Amendment Rules, 2022 amended Companies (Indian Accounting Standards) Rules as below:

1 Ind AS 16 - Property, Plant and Equipment

The amendment clarifies that excess of net sale proceeds of items produced over the cost of testing, if any, shall not be recognised in the profit or loss but deducted from the directly attributable costs considered as part of cost of item of property, plant and equipment. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2022. The Group has evaluated the amendment and there is no impact of the amendment on the financial statements.

2 Ind AS 37 - Provisions, Contingent Liabilities and Contingent Assets

The amendment specifies that the ‘cost of fulfilling’ a contract comprises the ‘costs that relate directly to the contract’. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract). The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2022. The Group has evaluated the amendment and the impact of the amendment is not expected to be material.

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.

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.

Notes to the Consolidated Financial Statements for the year ended March 31, 2022 (contd.)

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 investing activities. No goodwill is recognised as a result of such transaction. Obligation to acquire non-controlling interests is regarded as a financial liability.

Notes to the Consolidated Financial Statements for the year ended March 31, 2022 (contd.)

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 for 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. The

Notes to the Consolidated Financial Statements for the year ended March 31, 2022 (contd.)

difference between depreciation based on the revalued carrying amount of the assets and depreciation based on the assets original cost is transferred from revaluation surplus to retained earnings.

(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. 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

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 include 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.

Notes to the Consolidated Financial Statements for the year ended March 31, 2022 (contd.)

The lease liability is initially measured at the present value of future lease payments. The lease payments are discounted using 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.

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.

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:

Notes to the Consolidated Financial Statements for the year ended March 31, 2022 (contd.)

- 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.

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. 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.

I. 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 expense 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,

Notes to the Consolidated Financial Statements for the year ended March 31, 2022 (contd.)

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.

i. 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.

(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

Notes to the Consolidated Financial Statements for the year ended March 31, 2022 (contd.)

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.

(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.

Notes to the Consolidated Financial Statements for the year ended March 31, 2022 (contd.)

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 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

Notes to the Consolidated Financial Statements for the year ended March 31, 2022 (contd.)

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.

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

Notes to the Consolidated Financial Statements for the year ended March 31, 2022 (contd.)

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. Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sale of such asset and its sale is highly probable. For the sale to be highly probable, the appropriate level of management must be committed to a plan to sell the asset and an active programme to locate a buyer and complete the plan must have been initiated.

s. 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.

(v) Dividend Income

Dividend income on investments is recognised when the right to receive dividend is established.

Notes to the Consolidated Financial Statements for the year ended March 31, 2022 (contd.)

t. 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, 2022 (contd.)

u. 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”.

v. 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. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

The benefit of loans or similar assistance provided by governments or related institutions, with an interest rate below the current applicable market rate is regarded as a government grant. The loan or assistance is initially recognised and measured at fair value and the government grant is measured as the difference between the initial carrying value of the loan and the proceeds received. The loan is subsequently measured as per the accounting policy applicable to financial liabilities.

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.

w. 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.

x. 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

Notes to the Consolidated Financial Statements for the year ended March 31, 2022 (contd.)

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 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.

y. 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.

Notes to the Consolidated Financial Statements for the year ended March 31, 2022 (contd.)

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 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.

z. 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 inventories, 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.

aa. 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.

ab. 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

Notes to the Consolidated Financial Statements for the year ended March 31, 2022 (contd.)

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.

ac. 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 Fine Chemicals.

ad. 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, 2022 (contd.)

2 (a) PROPERTY, PLANT & EQUIPMENT

Particulars	₹ (in Lakh)									
	Freehold Land	Leasehold Improvement	Factory & Other Building	Site Development	Plant, Equipment & Machinery	Furniture & Fixtures	Vehicles	Computer /Hardware Cost	Total Property, Plant and Equipment	
Gross Block										
Balance as at April 1, 2021	292.44	526.50	6,463.50	348.50	53,615.66	889.41	404.41	441.18	62,981.60	
Additions	1.93	24.98	728.01	-	3,747.66	52.83	7.64	71.91	4,634.96	
Deletions / Disposals	-	5.30	56.45	5.97	322.39	-	45.24	19.47	454.82	
Assets acquired in business combinations	24.23	-	90.68	-	145.68	3.95	-	0.66	265.20	
Foreign exchange translation difference	(6.95)	41.50	(49.03)	6.01	(355.66)	18.67	37.31	5.31	(302.84)	
Balance as at March 31, 2022	311.65	587.68	7,176.71	348.54	56,830.95	964.86	404.12	499.59	67,124.10	
Accumulated Depreciation										
Balance upto April 1, 2021	-	108.42	919.95	39.09	12,924.47	430.25	204.38	179.91	14,806.47	
Depreciation for the year (Refer Note 2 a ii)	-	31.53	311.59	26.52	4,002.33	78.50	63.39	80.40	4,594.26	
Deletions / Disposals	-	11.15	24.09	2.61	177.57	-	41.12	26.92	283.46	
Relating to assets acquired in business combinations	-	-	4.47	-	17.11	0.83	-	0.25	22.66	
Foreign exchange translation difference	-	14.78	16.46	1.90	(261.90)	10.55	13.32	5.70	(199.19)	
Balance upto March 31, 2022	-	143.58	1,228.38	64.90	16,504.44	520.13	239.97	239.34	18,940.74	
Net Carrying Amount as at March 31, 2022	311.65	444.10	5,948.33	283.64	40,326.51	444.73	164.15	260.25	48,183.36	

Notes to the Consolidated Financial Statements for the year ended March 31, 2022 (contd.)

Particulars	₹ (in Lakh)									
	Freehold Land	Leasehold Improvement	Factory & Other Building	Site Development	Plant, Equipment & Machinery	Furniture & Fixtures	Vehicles	Computer /Hardware Cost	Total Property, Plant and Equipment	
Gross Block										
Balance as at April 1, 2020	249.52	444.89	3,803.85	110.28	25,111.71	678.83	351.79	199.17	30,950.04	
Additions	33.74	53.19	2,536.08	234.10	17,039.77	215.93	82.91	244.11	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.ii)	-	-	-	-	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	6,463.50	348.50	53,615.66	889.41	404.41	441.18	62,981.60	
Accumulated Depreciation										
Balance upto April 1, 2020	-	82.70	636.66	16.64	9,227.27	357.38	173.76	114.12	10,608.53	
Depreciation for the year (Refer Note 2.a.ii)	-	26.88	241.50	21.93	2,943.88	66.43	61.75	66.06	3,428.43	
Deletions / Disposals	-	-	-	-	-	1.49	45.94	-	47.43	
Foreign exchange translation difference	-	(1.16)	41.79	0.52	753.32	7.93	14.81	(0.27)	816.94	
Balance upto March 31, 2021	-	108.42	919.95	39.09	12,924.47	430.25	204.38	179.91	14,806.47	
Net Carrying Amount as at March 31, 2021	292.44	418.08	5,543.55	309.41	40,691.19	459.16	200.03	261.27	48,175.13	

2.a.i Refer Note 23.3, 23.5, 27.1.a and 27.2 for information on Property Plant & Equipment pledged as security for borrowings.

2.a.ii During the financial year ended March 31, 2021, CFS Europe SpA, a wholly owned subsidiary of the Holding Company had 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 ₹ 16,526.76 lakh as against the cost of ₹ 6,194.88 lakh. The surplus on revaluation amounting to ₹ 10,021.92 lakh (net of tax payable of ₹ 309.96 lakh) was accounted through Other Comprehensive Income and included under Other Equity. Depreciation for the current year includes additional depreciation on account of revaluation amounting to ₹ 1,763.87 lakh (2020-2021: ₹ Nil).

Notes to the Consolidated Financial Statements for the year ended March 31, 2022 (contd.)

2.b Capital Work-in-Progress (CWIP)

₹ (in Lakh)

Particulars	As at	As at
	March 31, 2022	March 31, 2021
Capital Work-in-Progress	21,471.10	2,367.71
	21,471.10	2,367.71

2.b.i Capital Work-in-Progress includes ₹ 230.13 lakh (2020-2021:16.94 lakh) towards borrowing costs on general borrowing capitalised during the year. The average capitalisation rate for general borrowing is 8.64% p.a (2020-2021: 10.80% p.a). Further, the borrowing cost of ₹ 486.57 lakh (including exchange loss of ₹ 193.71 lakh and net of interest income on temporary investments amounting to ₹ 28.53 lakh) ((2020-2021: the borrowing cost of ₹ 32.51 lakh including exchange loss of ₹ 22.55 lakh and net of interest income on temporary investments amounting to ₹ 8.16 lakh)) is towards specific borrowing capitalised during the year. The capitalisation rate is 4.15% p.a. (2020-2021: 5.01% p.a).

2.b.ii Refer Note 43 (II) for disclosure of contractual commitments for the acquisition of Property, Plant and Equipment.

2.b.iii Capital Work-in-Progress Ageing Schedule

As at March 31, 2022

₹ (in Lakh)

Particulars	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in Progress	19,655.73	1,736.26	53.11	26.00	21,471.10
	19,655.73	1,736.26	53.11	26.00	21,471.10

Projects in Progress include projects amounting to ₹ 18,912.37 lakh which have exceeded their original budgeted cost and / or expected time of completion. These projects are expected to be completed within 1 year.

As at March 31, 2021

₹ (in Lakh)

Particulars	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in Progress	1,856.46	193.51	280.88	36.86	2,367.71
	1,856.46	193.51	280.88	36.86	2,367.71

Notes to the Consolidated Financial Statements for the year ended March 31, 2022 (contd.)

3 RIGHT-OF-USE ASSETS

(a) Changes in the carrying value of right of use assets during the year ended March 31, 2022

₹ (in Lakh)

Particulars	Category of Asset			
	Land	Buildings	Vehicles	Total
Balance as at April 1, 2021	2,019.15	1,092.78	16.95	3,128.88
Additions	228.89	1,776.81	89.95	2,095.65
Deletions / Disposals	-	-	-	-
Adjustment on account of lease modifications (Refer Note 34(b))	-	(281.90)	-	(281.90)
Depreciation/ Amortisation expense	(56.78)	(603.51)	(25.67)	(685.96)
Foreign exchange translation difference	20.26	94.78	(0.40)	114.64
Balance as at March 31, 2022	2,211.52	2,078.96	80.83	4,371.31

Changes in the carrying value of right of use assets during the year ended March 31, 2021

₹ (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	-	464.82	-	464.82
Deletions / Disposals	-	-	-	-
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

(b) Movement in lease liabilities during the year ended March 31, 2022

₹ (in Lakh)

Particulars	Category of Asset			
	Land	Buildings	Vehicles	Total
Balance as at April 1, 2021	5.71	1,185.13	17.79	1,208.63
Additions	-	1,745.46	89.95	1,835.41
Deletions / Disposals	-	-	-	-
Adjustment on account of lease modifications (Refer Note 34(b))	-	(327.44)	-	(327.44)
Interest incurred during the year	0.62	137.20	2.91	140.73
Payment of lease liabilities	(0.68)	(620.36)	(26.98)	(648.02)
Foreign exchange translation difference	-	93.72	(0.84)	92.88
Balance as at March 31, 2022	5.65	2,213.71	82.83	2,302.19

Notes to the Consolidated Financial Statements for the year ended March 31, 2022 (contd.)

Movement in lease liabilities during the year ended March 31, 2021

₹ (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	-	464.30	-	464.30
Deletions / Disposals	-	-	-	-
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

(c) Contractual maturities of lease liabilities on an undiscounted basis

₹ (in Lakh)

Particulars	As at	As at
	March 31, 2022	March 31, 2021
Less than one year	778.53	455.57
One to two years	684.83	391.66
Two to five years	1,263.02	551.59
More than five years	12.21	13.56
Total	2,738.59	1,412.38

(d) The Group has incurred ₹ 614.13 lakh (2020-2021: ₹ 415.08 lakh) towards short term leases (Refer Note 40).

4 INVESTMENT PROPERTY

₹ (in Lakh)

Particulars	Gross and Net Carrying Amount	
	As at	As at
	March 31, 2022	March 31, 2021
Freehold Land		
Opening Balance	207.19	207.19
Less: Classified as assets held for sale (Refer Note 19)	(207.19)	-
Closing Balance	-	207.19

4.1 Refer Note 23.3, 23.5, 27.1.a and 27.2 for information on freehold land classified as held for sale pledged as security for borrowings.

Notes to the Consolidated Financial Statements for the year ended March 31, 2022 (contd.)

4.2 Fair Value as on March 31, 2021

The Holding Company had carried out valuation of investment property as on May 18, 2019 amounting to ₹ 523.20 lakh. However, the Company could not carry out fair valuation of investment property as at March 31, 2021 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 (a) INTANGIBLE ASSETS

₹ (in Lakh)

Particulars	Software	Technical Know-How	Development Expenditure	R & D Process Development	Patents	Total intangible Assets
Gross Block						
Balance as at April 1, 2021	228.47	401.86	1,871.52	80.20	2,002.53	4,584.58
Additions	10.56	106.86	8.59	-	-	126.01
Deletions / Disposals	0.68	-	-	-	-	0.68
Foreign exchange translation difference	11.91	-	(32.74)	-	138.55	117.72
Balance as at March 31, 2022	250.26	508.72	1,847.37	80.20	2,141.08	4,827.63
Accumulated Amortisation						
Balance upto April 1, 2021	175.23	119.17	1,060.99	80.20	750.91	2,186.50
Amortisation for the year	15.98	38.71	47.45	-	214.11	316.25
Deletions / Disposals	0.68	-	-	-	-	0.68
Foreign exchange translation difference	5.82	-	(18.84)	-	51.96	38.94
Balance upto March 31, 2022	196.35	157.88	1,089.60	80.20	1,016.98	2,541.01
Net Carrying Amount as at March 31, 2022	53.91	350.84	757.77	-	1,124.10	2,286.62

₹ (in Lakh)

Particulars	Software	Technical Know-How	Development Expenditure	R & D Process Development	Patents	Total intangible Assets
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

Notes to the Consolidated Financial Statements for the year ended March 31, 2022 (contd.)

₹ (in Lakh)

Particulars	Software	Technical Know-How	Development Expenditure	R & D Process Development	Patents	Total intangible Assets
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

5. (b) Intangible Assets under Development Ageing Schedule

As at March 31, 2022

₹ (in Lakh)

Particulars	Amount in Intangible Assets under Development for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in Progress	17.85	14.46	-	-	32.31
	17.85	14.46	-	-	32.31

As at March 31, 2021

₹ (in Lakh)

Particulars	Amount in Intangible Assets under Development for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in Progress	13.95	-	-	-	13.95
	13.95	-	-	-	13.95

6 INVESTMENT IN ASSOCIATE

₹ (in Lakh)

Particulars	As at March 31, 2022		As at March 31, 2021	
	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 ₹ 10 each)	-	-	2,54,994	13.33
Aggregate amount of unquoted investments		-		13.33
Aggregate amount of impairment in value of investments		-		-

Notes to the Consolidated Financial Statements for the year ended March 31, 2022 (contd.)

6.1 During the year, Fine Lifestyle Brand Limited ('associate') made an application to the Registrar of Companies, under Section 248 of the Companies Act, 2013, for removal of its name from the register of companies ('register'). Pursuant to such application, the name of associate has been struck off from the register with effect from February 01, 2022 and the said Company is dissolved. The amount of investment appearing in the consolidated financial statements has been written off during the year.

7 INVESTMENTS

₹ (in Lakh)

Particulars	As at March 31, 2022		As at March 31, 2021	
	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 ₹ 10 each)	50,995	5.10	50,995	5.10
Ravenna Servizi Industrial Consortium (of EUR 1 each)	1,41,783	98.60	1,41,783	98.60
Unicredit Bank (of EUR 1 each)	10,000	8.30	10,000	8.30
Saraswat Co-Operative Bank Limited (of ₹ 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 As per the amended shareholders agreement dated October 18, 2021 entered into by the Holding Company with the minority shareholder of Dresen Quimica S.A.P.I. de CV (Dresen Quimica), on November 11, 2021, the Holding Company, through its wholly owned subsidiary CFS De Mexico Blends S.A.P.I. DE C.V. (CFS Blends), has acquired 33.50% stake in Dresen Quimica for a total consideration of US\$ 8.50 million equivalent to ₹ 6,344.80 lakh. The balance 1.50% non-controlling interest will extinguish on payment of preferred dividend by Dresen Quimica over a period upto December 31, 2023 amounting to US\$ 4.623 million as escalated by 3% per annum from January 1, 2021 till the date of respective payments. If the aforesaid payments are not made or are inadequate, then the amended agreement provides a put option to the non-controlling interest to sell 1.50% stake which will be valued at the unpaid portion of the preferred dividend. There will be no participating rights in any profits to the non-controlling interest effective January 1, 2021.

The fair value of put option obligation is calculated based on 'Income Approach'. The fair value of put option obligation, being negligible, there is no recognition thereof as investment and there is no corresponding recognition of other equity and / or financial obligation.

Notes to the Consolidated Financial Statements for the year ended March 31, 2022 (contd.)

The erstwhile put option for 35% based on original shareholders' agreement has extinguished on entering into the amended agreement. The initial recognition of the fair value of erstwhile put option as a financial obligation amounting to ₹ 615.15 lakh remains as investment. With extinguishment of this put option, the put option liability has extinguished as on the date of amended agreement. The fair value of said put option liability was Nil as on March 31, 2021.

7.2 The provision for impairment in the value of investments represents the provision in respect of investments in Fine Renewable Energy Limited.

8 OTHER FINANCIAL ASSETS

₹ (in Lakh)

Particulars	₹ (in Lakh)	
	As at March 31, 2022	As at March 31, 2021
Security Deposit	1,428.63	1,328.68
Derivative Asset (Refer Note 8.1)	340.08	9.97
	1,768.71	1,338.65

8.1 The derivative asset amounting to ₹ 340.08 lakh (March 31, 2021: ₹ 9.97 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 ₹ 330.10 lakh (2020-2021: ₹ 11.59 lakh) has been recognised in the Consolidated Statement of Profit and Loss (Refer Note 34(b)).

9 DEFERRED TAX ASSETS / (LIABILITIES) (NET)

a) Movement in Deferred Tax Balances

₹ (in Lakh)

Particulars	As at April 1, 2021		Movement during the year			As at March 31, 2022	
	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	(49.57)	(2,849.61)	(190.24)	-	-	(39.14)	(3,050.28)
Provision for Bad and Doubtful Debts and Advances	474.09	336.63	(50.22)	-	-	474.09	286.41
QIP Issue Expenses	-	27.46	-	(27.46)	-	-	-
Transaction costs (net) relating to borrowings	-	(166.21)	199.61	-	-	-	33.40
Employee Benefits	5.57	125.55	190.46	-	8.14	3.73	325.99
Unabsorbed Depreciation	958.30	1,528.51	(1,330.22)	-	-	785.02	371.57
Items allowable for tax purposes on payments	280.73	-	19.42	-	-	300.15	-
Consolidation adjustments	1,234.91	-	359.58	-	-	1,594.49	-
Unutilised MAT Credit	-	377.66	630.33	-	-	-	1,007.99
Others	68.51	(10.55)	18.03	-	-	81.84	(5.85)

Notes to the Consolidated Financial Statements for the year ended March 31, 2022 (contd.)

₹ (in Lakh)

Particulars	As at April 1, 2021		Movement during the year			As at March 31, 2022	
	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)
Exchange Differences	328.31	-	-	-	-	437.87	-
Deferred Tax Assets/ (Liabilities)	3,300.85	(630.56)	(153.25)	(27.46)	8.14	3,638.05	(1,030.77)

₹ (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)	(2,849.61)
Provision for Bad and Doubtful Debts and Advances	474.09	294.94	41.69	-	-	474.09	336.63
QIP Issue Expenses	-	65.55	-	(38.09)	-	-	27.46
Transaction costs (net) relating to borrowings	-	(13.90)	(152.31)	-	-	-	(166.21)
Employee Benefits	3.56	98.75	15.31	-	13.50	5.57	125.55
Unabsorbed Depreciation	1,905.57	-	581.24	-	-	958.30	1,528.51
Items allowable for tax purposes on payments	278.93	-	1.80	-	-	280.73	-
Consolidation Adjustments	1,105.58	-	129.33	-	-	1,234.91	-
Unutilised MAT Credit	-	162.63	215.03	-	-	-	377.66
Others	100.45	28.12	(70.61)	-	-	68.51	(10.55)
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, 2022 (contd.)

9 b) Tax expense recognised in Consolidated Statement of Profit and Loss

₹ (in Lakh)		
Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Current Tax		
In respect of current year	3,200.69	2,812.82
In respect of prior year	6.72	(77.13)
	3,207.41	2,735.69
Deferred Tax		
Origination and reversal of Tax on Temporary Differences#	783.58	1,452.77
(Origination)/Utilisation of MAT Credit Entitlement	(630.33)	(214.63)
	153.25	1,238.14
Tax expense for the year	3,360.66	3,973.83

#Deferred tax expense for the current year includes ₹ 377 lakh pertaining to earlier years.

c) Tax recognised in Other Comprehensive Income

₹ (in Lakh)		
Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Current Tax		
Items that will not be subsequently reclassified to Profit and Loss		
Remeasurements of defined benefit plans	(8.14)	(13.50)
Items that will be subsequently reclassified to Profit and Loss		
Exchange differences on translation of financial statements of foreign operations	-	-
Total	(8.14)	(13.50)

d) Reconciliation of Effective Tax Rate

₹ (in Lakh)		
Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Profit Before Tax	9,411.18	10,509.57
Statutory Indian Income Tax rate#	34.94%	34.94%
Expected Income Tax Expense	3,288.64	3,672.46
Tax effect of:		
Tax expense in respect of prior year	6.72	299.87
Effect of tax provision at subsidiaries	(72.02)	1,071.95
Tax rate difference	290.57	167.68

Notes to the Consolidated Financial Statements for the year ended March 31, 2022 (contd.)

₹ (in Lakh)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Property, Plant and Equipment & Intangible Assets	(190.24)	(1,999.62)
Provision for Doubtful Debts and Advances	(50.22)	41.69
Transaction costs (net) relating to borrowings	199.61	(152.31)
Employee Benefits	190.46	15.31
Unabsorbed Depreciation	(1,330.22)	581.24
Items allowable for tax purposes on payments	19.42	1.80
Impact of Consolidation Adjustments	359.58	129.33
Unutilised MAT Credit	630.33	215.03
Others	18.03	(70.61)
Total Income Tax Expense	3,360.66	3,973.83

#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, 2022, unrecognised deferred tax assets on account of tax losses for which no deferred tax assets is recognised is ₹ 2,360.83 lakh (March 31, 2021: ₹ 1,466.36 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, 2022 is ₹ 10,278.07 lakh (March 31, 2021: ₹ 6,479.43 lakh).

10 INCOME TAX ASSETS

₹ (in Lakh)

Particulars	As at March 31, 2022	As at March 31, 2021
Advance Tax and Tax Deducted at Source (Net of Provision for Tax)	1,335.10	867.84
	1,335.10	867.84

11 OTHER NON-CURRENT ASSETS

₹ (in Lakh)

Particulars	As at March 31, 2022	As at March 31, 2021
Capital Advances	1,471.71	1,533.72
Prepaid Expenses	94.12	179.76
	1,565.83	1,713.48

Notes to the Consolidated Financial Statements for the year ended March 31, 2022 (contd.)

12 INVENTORIES

₹ (in Lakh)

Particulars	As at March 31, 2022	As at March 31, 2021
Raw material and Components		
(i) in stock	12,552.40	11,467.29
(ii) in transit	4,832.14	2,170.94
Work-in-Progress	9,516.45	10,533.87
Finished goods	6,228.60	4,826.55
Stock-in-Trade	2,660.25	1,703.91
Stores and Spares	1,296.05	1,297.01
	37,085.89	31,999.57

12.1 Refer Note 23.3, 27.1.a and 27.2 for information on inventories pledged as security for borrowings.

13 TRADE RECEIVABLES

₹ (in Lakh)

Particulars	As at March 31, 2022	As at March 31, 2021
Unsecured		
Trade Receivables Considered Good (Refer Note 13.1)	30,236.90	27,695.52
Trade Receivables which have significant increase in credit risk	2,499.80	2,560.11
Trade Receivables Credit Impaired	5.56	4.51
	32,742.26	30,260.14
Less: Loss Allowance (Refer Note 13.4)	(2,774.62)	(3,189.40)
	29,967.64	27,070.74

13.1 Includes ₹ 186.95 lakh (March 31, 2021: ₹ 159.91 lakh) from related parties. (Refer Note 44(III)(1))

13.2 Details of ageing of gross amount of trade receivables outstanding from the due date of payment

As at March 31, 2022

₹ (in Lakh)

Particulars	Not Due	Outstanding for the following periods from the due date of payment					Total
		Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed, considered good	23,909.95	4,600.54	307.20	163.25	46.33	1,139.60	30,166.87
Undisputed, Which have significant increase in credit risk	-	-	0.26	-	-	-	0.26
Disputed, considered good	-	-	-	-	-	70.03	70.03
Disputed, Which have significant increase in credit risk	-	-	-	-	-	2,499.54	2,499.54
Disputed, credit impaired	-	-	-	-	5.56	-	5.56
	23,909.95	4,600.54	307.46	163.25	51.89	3,709.17	32,742.26

Notes to the Consolidated Financial Statements for the year ended March 31, 2022 (contd.)

As at March 31, 2021

₹ (in Lakh)

Particulars	Not Due	Outstanding for the following periods from the due date of payment					Total
		Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed, considered good	20,825.47	5,478.12	425.87	12.46	877.38	4.50	27,623.80
Disputed, considered good	-	-	-	-	71.72	-	71.72
Disputed, Which have significant increase in credit risk	-	-	-	-	-	2,560.11	2,560.11
Disputed, credit impaired	-	-	-	4.51	-	-	4.51
	20,825.47	5,478.12	425.87	16.97	949.10	2,564.61	30,260.14

13.3 Relationship with struck off companies

₹ (in Lakh)

Name of struck off company	Nature of transactions	Transaction during the year ended March 31, 2022	Balance outstanding as on March 31, 2022	Transaction during the year ended March 31, 2021	Balance outstanding as on March 31, 2021	Relationship with struck off company
Balaji Industries	Sale of goods	-	-	0.35	-	Customer
Motherland Formulations Private Limited	Sale of goods	16.89	5.57	4.42	1.07	Customer
Only One Pharma Industries Private Limited	Sale of goods	0.24	0.24	0.18	-	Customer
		17.13	5.81	4.95	1.07	

13.4 Details of loss allowance

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 calculated on the basis of ageing of the days the receivables are due and the expected credit loss rate.

The movement in loss allowance is as follows:

₹ (in Lakh)

Particulars	As at March 31, 2022	As at March 31, 2021
Balance as at beginning of the year	3,189.40	3,075.60
Add: Created during the year	-	-
Less: Released during the year	(362.78)	(14.59)
Add /(Less):- Effect of foreign currency exchange differences during the year	(52.00)	128.39
Balance as at end of the year	2,774.62	3,189.40

13.5 The carrying amount of trade receivables include receivables discounted with banks, which are with recourse to the Group. Accordingly, the Group continues to recognise the transferred receivables in its Consolidated Balance Sheet. The carrying amount of these receivables is ₹ Nil (March 31, 2021: ₹ 1,798.19 lakh). The corresponding carrying amount of associated liabilities are recognised as short term borrowings. (Refer Note 27.3)

Notes to the Consolidated Financial Statements for the year ended March 31, 2022 (contd.)

14 CASH AND CASH EQUIVALENTS

₹ (in Lakh)

Particulars	As at March 31, 2022	As at March 31, 2021
Balances with Banks in Current Accounts	8,614.26	6,017.74
Bank Deposits with original maturity of less than three months	2,158.33	1,525.09
Cash on Hand	8.57	9.13
	10,781.16	7,551.96

15 BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

₹ (in Lakh)

Particulars	As at March 31, 2022	As at March 31, 2021
Earmarked balances with banks (Refer Note 15.1)	15.95	19.29
Bank Deposits with original maturity of more than three months but less than 12 months	2,055.32	4,515.79
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.	1,361.13	1,747.26
	3,432.40	6,282.34

15.1 Earmarked balances with banks refers to balance carried in designated banks towards unclaimed dividend.

16 LOANS

₹ (in Lakh)

Particulars	As at March 31, 2022	As at March 31, 2021
Unsecured, Considered Good		
Loans to Employees	8.47	7.26
	8.47	7.26

17 OTHER FINANCIAL ASSETS

₹ (in Lakh)

Particulars	As at March 31, 2022	As at March 31, 2021
Security Deposits	216.09	80.05
Export Benefits Receivable	-	767.04
Insurance Claim Receivable	496.38	-
Others	42.52	247.12
	754.99	1,094.21

Notes to the Consolidated Financial Statements for the year ended March 31, 2022 (contd.)

18 OTHER CURRENT ASSETS

₹ (in Lakh)

Particulars	As at March 31, 2022	As at March 31, 2021
Unsecured, Considered Good		
Advances to Vendors	887.59	1,621.11
Prepaid Expenses	890.38	876.75
Balance with Gratuity Fund (Refer Note 37.2(c))	-	86.34
Balance with Statutory/Government Authorities	4,900.51	2,476.41
Others (Refer Note 43(I)(c))	437.83	402.80
Unsecured, Credit Impaired		
Advances to Vendors	355.14	245.50
Less:- Allowance for Credit Impaired	(355.14)	(245.50)
	7,116.31	5,463.41

19 ASSETS CLASSIFIED AS HELD FOR SALE

₹ (in Lakh)

Particulars	As at March 31, 2022	As at March 31, 2021
Freehold Land (Refer Note 4)	207.19	-
	207.19	-

19.1 The Holding Company intends to dispose off freehold land situated at Pali in the next 12 months. This land was not utilised by the Holding Company for its operations. No impairment loss is recognised on reclassification of the land as held for sale, as the management expects that the fair value (estimated based on the recent market prices of similar properties in similar locations) less costs to sell is higher than the carrying amount.

20 EQUITY SHARE CAPITAL

₹ (in Lakh)

Particulars	As at March 31, 2022	As at March 31, 2021
a) Authorised :		
180,000,000 Equity Shares of ₹ 1 each (March 31, 2021: 180,000,000 Equity Shares of ₹ 1 each)	1,800.00	1,800.00
	1,800.00	1,800.00
b) Issued, Subscribed and Paid - up:		
156,984,246 Equity Shares of ₹ 1 each (March 31, 2021: 127,498,471 Equity Shares of ₹ 1 each).	1,569.84	1,274.98
	1,569.84	1,274.98

Notes to the Consolidated Financial Statements for the year ended March 31, 2022 (contd.)

c) Reconciliation of number of Shares and amount outstanding at the beginning and at the end of the year

Particulars	As at March 31, 2022		As at March 31, 2021	
	No. of Shares	₹ (in Lakh)	No. of Shares	₹ (in Lakh)
Equity Shares				
Outstanding at the beginning of the year	12,74,98,471	1,274.98	12,12,53,996	1,212.54
Add: Issued pursuant to exercise of employee stock options	1,35,775	1.36	94,475	0.94
Add: Issued pursuant to conversion of preferential share warrants	2,93,50,000	293.50	61,50,000	61.50
Outstanding at the end of the year	15,69,84,246	1,569.84	12,74,98,471	1,274.98

d) Rights, preferences and restrictions attached to Equity Shares

The Holding Company has only one class of shares having par value of ₹ 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.

e) Shareholders holding more than 5% Equity Shares as at the end of the year

Name of the Shareholder	As at March 31, 2022		As at March 31, 2021	
	No. of Shares	% held	No. of Shares	% held
Infinity Direct Holdings	2,55,00,000	16.24	-	-
Ashish Subhash Dandekar	1,40,60,400	8.96	1,40,60,400	11.03
ICICI Prudential Midcap Fund	1,14,73,477	7.31	1,12,27,825	8.81
Infinity Holdings	1,06,63,586	6.79	-	-
SBI Flexicap Fund	96,44,844	6.14	-	-
SBI Magnum Multicap Fund	-	-	1,01,11,844	7.93
	7,13,42,307	45.44	3,54,00,069	27.77

f) Shares reserved for issue under options outstanding as at the end of the year on un-issued share capital:

- The Holding Company has 4,500,000 (March 31, 2021: Nil) Equity Shares reserved for issue under Employee Stock Option Plan, 2021 as at March 31, 2022. As on March 31, 2022, the Holding Company has not issued grant letters to eligible employees under the said Plan.
- The Holding Company has 3,912,096 (March 31, 2021: 3,912,096) Equity Shares reserved for issue under Employee Stock Option Plan, 2020 as at March 31, 2022 (Refer Note 37.3.1 for terms of employee stock options).
- The Holding Company has 310,750 (March 31, 2021: 446,525) Equity Shares reserved for issue under Employee Stock Option Scheme, 2018 as at March 31, 2022 (Refer Note 37.3.2 for terms of employee stock options).

Notes to the Consolidated Financial Statements for the year ended March 31, 2022 (contd.)

g) Terms of any securities convertible into equity shares issued along with earliest date of conversion

- i) The Holding Company has 10,241,714 (March 31, 2021: 8,603,029) Equity Shares reserved towards conversion of Foreign Currency Convertible Bonds (FCCBs). (Refer Note 23.1 for terms of Foreign Currency Convertible Bonds). Pursuant to the FCCB amendment agreement entered on October 29, 2021, the FCCB conversion price is changed to ₹ 105 per share from ₹ 125 per share. This has resulted in increase of equity shares reserved towards FCCB conversion to 10,241,714 equity shares as on March 31, 2022.
- ii) The Holding Company has Nil (March 31, 2021: 29,350,000) Equity Shares reserved for issue towards conversion of Preferential Share Warrants (Refer Note 21.8 for terms of preferential warrants)

h) Shareholding of promoters as at the end of the year and percentage change during the year

Name of the Shareholder	As at March 31, 2022		As at March 31, 2021		% change during the year*	As at March 31, 2020		% change during the year*
	No. of Shares	% held	No. of Shares	% held		No. of Shares	% held	
Ashish Subhash Dandekar	1,40,60,400	8.96%	1,40,60,400	11.03%	(2.07%)	1,40,60,400	11.60%	(0.57%)
Subhash Digambar Dandekar	10,16,000	0.65%	10,16,000	0.80%	(0.15%)	10,16,000	0.84%	(0.04%)
S D Dandekar (HUF)	10,28,900	0.66%	10,28,900	0.81%	(0.15%)	10,28,900	0.85%	(0.04%)
Rajani Subhash Dandekar	5,24,800	0.33%	5,24,800	0.41%	(0.08%)	5,24,800	0.43%	(0.02%)
Camart Finance Ltd. (erstwhile Camart Industries Ltd.)#	53,19,360	3.39%	53,19,360	4.17%	(0.78%)	53,19,360	4.39%	(0.21%)
Vibha Agencies Pvt. Ltd.	26,06,340	1.66%	26,06,340	2.04%	(0.38%)	26,06,340	2.15%	(0.11%)
Cafco Consultants Limited	14,97,600	0.95%	14,97,600	1.17%	(0.22%)	14,97,600	1.24%	(0.06%)
M K Falcon Agro Tech Pvt. Ltd.	-	-	-	-	-	-	-	-
Anagha Subhash Dandekar	15,17,056	0.97%	15,17,056	1.19%	(0.22%)	15,17,056	1.25%	(0.06%)
	2,75,70,456	17.56%	2,75,70,456	21.62%		2,75,70,456	22.74%	

*Pursuant to shares issued on conversion of preferential share warrants and exercise of employee stock options.

#The name of Camart Industries Ltd. has been changed to Camart Finance Ltd. during the year.

Notes to the Consolidated Financial Statements for the year ended March 31, 2022 (contd.)

21 OTHER EQUITY

₹ (in Lakh)

Particulars	As at March 31, 2022	As at March 31, 2021
Share application money pending allotment		
Employee Stock Option Plan	-	0.83
Equity component of Foreign Currency Convertible Bonds (FCCB) (Refer Note 21.1)	330.97	330.97
Capital Reserve (Refer Note 21.2)	2,220.05	2,220.05
Capital Reserve on Consolidation (Refer Note 21.3)	1,080.63	1,080.63
Securities Premium (Refer Note 21.4)		
Opening Balance	24,392.22	21,462.20
Issue of equity shares pursuant to exercise of employee stock options	66.53	46.29
Issue of equity shares pursuant to conversion of preferential share warrants	13,762.24	2,883.74
Transferred from Employee Stock Option Outstanding	23.86	12.07
Utilisations during the Year	(57.63)	(12.08)
Closing Balance	38,187.22	24,392.22
Employee Stock Option Outstanding (Refer Note 21.5)		
Opening Balance	501.52	44.39
Additions/(Reversals) during the year	741.84	469.20
Transferred to Securities Premium	(23.86)	(12.07)
Closing Balance	1,219.50	501.52
General Reserve (Refer Note 21.6)	2,536.29	2,536.29
Retained Earnings		
Opening Balance	15,453.67	10,437.28
Profit for the Year	6,067.78	5,096.34
Remeasurement of Defined Employee Benefit Plan	(15.16)	(41.86)
Depreciation for the year on revaluation of assets transferred from revaluation surplus	1,763.87	-
Deferred tax on QIP expenses	(27.46)	(38.09)
Closing Balance	23,242.70	15,453.67
Revaluation Surplus (Refer Note 21.7)		
Opening Balance	10,021.92	-
Depreciation for the year on revaluation of assets transferred to retained earnings	(1,763.87)	-
Closing Balance	8,258.05	10,021.92
Foreign Currency Translation Reserve		
Opening Balance	1,946.25	989.33

Notes to the Consolidated Financial Statements for the year ended March 31, 2022 (contd.)

₹ (in Lakh)

Particulars	As at March 31, 2022	As at March 31, 2021
Additions during the Year	(875.57)	956.92
Closing Balance	1,070.68	1,946.25
Money received against Preferential Share Warrants (Refer Note 21.8)		
Opening Balance	4,638.38	-
Amount received during the year	9,417.33	7,583.62
Issue of equity shares pursuant to conversion of Preferential Share Warrants	(14,055.71)	(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 towards non-converted preferential share warrants transferred to Issue expenses towards non-converted share warrants	-	57.63
Closing Balance	-	4,638.38
Issue expenses towards non-converted preferential share warrants (Refer Note 21.9)		
Opening Balance	(57.63)	-
Issue expenses towards converted preferential share warrants transferred to Securities Premium	57.63	(57.63)
Closing Balance	-	(57.63)
Loss on change in proportion held by non-controlling interests (Refer Note 21.10)		
	(4,922.53)	-
	73,223.56	63,065.10

Nature and Purpose of Reserves :

21.1 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.

21.2 Capital Reserve

- i. Capital Reserve comprises of amount received pursuant to preferential share warrants forfeited by the Holding Company on account of warrants not exercised by the allottees.
- ii. Capital reserve also includes a non-distributable profit reserve for EUR 78,903 (₹ 53.92 lakh) being subordinated to the collection of a receivable due from one supplier of CFS Europe S.p.A. and approved in accordance with a resolution passed by the shareholders of CFS Europe S.p.A.

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.

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.

Notes to the Consolidated Financial Statements for the year ended March 31, 2022 (contd.)

21.5 Employee Stock Option Outstanding

The Holding Company has Employee Stock Option Plan/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 CFS Employees' Stock Option Plan, 2020.

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

During the financial year ended March 31, 2021, CFS Europe SpA, a wholly owned subsidiary of the Holding Company had 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 ₹ 16,526.76 lakh as against the cost of ₹ 6,194.88 lakh. The surplus on revaluation amounting to ₹ 10,021.92 lakh (net of tax payable of ₹ 309.96 lakh) has been accounted through Revaluation Surplus.

The difference, during the year, between depreciation based on the revalued carrying amount and based on the original cost of the plant & machinery amounting to ₹ 1,763.87 lakh has been transferred to retained earnings.

21.8 Money received against Preferential Share Warrants

At the EOGM held on July 25, 2020, the shareholders had approved an issue of 35,500,000 warrants at a price of ₹ 47.89 each on a preferential basis to certain proposed allottees aggregating to ₹ 17,000.95 lakh. An amount equivalent to 1/3rd price of ₹ 5,610.31 lakh was subscribed on September 17, 2020 on the issue of the warrants. Each warrant is converted into 1 Equity Share at the face value of ₹ 1 and premium of ₹ 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 ₹ 1,973.21 lakh. Pursuant to this conversion, 6,150,000 equity shares had been issued on November 24, 2020. On February 23, 2022, the investors exercised their option of conversion of balance 29,350,000 warrants by subscribing the balance amount of ₹ 14,055.71 lakh. Pursuant to this conversion, 29,350,000 equity shares have been issued on February 23, 2022.

21.9 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. The same are transferred to Securities Premium on conversion of share warrants to equity shares.

21.10 Loss on change in proportion held by non-controlling interest

Further to Note 7.1, in terms of provisions of Ind AS 110, the difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid, is to be attributed to the owners' equity. Accordingly, difference amounting to ₹ 1,101.47 lakh has been adjusted under 'Other Equity'.

Further to Note 7.1 and in terms of the provisions of Ind AS 110, the obligation to acquire non-controlling interests, valued at the unpaid portion of the preferred dividend as escalated by 3% per annum till March 31, 2022, is a financial liability. The aforesaid financial liability amounting to ₹ 3,821.06 lakh has been recognised and disclosed under Note 24 and Note 29 and the corresponding impact has been adjusted and disclosed under Other Equity.

Notes to the Consolidated Financial Statements for the year ended March 31, 2022 (contd.)

22 NON-CONTROLLING INTERESTS

22.1 The details of Non-Controlling Interests in Subsidiaries are provided below:

₹ (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, 2022	As at March 31, 2021	As at March 31, 2022	As at March 31, 2021	As at March 31, 2022	As at March 31, 2021
Dresen Quimica S.A.P.I. de C.V. (Dresen Quimica)*	Mexico	1.50%	35.00%	783.98	1,558.62	-	4,393.42
Chemolutions Chemicals Ltd.	India	5.92%	5.92%	(0.42)	1.65	22.79	23.21
CFS Wanglong Flavors (Ningbo) Co. Ltd.	China	49.00%	49.00%	(787.61)	(118.52)	1,910.88	2,545.15
CFS Pahang Asia Pte Ltd.	Singapore	49.00%	49.00%	(1.56)	(2.29)	11.98	13.17
AlgalR Nutraceuticals Private Limited#	India	20.00%	-	(24.98)	-	(233.74)	-
				(30.59)	1,439.46	1,711.91	6,974.95

* The details of profits and accumulated non-controlling interests shown above are consolidated results of Dresen Quimica and its five subsidiaries.

On November 11, 2021, the Company acquired 69.33% stake in AlgalR Nutraceuticals Private Limited (AlgalR). Pursuant to additional investment made during the year, the share of non-controlling interests in AlgalR as on March 31, 2022 is 20%.

22.2 Movement of Non-Controlling Interests

₹ (in Lakh)

Particulars	As at March 31, 2022	As at March 31, 2021
Balance at the beginning of the year	6,974.95	5,696.84
Share of Profit / (Loss) for the year	(30.59)	1,439.46
Dividend declared during the year	(71.28)	(574.42)
Change in non-controlling interest on acquisition of additional 33.5% stake in Dresen Quimica during the year	(5,056.18)	-
Change in non-controlling interests on acquisition of AlgalR during the year	(208.76)	-
Effect of foreign currency exchange differences during the year	103.77	413.07
Balance at the end of the year	1,711.91	6,974.95

Notes to the Consolidated Financial Statements for the year ended March 31, 2022 (contd.)

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.

Particulars	Dresen Quimica S.A.P.I. de C.V.*		Chemolutions Chemicals Limited		CFS Wanglong Flavors (Ningbo) Co. Ltd.		CFS Pahang Asia Pte. Ltd.		AlgalR Nutraceuticals Private Limited#	
	As at March 31, 2022	As at March 31, 2021	As at March 31, 2022	As at March 31, 2021	As at March 31, 2022	As at March 31, 2021	As at March 31, 2022	As at March 31, 2021	As at March 31, 2022	As at March 31, 2021
Non-current assets	4,863.14	4,146.29	152.54	176.65	8,145.17	8,047.71	1.34	1.31	318.35	-
Current assets	23,996.64	17,130.02	333.43	341.94	9,382.20	11,948.82	24.27	26.71	111.01	-
Non-current liabilities	1,830.78	1,461.50	39.61	72.17	757.68	683.25	-	-	785.67	-
Current liabilities	8,691.26	6,318.22	49.95	57.21	12,855.99	14,100.59	1.41	1.37	169.32	-
Equity attributable to the owners	18,337.74	9,103.17	373.62	366.00	2,002.82	2,667.54	12.22	13.48	(291.89)	-
Non-controlling interests	-	4,393.42	22.79	23.21	1,910.88	2,545.15	11.98	13.17	(233.74)	-
Total income	32,010.49	27,405.13	242.32	239.34	198.10	18,519.43	0.07	0.01	31.51	-
Total expenses	26,287.52	21,157.62	237.79	203.25	2,245.72	18,778.65	3.24	4.68	156.42	-
Profit / (loss) for the year	4,176.32	4,461.10	7.18	27.85	(1,635.28)	(211.15)	(3.17)	(4.67)	(124.91)	-
Profit / (loss) attributable to owners of the Company	3,392.34	2,902.48	7.60	26.20	(847.67)	(92.63)	(1.61)	(2.38)	(99.93)	-
Profit / (loss) attributable to non-controlling interests	783.98	1,558.62	(0.42)	1.65	(787.61)	(118.52)	(1.56)	(2.29)	(24.98)	-

* 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.

The summarised financial information pertaining to Profit & Loss for AlgalR Nutraceuticals Private Limited shown above is from the date the Group obtained control of AlgalR i.e. November 11, 2021.

Notes to the Consolidated Financial Statements for the year ended March 31, 2022 (contd.)

23 BORROWINGS

₹ (in Lakh)

Particulars	As at March 31, 2022		As at March 31, 2021	
	Non-current	Current	Non-current	Current
I Foreign Currency Convertible Bonds - Unsecured (Refer Note 23.1)	11,988.69	-	11,194.98	-
II Term Loans				
(a) From Banks - Secured				
(i) In Foreign Currency (Refer Note 23.2)	6,977.34	1,203.72	1,637.55	774.51
(ii) In Rupees (Refer Note 23.3)	2,955.83	974.68	1,540.31	946.64
(b) From Banks - Unsecured				
(i) In Foreign Currency (Refer Note 23.4)	5,583.40	3,280.93	9,080.37	3,053.73
(c) From Others - Secured				
(i) In Foreign Currency (Refer Note 23.5)	10,882.69	-	3,538.10	-
(d) From Others - Unsecured				
(i) In Foreign Currency (Refer Note 23.6)	376.77	-	333.66	-
	38,764.72	5,459.33	27,324.97	4,774.88

23.1 Foreign Currency Convertible Bonds - Unsecured

Foreign Currency Convertible Bonds (FCCBs) denominated in US\$ carried at ₹ 11,988.69 lakh as at March 31, 2022 (March 31, 2021: ₹ 11,194.98 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 ₹ 1 each at a conversion price of ₹ 105 per share (March 31, 2021: ₹ 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 5.5% per annum from October 29, 2021 (4.5% per annum from inception upto October 28, 2021) is payable semi-annually on the outstanding amount of FCCBs, compound interest at the rate 1% per annum from October 29, 2021 (2% per annum from inception upto October 28, 2021) and additional interest at the rate 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

- ₹ Nil (March 31, 2021: ₹ 2,155.54 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\$ Nil (March 31, 2021: US\$ 6.435 million). The aforesaid loan is refinanced during the year.
- ₹ 231.70 lakh (March 31, 2021: ₹ 256.52 lakh) pertains to subsidiary in Brazil secured against trade receivables. The loan is repayable in remaining 41 monthly instalments by August 2025. The current interest rate is 11.30% p.a.
- ₹ 1,787.51 lakh (March 31, 2021: ₹ Nil) pertains to subsidiary in Mexico secured by pledge of 100% equity shares of Dresen Quimica S.A.P.I. de C.V. held by the Holding Company and held by CFS De Mexico Blends S.A.,P.I. DE C.V. (CFS Blends). Further secured by corporate guarantee of the Holding Company to the extent of US\$ 2.53 million (March 31, 2021: Nil). The loan is repayable in remaining 23 structured

Notes to the Consolidated Financial Statements for the year ended March 31, 2022 (contd.)

quarterly instalments by November 2027. The current interest rate is at a spread of 320 basis points over 3 month USD LIBOR.

- d) ₹ 6,161.85 lakh (March 31, 2021: ₹ Nil) pertains to subsidiary in Mexico secured by pledge of 100% equity shares of Dresen Quimica S.A.P.I. de C.V. held by the Holding Company and held by CFS Blends and 100% equity shares of CFS Blends held by the Holding Company. Further secured by corporate guarantee of the Holding Company to the extent of US\$ 8.65 million (March 31, 2021: Nil). The loan is repayable in remaining 23 structured quarterly instalments by November 2027. The current interest rate is at a spread of 320 basis points over 3 month USD LIBOR.

23.3 Term Loans from Banks in Rupees - Secured

- a) ₹ Nil (March 31, 2021: ₹ 250.00 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 fully repaid during the year.
- b) ₹ 45.36 lakh (March 31, 2021: ₹ 152.00 lakh) 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 by an equitable mortgage on entire movable and immovable fixed assets of the Holding Company, both present and future, excluding assets charged exclusively to other lenders. The loan is repayable in remaining 4 monthly instalments by July 2022. The current interest rate is equivalent to 1 year MCLR.
- c) ₹ Nil lakh (March 31, 2021: ₹ 590.00 lakh) 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 by an equitable mortgage on entire movable and immovable fixed assets of the Holding Company, both present and future, excluding assets charged exclusively to other lenders. The loan is fully repaid during the year.
- d) ₹ 1,463.80 lakh (March 31, 2021: ₹ 1,494.95 lakh) secured by first pari passu charge by way of hypothecation of inventories and book debts of the Holding Company along with other working capital lenders. Further secured by second pari passu charge by an equitable mortgage on entire movable and immovable fixed assets of the Holding Company, both present and future, excluding assets charged exclusively to other lenders. The loan is repayable in remaining 47 monthly instalments by March 2026. The current interest rate is at a spread of 100 basis points over 1 year MCLR.
- e) ₹ 565 lakh (March 31, 2021: ₹ Nil) secured by first pari passu charge by way of hypothecation of inventories and book debts of the Holding Company along with other working capital lenders. Further secured by second pari passu charge by an equitable mortgage on entire movable and immovable fixed assets of the Holding Company, both present and future, excluding assets charged exclusively to other lenders. The loan is repayable in remaining 48 monthly instalments by June 2026. The current interest rate is at a spread of 100 basis points over 1 year MCLR.
- f) ₹ 1,581.35 lakh (March 31, 2021: ₹ Nil) secured by first pari passu charge by way of hypothecation of inventories and book debts of the Holding Company. Further secured by second pari passu charge by an equitable mortgage on entire movable and immovable fixed assets of the Holding Company, both present and future, excluding assets charged exclusively to other lenders. The loan is repayable in remaining 47 monthly instalments by February 2026. The current interest rate is at a spread of 100 basis points over 6 months MCLR.

Notes to the Consolidated Financial Statements for the year ended March 31, 2022 (contd.)

- g) ₹ 275 lakh (March 31, 2021: ₹ Nil) secured by second pari passu charge by way of hypothecation of inventories and book debts of the Holding Company. Further secured by second pari passu charge by an equitable mortgage on entire movable and immovable fixed assets of the Holding Company, both present and future, excluding assets charged exclusively to other lenders. The loan is repayable in remaining 48 monthly instalments by July 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) ₹ 1,428.99 lakh (March 31, 2021: ₹ 2,097.26 lakh) pertains to a subsidiary in Italy. The loan is repayable in remaining 9 structured instalments by April 2024. The interest rate is at a spread of 190 basis points over 3 month EURIBOR.
- b) ₹ 338.52 lakh (March 31, 2021: ₹ 560.11 lakh) pertains to a subsidiary in Italy. The loan is repayable in remaining 19 structured instalments by October 2023. The interest rate is at a spread of 200 basis points over 1 month EURIBOR.
- c) ₹ 281.06 lakh (March 31, 2021: ₹ 573.60 lakh) pertains to a subsidiary in Italy. The loan is repayable in remaining 4 structured instalments by March 2023. The interest rate is at a spread of 130 basis points over 3 month EURIBOR.
- d) ₹ 141.76 lakh (March 31, 2021: ₹ 432.25 lakh) pertains to a subsidiary in Italy. The loan is repayable in remaining 6 structured instalments by September 2022. The interest rate is at a spread of 150 basis points over 3 month EURIBOR.
- e) ₹ 1,181.16 lakh (March 31, 2021: ₹ 1,538.32 lakh) pertains to a subsidiary in Italy. The loan is repayable in remaining 14 structured instalments by July 2025. The current interest rate is 2.25% p.a.
- f) ₹ 570.86 lakh (March 31, 2021: ₹ 1,052.55 lakh) pertains to a subsidiary in Italy. The loan is repayable in remaining 5 structured instalments by June 2023. The interest rate is at a spread of 160 basis points over 3 month EURIBOR.
- g) ₹ 3,765.68 lakh (March 31, 2021: ₹ 4,265.65 lakh) pertains to a subsidiary in Italy. The loan is repayable in remaining 18 structured instalments by September 2026. The interest rate is at a spread of 120 basis points over 3 month EURIBOR.
- h) ₹ 1,156.30 lakh (March 31, 2021: ₹ 1,614.36 lakh) pertains to a subsidiary in Italy. The loan is repayable in remaining 11 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

₹ 10,882.69 lakh (March 31, 2021: ₹ 3,538.10 lakh) 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 by July 2029 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

₹ 376.77 lakh (March 31, 2021: ₹ 333.66 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, 2022 (contd.)

24 OTHER FINANCIAL LIABILITIES

Particulars	₹ (in Lakh)	
	As at March 31, 2022	As at March 31, 2021
Obligation to acquire non-controlling interest in subsidiary (Refer Note 21.10)	2,063.47	-
Others (Refer Note 24.1)	38.67	-
	2,102.14	-

24.1 ₹ 38.67 lakh (March 31, 2021: ₹ Nil) relates to grant-in-aid received by a subsidiary. The said grant has been recognised as government loan at below market rate of interest and measured in accordance with Ind AS 109 - Financial Instruments. The benefit of the below market rate of interest, measured as the difference between the fair value of the grant-in-aid determined in accordance with Ind AS 109 and the proceeds received is recognised as Government Grant.

25 PROVISIONS

Particulars	₹ (in Lakh)	
	As at March 31, 2022	As at March 31, 2021
Provision for Employee Benefits		
Compensated Absences	332.46	282.57
	332.46	282.57

26 OTHER NON-CURRENT LIABILITIES

Particulars	₹ (in Lakh)	
	As at March 31, 2022	As at March 31, 2021
Deferred grant liabilities (Refer Note 26.1)	46.50	-
	46.50	-

26.1 ₹ 46.50 lakh (March 31, 2021: ₹ Nil) relates to grant towards property, plant and equipment received by a subsidiary. The said grants are amortised on a systematic basis over the period of useful life of the assets towards which the grants are received. The unamortised portion of the grants received is disclosed as deferred grant liabilities.

Notes to the Consolidated Financial Statements for the year ended March 31, 2022 (contd.)

27 BORROWINGS

Particulars	₹ (in Lakh)	
	As at March 31, 2022	As at March 31, 2021
I Loans repayable on demand		
From Banks -Secured		
Working Capital loans (Refer Note 27.1)	17,392.50	19,892.30
II Other Short Term Borrowings		
(a) From Banks - Secured		
Working Capital loans (Refer Note 27.2)	642.05	-
(b) From Banks - Unsecured		
Working Capital loans (Refer Note 27.3)	-	1,798.19
(c) Current maturities of long term borrowings (Refer Note 23)	5,459.33	4,774.88
	23,493.88	26,465.37

27.1 Loans repayable on demand - Secured

(a) ₹ 17,322.15 lakh (March 31, 2021: ₹ 19,892.30 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 by an equitable mortgage on the entire movable and immovable fixed assets of the Holding Company, both present and future, excluding assets exclusively charged to other lenders. The said working capital facilities are additionally guaranteed by Mr. Ashish Dandekar, Chairman & Managing Director of the Holding Company and promoter of the Holding Company. The current interest rates range from 8.95% to 10.25% p.a.

(b) ₹ 70.35 lakh (March 31, 2021: ₹ Nil) pertains to a subsidiary in Brasil on account of overdraft facility availed from banks. The current interest rate is 13.90% p.a.

27.2 Other Short Term Borrowings - Secured

₹ 642.05 lakh (March 31, 2021: ₹ Nil) pertains to the Holding Company towards buyers credit availed from banks and is secured by security stated against Note 27.1 (a).

27.3 Other short term borrowings - Unsecured

₹ Nil (March 31, 2021: ₹ 1,798.19 lakh) pertains to Subsidiary in Italy towards Export Bill Discounting (EBD) availed from banks.

27.4 During the year, the Holding Company has entered into a consortium agreement with its working capital lenders. For the said limits, these Companies have submitted stock statements, debtors statements and other information / returns as required by the banks on a monthly as well as quarterly basis. Such monthly / quarterly statements and returns are generally in agreement with the books of account except for differences in some cases on account of valuation, provisions etc, the impact of which is not material.

Notes to the Consolidated Financial Statements for the year ended March 31, 2022 (contd.)

27.5 Movement in borrowings

₹ (in Lakh)

Particulars	As at March 31, 2021	Cash flows	Non-cash changes	As at March 31, 2022
Non-current borrowings	27,324.97	10,577.47	862.28	38,764.72
Current borrowings	26,465.37	(2,971.49)	-	23,493.88
Total borrowings	53,790.34	7,605.98	862.28	62,258.60

₹ (in Lakh)

Particulars	As at March 31, 2020	Cash flows	Non-cash changes	As at March 31, 2021
Non-current borrowings	21,151.27	8,408.27	(2,234.57)	27,324.97
Current borrowings	31,405.45	(6,116.62)	1,176.54	26,465.37
Total borrowings	52,556.72	2,291.65	(1,058.03)	53,790.34

28 TRADE PAYABLES

₹ (in Lakh)

Particulars	As at March 31, 2022	As at March 31, 2021
(A) Total Outstanding dues of Micro Enterprises and Small Enterprises	375.73	828.24
(B) Total Outstanding Dues of creditors other than Micro Enterprises and Small Enterprises (Refer Note 28.1 and 41)	23,002.66	15,011.34
	23,378.39	15,839.58

28.1 Details of ageing of trade payables outstanding from the due date for payment

As at March 31, 2022

Particulars	Not Due	Outstanding for the following periods from the due date of payment					Total
		Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed, MSME	296.79	51.87	7.45	15.44	-	4.18	375.73
Undisputed, Others	18,334.27	2,671.30	567.61	1,128.22	65.76	235.50	23,002.66
	18,631.06	2,723.17	575.06	1,143.66	65.76	239.68	23,378.39

Notes to the Consolidated Financial Statements for the year ended March 31, 2022 (contd.)

As at March 31, 2021

Particulars	Not Due	Outstanding for the following periods from the due date of payment					Total
		Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed, MSME	429.89	304.75	54.22	32.59	5.53	1.26	828.24
Undisputed, Others	11,365.35	1,169.54	1,204.20	1,013.21	207.38	51.68	15,011.36
	11,795.24	1,474.29	1,258.42	1,045.80	212.91	52.94	15,839.60

28.2 Relationship with struck off companies

Name of struck off company	Nature of transactions	Transaction during the year ended March 31, 2022	Balance outstanding as on March 31, 2022	Transaction during the year ended March 31, 2021	Balance outstanding as on March 31, 2021	Relationship with struck off company
Jumbo India Private Limited	Purchase of goods	0.68	-	0.21	-	Vendor

29 OTHER FINANCIAL LIABILITIES

₹ (in Lakh)

Particulars	As at March 31, 2022	As at March 31, 2021
Interest accrued but not due on borrowings	66.43	32.34
Unpaid / Unclaimed dividends (Refer Note 29.1)	12.03	15.37
Deposits	0.29	0.79
Unclaimed Interest on public deposit	2.53	2.53
Unclaimed public deposit (Refer Note 29.2)	2.30	2.30
Payable towards purchase of Property, Plant and Equipment	3,090.18	503.84
Put Option Liability (Refer Note 7.1)	-	-
Fair Value of Forward Contracts	-	1.63
Obligation to acquire non-controlling interest in subsidiary (Refer Note 21.10)	1,757.59	-
Other outstanding liabilities	2,038.36	1,531.97
	6,969.71	2,090.77

29.1 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.

29.2 The unclaimed public deposits of ₹ 2.30 lakh outstanding at March 31, 2022 (March 31, 2021: ₹ 2.30 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 Consolidated Financial Statements for the year ended March 31, 2022 (contd.)

30 OTHER CURRENT LIABILITIES

Particulars	₹ (in Lakh)	
	As at March 31, 2022	As at March 31, 2021
Advances received from customers	2,026.34	596.28
Statutory Dues	1,067.63	1,346.85
Others	386.96	81.73
	3,480.93	2,024.86

31 PROVISIONS

Particulars	₹ (in Lakh)	
	As at March 31, 2022	As at March 31, 2021
Provision for employment benefits		
(i) Compensated absences	886.95	917.96
(ii) Gratuity	60.10	43.54
	947.05	961.50

32 CURRENT TAX LIABILITIES

Particulars	₹ (in Lakh)	
	As at March 31, 2022	As at March 31, 2021
Provision for Tax (Net of Income Tax Assets)	654.23	16.60
	654.23	16.60

33 REVENUE FROM OPERATIONS

Particulars	₹ (in Lakh)	
	For the year ended March 31, 2022	For the year ended March 31, 2021
(a) Sale of Products		
Finished Goods	1,30,809.75	1,01,425.70
Traded Goods	9,617.51	15,623.52
	1,40,427.26	1,17,049.22
(b) Other Operating Revenues		
Export Incentives	305.64	622.69
Service Income	451.40	944.82
Commission Income	13.86	67.75
Sale of Scrap	10.75	25.83
	781.65	1,661.09
	1,41,208.91	1,18,710.31

Notes to the Consolidated Financial Statements for the year ended March 31, 2022 (contd.)

33.1 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.

₹ (in Lakh)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Domestic	23,176.17	16,069.12
Exports	1,17,251.09	1,00,980.10
Total	1,40,427.26	1,17,049.22

33.2 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.

33.3 The Group does not have any remaining performance obligation as contracts entered for sale of goods are for a short duration.

34 OTHER INCOME

₹ (in Lakh)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
(a) Interest Income On		
Bank Deposits	86.82	136.75
Refund of Income Tax	34.36	-
Other financial assets carried at amortised cost	25.24	6.84
	146.42	143.59
(b) Other Non-Operating Income		
Gain on foreign exchange transactions and translation	2,326.88	-
Gain on fair valuation of Put option liability	-	26.82
Net gain on fair value changes of derivative instruments	330.10	11.59
Profit on sale of property, plant and equipment	-	3.47
Lease Income	45.54	0.02
Miscellaneous Income	454.48	312.93
	3,157.00	354.83
	3,303.42	498.42

35 COST OF MATERIALS CONSUMED

₹ (in Lakh)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Raw Material and Packing Material Consumed		
Opening Inventories	13,638.23	10,039.72
Add: Purchases	76,506.40	52,401.73
Less: Closing Inventories	(17,384.54)	(13,638.23)
	72,760.09	48,803.22

Notes to the Consolidated Financial Statements for the year ended March 31, 2022 (contd.)

36 CHANGES IN INVENTORIES OF FINISHED GOODS, STOCK-IN-TRADE AND WORK-IN-PROGRESS

Particulars	₹ (in Lakh)	
	For the year ended March 31, 2022	For the year ended March 31, 2021
Opening 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
Closing Inventories		
Finished Goods	6,228.60	4,826.55
Stock-in-Trade	2,660.25	1,703.91
Work-in-Progress	9,516.45	10,533.87
	18,405.30	17,064.33
	(1,340.97)	1,732.00

37 EMPLOYEE BENEFITS EXPENSE

Particulars	₹ (in Lakh)	
	For the year ended March 31, 2022	For the year ended March 31, 2021
Salaries and Wages (Refer Note 37.1 and 37.2.(a))	12,650.58	10,884.30
Contributions to -		
Provident Funds and other Funds (Refer Note 37.2 (b))	218.07	167.11
Gratuity and Other Funds (Refer Note 37.2(c) and (d))	212.18	34.29
Share based payments (Employee Stock Option Plan) (Refer Note 37.3)	741.84	469.20
Staff Welfare Expenses	682.14	483.41
	14,504.81	12,038.31

37.1 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. These conditions were complied with by the subsidiary during the last financial year and the full amount of loan was forgiven by the lender. The said forgiven amount amounting to ₹ Nil (2020-2021: ₹ 135.39 lakh) was deducted from salaries and wages for the financial year ended March 31, 2021.

37.2 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.

Notes to the Consolidated Financial Statements for the year ended March 31, 2022 (contd.)

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:

(i) Provisions in Consolidated Balance Sheet:

Particulars	₹ (in Lakh)	
	As at March 31, 2022	As at March 31, 2021
Current	886.95	917.96
Non-Current	332.46	282.57
	1,219.41	1,200.53

(ii) Recognised in Consolidated Statement of Profit and Loss

Particulars	₹ (in Lakh)	
	For the year ended March 31, 2022	For the year ended March 31, 2021
Expenses	18.88	125.83

(b) Defined Contribution Plans:

The contributions to the Provident Fund of eligible employees are made to a Government administered Provident Fund and there are no further obligations beyond making such contribution. Under the plan, the Group has contributed ₹ 218.07 lakh during the year (2020-2021: ₹ 167.11 lakh).

(c) Defined Benefit Plans:

The Group 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. On retirement / resignation, the Scheme provides for payment as per the provisions of Payment of Gratuity Act, 1972 with vesting period of 5 years of service. On death / permanent disablement in service, vesting period is not applicable.

The most recent actuarial valuation of plan assets and present value of defined benefit obligation of gratuity was carried out as at March 31, 2022. 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 funding status of the Group's gratuity plans:

Particulars	₹ (in Lakh)	
	As at March 31, 2022	As at March 31, 2021
I Change in the Present Value of Projected Benefit Obligation		
Present Value of Benefit Obligation at the beginning of the year	487.25	432.90
Interest Cost	33.13	29.74
Current Service Cost	44.34	37.43
Past Service Cost	173.71	-
Benefits paid from the Fund	(246.70)	(58.99)

Notes to the Consolidated Financial Statements for the year ended March 31, 2022 (contd.)

₹ (in Lakh)

Particulars	As at March 31, 2022	As at March 31, 2021
Actuarial (Gains) / Losses on Obligations - Due to Change in Demographic Assumptions	(0.21)	-
Actuarial (Gains) / Losses on Obligations - Due to Change in Financial Assumptions	(13.90)	2.09
Actuarial (Gains) / Losses on Obligations - Due to Experience	52.90	44.08
Present Value of Benefit Obligation at the end of the year	530.52	487.25
II Change in the Fair Value of Plan Assets		
Fair Value of Plan Assets at the beginning of the year	573.59	557.39
Interest Income	39.00	38.29
Contributions by the Employer	91.06	40.18
Benefits paid from the Fund	(246.70)	(58.99)
Return on Plan Assets, excluding Interest Income	13.47	(3.28)
Fair Value of Plan Assets at the end of the year	470.42	573.59
III Net Asset / (Liability) recognised in Consolidated Balance Sheet		
Present value of defined benefit obligation at the end of the year	(530.52)	(487.25)
Fair value of plan assets at the end of the year	470.42	573.59
Net Asset / (Liability) at the end of the year	(60.10)	86.34
IV Expenses recognised in the Consolidated Statement of Profit and Loss		
Current Service Cost	44.34	37.43
Net Interest Cost	(5.87)	(8.55)
Past Service Cost	173.71	-
Expenses recognised in the Consolidated Statement of Profit and Loss	212.18	28.88
V Expenses recognised in the Other Comprehensive Income (OCI)		
Actuarial (Gains) / Losses on Obligation for the year	36.77	46.17
Return on Plan Assets, excluding Interest Income	(13.47)	3.29
Net (Income) / Expense for the year recognised in OCI	23.30	49.46
VI Actuarial assumptions considered		
(i) Discount rate	7.23%-7.37%	6.80%
(ii) Expected return on plan assets	7.23%	6.80%
(iii) Salary escalation rate	5.00%	5.00%
(iv) Rate of employee turnover	2.00%-4.00%	4.00%
(v) Mortality Table	Indian Assured Lives Mortality (2012-2014) Urban	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, 2022 (contd.)

₹ (in Lakh)

Particulars	As at March 31, 2022	As at March 31, 2021
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	69.31	61.29
(ii) Year 2	23.92	31.95
(iii) Year 3	91.37	46.23
(iv) Year 4	39.14	72.59
(v) Year 5	64.73	34.96
(vi) Years 6 -10	269.64	254.18
(vii) Years 11 and above	372.00	326.52
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	530.52	487.25
1% increase in Discount Rate	(30.02)	(28.28)
1% decrease in Discount Rate	33.95	32.00
1% increase in Salary Escalation Rate	34.37	31.83
1% decrease in Salary Escalation Rate	(30.90)	(28.58)
1% increase in Rate of Employee Turnover	4.22	3.22
1% decrease in Rate of Employee Turnover	(4.77)	(3.65)

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.

Notes to the Consolidated Financial Statements for the year ended March 31, 2022 (contd.)

37.3 Employee Stock Option Scheme

37.3.1 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	39,12,096
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) (₹)	No. of Options	Weighted Average Exercise Price (WAEP) (₹)
	March 31, 2022		March 31, 2021	
Options outstanding at the beginning of the year	39,12,096	63.59	-	-
Options granted during the year	-	N.A.	39,12,096	63.59
Options exercised during the year	-	N.A.	-	N.A.
Options expired / lapsed and forfeited during the year	-	N.A.	-	N.A.
Options outstanding at the end of the year	39,12,096	63.59	39,12,096	63.59
Exercisable at the end of the year	39,12,096	63.59	39,12,096	63.59
Other Information:				
Average of exercise price of options outstanding at the end of the year (₹)	63.59		63.59	
Average Share price during the year (₹)	162.86		89.20	
Weighted average remaining contractual life of the option outstanding at the end of the year	0.33 years		1.33 years	
Weighted average fair value of the options as on date of grant (granted during the year)	N.A.		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
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Notes to the Consolidated Financial Statements for the year ended March 31, 2022 (contd.)

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 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	

37.3.2 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
	1 st Vesting	2 nd Vesting	3 rd Vesting	4 th Vesting	
Options granted	1,35,250	1,35,250	1,35,250	1,35,250	5,41,000
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) (₹)	No. of Options	Weighted Average Exercise Price (WAEP) (₹)
	March 31, 2022		March 31, 2021	
	Options outstanding at the beginning of the year	4,46,525	50.00	5,41,000
Options granted during the year	-	N.A.	-	N.A.
Options exercised during the year	1,35,775	50.00	94,475	50.00
Options expired / lapsed and forfeited during the year	8,000	50.00	5,500	50.00
Options eligible for re-issue	8,000	50.00	5,500	50.00
Options outstanding at the end of the year	3,10,750	50.00	4,46,525	50.00
Exercisable at the end of the year	3,10,750	50.00	4,46,525	50.00

Notes to the Consolidated Financial Statements for the year ended March 31, 2022 (contd.)

Particulars	No. of Options	Weighted Average Exercise Price (WAEP) (₹)	No. of Options	Weighted Average Exercise Price (WAEP) (₹)
	March 31, 2022		March 31, 2021	
Other Information:				
Average of exercise price of options outstanding at the end of the year (₹)	50.00		50.00	
Average Share price during the year (₹)	162.86		89.20	
Weighted average remaining contractual life of the option outstanding at the end of the year	0.45 years		0.76 years	
Weighted average fair value of the options as on date of grant (granted during the year)	N.A.		N.A.	
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
	1 st Vesting	2 nd Vesting	3 rd Vesting	4 th 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	

Notes to the Consolidated Financial Statements for the year ended March 31, 2022 (contd.)

38 FINANCE COSTS

Particulars	₹ (in Lakh)	
	For the year ended March 31, 2022	For the year ended March 31, 2021
Interest Expense	3,499.36	3,880.23
Interest on lease liabilities (Refer Note 3(b))	140.73	121.03
Foreign Exchange Loss / (Gain) (Refer Note 38.1)	497.00	(566.11)
Other Borrowing Costs	184.75	375.23
Total Finance Costs	4,321.84	3,810.38
Less: Interest income from temporary investments (Refer Note 2.b.i)	(28.53)	(8.16)
Less: Capitalised to Capital Work-in-Progress (Refer Note 2.b.i)	(716.70)	(49.45)
	3,576.61	3,752.77

38.1 Foreign Exchange Loss / (Gain) includes exchange loss on foreign currency borrowings amounting to ₹ 193.71 lakh (2020-2021: ₹ 22.55 lakh), regarded as an adjustment to interest costs.

39 DEPRECIATION AND AMORTISATION EXPENSE

Particulars	₹ (in Lakh)	
	For the year ended March 31, 2022	For the year ended March 31, 2021
Depreciation on Property, Plant and Equipment (Refer Note 2(a))	4,594.26	3,428.43
Depreciation/Amortisation on Right-Of-Use Assets (Refer Note 3(a))	685.96	700.28
Amortisation on Intangible Assets (Refer Note 5)	316.25	300.71
	5,596.47	4,429.42

40 OTHER EXPENSES

Particulars	₹ (in Lakh)	
	For the year ended March 31, 2022	For the year ended March 31, 2021
Consumption of Stores and Spares	935.86	1,103.35
Power and Fuel	12,034.65	8,415.86
Short Term Leases	614.13	415.08
Rates and Taxes	180.56	228.15
Insurance	928.68	825.72
Repairs - Buildings	28.39	1.86
Repairs - Plant and Equipment	1,429.20	1,271.25
Repairs - Others	1,139.62	746.52
Sub-Contract Charges	1,127.79	1,349.51
Labour Charges	1,431.49	1,121.63
Advertisement and Sales Promotion	700.72	524.07
Transport and Forwarding Charges	5,608.05	3,952.63
Commission / Discount / Service Charges on Sales	841.49	964.84
Travelling and Conveyance	728.18	435.83

Notes to the Consolidated Financial Statements for the year ended March 31, 2022 (contd.)

Particulars	₹ (in Lakh)	
	For the year ended March 31, 2022	For the year ended March 31, 2021
Directors' Fees	66.25	70.60
Auditor's Remuneration	53.25	36.01
Legal & Professional Fees	3,248.27	2,180.40
Bad Debts written off	3.24	34.10
Allowance for doubtful debts written back	-	(10.75)
Allowances for Credit Loss	(362.78)	(3.84)
Allowances for Doubtful Advances	109.64	-
Loss on Property, Plant & Equipment discarded	23.29	-
Loss on foreign currency transactions and translation	-	1,488.52
Corporate Social Responsibility Contribution	42.00	20.38
Bank Charges	502.98	495.39
Effluent Treatment expenses	1,310.10	2,515.36
Export licenses written off	390.76	127.50
Establishment Expenses	236.70	162.66
Water Charges	266.19	191.98
Miscellaneous Expenses	1,855.13	1,465.24
	35,473.83	30,129.85

41 OPERATIONS AT CFS WANGLONG FLAVORS (NINGBO) CO. LTD.

Supreme People's Court of China vide its judgement dated February 19, 2021 had imposed a penalty of RMB 159.32 million (about USD 25 million / ₹ 18,000 lakh) including right protection cost of RMB 3.49 million (about USD 0.55 million / ₹ 390 lakh) on our JV partner Ningbo Wanglong Technology Limited (being 49% stake holder in Company's subsidiary CFS Wanglong Flavors (Ningbo) Co. 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 / ₹ 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 has preferred an application for retrial of the aforesaid order before Supreme People's Court of China which was heard in the month of October 2021, the decision thereof is awaited. The management is confident of favourable decision in the retrial proceedings and that no penalty is 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, 2022 (contd.)

42 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	₹ (in Lakh)	
	For the year ended March 31, 2022	For the year ended March 31, 2021
Profit attributable to ordinary shareholders of the Company as per Consolidated Statement of Profit and Loss	6,067.78	5,096.34

ii) Weighted average number of ordinary shares

Particulars	₹ (in Lakh)	
	For the year ended March 31, 2022	For the year ended March 31, 2021
Number of equity shares at the beginning of the year	12,74,98,471	12,12,53,996
Add: Effect of Employee Stock Option exercised	1,03,616	38,071
Add: Effect of shares issued pursuant to conversion of preferential share warrants	29,75,205	21,56,712
Weighted average number of equity shares for basic EPS	13,05,77,292	12,34,48,779
Basic Earnings Per Share (Amount in ₹)	4.65	4.13

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	₹ (in Lakh)	
	For the year ended March 31, 2022	For the year ended March 31, 2021
Profit attributable to ordinary shareholders of the Company as per Consolidated Statement of Profit and Loss	6,067.78	5,096.34

Notes to the Consolidated Financial Statements for the year ended March 31, 2022 (contd.)

ii) Weighted average number of ordinary shares

Particulars	₹ (in Lakh)	
	For the year ended March 31, 2022	For the year ended March 31, 2021
Weighted average number of equity shares outstanding (Basic)	13,05,77,292	12,34,48,779
Add: Potential equity shares under Employee Stock Option Plans	25,99,960	13,19,293
Add: Potential equity shares pursuant to conversion of preferential share warrants	-	1,35,91,798
Weighted average number of equity shares for diluted EPS	13,31,77,252	13,83,59,870
Diluted Earnings Per Share (Amount in ₹)	4.56	3.68

- 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	₹ (in Lakh)	
	For the year ended March 31, 2022	For the year ended March 31, 2021
Conversion of Foreign Currency Convertible Bonds (FCCBs) (Refer Note 23.1)	1,02,41,714	86,03,029

43 CONTINGENT LIABILITIES AND COMMITMENTS

Particulars	₹ (in Lakh)	
	As at March 31, 2022	As at March 31, 2021
I Contingent liabilities		
a) Claims for Excise Duties, Taxes and Other Matters		
i) In respect of Income Tax matter	1,736.33	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	57.75	259.51
c) In respect of compensation attributed by the National Green Tribunal (NGT) (Refer Note 43.1)	1,712.31	515.56
II Commitments		
Value of contracts (net of advance) remaining to be executed on capital account not provided for	1,498.38	4,905.27

- 43.1** Pursuant to the directions of the Honorable Supreme Court dated December 14, 2020, National Green Tribunal had reheard the matter and vide its direction dated January 24, 2022 had enhanced the portion of compensation attributable to the Holding Company for alleged violations of environmental norms by manufacturers at Tarapur MIDC for an amount of ₹ 1,712.31 lakh from ₹ 515.56 lakh. The Honourable Supreme Court vide its order dated April 27, 2022 has stayed the proceedings of the aforesaid directions until the matter is heard. Further the Honourable Supreme Court has directed to deposit ₹ 515.56 lakh until the

Notes to the Consolidated Financial Statements for the year ended March 31, 2022 (contd.)

matter is heard. The Holding Company has deposited ₹ 154.97 lakh which is disclosed as recoverable advance (Refer Note 18). Based on the assessment of the management, the Holding Company believes that it has strong grounds to defend its position against these directions and hence no provision for the compensation is considered necessary in the consolidated financial statements.

43.2 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.

44 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 (upto February 1, 2022)

AlgalR Nutraceuticals Private Limited (June 8, 2021 - November 10, 2021)

ii Key Management Personnel (KMP)

a) Chairman

Dilip Dandekar (upto May 31, 2021)

b) Chairman and Managing Director

Ashish Dandekar (from June 17, 2021)

c) Managing Director

Ashish Dandekar (upto June 16, 2021)

Nirmal Momaya (from June 1, 2021)

d) Non-Executive Directors

Anagha Dandekar

Amol Shah

Sutapa Banerjee

Harsha Raghavan (from August 10, 2020)

Sarvjit Singh Bedi (from September 29, 2020)

Joseph Conrad D'souza (from September 29, 2020)

Mahabaleshwar Palekar (from December 24, 2020)

Thomas Videbaek (from March 31, 2021)

Pradip Kanakia (from October 18, 2021)

Atul Pradhan (upto July 20, 2021)

Nicola Paglietti (upto July 20, 2021)

Nirmal Momaya (upto May 31, 2021)

Sharad Kulkarni (upto September 30, 2020)

Pramod Sapre (upto September 30, 2020)

e) Executive Director

Arjun Dukane

f) Chief Financial Officer

Santosh Parab

Notes to the Consolidated Financial Statements for the year ended March 31, 2022 (contd.)

g) Company Secretary

Rahul Sawale (from November 12, 2021)

Mandar Godbole (upto August 31, 2021)

iii Relatives of Key Management Personnel

Subhash 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

II The details of transactions with related parties during the year are given below:

				₹ (in Lakh)	
Sr. No.	Nature of transactions	Name of Related Party	For the year ended March 31, 2022	For the year ended March 31, 2021	
1	Sale of products	Hardware Renaissance Inc	186.44	151.91	
2	Consultancy / Professional services	Subhash Dandekar	6.60	6.60	
		V.R. Momaya & Associates	-	4.70	
		Pagoda Advisors Private Limited	12.64	75.84	
		Studio Internazionale	2.28	85.91	
			21.52	173.05	
3	Reimbursement of expenses	Kokuyo Camlin Limited	-	0.11	
		Hardware Renaissance Inc	-	3.19	
			-	3.30	
4	Lease Income	Abana Medisys Private Limited	-	0.01	
		Fine Renewable Energy Limited	-	0.01	
			-	0.02	
5	Compensation to KMP	Short term employee benefits (including bonus and value of perquisites)*	578.79	394.82	
		Other long term benefits	17.91	15.25	
		Share based payment	714.10	441.93	
		Sitting fees	66.25	70.60	
6	Contribution paid on behalf of Gratuity Trust	Camlin Fine Sciences Limited Group Gratuity Scheme	91.06	40.18	

Notes to the Consolidated Financial Statements for the year ended March 31, 2022 (contd.)

*The compensation to Key Managerial Personnel figures does not include premium paid for group medical and accident insurance.

III The details of outstanding with related parties as at year end are given below:

₹ (in Lakh)				
Sr. No.	Nature of transactions	Name of Related Party	As at March 31, 2022	As at March 31, 2021
1	Trade Receivable	Hardware Renaissance Inc	186.95	159.91
2	Compensation to KMP	Other long term benefits	157.86	139.94
3	Lease Income Receivable	Abana Medisys Private Limited	0.56	0.49
		Fine Renewable Energy Limited	0.04	0.03
			0.60	0.52

45 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 Chairman & Managing Director of the Company who acts as the Chief Operating Decision Maker ('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 ₹ 141,208.91 lakh (2020-21: ₹ 118,710.31 lakh) (Refer Note 33)

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 ₹ 23,200.78 lakh (2020-21: ₹ 16,486.89 lakh) and from outside India is ₹ 118,008.13 lakh (2020-21: ₹ 102,223.42 lakh). Non-current assets other than financial instruments and deferred tax assets from India are ₹ 53,443.21 lakh (March 31, 2021: ₹ 33,433.12 lakh) and from outside India are ₹ 31,081.71 lakh (March 31, 2021: ₹ 29,972.45 lakh).

d) Information about major customers

No single customer contributed more than 10% to the Group's revenue FY 2021-22 and 2020-21.

Notes to the Consolidated Financial Statements for the year ended March 31, 2022 (contd.)

46 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.

₹ (in Lakh)

March 31, 2022	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							
Security Deposits	-	1,428.63	1,428.63	-	-	-	-
Other financial assets	340.08	-	340.08	-	340.08	-	340.08
Current							
Trade Receivables	-	29,967.64	29,967.64	-	-	-	-
Cash and Cash Equivalents	-	10,781.16	10,781.16	-	-	-	-
Bank balances other than above	-	3,432.40	3,432.40	-	-	-	-
Loans	-	8.47	8.47	-	-	-	-
Security Deposits	-	216.09	216.09	-	-	-	-
Other Financial Assets	-	538.90	538.90	-	-	-	-
	340.08	46,373.29	46,713.37	-	340.08	-	340.08
Financial Liabilities							
Non Current							
Foreign Currency Convertible Bonds	-	11,988.69	11,988.69	-	-	-	-
Term Loans	-	26,776.03	26,776.03	-	-	-	-
Lease Liabilities	-	1,701.25	1,701.25	-	-	-	-
Other Financial Liabilities	-	2,102.14	2,102.14	-	-	-	-
Current							
Borrowings	-	23,493.88	23,493.88	-	-	-	-
Lease Liabilities	-	600.94	600.94	-	-	-	-
Trade Payables	-	23,378.39	23,378.39	-	-	-	-
Put Option Liability (Refer Note 46.2)	-	-	-	-	-	-	-
Other Financial Liabilities	-	6,969.71	6,969.71	-	-	-	-
	-	97,011.03	97,011.03	-	-	-	-

46.1 The above table excludes investments amounting to ₹ 722.55 lakh (March 31, 2021: ₹ 735.88 lakh) measured at amortised cost net of provision for impairment in the value of investments.

46.2 The value of put option liability as on March 31, 2022 is Nil (Refer Note 7.1). The fair value hierarchy for put option liability is Level 3.

Notes to the Consolidated Financial Statements for the year ended March 31, 2022 (contd.)

₹ (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							
Security Deposits	-	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	-	7.26	7.26	-	-	-	-
Security Deposits	-	80.05	80.05	-	-	-	-
Other Financial Assets	-	1,014.16	1,014.16	-	-	-	-
	9.97	43,335.19	43,345.16	-	9.97	-	9.97
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	-	26,465.37	26,465.37	-	-	-	-
Lease Liabilities	-	364.59	364.59	-	-	-	-
Trade Payables	-	15,839.58	15,839.58	-	-	-	-
Put Option Liability (Refer Note 46.2)	-	-	-	-	-	-	-
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

46.3 The above table excludes investments amounting to ₹ 735.88 lakh (March 31, 2020: ₹ 727.61 lakh) measured at amortised cost net of provision for impairment in the value of investments.

46.4 The value of put option liability as on March 31, 2022 is Nil (Refer Note 7.1). The fair value hierarchy for put option liability is level 3.

b) Fair value hierarchy (Refer Note B to significant Accounting policy)

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:

Notes to the Consolidated Financial Statements for the year ended March 31, 2022 (contd.)

- (i) The management assesses that fair values of trade receivables, cash and cash equivalents, other bank balances, loans, trade payables, current borrowings, and other financial liabilities (current), approximate to their carrying amounts largely due to the short-term maturities of these instruments. The Group does not anticipate that the carrying amount would be significantly different from the values that would eventually be received or settled.
- (ii) 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.
- (iii) 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.

(iv) Movement of items measured using unobservable inputs (Level 3):

(₹ in lakh)	
Particulars	Amount
Balance as at April 01, 2020	26.82
(Gains) / Losses recognized in Consolidated Statement of Profit or Loss during 2020-21	(26.82)
Balance as at March 31, 2020	-
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 profit after tax.

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.

Notes to the Consolidated Financial Statements for the year ended March 31, 2022 (contd.)

The ageing of trade receivables is as follows:

Particulars	₹ (in Lakh)	
	March 31, 2022	March 31, 2021
Not Due	23,909.95	20,825.47
Less than 6 months	4,600.54	5,478.12
6 months - 1 year	307.46	425.87
1-2 years	163.25	16.97
2-3 years	51.89	949.10
More than 3 years	3,709.17	2,564.61
	32,742.26	30,260.14
Less: - Loss allowance	(2,774.62)	(3,189.40)
	29,967.64	27,070.74

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.

March 31, 2022	Carrying Amount	Contractual cash flows					₹ (in Lakh)
		Total	Within 12 months	1-2 years	2-5 years	More than 5 years	
Financial Liabilities							
Non Current							
Borrowings							
Foreign Currency Convertible Bonds (FCCBs)#	11,988.69	13,788.08	-	7,010.40	6,777.68	-	
Term Loans	26,776.03	30,921.55	-	6,985.66	18,313.80	5,622.09	
Lease Liabilities	1,701.25	1,960.06	-	684.83	1,263.02	12.21	
Other Financial Liabilities	2,102.14	2,102.14	-	2,102.14	-	-	
Current							
Borrowings	23,493.88	25,304.10	25,304.10	-	-	-	
Lease Liabilities	600.94	778.53	778.53	-	-	-	
Trade Payables	23,378.39	23,378.39	23,378.39	-	-	-	
Other Financial Liabilities	6,969.71	6,969.71	6,969.71	-	-	-	
	97,011.03	1,05,202.56	56,430.73	16,783.03	26,354.50	5,634.30	

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, 2022 (contd.)

₹ (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	13,112.48	-	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
Current						
Borrowings	26,465.37	27,856.35	27,856.35	-	-	-
Lease Liabilities	364.59	455.57	455.57	-	-	-
Trade Payables	15,839.58	15,839.58	15,839.58	-	-	-
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.

(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 ₹ (in lakh), is as follows:

a) Trade receivables

Figures in Lakh

Particulars	As at March 31, 2022		As at March 31, 2021	
	Amount (in original currency)	Amount	Amount (in original currency)	Amount
US\$	160.60	12,192.25	165.25	12,146.99
EURO	73.43	6,162.25	88.34	7,600.36
MXP	540.25	1,864.82	33.69	96.67
RMB	85.16	1,010.55	88.44	979.60
BRL	72.61	1,161.54	78.92	1,036.25
		22,391.41		21,859.87

Notes to the Consolidated Financial Statements for the year ended March 31, 2022 (contd.)

b) Loan and other receivable

Figures in Lakh

Particulars	As at March 31, 2022		As at March 31, 2021	
	Amount (in original currency)	Amount	Amount (in original currency)	Amount
US\$	15.25	1,141.22	3.27	240.49
EURO	18.89	1,604.10	3.15	271.64
MXP	1,547.56	5,910.62	1,228.41	4,400.58
RMB	88.54	1,057.12	139.44	1,557.89
BRL	3.12	49.91	5.89	76.48
		9,762.97		6,547.08

c) Borrowings

Figures in Lakh

Particulars	As at March 31, 2022		As at March 31, 2021	
	Amount (in original currency)	Amount	Amount (in original currency)	Amount
US\$	408.18	30,826.49	229.72	16,890.96
EURO	106.19	8,926.78	158.57	13,725.13
RMB	31.54	376.77	29.87	333.66
BRL	23.87	382.37	19.74	256.52
		40,512.41		31,206.27

d) Trade payable

Figures in Lakh

Particulars	As at March 31, 2022		As at March 31, 2021	
	Amount (in original currency)	Amount	Amount (in original currency)	Amount
US\$	46.61	3,538.17	19.14	1,406.94
EURO	63.13	5,305.06	30.45	2,598.17
MXP	1,026.37	3,764.44	996.47	3,564.48
RMB	99.17	1,172.37	133.57	1,477.04
BRL	44.77	713.22	28.66	238.32
		14,493.26		9,284.95

Notes to the Consolidated Financial Statements for the year ended March 31, 2022 (contd.)

e) Other payable

Figures in Lakh

Particulars	As at March 31, 2022		As at March 31, 2021	
	Amount (in original currency)	Amount	Amount (in original currency)	Amount
US\$	52.65	3,996.72	2.20	162.00
EURO	11.48	964.88	6.73	557.49
MXP	161.03	615.02	1,319.15	4,682.07
RMB	162.53	1,940.49	231.79	2,581.94
BRL	46.51	744.95	38.86	504.89
		8,262.06		8,488.39

The following significant exchange rates have been applied during the year:

Particulars	Year end spot rate as at	
	March 31, 2022	March 31, 2021
US\$ / ₹	75.9103	73.5047
EUR / ₹	86.0420	86.0990
MXP / ₹	3.8193	3.5823
BRL / ₹	11.9450	12.9940
RMB / ₹	16.0160	11.1720

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 as at 31st March 2022 and 31st March 2021:

₹ (in Lakh)

Particulars	Impact on profit before tax		Impact on equity	
	For the year ended March 31, 2022	For the year ended March 31, 2021	For the year ended March 31, 2022	For the year ended March 31, 2021
US\$ / ₹ increase by 5%	(1,086.78)	(302.28)	(172.84)	(1.07)
US\$ / ₹ decrease by 5%	1086.78	302.28	172.84	1.07
EUR / ₹ increase by 5%	26.37	71.17	(404.43)	(464.76)
EUR / ₹ decrease by 5%	(26.37)	(71.17)	404.43	464.76
MXP / ₹ increase by 5%	-	-	370.47	(208.25)
MXP / ₹ decrease by 5%	-	-	(370.47)	208.25
BRL / ₹ increase by 5%	-	-	(33.80)	(104.09)
BRL / ₹ decrease by 5%	-	-	33.80	104.09
RMB / ₹ increase by 5%	-	-	(77.71)	(150.30)
RMB / ₹ decrease by 5%	-	-	77.71	150.30

Notes to the Consolidated Financial Statements for the year ended March 31, 2022 (contd.)

(iv) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to 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 because of 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:

₹ (in Lakh)		
Particulars	March 31, 2022	March 31, 2021
Financial Liabilities		
Borrowings		
Fixed rate instruments		
Foreign Currency Convertible Bonds	11,988.69	11,194.98
Variable rate instruments		
Term Loans (including current maturities)	32,235.36	20,904.87
Cash Credit	17,322.15	19,892.30
Other short term loans	712.40	1,798.19
	62,258.60	53,790.34
Financial Assets		
Fixed rate instruments		
Fixed Deposits	5,574.78	7,788.14
Security Deposits	1,644.72	1,408.73
	7,219.50	9,196.87

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 2022 and March 31 2021. 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.

₹ (in Lakh)				
Particulars	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, 2022	(499.56)	499.56	(329.76)	329.76
March 31, 2021	(423.48)	423.48	(275.50)	275.50

Notes to the Consolidated Financial Statements for the year ended March 31, 2022 (contd.)

47 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	₹ (in Lakh)	
	As at March 31, 2022	As at March 31, 2021
Non-current Borrowings [#]	38,764.72	27,324.97
Current Borrowings	23,493.88	26,465.37
Gross Debt	62,258.60	53,790.34
Less - Cash and Cash Equivalents	10,781.16	7,551.96
Less - Bank balances other than above	3,432.40	6,282.34
Net Debt	48,045.04	39,956.04
Total Equity	74,793.40	64,340.08
Net Debt to Equity ratio	0.64	0.62

[#] 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.

48 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	₹ (in Lakh)		
	Amount before hyperinflation effect	Effect of Inflation	For the year ended March 31, 2022
INCOME			
Revenue from Operations	1,41,167.15	41.76	1,41,208.91
Other Income	3,301.21	2.21	3,303.42
Total Income	1,44,468.36	43.97	1,44,512.33
EXPENSES			
Cost of Materials Consumed	72,759.23	0.86	72,760.09
Purchases of Stock-in-Trade	4,496.61	33.70	4,530.31
Changes in Inventories of Finished Goods, Stock-in-Trade and Work-in-Progress	(1,340.97)	(0.00)	(1,340.97)
Employee Benefits Expense	14,499.87	4.94	14,504.81
Finance Costs	3,576.61	-	3,576.61

Notes to the Consolidated Financial Statements for the year ended March 31, 2022 (contd.)

(₹ in Lakh)

Particulars	Amount before hyperinflation effect	Effect of Inflation	For the year ended March 31, 2022
Depreciation and Amortisation Expense	5,596.67	(0.20)	5,596.47
Other Expenses	35,492.19	(18.36)	35,473.83
Total Expenses	1,35,080.21	20.94	1,35,101.15
Profit Before Tax	9,388.15	23.03	9,411.18

49 BUSINESS COMBINATIONS

Acquisition of AlgalR Nutraceuticals Private Limited

On November 11, 2021, the Holding Company acquired 69.33% stake in AlgalR Nutraceuticals Private Limited (AlgalR). The Company is engaged in research, development, manufacturing and marketing of DHA Oils, DHA Powder and other food supplement products. The acquisition has enabled the Group to expand its footprint into Health & Wellness segment and get access to new customers.

The results of AlgalR have been consolidated by the Group from the consummation date i.e. November 11, 2021 on line by line basis. The consideration for this acquisition amounted to ₹ 364 lakh. The purchase price has been primarily allocated based on the fair values of the identifiable net assets acquired of ₹ 680.74 lakh resulting in goodwill of ₹ 835.98 lakh.

The consideration transferred and goodwill on acquisition is as follows:

(₹ in Lakh)

Consideration transferred	364.00
Non-controlling interests acquired (measured at proportionate share of net assets acquired)	(208.76)
Less: Fair value of net assets acquired	680.74
Goodwill on acquisition	835.98

The fair value of assets acquired and liabilities assumed in respect of the above business combination is as under:

(₹ in Lakh)

Property, Plant & Equipment	242.55
Non-current and Current Assets	117.34
Non-current and Current Liabilities	(1,040.63)
Fair value of net assets acquired	(680.74)

Notes to the Consolidated Financial Statements for the year ended March 31, 2022 (contd.)

50 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, 2022	As at March 31, 2021
I	Subsidiaries			
(a)	Direct subsidiaries			
1	CFS Do Brasil Industria Comercio Importacao E Exportacao De Aditivos Alimenticios LTDA (CFS Do Brasil)	Brazil	100%	100%
2	Solentus North America Inc.	Canada	100%	100%
3	CFS North America LLC	USA	100%	100%
4	CFS International Trading (Shanghai) Limited (upto September 14, 2020) (Refer Note 50.1)	China	N.A.	N.A.
5	Chemolutions Chemicals Limited	India	94.08%	94.08%
6	CFS Wanglong Flavors (Ningbo) Co. Ltd. (Refer Note 50.2)	China	51%	51%
7	CFS Pahang Asia Pte Ltd.	Singapore	51%	51%
8	Dresen Quimica, S.A.P.I. de C.V. (Refer Note 50.3)	Mexico	98.50%	65%
9	CFS Europe S.p.A.	Italy	100%	100%
10	AlgalR Nutraceuticals Private Limited (Refer Note 50.4)	India	80%	N.A.
11	CFS De Mexico Blends S.A.P.I. DE C.V. (Refer Note 50.5)	Mexico	100%	N.A.
(b)	Indirect subsidiaries			
1	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.
2	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.
3	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.
4	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.
5	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.

Notes to the Consolidated Financial Statements for the year ended March 31, 2022 (contd.)

Sr. No.	Name of the Entity	Country of Incorporation	% of ownership interest either directly or indirectly through Subsidiaries	
			As at March 31, 2022	As at March 31, 2021
6	CFS Argentina S.A. (Refer Note 50.6)	Argentina	100%	100%
7	CFS Chile De SpA	Chile	100% held by CFS Do Brasil	100% held by CFS Do Brasil
II	Associate			
	Fine Lifestyle Brands Limited (Refer Note 50.7)	India	N.A.	49.04%

50.1 CFS International Trading (Shanghai) Ltd., wholly owned subsidiary of the Holding Company was dissolved with effect from September 14, 2020.

50.2 The Holding Company holds 7.65% stake and CFS Europe S.p.A, holds 43.35% stake in CFS Wanglong Flavors (Ningbo) Co. Ltd.

50.3 The Holding Company holds 65% stake and CFS De Mexico Blends S.A.P.I. DE C.V. holds 33.50% stake in Dresen Quimica, S.A.P.I. de C.V.

50.4 During the year, the Company has acquired equity stake and also invested in AlgalR Nutraceuticals Private Limited ('AlgalR'). Pursuant to the above, the Company holds 80% stake in the equity share capital of AlgalR with effect from November 11, 2021.

50.5 During the year, the Company has participated in 49,999 shares of CFS De Mexico Blends S.A.P.I. DE C.V. its wholly owned subsidiary. The amount towards the aforesaid subscription has not been remitted as on March 31, 2022.

50.6 CFS Do Brasil holds 99.85% stake and CFS Europe SPA holds 0.15% Stake in CFS Argentina S.A.

50.7 During the year, Fine Lifestyle Brand Limited ('associate') made an application to the Registrar of Companies, under Section 248 of the Companies Act, 2013, for removal of its name from the register of companies ('register') . Pursuant to such application, the name of associate has been struck off from the register with effect from February 01, 2022 and the said Company is dissolved.

51 ADDITIONAL REGULATORY INFORMATION

- The Group does not have any Benami property, where any proceeding has been initiated or pending against the Group for holding any Benami property.
- None of the Indian Companies in the Group have been declared as wilful defaulter by any lender who has the powers to declare a company as wilful defaulter at any time during the financial year or after the end of the reporting period but before the date when financial statements are approved.
- Each Indian Company in the Group has complied with the number of layers prescribed under clause 87 of section 2 of Companies Act, 2013 read with Companies (Restriction on number of Layers) Rules, 2017.
- The Group does not have any approved scheme of Arrangement during the year.
- No Group Company has advance or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall;

Notes to the Consolidated Financial Statements for the year ended March 31, 2022 (contd.)

- (i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate Beneficiaries) or
 - (ii) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.
- 6 No Group Company has received any funds from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding that the Company shall;
- (i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
 - (ii) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.
- 7 None of the Indian Companies in the Group have any transaction not recorded in the books of account that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961.
- 8 The Group has not traded or invested in Crypto Currency or Virtual Currency during the financial year.

Notes to the Consolidated Financial Statements for the year ended March 31, 2022 (contd.)

52 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 (₹ in Lakh)	As % of Consolidated Profit/(Loss)	Amount (₹ in Lakh)	As % of Consolidated Other Comprehensive Income	Amount (₹ in Lakh)	As % of Consolidated Total Comprehensive Income	Amount (₹ in lakhs)
	Holding Company								
	Camlin Fine Sciences Limited	79.20	59,234.17	42.63	2,586.98	1.72	(15.16)	49.58	2,571.82
	Subsidiaries								
	Indian								
1	Chemolutions Chemicals Limited	0.53	396.45	0.12	7.18	-	-	0.14	7.18
2	AlgalR Nutraceuticals Private Limited	(0.70)	(525.65)	(2.06)	(124.91)	-	-	(2.41)	(124.91)
	Foreign								
1	CFS Europe S.P.A	35.65	26,666.41	45.70	2,772.73	69.11	(608.40)	41.72	2,164.33
2	CFS Do Brasil Industria Comercio Importacao E Exportacao De Aditivos Alimenticios LTDA	(2.96)	(2,215.84)	6.48	393.15	49.28	(433.86)	(0.78)	(40.71)
3	Solentus North America Inc	(0.46)	(345.34)	(0.28)	(17.25)	1.52	(13.36)	(0.59)	(30.61)
4	CFS North America LLC	(8.43)	(6,305.85)	(19.60)	(1,189.29)	20.62	(181.53)	(26.43)	(1,370.82)
5	Dresen Quimica S.A.P.I de C.V. (Refer Note)	24.52	18,337.74	68.83	4,176.32	(54.23)	477.37	89.71	4,653.69
6	CFS De Mexico Blends S.A.P.I DE C.V.	(0.41)	(307.79)	1.60	96.98	45.98	(404.77)	(5.93)	(307.79)
7	CFS Wanglong Flavors (Ningbo) Co. Ltd.	5.23	3,913.68	(26.95)	(1,635.28)	(55.20)	485.95	(22.16)	(1,149.33)
8	CFS Argentina SA	(0.20)	(153.13)	(1.02)	(62.05)	0.48	(4.24)	(1.28)	(66.29)
9	CFS Chile SpA	0.32	242.94	0.84	51.25	1.09	(9.63)	0.80	41.62
10	CFS Pahang Asia Pte Ltd.	0.03	24.21	(0.05)	(3.17)	(0.10)	0.90	(0.04)	(2.27)
	Total	132.32	98,962.00	116.24	7,052.64	80.27	(706.73)	122.33	6,345.91
	Consolidation eliminations/adjustments	(30.03)	(22,456.69)	(16.53)	(1,002.12)	7.94	(69.83)	(20.66)	(1,071.95)
	Non-Controlling Interests								
	Indian Subsidiaries								
1	Chemolutions Chemicals Limited	0.03	22.79	(0.01)	(0.42)	-	-	(0.01)	(0.42)
2	AlgalR Nutraceuticals Private Limited	(0.31)	(233.74)	(0.41)	(24.98)	-	-	(0.48)	(24.98)
	Foreign Subsidiaries								
1	Dresen Quimica S.A.P.I de C.V.	-	-	12.92	783.98	6.00	(52.85)	14.09	731.13
2	CFS Wanglong Flavors (Ningbo) Co. Ltd.	2.55	1,910.88	(12.98)	(787.61)	(17.75)	156.26	(12.17)	(631.35)
3	CFS Pahang Asia Pte Ltd.	0.02	11.98	(0.03)	(1.56)	(0.04)	0.36	(0.02)	(1.20)
	Total Non-Controlling Interest	2.29	1,711.91	(0.51)	(30.59)	(11.79)	103.77	1.41	73.18
	Associate								
	Indian								
	Fine Lifestyle Brands Limited	-	-	(0.22)	(13.33)	-	-	(0.26)	(13.33)
	Total Consolidated	100.00	74,793.40	100.00	6,067.78	100.00	(880.33)	100.00	5,187.45

Note The numbers for Dresen Quimica S.A.P.I. de C.V. shown above are consolidated numbers of Dresen Quimica and its five subsidiaries.

53 Previous year's figures have been regrouped / reclassified wherever necessary in accordance with amendments to Schedule III to the Companies Act, 2013.

