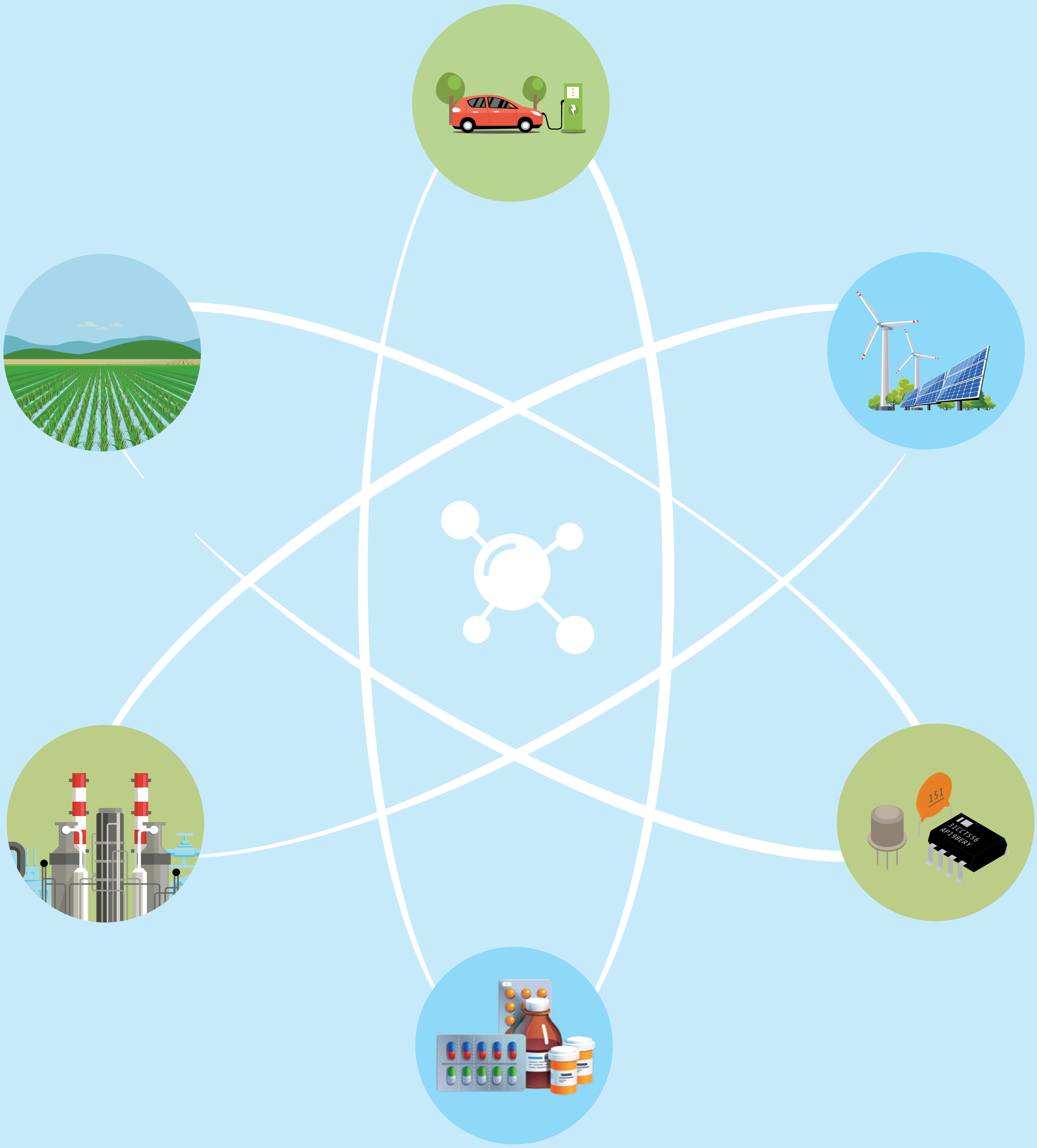
25th Annual Report
2020-21



Nurtured with Knowledge

Trusted to Deliver

CONTENT

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Tatva Chintan Pharma Chem Limited operates in the space of niche specialty chemicals. For over 25 years, we have maintained a single-minded focus on nurturing our knowledge and building competencies.

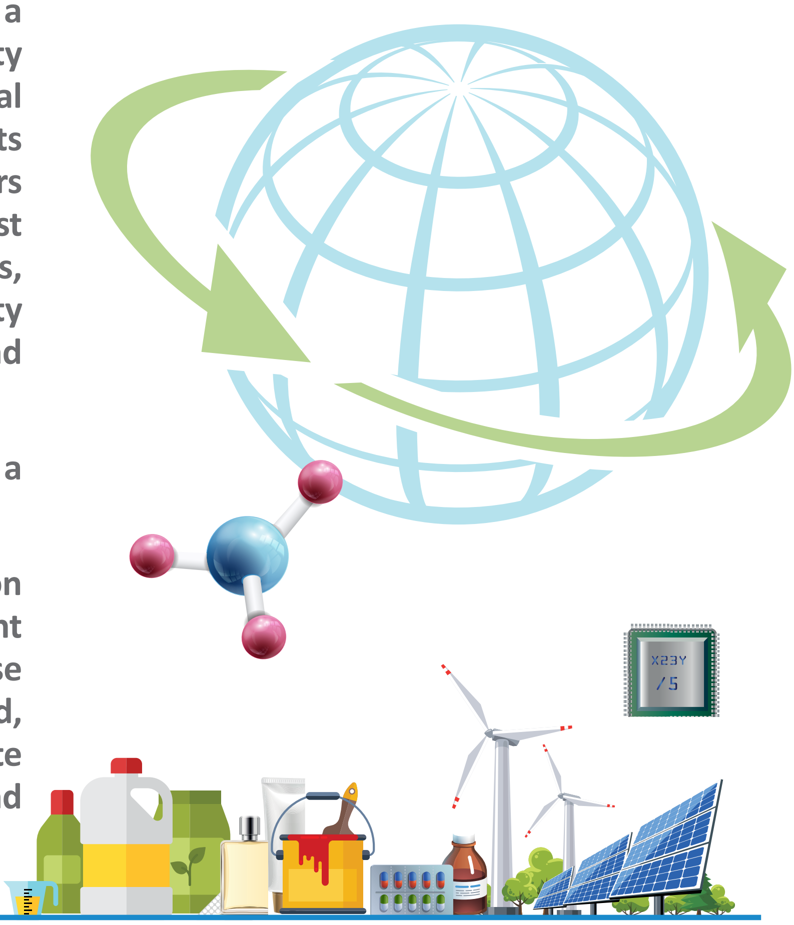
We have established sophisticated and world class manufacturing and R&D facilities with a solid team of professionals and domain experts. At the same time we consistently innovate and push our boundaries to serve the diverse needs of customers spanning across the multiple industries around the globe. Our focus on product quality and performance standards is unwavering. Being a responsible Corporate Citizen, we ensure environment sustainability as well.

The Result

Today Tatva Chintan is a globally recognized specialty chemical player with several market leading products in its portfolio. Customers across 25+ countries trust our innovation capabilities, quality and supply reliability to fulfill their current and future needs.

However, this is just a beginning.

With persistent emphasis on competencies enhancement to capitalize on immense opportunities that lies ahead, our endeavor is to consolidate our market leadership and maximize value creation.



About Tatva Chintan

Tatva Chintan is a leading manufacturer of specialty chemicals. Our diverse range of products across Structure Directing Agents (SDAs), Phase Transfer Catalysts (PTCs), Electrolyte Salts, Pharmaceutical & Agrochemical intermediates and other specialty chemicals (PASC) are enabling customers achieve unmatched efficiencies.

We collaborate and work closely with our customers to meet their evolving needs and enable them achieve superior results. They also partner us in contributing to create a better and sustainable world by reducing wastes and consuming natural resources in an optimum manner.

Profile

Tatva Chintan is BSE Limited (BSE) and National Stock Exchange of India Limited (NSE) listed company established in 1996 by our promoters Mr. Chintan Shah, Mr. Ajay Patel and Mr. Shekhar Somani. We have headquarter in Vadodara, Gujarat with two manufacturing facilities located in Dahej and Ankleshwar region of Gujarat, India.

Vision and Values

Our strength lies in what we value: Customers, Innovation, Communities, Personnel, Suppliers and Governments. Our mission is to put customers at the heart of everything we do, and this is achieved through customer focus, personal and organizational leadership and process excellence.

Our Reputation

ISO 9001:2015

ISO 14001:2015

BS OHSAS 18001:2007

ISO 45001:2018*

EcoVadis

*Only Ankleshwar plant

Numbers that define us

436
Employees

1,300+
Customers

154
Products

A- Stable & A2+
CRISIL Credit rating

₹ 4,784 Crore
Market Capitalization as at 14 August 2021

Our Competitive Edge

Manufacturing excellence

- World-class manufacturing facilities with globally best quality, health, safety and environment standards
- Strategically located near Hazira port
- Multiple chemistry process capabilities and large capacity

Deep innovation capabilities

- Modern R&D facility recognized by Department of Scientific and Industrial Research
- Continuously meeting Customer's evolving needs
- Expert team of 20 employees

Long-standing relations with marquee clientele

- Products supplied to leading global companies across diverse industries like automotive, petroleum, pharmaceutical, agro chemicals, paints and coatings, dyes and pigments, personal care, flavor and fragrances
- 1300+ customers; 53.14% older than 5+ years

Extensive product basket

- Wide range of products meeting the diverse needs of customers across various industries
- Several market leading products

Sustainable operations

- Use of green chemistry processes like electrolysis
- Investments in sustainable technologies
- Ecovadis audited environment performance and partnered with Together for Sustainability (TfS)

Global delivery capabilities

- Customers in more than 25 countries
- Well-placed to target customers who are looking for an alternative / supplementary supply chain destination
- Warehouses is USA and Europe

Strong financials and business model

- Sustained business growth delivered
- Networth position stands at ₹ 1,659.64 million, net debt:equity at 0.54 as on March 31, 2021
- Buoyed by niche value accretive product innovation leading to better margins and continuous capacity additions led to growth in topline

Excellence Recognized and Rewarded

2015

Appreciation certificate from the Office of the Chief Commission of Central Excise, Customs & Service Tax, Vadodara Zone for our Company's contribution to the revenue and voluntary compliance with tax laws

2016

Accorded the status of a two-star export house from the Directorate General of Foreign Trade, Ministry of Commerce and Industry, Government of India

Trusted to deliver...

Deep Knowledge and Innovation Prowess

We have indepth knowledge of specialty chemicals and R&D accumulated over many years of our existence which has enabled us to create a diversified portfolio that caters to customers across segments, sectors, and geographies. With industry set to unleash attractive opportunities, we are augmenting our capabilities to launch new products and tap new segments to stay relevant to our customers.

R&D Excellence at Core

Our dedicated R&D facility in Vadodara recognized by the Department of Scientific and Industrial Research is at the core of our innovation excellence. It has modern systems and analytical development laboratory having state-of-the-art instrumentation. The R&D is led by an expert team of 20 employees, of which 7 are doctorates as on 31 March 2021.

Extensive Suite of Offerings

Our R&D capabilities have enabled us to create a wide product basket across four broad categories as under:

Structured Directing Agents (SDAs)

These are quaternary salts used to facilitate zeolites synthesis.

No. of products: 47

Market position:
2nd largest manufacturer of SDAs for Zeolites globally and the largest and the only commercial supplier in India

Revenue contribution:
40.51%

Phase Transfer Catalysts (PTCs)

Used to facilitate migration of a reactant from one phase to another where the reaction occurs in a heterogeneous multi-phase system.

It ensures faster reactions at lower energy, higher yields, fewer by-products and wastes and eliminates the need for expensive or dangerous solvents and raw materials.

No. of products: 48

Market position: one of the leading producers of an entire range of PTCs in India and one of the key producers across the globe

Revenue contribution:
27.49%

Electrolyte Salts

Used in the manufacture of super capacitor batteries that find application as energy storage device in automobile, consumer electronics and renewal energy.

No. of products: 6

Market position: largest producer of electrolyte salts for super capacitor batteries in India.

Revenue contribution:
1.02%

Pharmaceutical and Agrochemical Intermediates and Other Specialty Chemicals (PASC)

Used in the manufacture of various pharmaceutical APIs, agrochemical products, dyes & pigments, personal care products, flavor & fragrance as intermediates, disinfectants, catalysts and solvents.

No. of products: 53

Market position: in PASC-Glyme the only commercial manufacturer in India

Revenue contribution:
30.98%

Niche Advantage

Our R&D competence has allowed us to build presence in the niche business involving complex chemistries, high technical knowledge and development capabilities. Operating in this space requires high degree of capabilities to adhere to stringent regulations, qualify the rigorous product approval system and achieve customer loyalty. Having achieved this over many years of perseverance, gives us the competitive advantage for future growth.

154
Total product basket

₹130.47 million
R&D expenditure in last three years

82 products
have been developed by us since 31 March 2011 and these products have contributed 23.19% and 20.75% of our total revenue, in Fiscals 2021 and 2020 respectively

Our strategy to enhance innovation prowess

- Expand R&D facility and team
- Identify and adopt new-age technologies for process and product development to enhance productivity, quality and cost effectiveness
- Make our portfolio more environment-friendly

Trusted to deliver...

Operational and Sustainability Excellence

At Tatva Chintan, we have successfully established an integrated model comprising manufacturing infrastructure, complex chemical processes and R&D capabilities. These are enabling us to achieve high operational efficiency & quality, innovate, customize and widen offerings and ensure sustainable operations. We are continually investing in these areas to achieve new benchmarks of excellence.

Modern Manufacturing Infrastructure

We have two world-class facilities in Dahej and Ankleshwar that comply to ISO 9001 (quality) and ISO 14001 (environmental) standards. Employing modern equipment including reactors, assembly lines, ANFDs, centrifuges and RCVDs, enable us to undertake multiple chemistry processes.

Our Plants

Dahej and Ankleshwar

Unparalleled Quality Focus

Quality is paramount at Tatva Chintan. We have a dedicated team of 81 employees for monitoring and maintenance of quality, 27 of whom are specifically engaged in quality assurance. We have sophisticated quality control lab equipped with modern analytical equipment, enabling us to detect impurities up to PPM levels and thus achieve 'ultra-pure' grade certification.

Robust Sustainability Practices

Our plants have adopted various 'green' chemistry processes such as electrolysis, thereby ensuring minimum waste or by-products. We are continually making investment in improving processes and infrastructure to reduce environmental impact. Some of the other key sustainability measures taken at our plants include detection of impurities up to PPM levels and thus achieve 'ultra-pure' grade certification.

Ankleshwar

- Zero effluent liquid discharge: Use of effluent treatment plant, multi-effect evaporators and reverse osmosis effluent treatment plant enabling us to completely recover and reuse all wastewater generated
- Use of PNG as boiler fuel

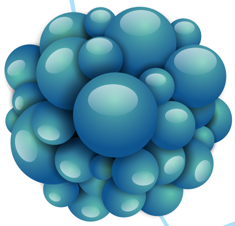
Dahej

- Use of low Sulphur LDO as boiler fuel

Additionally, we ensure sustainable supply chain by managing the entire value chain. Keeping our commitment of Sustainability, we have undertaken a third-party environment performance audit by Ecovadis, which has found us above the industry average score. We have also partnered Together for Sustainability (TfS), a joint initiative of chemical companies for sustainable supply chains.

Our strategy to enhance operational excellence

- Enhance capacities
- Deploy advance technologies to make it more environment-friendly and sustainable

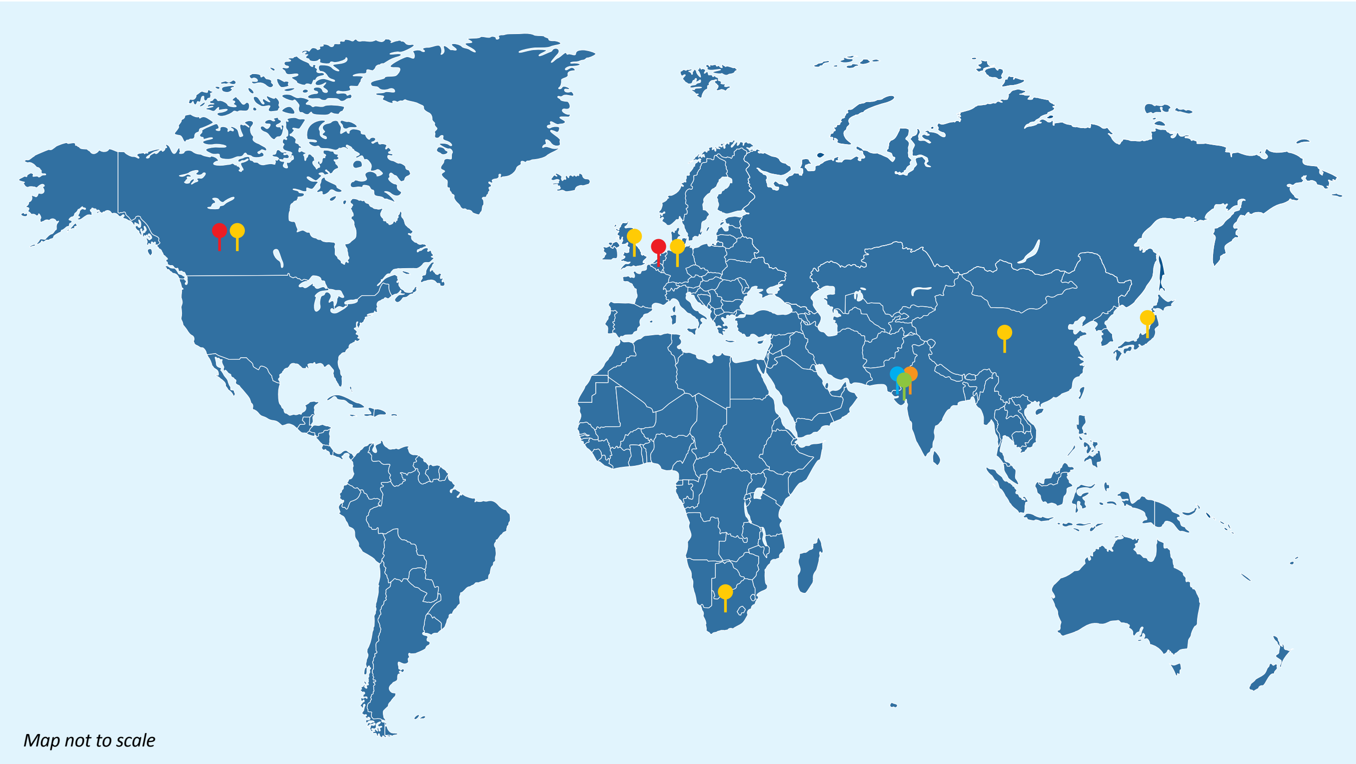


Trusted to deliver...

Growing Global Presence

At Tatva Chintan, we have rapidly expanded our global presence. With India emerging as a preferred chemical manufacturing destination led by its cost efficiency, strong technical capabilities and pandemic-led disruptions which nudged several companies to have alternate supply chain destination, we are aggressively targeting new markets.

Our Global Presence



Headquarter
Vadodara

Manufacturing facilities
Dahej - SEZ
Ankleshwar

R&D facility (DSIR Approved)
Vadodara

Subsidiaries
Tatva Chintan Inc, USA

Tatva Chintan BV,
Netherlands

Major end markets
USA, China, Germany, Japan,
South Africa & UK

Our global expansion strategy

- Enhance capacities
- Enhance manufacturing processes to make it more environment-friendly and sustainable
- Innovation through R&D

25+
Countries of export

70.58%
Revenue from exports in FY 2020-21

Trusted to deliver...

Deep Relations with World's Leading Companies

At Tatva Chintan, our ability to continuously innovate, emphasize on quality and ensure timely delivery makes us a preferred partner for leading global companies. Taking inspiration from this, we are actively pursuing opportunities to increase wallet share of existing relations and build new ones by foraying into novel sectors and geographies.

Wide and long-standing relationships

We have a wide customer base across diverse sectors led by diverse applications of our products. We continue to leverage our multiple product-oriented solutions to build on existing relationships further supported by our ability to innovate, meet stringent quality and technical specifications and cost effectiveness. This has helped us to continuously expand customer base, ensure long-standing relations and minimize sectoral concentration risk. As on March 31, 2021, 53.14% of our customers have been happily associated with us for more than 5 years.

Collaborative product development

Our customers trust us to be an important part of their value chain by providing them with right products which form basic raw materials in their manufacturing process. We ensure this by continuously engaging with them and aligning our new product development in line with their evolving needs and the R&D initiatives. Our ability to ensure quick turnaround makes us a critical partner to them.

Our customer acquisition/retention strategy

- Add new products, cross-sell and upsell
- Collaborative product development

Our world-class clientele

asianpaints
Atul
BAYER
Divis
Firmenich
ipox
jade
MERCK
MOL
LAURUS Labs
NAVIN FLUORINE INTERNATIONAL LIMITED
Oriental Aromatics
Otsuka
SRF
TOSOH

Message from the Managing Director

Dear Stakeholders,

It is my pleasure to connect with you for the first time through the annual report post our successful listing. In our silver jubilee year, we are thankful for an overwhelming response that our IPO received with 182 times oversubscription which is a validation of our business model and the future growth prospects. This indeed is a big moment for all of us which heralds a new beginning in our 25+ years of history and the support we have received from our shareholders will inspire us to continue to work harder.

I will take this opportunity to provide an overview of our Company. Mr. Ajay Patel, Mr. Shekhar Somani and I, after graduating in engineering from MSU, Baroda started our entrepreneurial journey in 1996. We identified an opportunity in manufacturing Phase Transfer Catalyst (PTC), which is a niche segment within the specialty chemicals space. With PTC as the base, we then marked our presence in the entire value chain including PTC, Structure Direction Agents (SDA), Electrolyte Salts and Pharma/Agro chemical intermediates. The growing importance of these products for improving yields in chemical processes in a sustainable way as well as the shift to India as a manufacturing destination post China's crackdown on chemical industry has put us in a favorable spot to address market opportunities. We will be focused on capitalizing this opportunity, alongside supporting the Government's call for Atmanirbhar Bharat (self-reliant India).

A lot of the credit for the pre-eminence of Tatva Chintan rests solely on selfless and relentless contributions from our 400+ employees who have been the pillars of our strength. I remain grateful to their efforts and am sure they will continue with the same commitment and dedication in the years to come.

Charting our way through the challenging times

During the year under review, despite the pandemic, we continued to incorporate innovative ideas across operations, increased our product portfolio across business verticals and implemented our vision to go public. Our financial performance over the years is a testimony to the strong business fundamentals and product innovation that drive us to explore newer avenues and verticals of growth.

We have been witnessing a strong demand for our products which is evident in the 153 new customers that we added during the year. We continue to build on this demand through sustained product launches which were at 21 for FY 2020-21. This has enabled us to deliver a resilient performance even amidst all challenges.

I would like to briefly touch upon the financial performance in the year gone by. The Company registered a revenue from operation growth of 14%, an EBITDA growth of 27% and PAT grew by 38% in FY 2020-21 vs FY 2019-20. Higher demand for our products pushed the topline whereas continued focus on operational efficiency and cost control along with higher-value product mix led to impressive margin expansion.

Navigating through the challenges of COVID-19

While we were elated on embarking on this new journey, our timing intersected with one of the most dreadful pandemics that saw the world economy face severe headwinds. Yet it proved to be a platform to demonstrate our capabilities. We beat all odds to deliver our best performance and alongside, ensuring the welfare of all stakeholders.

Our topmost priority was the safety of our people. We strictly followed all the Government guidelines on COVID-19. Measures like social distancing, temperature checking, regular sanitations and improved hygiene practices were implemented. Wherever possible, people were asked to work in shifts to reduce crowding.

We left no stone unturned in fulfilling all our commitments to our customers. Continuous communication was maintained with all key customers to reinforce confidence, and plan with key suppliers to ensure smooth availability of raw materials. This helped our plants run at regular capacity to ensure adequate inventory, for timely supplies.

We also stepped forward to help community members tide through the crisis. We facilitated medical services, carried out disinfection drives and provided food packages across various villages surrounding our offices and plants. Contributions were made to help create primary healthcare centers in a couple of villages. Arrangements were made for Oxygen Concentrators which was the urgent need during second wave.

Enablers of sustainable development

We are operating in times when environmental factors are amongst the top global risks. Governments and chemical companies across the globe are looking at ways to reduce environmental degradation and make sustainable use of resources. At Tatva Chintan, we are committed towards the agenda of developing products in a sustainable way. We continuously strive to improve our processes and infrastructure to help reduce our impact on the environment.

In this regard, we undertake various 'green' chemistry processes. Our 'green' chemistry is based on the principles of clean chemistry, minimum requirement of auxiliary substances, minimum waste and by-products, and safe chemistry. During FY 2019-20, we converted our Ankleshwar facility to a Zero Liquid Discharge plant. Tatva Chintan products have proven efficiency and ensure lower by-products and waste generation in chemical processes.

We continue to keep the safety of our people as our priority. The regular safety audits and people training on adhering to the EHS guidelines ensure that our plants are amongst the best in terms of safety standards.

We are a signatory to Together for Sustainability (TfS) and have also got our environment performance audited through Ecovadis. These audits and associations enable us to identify ways to improve our sustainability performance.

Creating excellent quality niche products with cutting-edge chemistry

We have a dedicated R&D facility that is recognized by the Department of Scientific and Industrial Research ("DSIR"), Government of India, at Vadodara, Gujarat, with state-of-the-art research and development infrastructure housing 20 employees with 7 Doctorates. Our R&D efforts are mainly focused on development of new products, improvement of our existing production processes, adoption of advance production technology, and improvement of the quality of our existing products. We believe that these capabilities enable us to explore, among others, green and continuous flow chemistry processes which may give us a competitive edge in the future. We will scale up investments towards building more R&D capacities and capabilities.

Our 'green' chemistry is based on the principles of clean chemistry, minimum requirement of auxiliary substances, minimum waste and by-products, and safe chemistry. During FY 2019-20, we converted our Ankleshwar facility to a Zero Liquid Discharge plant. Tatva Chintan products have proven efficiency and ensure lower by-products and waste generation in chemical processes.

Further, considering the rising adoption of our products and the encouraging demand outlook, we have plans on anvil to expand our manufacturing capacity, with the IPO proceeds you will see capacity increased in our Dahej facility across the product categories coupled with the investment in the R&D Center.

The next phase of growth

At Tatva Chintan, we have established deep competencies in our business and across all product categories. With the growing preference for our products for its consistent quality, performance and sustainability aspects along with our supply reliability, we have emerged as a preferred partner to our customers. We intend to play a great role in their value chain by providing them more products from our vast portfolio and focusing on developing new products based on their future potential needs. The new products thus developed will also enable us to target new customers, by developing high purity grades. It goes without saying the critical role that R&D will play in this overall scheme of things. We believe our focus in green and continuous flow chemistry process and our quite unique capabilities in Electrochemistry will give us distinct competitive edge in the future.

Thank You!

On behalf of the entire Board, I thank all the stakeholders who have been part of our journey. I once again welcome the newest member i.e. the shareholders in our family and thank them for placing their trust in us. I would also like to thank our customers, suppliers, bankers for their continuous support during the unprecedented pandemic and otherwise. Finally, our journey is incomplete without our people, and I express my deep gratitude to them for having worked towards accomplishing our vision.

Together with all your support, I am confident that Tatva Chintan can reach greater heights and create more value in the years to come.

Warm regards,

Chintan Nitinkumar Shah

Delivering Sustainable Performance Across the Years

We have demonstrated consistent performance across our existence supported by our robust business model. With our IPO, we will now have the capacity and are focused on consolidating our capabilities to build on our success and maximize value creation.

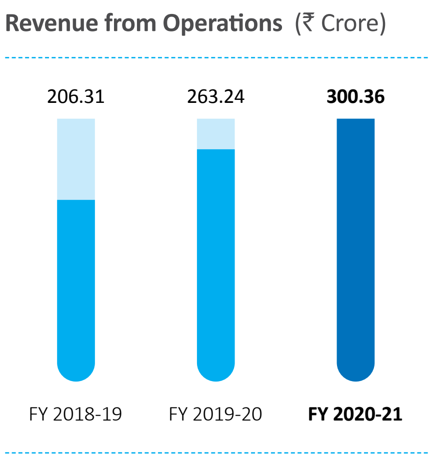
14% Revenue from Operations

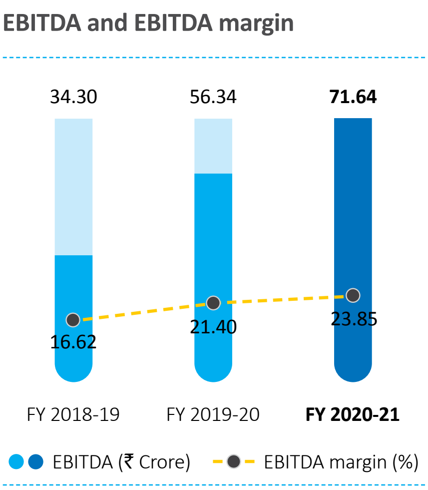
27% EBITDA

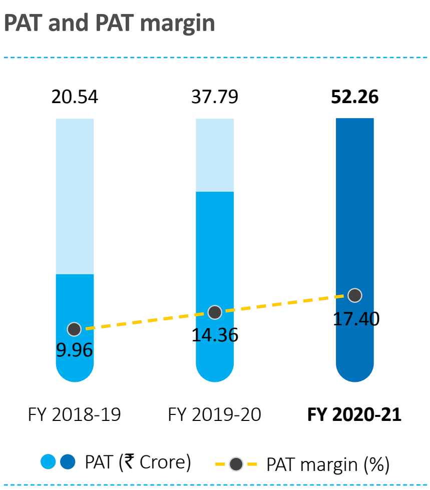
38% PAT

41% Net Worth

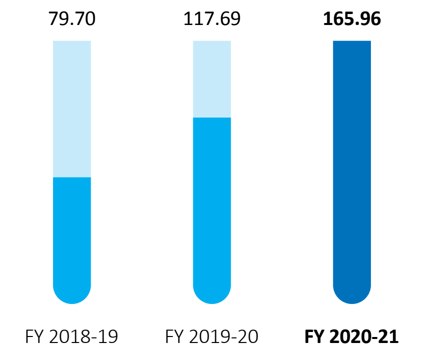
yoy growth



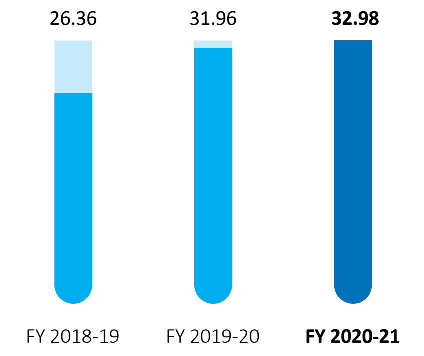




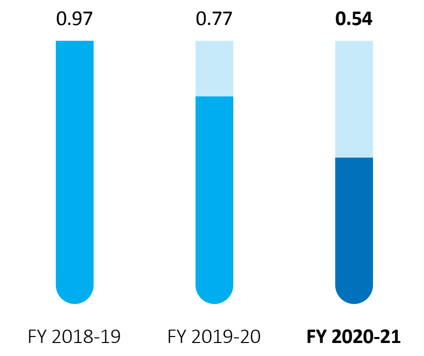
Net Worth (₹ Crore)



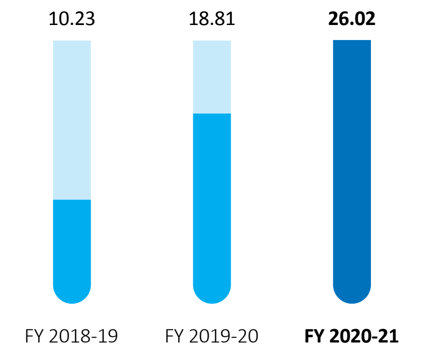
ROCE (%)

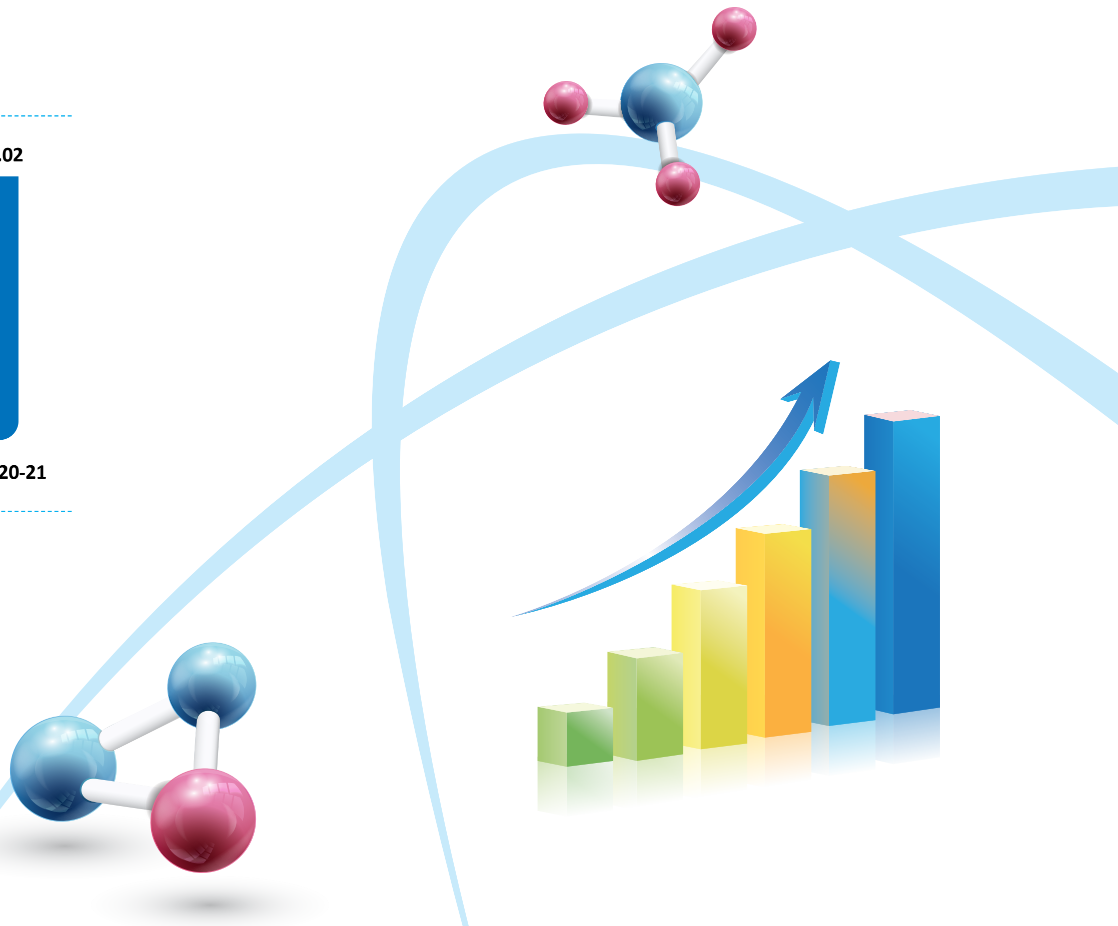


Debt to Equity ratio (x)



Earnings Per Share (₹)





Board of Directors

We are committed to corporate governance and conducting business with integrity and ethics. This is led by our experienced and qualified promoters and management team who have deep knowledge and experience in the specialty chemicals industry with strong business acumen.

Chintan Nitinkumar Shah

Managing Director

A Graduate in Engineering with a specialization in Computer Science, from Maharaja Sayajirao University of Baroda, Mr Chintan Nitinkumar Shah carries an experience of over 25 years and is responsible for the Business Development, Finance and information Services in our Company.

Ajaykumar Mansukhlal Patel

Whole Time Director

A passionate Chemical Engineer from Maharaja Sayajirao University of Baroda, with an experience of over 26 years, he takes care of Project Engineering & Development and implementation of new Technology in our Company.

Shekhar Rasiklal Somani

Whole Time Director

A Bachelor in Pharmacy from Maharaja Sayajirao University of Baroda, Mr Shekhar Rasiklal Somani looks after Business Development, Production Controlling, Quality and Supply Chain Management in our Company. He has over 25 years of experience.

Manher Chimanlal Desai
Independent Director

He is a Post Graduate in Organic Chemistry and holds Doctorate in Science from the University of Mumbai. He carries rich experience in the Specialty Chemicals Industry and was previously associated with Companies like Indian Dyestuff Industries Limited, Metrochem Industries Limited, Alaknanda Organics Limited and Heubach Colour Private Limited.

Subhash Ambubhai Patel
Independent Director

A Chartered Accountant by profession and a Commerce Graduate from Maharaja Sayajirao University of Baroda Mr Subhash Patel is a Fellow Member of the Institute of Chartered Accountants of India and has an experience of over 3 decades. He is currently a partner at M/s S. A. Patel & Co., Chartered Accountants

Avani Rajesh Umatt
Independent Director

She holds doctorate in chemistry from the Sardar Patel University. She has over 19 years of experience in research and academia. She is currently associated with TeamLease Skills University as Associate Professor, Dean Academics.

Corporate Information

Name	Tatva Chintan Pharma Chem Limited
Corporate Identity Number	U24232GJ1996PLC029894
Registered Office	Plot No. 502 / 17, GIDC Estate, Ankleshwar Bharuch, Gujarat - 393 002, India Telephone: +91 75748 48533/34 Fax: +91 265 263 8533
Corporate Office and R&D Center	Plot No. 353, Makarpura GIDC, Vadodara, Gujarat - 390 010, India
Company Secretary and Compliance Officer	Ms. Apurva Dubey E-mail: cs@tatvachintan.com
Chief Financial Officer	Mahesh Tanna
Website	www.tatvachintan.com
Managing Director	Chintan Nitinkumar Shah
Whole-Time Directors:	Ajaykumar Mansukhlal Patel Shekhar Rasiklal Somani
Independent Directors:	Manher Chimanlal Desai Subhash Ambubhai Patel Avani Rajesh Umatt
Statutory Auditor	NDJ & Co, Chartered Accountants FRN: 136345W T-720, Belgium Tower, Opp. Linear Bus Stand, Ring Road, Surat, Gujarat - 395 003, India
Bankers	ICICI Bank Limited CITI Bank NA
Registrar & Share Transfer Agent	Link Intime India Private Limited C-101, 1st Floor, 247 Park Lal Bahadur Shastri Marg, Vikhroli (West) Mumbai, Maharashtra - 400 083, India E-mail: vadodara@linkintime.co.in Website: www.linkintime.co.in
Investor Grievance	E-mail: cs@tatvachintan.com / rnt.helpdesk@linkintime.co.in

Notice

NOTICE is hereby given that the 25th Annual General Meeting ("AGM") of the Members of the Company is scheduled to be held on Wednesday, the 29 September 2021 at 4:00 p.m. (IST) through Video Conferencing ("VC") or Other Audio-Visual Means ("OAVM") to transact the following businesses:

ORDINARY BUSINESS

1. **To receive, consider and adopt**
   a. the Audited Standalone Financial Statements of the Company for the financial year ended on 31 March 2021, together with 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 on 31 March 2021, together with the report of Auditors' thereon.

2. **To confirm the interim dividend of ₹ 5 per equity share of ₹ 10 each of the company and consider the same as final dividend for the financial year ended on 31 March 2021.**

3. **To appoint a director in place of Mr. Chintan Nitinkumar Shah (DIN: 00183618) who retires by rotation and being eligible offers himself for reappointment.**

SPECIAL BUSINESS

4. **Ratification of remuneration payable to the Cost Auditors for the Financial Year 2021-22**

   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 Section 148 of the Companies Act, 2013 read with Rule 14 of the Companies (Audit and Auditors) Rules, 2014 as amended from time to time, the Company hereby ratifies the remuneration of ₹ 60,000 (Rupees Sixty Thousand Only) plus applicable taxes and out of pocket expenses at actuals, if any, payable to M/s. Y S Thakar & Co, Cost Accountants (FRN:000318) who have been appointed by the Board of Directors on the recommendation of the Audit Committee, as the Cost Auditors of the Company to conduct the Audit of the Cost Records maintained by the Company as prescribed under the Companies (Cost Record and Audit) Rules, 2014, as amended, for the Financial Year ended on 31 March 2022;

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

5. **To Borrow money in excess of the paid-up share capital and free reserves of the Company.**

   To consider and if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution:**

   "RESOLVED THAT pursuant to the provisions of Section 180(1) (c) of the Companies Act, 2013 and other applicable provisions, if any, of the Companies Act, 2013, as amended from time to time, the consent of the members of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as the "Board" which term shall include any committee thereof for the time being exercising the powers conferred on the Board by this resolution), to borrow from time to time, any sum or sums of monies, which together with the monies already borrowed by the Company (apart from temporary loans obtained or to be obtained from the Company's bankers in the ordinary course of business), may exceed the aggregate of the paid-up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose, provided that the total outstanding amount so borrowed shall not at any time exceed the limit of ₹ 300 Crore at any point of time;

   RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to negotiate limits with the Bankers for availing the funded and non-funded bank limits (including guarantees facilities), determine the terms and conditions including fixing the rate of interest, tenure etc. for each borrowing and for such purpose create and place fixed deposits as collateral, execute loan agreement, Demand Promissory Notes, Pledge/ Hypothecation agreement, and other documents and deeds, receipts, acknowledgements and discharge in connection with the borrowings of the Company within the funded and non-funded borrowing limits as prescribed above;

   RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all such acts deeds and things as may be necessary in this regard including but not limited to the delegation of powers to any director or committee of directors or any others person as it may deem fit subject to the provision of the Companies Act, 2013."

6. **Authority to create mortgages, charges and hypothecations on properties of the Company**

   To consider and if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution:**

   "RESOLVED THAT pursuant to the provisions of Section 180(1) (a) of the Companies Act, 2013 and other applicable provisions, if any, of the Companies Act, 2013, as amended from time to time, the consent of the members of the Company be and is hereby accorded to the Board of Directors for the creation of mortgages, charges and hypothecations, on all immovable and movable properties of the Company, both present and future, up to a limit of borrowings of ₹ 300 Crore (Rupees Three Hundred Crore only) in excess of the aggregate of the paid-up share capital and free reserves, that is to say, reserve not set apart for any specific purpose in favour of lending Financial Institution(s)/ Corporate Body(s)/ person(s)/ Corporation(s) / Government (s) / Lenders (s) / Bank (s) for moneys borrowed or to be borrowed;

   RESOLVED FURTHER THAT the Board of Directors of the company be and is hereby authorized to finalize the terms and conditions for creating the aforesaid mortgages and / or charges and to execute the documents and such other agreements and also to agree to any amendments thereto from time to time as it may think fit for the aforesaid purpose and to do all such acts, deeds, matters and things as may be necessary and expedient for giving effect to this resolution."

7. **Authorization to invests, give guarantee or providing securities or investment made**

To consider and if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution.**

"RESOLVED THAT pursuant to the provision of Section 186 of the Companies Act, 2013 read with the Companies (Meetings of Board and its Powers) Rules, 2014 and other applicable provisions, if any of the Companies Act, 2013 (including any modification or re-enactment thereof for the time being in force), the consent of the members of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as 'the Board' which term shall be deemed to include any Committee which the Board may have constituted or hereinafter constitute to exercise its powers including the powers conferred by this Resolution) to (i) give any loans to any person or other body corporate; (ii) to give any guarantee or provide any security in connection with a loan to any other body corporate or person; and (iii) to acquire by way of subscription, purchase or otherwise, the securities of any other body corporate, or government or in the form of bond, debenture, fixed deposit etc. as they may in their absolute discretion deem beneficial and in the interest of the Company, subject however that the aggregate of the loans and investments so far made in and the amount for which guarantees or securities have so far been provided to all persons or bodies corporate along with the additional investments, loans, guarantees or securities proposed to be made or given or provided by the Company, from time to time, in future, shall not exceed a sum of ₹ 500 Crore (Rupees Five Hundred Crore only) over and above the limit of 60% of the paid-up share capital, free reserves and securities premium account of the Company or 100% of free reserves and securities premium account of the Company, whichever is higher as prescribed under Section 186 of the Companies Act, 2013.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to complete the formalities and sign and execute all the applications, letter or documents on behalf of the Company for giving/making loan, guarantee or investment and also authorized to do all other acts, things and deeds to give effect to this resolution."

Date: 14 August 2021
Place: Vadodara

By Order of the Board of Directors

Sd/-
Apurva Dubey
Company Secretary and Compliance officer
Membership No. A41130

Registered Office
Plot No. 502/17 GIDC Estate,
Ankleshwar,
Bharuch-393002, Gujarat, India
CIN: U24232GJ1996PLC029894
Phone: +91 75748 48533/34
Fax: +91 265 263 8533
Website: www.tatvachintan.com
Email: cs@tatvachintan.com

NOTES:

1. In view of the ongoing COVID-19 pandemic, the Ministry of Corporate Affairs (MCA) vide its General Circular No. 14/2020, dated 8 April 2020, General Circular No.17/2020 dated 13 April 2020, General Circular No. 20/2020 dated 5 May 2020, General Circular No. 22/2020 dated 15 June 2020, General Circular No. 33/2020 dated 28 September 2020, General Circular No. 39/2020 dated 31 December 2020 and Circular no. 02/2021 dated 13 January 2021 (collectively "MCA Circulars") and Securities and Exchange Board of India ("SEBI") vide its circular no. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated 12 May 2020 and circular no. SEBI/HO/CFD/CMD2/ CIR/P/2021/11 dated 15 January 2021 (collectively "SEBI Circulars"), have permitted companies to conduct AGM through VC or other audio visual means, subject to compliance of various conditions mentioned therein. In compliance with the aforesaid MCA Circulars and SEBI Circulars and the applicable provisions of Companies Act, 2013 and rules made thereunder, and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the 25th AGM of the Company is being convened and conducted through Video Conference (VC). The proceedings of the AGM will be deemed to be conducted at the Registered Office of the Company which shall be the deemed venue of the AGM.

2. In view of the massive outbreak of the COVID-19 pandemic, social distancing is a pre-requisite and pursuant to General Circular No. 14/2020 dated 8 April 2020, General Circular No. 17/2020 dated 13 April 2020 issued by the Ministry of Corporate Affairs followed by General Circular No. 20/2020 dated 5 May 2020 and General Circular No. 02/2021 dated 13 January 2021, physical attendance of the Members is not required. Hence Members will have to attend and participate in the ensuing AGM through VC / OAVM mode only.

3. As per the Companies Act, 2013, a member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his/her behalf. Since the 25th AGM is being held through VC as per the MCA Circulars, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be made available for the 25th AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice.

4. Relevant Explanatory Statement pursuant to provisions of Section 102 of the Companies Act, 2013 read with Regulation 17 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment thereof, for the time being in force), in respect of Special Business at item nos. 4 to 7 as set out above is annexed hereto.

5. Members who have not registered their e-mail address are requested to register the same in respect of shares held in electronic form with the Depository through their Depository Participant(s) and in respect of shares held in physical form by

writing to the Company's Registrar and Share Transfer Agent, Link intime India Private Limited, at B -102 & 103, Shangrila Complex, 1st Floor, Opp. HDFC Bank, Near Radhakrishna Char Rasta, Akota, Vadodara-390020, Gujarat. Phone: 0265 2356573 / 6136000. E-mail: vadodara@linkintime.co.in

6. As per the provisions under the MCA Circulars, Members attending the 25th AGM through VC shall be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013.

7. The Company has enabled the Members to participate at the 25th AGM through VC facility. The Members can join the AGM in the VC / OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned hereafter in the Notice. Participation at the AGM through VC shall be allowed on a first-come-first-served basis.

8. The Company has provided the facility to Members to exercise their right to vote by electronic means both through remote e-voting and e-voting during the AGM. The process and instructions for remote e-voting are provided below at Note No. 25. Such remote e-voting facility is in addition to voting that will take place at the 25th AGM being held through VC.

9. Members joining the meeting through VC, who have not already cast their vote by means of remote e-voting, shall be able to exercise their right to vote through e-voting at the AGM. The Members who have cast their vote by remote e-voting prior to the AGM may also join the AGM through VC but shall not be entitled to cast their vote again.

10. As the AGM of the Company is held through VC / OAVM, we therefore request the Members to register themselves as speaker by sending their question / express their views from their registered E-mail address mentioning their name, DP ID and Client ID / folio number, PAN, mobile number at E-mail Id - cs@tatvachintan.com on or before 26 September 2021. The Members who have registered themselves as speaker will only be allowed to ask queries / express their views during the AGM. The Company reserves the right to limit the number of Members asking questions depending on the availability of time at the AGM.

11. 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.

12. The Register of Members and Share Transfer books shall remain closed from Tuesday, 21 September 2021 to Wednesday, 29 September 2021. (both days inclusive).

13. In line with the MCA and SEBI Circulars, the notice of the 25th AGM along with the Annual Report for the financial year 2020-21 are being sent only by electronic mode to those Members whose e-mail addresses are registered with the Company/Depositories. Members may please note that this Notice and Annual Report 2020-21 will also be available on the Company's website at https://www.tatvachintan.com, websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively, and on the website of Link intime India Private Limited at URL: https://instavote.linkintime.co.in.

14. The following documents will be available for inspection by the Members electronically during the 25th AGM. Members seeking to inspect such documents can send an email to cs@tatvachintan.com.

    a. Register of Directors and Key Managerial Personnel and their shareholding, and the Register of Contracts or Arrangements in which the Directors are interested, maintained under the Companies Act, 2013.

    b. All such documents referred to in the accompanying Notice and the Explanatory Statement.

15. Body Corporate Members are required to access the link https://instavote.linkintime.co.in and upload a certified copy of the Board resolution authorizing their representative to vote on their behalf. Further instructions has been set out at Note No. 25.

16. The business set out in the Notice will be transacted through electronic voting system and the Company is providing facility for voting by electronic means. Instructions and other information relating to e-voting are given in this Notice under Note No. 25.

17. Institutional investors are encouraged to attend and vote at the meeting through VC. Details as required in Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015 ('Listing Regulations') in respect of the Directors seeking appointment at the AGM is attached as Annexure forming part of this Notice.

18. In case of any queries regarding the Annual Report, the Members may write to cs@tatvachintan.com to receive an email response. Members desiring any information as regards to accounts are requested to send an email to cs@tatvachintan.com 7 days in advance before the date of the meeting to enable the management to keep full information ready on the date of AGM.

19. The Annual Report alongwith the Notice of AGM will be available on Company's website on https://www.tatvachintan.com.

20. As per the MCA General Circular No. 20/2020 dated 5 May 2020 & General Circular No. 02/2020 dated 13 January 2021 and Securities and Exchange Board of India ("SEBI") Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated 12 May 2020 & Circular No. SEBI/HO/CFD/CMD2/CIR/P/2021/11 dated 15 January 2021, the Annual Report will be sent through electronic mode to only those Members whose E-mail Ids are registered with the Registrar & Share Transfer Agent of the Company / Depository Participant. Members of the Company

holding shares either in physical form or in dematerialised form as on Benpos date i.e. 27 August 2021 will receive Annual Report for the financial year 2020-2021 through electronic mode.

21. Members are requested to quote their Folio No. or DP ID/ Client ID, in all correspondence with the Company/Registrar and Share Transfer Agent.

22. Members are requested to notify any changes pertaining to their name, postal address, E-mail address, telephone/ mobile numbers, PAN, mandates, nominations, power of attorney, bank details such as name of the bank and branch details, bank account number, MICR code, IFSC code, etc., to their DPs in case the shares are held by them in electronic form and in case of person holding share in physical form they may send the same to the Company's Registrar and Share Transfer Agent at Link Intime India Private Limited at B -102 & 103, Shangrila Complex, 1st Floor, Opp. HDFC Bank, Near Radhakrishna Char Rasta, Akota, Vadodara: 390 020, Gujarat, E-mail: vadodara@linkintime.co.in.

23. Investor Grievance Redressal:- The Company has designated Ms. Apurva Dubey, Company Secretary & Compliance Officer, Plot No. 353, GIDC, Makarpura, Vadodara-390010 GJ having Phone 75748 48533 and E-mail: cs@tatvachintan.com / rnt.helpdesk@linkintime.co.in to enable investors to register their complaints, if any.

24. As the 25th AGM is being held through VC, the route map is not annexed to this Notice.

25. INFORMATION AND OTHER INSTRUCTION RELATING TO E-VOTING

a) In compliance with provisions of Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended by the Companies (Management and Administration) Amendment Rules, 2015 and Regulation 44 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) and Secretarial Standard- 2 issued by the Institute of Company Secretaries of India, as amended from time to time, the Company is providing facility of remote e-voting to its Members in respect of the business to be transacted at the AGM. The Company has engaged the services of Link intime India Private Limited as the Agency to provide e-voting facility. The facility of casting votes by a Member using remote e-voting system as well as e-voting on the date of the AGM will be provided by Link intime India Private Limited.

b) The Board of Directors has appointed M/s. TNT & Associates, Practicing Company Secretaries, Vadodara as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.

c) Voting rights shall be reckoned on the paid-up value of shares registered in the name of the member / beneficial owner (in case of electronic shareholding) as on the cut-off date i.e. 22 September 2021.

d) A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date i.e. 22 September 2021 only shall be entitled to cast their vote either through remote e-voting or through e-voting at the AGM.

e) The remote e-voting period commences on 26 September 2021 at 9.00 a.m. and ends on 28 September 2021 at 5:00 p.m. During this period, Members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date i.e. 22 September 2021 may cast their votes electronically.

f) The Scrutinizer shall after the conclusion of voting at the Meeting, will first count the votes cast at the Meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two (2) witnesses not in the employment of the Company and shall provide, not later than two (2) working days of the conclusion of the Meeting, a consolidated Scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing and declare the result of the voting forthwith.

g) The results shall be declared forthwith by the Chairman or a person so authorised by him in writing on receipt of consolidated report from the Scrutinizer. The Results declared along with Scrutinizer's Report shall be placed on the Company's website https://www.tatvachintan.com and on the website of the BSE Limited and National Stock Exchange of India Limited. Members may contact at E-mail Id vadodara@linkintime.co.in or rnt.helpdesk@linkintime.co.in for any grievances connected with voting by electronic means.

h) The resolutions shall be deemed to be passed on the date of the Meeting, subject to the same being passed with requisite majority.

i) The Members who have cast their vote by remote e-voting prior to the AGM may also join the AGM through VC but shall not be entitled to cast their vote again. Once the vote on a resolution is cast by a member, the member shall not be allowed to change it subsequently or cast the vote again.

j) Pursuant to SEBI Circular No. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated 9 December 2020, under Regulation 44 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), listed entities are required to provide remote e-voting facility to its shareholders, in respect of all shareholders' resolutions.

Pursuant to above circular, Login method for Individual shareholders holding securities in demat mode/ physical mode is given below:

Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with NSDL	• If you are already registered for NSDL IDeAS facility, please visit the e-Services website of NSDL. Open web browser by typing the following URL: https://eservices.nsdl.com either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the "Beneficial Owner" icon under "Login" which is available under 'IDeAS' section. A new screen will open. You will have to enter your User ID and Password. • After successful authentication, you will be able to see e-Voting services. Click on "Access to e-Voting" under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider name and you will be re-directed to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. • If the user is not registered for IDeAS e-Services, option to register is available at https://eservices.nsdl.com. Select "Register Online for IDeAS "Portal or click at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp • Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.
Individual Shareholders holding securities in demat mode with CDSL	• Existing user of who have opted for Easi / Easiest, they can login through their user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are https://web.cdslindia.com/myeasi/home/login or www.cdslindia.com and click on New System Myeasi. • After successful login of Easi / Easiest the user will be also able to see the E Voting Menu. The Menu will have links of e-Voting service provider i.e. NSDL, KARVY, LINKINTIME, CDSL. Click on e-Voting service provider name to cast your vote. • If the user is not registered for Easi/Easiest, option to register is available at https://web.cdslindia.com/myeasi./Registration/EasiRegistration. • Alternatively, the user can directly access e-Voting page by providing demat Account Number and PAN No. from a link in www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the demat Account. After successful authentication, user will be provided links for the respective ESP where the E Voting is in progress.
Individual Shareholders (holding securities in demat mode) & login through their depository participants	• You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. • Once login, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.

Type of shareholders	Login Method
Individual Shareholders holding securities in Physical mode & evoting service Provider is LINKINTIME.	1. Open the internet browser and launch the URL: https://instavote.linkintime.co.in ▶ Click on "Sign Up" under 'SHARE HOLDER' tab and register with your following details: - **A.** User ID: Shareholders/ members holding shares in physical form shall provide Event No + Folio Number registered with the Company. **B.** PAN: Enter your 10-digit Permanent Account Number (PAN) (Members who have not updated their PAN with the Depository Participant (DP)/ Company shall use the sequence number provided to you, if applicable. **C.** DOB/DOI: Enter the Date of Birth (DOB) / Date of Incorporation (DOI) (As recorded with your DP / Company - in DD/MM/YYYY format) **D.** Bank Account Number: Enter your Bank Account Number (last four digits), as recorded with your DP/Company. • Shareholders/ members holding shares in physical form but have not recorded 'C' and 'D', shall provide their Folio number in 'D' above ▶ Set the password of your choice (The password should contain minimum 8 characters, at least one special Character (@!#$&*), at least one numeral, at least one alphabet and at least one capital letter). ▶ Click "confirm" (Your password is now generated). 2. Click on 'Login' under 'SHARE HOLDER' tab. 3. Enter your User ID, Password and Image Verification (CAPTCHA) Code and click on 'Submit'. 4. After successful login, you will be able to see the notification for e-voting. Select 'View' icon. 5. E-voting page will appear. 6. Refer the Resolution description and cast your vote by selecting your desired option 'Favour / Against' (If you wish to view the entire Resolution details, click on the 'View Resolution' file link). 7. After selecting the desired option i.e. Favour / Against, click on 'Submit'. A confirmation box will be displayed. If you wish to confirm your vote, click on 'Yes', else to change your vote, click on 'No' and accordingly modify your vote.

Institutional shareholders:

Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on the e-voting system of LIIPL at https://instavote.linkintime.co.in and register themselves as 'Custodian / Mutual Fund / Corporate Body'. They are also required to upload a scanned certified true copy of the board resolution /authority letter/power of attorney etc. together with attested specimen signature of the duly authorised representative(s) in PDF format in the 'Custodian / Mutual Fund / Corporate Body' login for the Scrutinizer to verify the same.

Individual Shareholders holding securities in Physical mode & evoting service Provider is LINKINTIME, have forgotten the password:

o Click on 'Login' under 'SHARE HOLDER' tab and further Click 'forgot password?'

o Enter User ID, select Mode and Enter Image Verification (CAPTCHA) Code and Click on 'Submit'.

- In case shareholders/ members is having valid email address, Password will be sent to his / her registered e-mail address.
- Shareholders/ members can set the password of his/her choice by providing the information about the particulars of the Security Question and Answer, PAN, DOB/DOI, Bank Account Number (last four digits) etc. as mentioned above.
- The password should contain minimum 8 characters, at least one special character (@!#$&*), at least one numeral, at least one alphabet and at least one capital letter.

Individual Shareholders holding securities in demat mode with NSDL/ CDSL have forgotten the password:

- Shareholders/ members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned depository/ depository participants website.

➢ It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

➢ For shareholders/ members holding shares in physical form, the details can be used only for voting on the resolutions contained in this Notice.

➢ During the voting period, shareholders/ members can login any number of time till they have voted on the resolution(s) for a particular "Event".

Helpdesk for Individual Shareholders holding securities in demat mode:

In case shareholders/ members holding securities in demat mode have any technical issues related to login through Depository i.e. NSDL/ CDSL, they may contact the respective helpdesk given below:

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 22-23058542-43.

Helpdesk for Individual Shareholders holding securities in physical mode/ Institutional shareholders & evoting service Provider is LINKINTIME.

In case shareholders/ members holding securities in physical mode/ Institutional shareholders have any queries regarding e-voting, they may refer the **Frequently Asked Questions ('FAQs')** and **InstaVote e-Voting manual** available at https://instavote.linkintime.co.in, under **Help** section or send an email to enotices@linkintime.co.in or contact on: - Tel: 022 – 4918 6000.

Instructions for Shareholders/ Members to attend the Annual General Meeting of Tatva Chintan Pharma Chem Limited

1. Open the internet browser and launch the URL: https://instameet.linkintime.co.in

   ▸ Select the "Company" and 'Event Date' and register with your following details:

A. Demat Account No. or Folio No: Enter your 16 digit Demat Account No. or Folio No

   • Shareholders/ members holding shares in CDSL demat account shall provide 16 Digit Beneficiary ID

   • Shareholders/ members holding shares in NSDL demat account shall provide 8 Character DP ID followed by 8 Digit Client ID

   • Shareholders/ members holding shares in physical form shall provide Folio Number registered with the Company

B. PAN: Enter your 10-digit Permanent Account Number (PAN) (Members who have not updated their PAN with the Depository Participant (DP)/Company shall use the sequence number provided to you, if applicable.

C. Mobile No.: Enter your mobile number.

D. Email ID: Enter your email id, as recorded with your DP/ Company.

   ▸ Click "Go to Meeting" (You are now registered for InstaMeet and your attendance is marked for the meeting).

Instructions for Shareholders/ Members to Vote during the Annual General Meeting

Once the electronic voting is activated by the scrutinizer/ moderator during the meeting, shareholders/ members who have not exercised their vote through the remote e-voting can cast the vote as under:

1. On the Shareholders VC page, click on the link for e-Voting "Cast your vote"

2. Enter your 16 digit Demat Account No. / Folio No. and OTP (received on the registered mobile number/ registered email Id) received during registration for InstaMEET and click on 'Submit'.

3. After successful login, you will see "Resolution Description" and against the same the option "Favour/ Against" for voting.

4. Cast your vote by selecting appropriate option i.e. "Favour/Against" as desired. Enter the number of shares (which represents no. of votes) as on the cut-off date under 'Favour/Against'.

5. After selecting the appropriate option i.e. Favour/Against as desired and you have decided to vote, click on "Save". A confirmation box will be displayed. If you wish to confirm your vote, click on "Confirm", else to change your vote, click on "Back" and accordingly modify your vote.

6. Once you confirm your vote on the resolution, you will not be allowed to modify or change your vote subsequently.

Note: Shareholders/ Members, who will be present in the Annual General Meeting through Insta Meet facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting facility during the meeting. Shareholders/ Members who have voted through Remote e-Voting prior to the Annual General Meeting will be eligible to attend/ participate in the Annual General Meeting through Insta Meet. However, they will not be eligible to vote again during the meeting.

Shareholders/ Members are encouraged to join the Meeting through Tablets/ Laptops connected through broadband for better experience.

Shareholders/ Members are required to use Internet with a good speed (preferably 2 MBPS download stream) to avoid any disturbance during the meeting.

Please note that Shareholders/ Members connecting from Mobile Devices or Tablets or through Laptops connecting via Mobile Hotspot may experience Audio/Visual loss due to fluctuation in their network. It is therefore recommended to use stable Wi-FI or LAN connection to mitigate any kind of aforesaid glitches.

In case shareholders/ members have any queries regarding login/ e-voting, they may send an email to instameet@linkintime.co.in or contact on: - Tel: 022-49186175.

Instructions for Shareholders/ Members to Speak during the Annual General Meeting

1. Shareholders who would like to speak during the meeting must register their request 3 days in advance with the Company on the specific email id created for the general meeting.

2. Shareholders will get confirmation on first cum first basis depending upon the provision made by Company.

3. Shareholders will receive "speaking serial number" once they mark attendance for the meeting.

4. Other shareholder may ask questions to the panellist, via active chat-board during the meeting.

5. Please remember speaking serial number and start your conversation with panelist by switching on video mode and audio of your device.

Shareholders are requested to speak only when moderator of the meeting/ management will announce the name and serial number for speaking.

For a smooth experience of viewing the AGM proceedings of the Company. Shareholders/ members who are registered as speakers for the event are requested to download and install the Webex application in advance by following the instructions as under.

a. Please download and install the Webex application by clicking on the link https://www.webex.com/downloads.html/

or

b. If you do not want to download and install the Webex application, you may join the meeting by following the process mentioned as under:

Step 1	Enter your First Name, Last Name and Email ID and click on Join Now.
1 (A)	If you have already installed the Webex application on your device, join the meeting by clicking on Join Now
1 (B)	If Webex application is not installed, a new page will appear giving you an option to either Add Webex to chrome or Run a temporary application. Click on Run a temporary application, an exe file will be downloaded. Click on this exe file to run the application and join the meeting by clicking on Join Now

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

ITEM NO. 4

Based on the recommendation of the Audit Committee, the Board of Directors had appointed M/s. Y S Thakar & Co, Cost Accountants (FRN:000318) as Cost Auditors of the Company for auditing the cost records maintained by the Company for the financial year 2021-22 and also fixed their remuneration for the said purpose. Pursuant to the provisions of Section 148 and any other applicable provisions of the Companies Act, 2013 read with Rule 14 of the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) remuneration payable to the Cost Auditors is required to be ratified and confirmed by the members of the Company.

The Board recommends the resolution set forth in Item No. 04 for approval of the Members by way of an Ordinary Resolution

None of the Directors, Key Managerial Personnel of the Company or their relatives are deemed to be interested or concerned, financially or otherwise in the said resolution.

ITEM NO. 5 & 6

At the Board Meeting held on 14 August 2021, it was unanimously resolved that subject to approval of the members, the borrowing limits of the company be enhanced to ₹ 300 Crore which would be in excess of the paid-up share capital and free reserves while borrowing from the Banks/Financial Institutions etc. while borrowing, your company may create charge on its assets and therefore it also proposes to obtain the consent of shareholders under section 180(1)(a) of the Companies Act, 2013 in line with limits as specified under Section 180(1)(c) as provided in the resolution.

The object of obtaining consent of members under section 180(1)(a) and 180(1)(c) of the Companies Act, 2013 is in anticipation that the Company would further expanding its activities in future and may need additional financial assistance for capital expenditure as well as working capital expenditure and upon such borrowings, the Company may need to create charge on its assets as per the requirements of lenders such as Banks, Financial Institutions etc.

To avoid the exigencies at last moments, the Board propose to get the consent of shareholders for borrowings up to ₹ 300 Crore under Section 180(1)(c) of the Companies Act, 2013 and to create charge on the assets of the Company by way of mortgage/hypothecation etc. to that extent the fund is being borrowed in favour of such lenders.

In the interest of the Company you are therefore requested to accord your consent to the Resolution No. 05 and 06.

None of the Directors, Key Managerial Personnel or their respective relatives are concerned or interested in the resolution except to the extent of their shareholding, if any, in the Company.

ITEM NO. 7

At the Board Meeting held on 14 August 2021, it was unanimously decided by the Board of Directors to obtain consent of the shareholders under Section 186 of the Companies Act, 2013 to enable the Company to invest its idle funds which are temporarily not required for its day-to-day operations and is in excess of 60% of paid-up share capital and free reserves or 100% of its free reserves whichever is more. Considering the anticipated turnover and profits, the Company may generate fund from its operations which temporarily will not be used for the objects and keeping the said fund in idle form in the Banks under CC accounts/current accounts will not generate reasonable returns/yields and therefore the Board is of the view that the said fund be temporarily deployed in the form of securities/debts/bonds/commercial papers/Fixed Deposits or any other form which would be in the interest of the Company and gives reasonable return on the same.

Section 186 of the Companies Act, 2013 empowers the Board to give loan to any person or other body corporate/ give guarantee or provide security in connection with a loan to any other body corporates or persons and to acquire securities of any other body corporates to the extent of 60% of paid-up share capital, free reserves and securities premium account or 100% of its free reserves and securities premium account whichever is higher. In case if the Company wishes to invest its fund in excess of limits mentioned above, the Company can do so with the consent of shareholders by way of a Special Resolution.

You are therefore requested to accord your consent to the resolution at serial No. 7 empowering the Company to invest its fund to the tune of ₹ 500 Crore in the form as mentioned above.

None of the Directors, Key Managerial Personnel or their respective relatives are concerned or interested in the resolution except to the extent of their shareholding, if any, in the Company.

Date: 14 August 2021
Place: Vadodara

By Order of the Board of Directors

Sd/-
Apurva Dubey
Company Secretary and Compliance officer
Membership No. A41130

Registered Office
Plot No. 502/17 GIDC Estate,
Ankleshwar,
Bharuch-393002, Gujarat, India
CIN: U24232GJ1996PLC029894
Phone: +91 75748 48533/34
Fax: +91 265 263 8533
Website: www.tatvachintan.com
Email: cs@tatvachintan.com

ANNEXURE TO THE NOTICE AND EXPLANATORY STATEMENT

PURSUANT TO REGULATION 36 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015 (INCLUDING ANY STATUTORY MODIFICATION(S) OR REENACTMENT(S) THEREOF, FOR THE TIME BEING IN FORCE) AND SECRETARIAL STANDARD-2 ISSUED BY THE INSTITUTE OF COMPANY SECRETARIES OF INDIA, INFORMATION ABOUT THE DIRECTOR PROPOSED TO BE RE-APPOINTED IS FURNISHED BELOW:

Name of Director	Chintan Nitinkumar Shah
Directors Identification Number (DIN)	00183618
Age	48 years
Qualification	Bachelor of Engineering (Computer Science)
Experience, expertise in specific functional areas and Brief Resume	Mr. Chintan Shah has over 24 years of experience in the specialty chemical manufacturing industry.
Date of first Appointment on the Board of the Company	12 June 1996
Shareholding in Tatva Chintan Pharma Chem Limited	48,97,219 shares as at 14 August 2021
Terms and conditions for Re-reappointment	Period of Appointment :-Five years commencing from 1 February 2021, the date of appointment upto 31 January 2026. Remuneration:- ₹ 1,44,00,000 (Rupees One Crore Forty Four Lakhs only) per annum
Remuneration sought to be paid	₹ 1,65,03,252 per annum
Remuneration last drawn	₹ 1,44,00,000 per annum
Number of Meetings of the Board attended during the year	10
List of Directorship held in other companies	NA
Membership/Chairmanship in committees of other companies as on 31 March 2021	Mr. Chintan Shah does not hold any membership/Chairmanship in committees of other companies
Names of Listed Entities from which Director has resigned in the past three years	Not Applicable
Relationship with other Directors, Manager and other KMP	Mr. Chintan Shah does not have any relationship with other Directors, Manager and Other KMP which may create conflict of interest.

Board's Report

To,
The members,
Tatva Chintan Pharma Chem Limited
(Formerly known as Tatva Chintan Pharma Chem Private Limited)

Your directors take immense pleasure in presenting the 25th Annual Report of Tatva Chintan Pharma Chem Limited ("the Company") (Formerly known as Tatva Chintan Pharma Chem Private Limited) on the business and operations together with its Audited Annual Financial Statements Showing Financial position of the Company along with the summary of the standalone & consolidated financial statements for the financial year ended 31 March 2021.

1. FINANCIAL HIGHLIGHTS OF THE COMPANY

(₹ in millions)

Particulars	Standalone		Consolidated	
	2020-21	2019-20	2020-21	2019-20
Revenue From Operations	2911.88	2538.41	3003.59	2632.39
Other Income	50.98	5.61	59.33	13.83
EBITDA	702.85	529.49	716.35	563.35
Interest and Financial charges	42.07	39.43	42.07	39.45
Depreciation	67.30	47.89	67.32	47.93
Profit/(Loss) before taxes and Exceptional Items	593.48	442.17	606.96	475.97
Exceptional Items	00.00	00.00	00.00	00.00
Provision for taxes	00.00	00.00	00.00	00.00
Current Tax	103.66	74.43	108.11	79.97
Deferred Tax	(23.77)	11.47	(23.77)	11.47
Profit / (Loss) for the Year	513.59	349.63	522.62	377.89

2. STATE OF COMPANY'S AFFAIRS

Standalone:

During the year under review, the revenue from operations (standalone) increased by 14% from ₹ 2,538.41 million to ₹ 2,911.88 million, Profit before interest, tax, depreciation and amortization ('EBITDA') increased by 32% from ₹ 529.49 in FY 2019-20 to ₹ 702.85 million in FY 2020-21, Profit after tax from Operations increased by 46% from ₹ 349.63 million in FY 2019-20 to ₹ 513.59 million in FY 2020-21. Earnings per share have increased from ₹ 17.41 in the FY 2019-20 to ₹ 25.57 recording a growth of 46%. The key growth drivers for profits during the year have been new customer acquisition, new product launch and market growth.

The Export share in "revenue from operations" is 70% during FY 2020-21. The business continued to experience headwinds in demand generation from both global and domestic majors. Moreover, the efforts on creating a diversified portfolio of innovative products, winning new customers and penetration into new markets are ongoing.

Consolidated:

The Consolidated group revenue from operations increased by 14% from ₹ 2,632.39 million for FY 2019-20 to ₹ 3,003.59 million for FY 2019-20, Profit before interest, tax, depreciation and amortization ('EBITDA') increased by 27% from ₹ 563.35 million in FY 2019-20 to ₹ 716.35 million in FY 2020-21, Profit after tax from operations increased by 38% from ₹ 377.89 million in FY 2019-20 to ₹ 522.62 million in FY 2020-21. The earnings per shares from the consolidated point of view have increased from ₹ 18.81 to ₹ 26.02 as compared to previous financial year recording a growth of 38%.

3. AMOUNT TRANSFERRED TO GENERAL RESERVE

During the year under review, the Board of Directors has decided to retain the entire amount of profits for Financial Year 2020-21 in the retained earnings and not to transfer any amount to General Reserve.

4. MATERIAL CHANGES AND COMMITMENTS

The Company has not made any material changes or commitments which affect the financial position of the Company between the end of the financial year of the Company to which the financial statements relate and the date of signing of this report.

5. IMPACT OF COVID-19 PANDEMIC ON COMPANY:

Due to the outbreak of Covid-19 pandemic and consequent lock-down announced by the Governments, the operations of the Company were temporarily- suspended in initial phase of the financial year under review. Your company closely monitoring the situation and take appropriate action, as necessary to scale up operations, in due compliance with applicable regulations. The Company has been running on its normal operations after Government allowed the same since June 2020. However, situation of COVID-19 outbreak has resurged again towards the end of the current financial year. It is expected that it will not affect the operation of the Company. Based on the current assessment of impact of COVID-19 on the operations of the Company and ongoing discussions with customers, vendors and service providers, the Company is positive of serving customer orders and obtaining regular supply of raw materials and logistics services. The Management has considered the possible effects, if any, that may result from pandemic on the carrying amounts of its current and non-current assets, after considering internal and external source of information.

6. DIVIDEND

The Board of Directors on 25 August 2020, declared interim dividend of ₹ 5 per equity share on fully paid 80,35,000 Equity shares of ₹ 10 each amounting to ₹ 4,01,75,000 (Rupees Four Crore One Lakh Seventy Five Thousand Only) out of the profit of the Company for the Financial year ended on 31 March 2019. The dividends were paid to the Shareholders who were holding shares as on 25 August 2020. The Board of Directors of your Company after considering present circumstances has decided that it would be prudent, not to recommend any further divided for the year under review and hence the said interim dividend would be the final dividend.

7. CHANGE OF NAME

During the year under review the status of the Company got changed from Private Limited to Public Limited. As a result the name of the Company has also changed from "Tatva Chintan Pharma Chem Private Limited" to "Tatva Chintan Pharma Chem Limited". The office of the Registrar of Companies, Gujarat has issued fresh Certificate of Incorporation on 26 February 2021

8. SHARE CAPITAL AND CHANGE THEREIN

The Authorised Share Capital of the Company as on date of Balance Sheet is ₹ 40,00,00,000 divided into 4,00,00,000 equity shares of ₹ 10 each. During the year under review the Company, by ordinary resolution passed in the shareholders' Extraordinary General Meeting held on 27 January 2021, has increased its authorised capital from existing ₹ 10,00,00,000 divided into 1,00,00,000 (One Crore) Equity Shares of ₹ 10 each to ₹ 40,00,00,000 divided into 4,00,00,000 (Four Crore) Equity Shares of ₹ 10 each by creation of additional 3,00,00,000 (Three Crore) Equity Shares of ₹ 10 each ranking in pari passu in all respect with the existing Equity shares of the Company.

The paid-up share capital of the company as on date of balance sheet is ₹ 20,08,75,000 divided into 2,00,87,500 equity shares of ₹ 10 each. During the year under review, Company had issued 1,20,52,500 number of Equity shares against existing 80,35,000 total Equity shares as Bonus Share to all the existing shareholders of the Company as on record date being 03 March 2021 in the ration of 1.5:1 shares. In respect of the same the approval has been received from members of the Company through Special Resolution at General Meeting dated 27 January 2021. The paid-up share capital of the Company increased from ₹ 8,03,50,000 divided into 80,35,000 Equity Shares of ₹ 10 each to ₹ 20,08,75,000 divided into 2,00,87,500 Equity Shares of ₹ 10 each.

INITIAL PUBLIC OFFER ("IPO") CUM OFFER FOR SALE ("OFS")

The Company in the month of July 2021 had come out with IPO cum offer for sale. The said IPO cum Offer for Sale was overwhelmed by the investors. The Management is thankful to Securities Exchange Board of India ("SEBI") and all other statutory authorities for allowing IPO cum Offer for sale and also thankful to the Investors for reposing faith in the Company. The Company's equity shares are listed on Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE) on 29 July 2021.

Subsequent to the completion of the Initial Public Offer ("IPO) including both Fresh issue and offer for sale, the paid-up equity share capital of the Company increased from ₹ 20,08,75,000 to ₹ 22,16,50,620.

9. FINANCE

During the year under review the Company availed various credit facilities from the existing Bankers as per the business requirements. Your Company has been regular in paying interest and in repayment of the principal amount of the term lenders.

10. CHANGE IN NATURE OF BUSINESS, IF ANY

During the year under review, there had been no material change in the business of the Company or in the nature of business carried by the Company during the financial year under review.

11. DEPOSITS

During the year under review, the Company has not accepted any deposit from public within the meaning of Section 73 of the Companies Act, 2013 read with Companies (Acceptance of Deposits) Rules, 2014. The Company has no unclaimed/ unpaid matured deposit or interest due thereon.

12. SUBSIDIARIES / JOINT VENTURES

As on 31 March 2021, your company had 2 Subsidiaries as detailed below;

Sr. No.	Name of the Company	Type of Company	Location
1.	Tatva Chintan USA Inc	Wholly Owned Subsidiary	United State of America
2.	Tatva Chintan Europe BV	Wholly Owned Subsidiary	Europe

A report of the performance and financial position of each of the subsidiaries companies as per the Companies Act, 2013 is provided in form AOC-1 at Annexure-A to the Board Report.

13. PARTICULARS OF RELATED PARTY TRANSACTIONS

All Related Party Transactions that were entered into during the financial year were on arm's length basis and were in the ordinary course of business and in compliance with the Section 188 of the Companies Act, 2013 read with the Rules made thereunder and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. There were no materially significant Related Party Transactions made by the Company during the year that would have required Shareholder's approval under the SEBI (Listing Obligations and Disclosure Requirements) Regulations,2015.

All Related Party Transactions are placed before the Audit Committee for omnibus approval and also to the Board for their approval. A statement containing the details of all Related Party Transactions has been placed before the Audit Committee and the Board of Directors for their review or approval on a quarterly basis.

The Policy on Materiality of Related Party Transactions and on dealing with Related Party Transactions as approved by the Board may be accessed on Company's website https://www.tatvachintan.com. There were transactions during the year pursuant to Section 134(3)(h) of the Companies Act, 2013 read with Rule 8 (2) of the Companies (Accounts) Rules, 2014 is set out as in form AOC-2 at Annexure-B to this Board Report.

14. RISK ASSESSMENT AND MINIMIZATION PROCEDURE

The Audit Committee and the Board of Directors from time to time have identified the risks and opportunities. This practice seeks to create transparency, minimize adverse impact on business objective and enhance the Company's competitive advantage. The two key components of risks are the probability (likelihood) of occurrence and the impact (consequence) of occurrence, if the risk occurs. Risk is analyzed by combining estimates of probability and impact in the context of existing control measures.

The Company has laid down procedures to inform Audit Committee as well as the Board of Directors about the risk assessment and management procedures and status. These procedures are periodically reviewed to ensure that the executive management monitors and controls risks.

The Company reviews its performance against identified risks, formulates strategies towards identifying new and emergent risks that may materially affect the Company's overall risk exposure. The Board of Directors reviews the risk assessment and minimization procedures regularly. All the insurable interests of the Company are adequately insured against risk of fire and other risks.

15. DIRECTORS AND KEY MANAGERIAL PERSONNEL (KMP)

The details of Directors and KMPs as on 31 March 2021 are as follows:

Sr. No	Name of Director/KMP	Designation	Date of Appointment
1.	Chintan Nitinkumar Shah	Chairman and Managing Director	12 June 1996
2.	Shekhar Rasiklal Somani	Wholetime Director	12 June 1996
3.	Ajaykumar Mansukhlal Patel	Wholetime Director	12 June 1996
4.	Subhash Ambubhai Patel	Independent Director	27 February 2021
5.	Manher Chimanlal Desai	Independent Director	27 February 2021
6.	Avani Rajesh Umatt	Independent Director	27 February 2021
7.	Mahesh Tanna	Chief Financial Officer	22 December 2020
8.	Apurva Dubey	Company Secretary and Compliance Officer	25 February 2021

Following Appointments were made in the Company during the year under review:

Sr. No.	Name of person	Designation	Date of Appointment
1.	Mahesh Tanna	Chief Financial Officer ("CFO")	22 December 2020
2.	Apurva Dubey	Company Secretary and Compliance officer	25 February 2021
3.	Subhash Ambubhai Patel	Independent Director	27 February 2021
4.	Manher Chimanlal Desai	Independent Director	27 February 2021
5.	Avani Rajesh Umatt	Independent Director	27 February 2021

16. BOARD AND COMMITTEE MEETINGS

During the year under review, the Board of Directors met for 10 times. The details of the same are as follows;

Sr. No	Date of Board Meeting
1.	4 May 2020
2.	25 August 2020
3.	5 September 2020
4.	9 October 2020
5.	26 November 2020
6.	31 December 2020
7.	24 February 2021
8.	3 March 2021
9.	13 March 2021
10.	31 March 2021

The Company has duly constituted the following mandatory Committees in terms of the provisions of the Companies Act, 2013 and SEBI (LODR) Regulations 2015 viz.

a. Audit Committee;

b. Nomination and Remuneration Committee;

c. Stakeholders' Relationship Committee; and

d. Corporate Social Responsibility Committee;

The Composition of all such Committees, number of meetings held during the year under review, attendance of each of the directors at such meetings, brief terms of reference and other details have been provided in the Corporate Governance Report which forms part of this Annual Report. All the recommendations made by the Committees were accepted by the Board

17. DECLARATION BY INDEPENDENT DIRECTORS

All the independent directors have submitted declarations that they meet the criteria of Independence as provided under section 149 (6) of the Companies Act, 2013 read with Rule 6 of the Companies (Appointment and Qualification of Directors) Rules, 2014 and Regulations 16(1)(b) and 25 of the Listing Regulations, as amended. The names of all the Independent Directors of the Company have been included in the data bank maintained by the Indian Institute of Corporate Affairs.

18. STATEMENT REGARDING OPINION OF THE BOARD WITH REGARD TO INTEGRITY, EXPERTISE AND EXPERIENCE OF INDEPENDENT DIRECTORS APPOINTED DURING THE YEAR

The Board is of the opinion that all the independent directors appointed are having good integrity and possess the requisite expertise and experience (including the proficiency). In terms of Regulation 25(8) of the Listing Regulations, they have confirmed that they are not aware of any circumstances or situation which exist or may be reasonably anticipated that could impair or impact their ability to discharge their duties. Based on the declarations received from the independent directors, the Board has confirmed that they meet the criteria of independence as mentioned under regulation 16(1)(b) of the Listing Regulations and that they are independent of the management.

19. SEPARATE MEETING OF INDEPENDENT DIRECTORS

The Company has appointed all Independent Directors in the end of February 2021 and as a result no separate meeting was held during financial year 2020-21 in terms of requirements of Schedule IV of the Companies Act, 2013.

20. FAMILIARISATION PROGRAMME

The Company got itself listed on Stock Exchange on 29 July 2021, Therefore the Provisions in respect of Regulation 25(7) of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 is not applicable to the Company. However the Company at the time of appointment of Independent Directors familiarised them with respect to their roles, rights and responsibilities as Directors and the working of the Company, nature of the industry in which the Company operates & its business model.

21. EVALUATION OF THE PERFORMANCE OF THE BOARD OF DIRECTORS

Pursuant to the provisions of the Companies Act, 2013 and SEBI (Listing Obligation & Disclosure Requirement) Regulations, 2015, the Board has carried out the annual performance evaluation of its own performance, the Directors individually as well as the evaluation of its committees.

The manner in which the evaluation has been carried out has been explained in the Corporate Governance Report.

22. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134(3) (c) and 134(5) of the Companies Act, 2013, in relation to financial statements of the Company for the year ended 31 March 2021, the Board of Directors to the best of their knowledge and ability, confirm that:–

1. In the preparation of the annual accounts, the applicable accounting standards have been followed and that there is no material departures;

2. The Directors had selected such accounting policies and applied them consistently made judgments and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company at the end of the financial year 31 March 2021 and of the profit of the Company for that year;

3. The Directors had taken proper and sufficient care for 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;

4. The Directors had prepared the annual accounts on a going concern basis;

5. The Director laid down the internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively;

6. The Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

23. INTERNAL CONTROLS SYSTEMS (ICS) AND THEIR ADEQUACY

The Company has an Internal Control System, commensurate with the size, scale and complexity of its operations. The Audit committee defines the scope and authority of the Internal Auditor. The Audit Committee, comprises of professionally qualified Directors, who interact with the statutory auditors, internal auditors and management in dealing with matters within its terms of reference. The Company has a proper and adequate system of internal controls. Adequate internal controls ensure transactions are authorized, recorded and reported correctly and assets are safeguarded and protected against loss from unauthorized use or disposition.

24. VIGIL MECHANISM/WHISTLE BLOWER POLICY

The Company has adopted a Whistle Blower Policy to provide a mechanism for the Directors and employees to report genuine concerns about any unethical behavior, actual or suspected fraud or violation of the Company's Code of Conduct. The provisions of this policy are in line with the provisions of Section 177(9) of the Act read with Regulation 22(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulation). The details of the policy as well as its weblink are contained in the Corporate Governance Report and website of the Company https://www.tatvachintan.com.

25. SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS

During the year under review, no significant and material orders were passed by the Regulators or Courts or Tribunals impacting the going concern status and future operation of the Company.

26. CORPORATE SOCIAL RESPONSIBLITY

The Corporate Social Responsibility (CSR) Committee has been reconstituted by the Board of Directors, at the Board Meeting dated 3 March 2021, in terms of the provisions of Section 135(1) of the Act reviews and restates the Company's CSR policy in order to make it more comprehensive and aligned with the activities specified in Schedule VII of the Act.

The Annual Report on CSR activities is enclosed as Annexure-C to the Board Report. The CSR policy adopted by the Company is placed on the Company's Website at www.tatvachintan.com.

The composition of CSR Committee is given in the Corporate Governance Report.

27. APPOINTMENT AND REMUNERATION POLICY

The Company has been following a policy with respect to appointment and remuneration of Directors, Key Managerial Personnel and Senior Management Personnel. The appointment of Directors on the Board is subject to the recommendation of the Nomination and Remuneration Committee (NRC). Based on the recommendation of the NRC, the remuneration of Executive Director is fixed in accordance with the provisions of the Companies Act, 2013 which comprises of Basic Salary, Perquisites, Allowances and Commission. The Remuneration of Non-Executive Directors comprises of sitting fees and commission in accordance with the provisions of Companies Act, 2013.

The Company had adopted a Remuneration Policy for the Directors, Key Managerial Persons and other employees, pursuant to the provisions of the Act, at the Board Meeting held on 3 March 2021.

The Remuneration Policy is stated in the Corporate Governance report and weblink for the same is www.tatvachintan.com.

Managing Director of the Company does not receives any remuneration or commission from any of its subsidiaries

28. PARTICULARS OF EMPLOYEES

In terms of the provisions of Section 197(12) of the Act read with Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, a statement showing the names of the top ten employees in terms of remuneration drawn and names and other particulars of the employees drawing remuneration in excess of the limits set out in the said rules forms part of this Report.

Disclosures relating to remuneration and other details as required under Section 197(12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 forms part of this Report.

Having regard to the provisions of the second proviso to Section 136(1) of the Act and as advised, the Annual Report excluding the aforesaid information is being sent to the members of the Company. Any member interested in obtaining such information may address their email to cs@tatvachintan.com.

29. AUDITORS AND THEIR REPORT

i. **Statutory Auditors:**

M/s.NDJ & Co Chartered Accountants (Firm Registration No. 136345W) were appointed as Statutory Auditor of the Company for the period of five years and shall hold office till the conclusion of 27th Annual General Meeting of the Company.

The auditors' Report does not contain any qualification, observation, disclaimer, reservation or adverse remark.

ii. **Cost Auditors and maintenance of Cost Records**

Your Company is maintaining the Cost Records as specified by the Central Government under Sub Section (1) of Section 148 of the Companies Act, 2013 and have appointed M/s. Y S Thakar & Co, Cost Accountants (FRN:000318), Vadodara to issue Cost Audit Report for the Financial Year 2021-22 at a professional fee of ₹ 60,000 (Rupees Sixty Thousand Only) plus applicable taxes and out of pocket expense.

Appropriate resolution has been recommended by the Board to be passed by the shareholders in the ensuing Annual General Meeting to ratify the remuneration of the Cost Auditors for the FY 2021-22.

The Cost Audit Report does not contain any qualification, reservation or adverse remark or disclaimer.

iii. **Secretarial Auditors**

Pursuant to the provisions of Section 204 of the Companies Act 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the company had appointed Mr. Niraj Trivedi, Practicing Company Secretary, Vadodara to undertake the Secretarial Audit of the Company for the F.Y. 2020-21. The secretarial audit report is attached at Annexure-D and forms an integral part of this Board Report.

The Secretarial Audit Report does not contain any qualification, reservation or adverse remark or disclaimer.

30. CREDIT RATINGS

The company during the financial year under consideration did not obtain any credit rating being non mandatory. However, during the IPO process the company has obtained credit rating from CRISIL which was originally for long term was BBB+ and for short term it was A2 and later on upgraded to “A-Stable” and “A2+” respectively.

31. REPORT ON CORPORATE GOVERNANCE AND MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Your Company believes in conducting its affairs in a fair, transparent, and professional manner along with good ethical standards, transparency, and accountability in its dealings with all its constituents. Your Company has Complied with all the Mandatory Requirements of Corporate Governance norms as required under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Separate report on Management Discussion and Analysis, Corporate Governance as well as the Auditor’s certificate on the compliance of Corporate Governance thereon forms part of this report as “Annexure-F and Annexure-G respectively”.

32. INFORMATION REGARDING CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

The information relating to conservation of energy, technology absorption and Foreign Exchange earnings and outgo as stipulated under Section 134(3) (m) of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014 is set out herewith as “Annexure-E” forming part of this report.

33. PARTICULARS OF LOANS GIVEN, GUARANTEES GIVEN, SECURITY PROVIDED OR INVESTMENTS MADE UNDER SECTION 186 OF COMPANIES ACT,2013

Particulars of the loans given, investments made or guarantees given covered under the provisions of Section 186 of the Act, are provided in the Notes to the Standalone Financial Statements. For detail, you may refer the same.

34. DISCLOSURES UNDER SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The Company had zero tolerance for sexual harassment at its workplace and has adopted a Policy on prevention, prohibition and redressal of sexual harassment at the workplace in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules thereunder for prevention and redressal of complaints of sexual harassment at workplace. The Company has complied with provisions relating to the constitution of Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 (as amended from time to time).

During the year under review the company has not received any complaints of any sexual harassment.

35. ANNUAL RETURN

Pursuant to Section 92(3) read with Section 134(3)(a) of the Companies Act read with the Rules made thereunder, the Annual Return for the financial year 2020-21 is available on the Company’s website on www.tatvachintan.com.

36. SECRETARIAL STANDARD ISSUED BY THE INSTITUTE OF COMPANY SECRETARIES OF INDIA (“ICSI”)

Your directors state that the applicable Secretarial Standard were followed during the financial year 2020-21.

37. INVESTOR EDUCATION AND PROTECTION FUND

During the year there were no amount required to transfer into Investors Education Protection Fund.

38. PROCEEDINGS PENDING UNDER THE INSOLVENCY AND BANKRUPTCY CODE

There are no such proceedings or appeals pending under Insolvency and Bankruptcy Code, 2016 (31 of 2016) during the year and at the end of the financial year even upto the date of this report.

39. THE DETAILS OF DIFFERENCE BETWEEN AMOUNT OF THE VALUATION DONE AT THE TIME OF ONE TIME SETTLEMENT AND THE VALUATION DONE WHILE TAKING LOAN FROM THE BANKS OR FINANCIAL INSTITUTIONS

No such instance of One-time settlement or valuation was done while taking or discharging loan from the Banks/ Financial institutions occurred during the year.

40. FRAUD REPORTING BY AUDITOR

No fraud has been reported by the Auditors to the Audit Committee or the Board.

41. CAUTIONARY STATEMENT

Statements in the Annual Report, including those which relate to Management Discussion and Analysis describing the

Company's objectives, projections, estimates and expectations, may constitute 'forward looking statements within the meaning of applicable laws and regulations. Although the expectations are based on reasonable assumptions, the actual results might differ.

42. ACKNOWLEDGEMENT

Your directors' wish to place on record their appreciation for the contribution made by the employees at all levels without whose hard work and support your company's achievements would not have been possible. Your directors also wish to thank its investors, FI, QIBs, customers, dealers, agents, suppliers, investors and bankers and various State and Central Government Agencies. The Directors also take this opportunity to thank the shareholders for their continued confidence reposed in the Management of the company.

By Order of the Board of Directors

Sd/-
Chintan Shah
Managing Director
DIN: 00183618

Date: 14 August 2021
Place: Vadodara

Annexure-A to the Board Report

Form No. AOC-1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)
Statement containing salient features of the financial statement of subsidiaries

Part A:- Subsidiaries

Sr. No	Particulars	Tatva Chintan USA Inc	Tatva Chintan Europe BV
1.	Reporting period for the subsidiary	1 April 2020 to 31 March 2021	1 April 2020 to 31 March 2021
2.	Reporting currency and Exchange rate* as on the last date of the relevant financial year	USD	EUR
3.	Share capital	66,56,000	9,523
4.	Reserves & surplus	5,12,25,394	55,11,479
5.	Total assets	16,98,11,440	10,24,05,854
6.	Total Liabilities	11,19,30,090	9,68,84,855
7.	Investments	--	--
8.	Turnover	43,87,35,192	30,64,10,408
9.	Profit before taxation	1,64,63,846	26,36,651
10.	Provision for taxation	44,45,243	--
11.	Profit after taxation	1,20,18,604	26,36,651
12.	Proposed Dividend	--	--
13.	% of shareholding	100%	100%

1. Names of subsidiaries which are yet to commence operations:- NIL

2. Names of subsidiaries which have been liquidated or sold during the year.:- NIL

*3 Exchange rates used in the foreign subsidiaries are given below:

Currency	USD	EUR
Closing rate	73.5047	86.0990
Average rate	74.2694	86.6667

Part B: Associates and Joint Ventures Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

During the period under review, the company does not have any Associate Company and Joint Ventures

Sd/-
CA. Shirish Shah
Partner
M. No.: 035742

Sd/-
Mr. Chintan N. Shah
Managing Director
DIN: 00183618

Sd/-
Mr. Shekhar R. Somani
Whole Time Director
DIN: 00183665

Sd/-
Ms. Apurva Dubey
Company Secretary
M. No.: A-41130

Sd/-
Mr. Mahesh Tanna
Chief Financial Officer

Date : 15 June 2021
Place : Surat

Date : 15 June 2021
Place : Vadodara

Annexure-B to the Board Report

Form No. AOC-2

Particulars of Contracts/arrangement made with related parties
(Pursuant to clause (h) of sub-section (3) of section 134 of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014)

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

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

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

(₹ in millions)

(a)	**Name(s) of the related party and nature of relationship**	**Tatva Chintan USA Inc. Wholly Owned Subsidiary Company**	**Tatva Chintan Europe B.V. Wholly Owned Subsidiary Company**
(b)	Nature of contracts/ arrangements/transaction	Sale of products	Sale of products
(c)	Duration of the contracts /arrangements/ transactions	On going	On going
(d)	Salient terms of the contracts or arrangements or transactions including the value, if any (₹ in million):	374.51	278.93
(e)	Date(s) of approval by the Board/ shareholders, if any:	Not Applicable	Not Applicable
(f)	Amount paid as advances, if any:	Not Applicable	Not Applicable

All related party transactions during the year under review, were in the ordinary course of business and on arm's length basis.

By Order of the Board of Directors

Sd/-
Chintan Shah
Chairman & Managing Director
DIN: 00183618

Date: 14 August 2021
Place: Vadodara

Annexure-C to the Board Report

Annual Report on CSR Activities for the Financial Year 2020-21

1. **A brief outline of the Company's CSR policy, including an overview of projects or programs proposed to be undertaken and a reference to the weblink to the CSR policy and projects or programs:**
   The Company as per CSR policy wish to carry out activities in the field of providing food to hungers, medicines to poor patients, education material to poor students. The CSR policy is placed on Company's website https://www.tatvachintan.com. While carrying out CSR activities as mentioned above Company will give preference to the beneficiaries of local areas where the Company has got factories and R & D center.

2. **The Composition of the Corporate Social Responsibility (CSR) Committee:**
   The CSR Committee was reconstituted on 3 March 2021 comprising of:

   1. Avani Rajesh Umatt, Chairperson
   2. Subhash Ambubhai Patel, Member
   3. Ajaykumar Mansukhlal Patel, Member

   Other details in respect of No of Meeting held and attended by the Members is mentioned in the Corporate Governance Report at Note No. 6.

3. **The web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company.**
   https://www.tatvachintan.com

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

   Not Applicable

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

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	3,60,166	Nil
2	2019-20	10,12,226	Nil
	TOTAL	**13,72,392**	**Nil**

6. **Average net profit of the company as per section 135(5):** ₹ **27,26,76,295**

7. (a) Two percent of average net profit of the Company as per section 135(5): ₹ 54,53,526

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

   (c) Amount required to be set off for the financial year,if any: ₹ 3,60,166

   (d) Total CSR obligation for the financial year (7a+7b- 7c): ₹ 54,53,526

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

Total Amount Spent for the Financial Year 2020-21 (in ₹)	Amount Unspent (in ₹)				
	Total Amount transferred to Unspent CSR Account as per section 135(6).		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5).		
	Amount.	Date of transfer.	Name of the Fund	Amount.	Date of transfer.
58,13,692	Nil	NA	NA	Nil	NA

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

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

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
Sl. No.	Name of the Project	Item from the list of activities in schedule VII to the Act.	Local area (Yes/ No).	Location of the project.		Amount spent for the project (in ₹).	Mode of implementation - Direct (Yes/No).	Mode of implementation - Through implementing agency.	
				State.	District.			Name.	CSR registration number.
1.	Providing free food to road side people	Eradicating Hunger	No	Gujarat	Ahmedabad	35,00,000	NO	Aadhar Foundation, Ahmedabad, Gujarat	-
2.	Healthcare	Provide specialized healthcare services like non-surgical consultation/ checkup camps, awareness camps by specialists etc.	No	Gujarat	Ahmedabad	20,00,000	NO	Aadhar Foundation, Ahmedabad, Gujarat	-
3.	Providing Grocery Kit at the time of Covid-19	Eradicating Hunger	Yes	Gujarat	Bharuch	30,000	Yes	-	-
4.	Mask Distribution	Promoting health care	Yes	Gujarat	Bharuch	30,000	Yes	-	-
5.	Sponsership of Cycle	Ensuring environmental Stability	No	Maharashtra	Pune	97,099	Yes	-	-
6.	Scholarship	Promoting Education	Yes	Gujarat	Vadodara	25,000	No	Mahavir Foundation	-
7.	Sanitization of Village	Promoting health care	Yes	Gujarat	Bharuch	14,500	Yes	-	-
8.	Medical Camps	Promoting health care	Yes	Gujarat	Bharuch	1,10,664	Yes	-	-
9.	Skill Development, Education	Promoting Education	Yes	Gujarat	Bharuch	6,429	Yes	-	-
	TOTAL					**58,13,692**			

(d) Amount spent in Administrative Overheads: Nil

(e) Amount spent on Impact Assessment, if applicable: Not Applicable

(f) Total amount spent for the Financial Year (8b+8c+8d+8e): ₹ **58,13,692**

(g) Excess amount for set off, if any:

Sl. No.	Particulars	Amount (in ₹)
(i)	Two percent of average net profit of the company as per section 135(5)	54,53,526
(ii)	Total amount spent for the Financial Year	58,13,692
(iii)	Excess amount spent for the financial year [(ii)-(i)]	3,60,166
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	Nil
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	3,60,166

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

Sl. No.	Preceding Financial Years	Amount transferred to Unspent CSR Account under section 135 (6) (in ₹)	Amount spent in the reporting Financial Years (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.	2019-20	--	55,70,906	NA	Nil	NA	*
2.	2018-19	--	5,00,634	NA	Nil	NA	*
3.	2017-18	--	40,97,370	NA	Nil	NA	Nil
	TOTAL		**1,01,68,910**				

**The Company has not created any provisions for unspent CSR obligations in any of the preceding three financial years and these amounts will not be spent in succeeding financial years.*

(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s): Not Applicable

11. 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: 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

Sd/-
Chintan Shah
Managing Director
DIN: 00183618

Sd/-
Avani Rajesh Umatt
Chairperson CSR committee
DIN: 09046170

Annexure-D to the Board Report

Form No. MR – 3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED ON 31 MARCH 2021

[Pursuant to Section 204 (1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members
Tatva Chintan Pharma Chem Limited
CIN: U24232GJ1996PLC029894
Plot No 502/17 GIDC Estate,
Ankleshwar,
Bharuch – 393 002,
Gujarat, India

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Tatva Chintan Pharma Chem Limited** (hereinafter called "the Company"). The Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of the Secretarial Audit, we hereby report that in our opinion, the Company has, during the audit period covering the **financial year ended on 31 March 2021**, complied with the statutory provisions listed hereunder and also that the Company has proper Board – processes and compliance – mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:-

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on **31 March 2021** 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; **Not applicable to the Company during the Audit Period**

(iv) Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings; Not Applicable except Overseas Direct Investment.

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

(a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; **Not applicable to the Company during the Audit Period**

(b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; **Not applicable to the Company during the Audit Period**

(c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018; **Not applicable to the Company during the Audit Period**

(d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; **Not applicable to the Company during the Audit Period**

(e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; **Not applicable to the Company during the Audit Period**

(f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; **Not applicable to the Company during the Audit Period**

(g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 – **Not applicable to the Company during the Audit Period**; and

(h) The Securities and Exchange Board of India (Buy – Back of Securities) Regulations, 2018 – **Not applicable to the Company during the Audit Period**.

(vi) Other applicable Laws – Based on the information provided and the representation made by the Company and its officers and also on the review of the compliance reports taken on record by the Board of Directors of the Company, in our opinion, adequate systems and processes exist in the Company to monitor and ensure compliances under other applicable Acts, Laws and Regulations as applicable to the Company.

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

(i) Secretarial Standards issued by The Institute of Company Secretaries of India;

(ii) SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015; **Not applicable to the Company during the Audit Period**

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

We further report that

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

Adequate notice is given to all the Directors to schedule the Board Meetings, agendas 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 carried through on the basis of majority and there were no dissenting views.

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

We further report that during the audit period, following is an event having a major bearing on the Company's affairs in pursuance of the above referred Laws, Rules, Regulations, Guidelines, Standards etc.:-

1. The Company has allotted 1,20,52,500 (One Crore Twenty Lakhs Fifty Two Thousand and Five Hundred) fully paid bonus share of ₹ 10 each at the ratio 1.5:1 (one and half Bonus Equity share for every 1 Equity shares held) at the Board Meeting held on 3 March 2021

Date : 14 August 2021
Place : Vadodara

Signature : Sd/-
Name pf PCS : **Niraj Trivedi**
FCS No. : 3844
C. P. No. : 3123
PR. No. : 1014/2020
UDIN : F003844C000799243

This report is to be read with our letter of even date which is annexed as **"Annexure – A"** and forms an integral part of this Report.

"Annexure – A to Secretarial Audit Report"

To,
The Members
Tatva Chintan Pharma Chem Limited
CIN: U24232GJ1996PLC029894
Plot No 502/17 GIDC Estate,
Ankleshwar,
Bharuch – 393 002,
Gujarat, India

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. Wherever required, we have obtained the management representation about the compliance of Laws, Rules and Regulations and happening of events etc.

5. The compliance of the provisions of the Corporate and other applicable Laws, Rules, Regulations, Standards is the responsibility of the 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.

Date : 14 August 2021
Place : Vadodara

Signature : Sd/-
Name of PCS : **Niraj Trivedi**
FCS No. : 3844
C. P. No. : 3123
PR. No. : 1014/2020
UDIN : F003844C000799243

Annexure-E to the Board Report

Particulars of Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo required under the Companies (Accounts) Rules, 2014

A. Conservation of energy

Energy conservation continues to be an active focus area for the Company. In light of the global warming, which eventually may lead to scarcity of energy resources, the company has been focusing on efficient energy conservation practices as one of the key component of its responsible energy strategy. Company has also taken several initiatives in order to conserve energy which is in line with our policy of conservation of natural resources.

(i) The steps taken or impact on conservation of energy:

1. Installed APFC panel (100 KVAR) for power factor improvement.
2. Installed VFD in Brine plants & ATFD machines to reduce power consumption.
3. Installed ACs with effective energy conservation.
4. Installed LED lights to reduce power consumption.
5. Improvement in recovery of steam condensate water to reuse the same in boiler.
6. Processes improved to reduce utility consumption and improve energy conservation

(ii) The steps taken by the Company for utilising alternate sources of energy: Not applicable

(iii) The capital investment on energy conservation equipment's: Not applicable

B. Technology absorption

(i) The efforts made towards technology absorption:

Sustainable Technology has been central to everything that Tatva Chintan has ever done. We have focused mainly to develop and make available the best technologies indigenously and in collaboration with few Government approved Research laboratories for various novel and proprietary catalysts, Structure directing agents, Phase transfer catalysts, chemicals and pharma intermediate (to name a few) processes and products to improve profitability and accelerate our growth.

Tatva Chintan strives through its indigenous in-house R&D to develop technologies that create significant value. R&D enables the innovation based growth agenda.

Tatva Chintan through its technology development strategies for various products technologies is also simultaneously focused on Safety, health & environmental issues.

(ii) The benefits derived like product improvement, cost reduction, product development or import substitution:

By adopting the technology absorption strategies, Tatva Chintan through its R&D efforts has been able to deliver products via environmentally benign & cost competitive effective processes for new product pipelines for various customers.

Tatva Chintan by its adherence to the technology absorption strategy through its efforts has also been successful in upgrading the existing commercial products in terms of improving output quality and yield while reducing effluent load by adopting/ substituting to latest / current available technology and processes.

We have also been able to expand the product portfolio striving through our R&D strategies and efforts as per our desire for product diversification and exploring varied application based research.

(iii) In case of imported technology (imported during the last three years reckoned from the beginning of the financial year):

NIL

(iv) Expenditure incurred on research and development:

(₹ in million)

Sr. no.	Particulars	2020-21	2019-20
a)	Capital	26.47	13.62
b)	Revenue	24.67	26.32
	Total (a+b)	**51.14**	**39.94**

C. Foreign exchange earnings in terms of actual inflows and actual outflows

(₹ in million)

Particulars	2020-21	2019-20
Foreign exchange earned in terms of actual inflows	20,357.00	19,901.00
Foreign exchange outgo in terms of actual outflows	6,622.41	9,289.23

By Order of the Board of Directors

Sd/-

Chintan Shah

Chairman & Managing Director

DIN: 00183618

Date: 14 August 2021

Place: Vadodara

Annexure-F to the Board Report

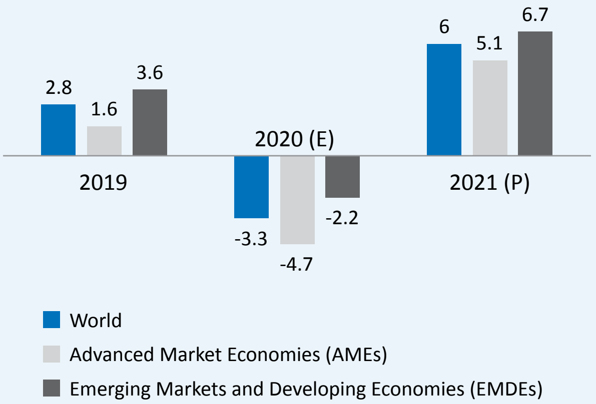
Management Discussion and Analysis

ECONOMIC REVIEW

Global economy

With the onset of the COVID-19 pandemic, the world was exposed to widespread disruptions across sectors. To contain the spread of this virus, most countries opted for voluntary lockdowns, which not only disrupted global trade but also triggered fears of recession. The global trade volumes in 2020 contracted by 8.5%, leading to the contraction of the world economy by 3.3%. Major economies across the world saw a slowdown in economic activities. The output of advanced economies declined by 4.7% and that of emerging markets and developing economies (EMDEs) by 2.2%.

Region-wise growth estimates (%)



E: Estimated; P: Projected

During 2020, Brent crude oil prices averaged USD 41.69 per barrel compared to USD 64 per barrel in 2019, clocking a steep y-o-y decline of ~35%. However, the crude prices are projected to recover to USD 62.26 and USD 60.74 per barrel in 2021 and 2022 respectively, on the back of consistent demand.

With the beginning of vaccine roll-outs across the world by the end of 2020, and lockdowns being lifted in a phased manner across various countries, the world economy is expected to head for a speedy recovery in the foreseeable future. Though the second wave of the COVID-19 pandemic has proved to be challenging across some countries, the world is better prepared to withstand the challenges and counter the pandemic with experiences gained in 2020.

With the global fiscal support of ~USD 12 trillion and extensive rate cuts, coupled with liquidity injections, the global economy is expected to recover faster. On the back of this optimism, the global GDP growth for 2021 and 2022 is projected at 6% and 4.4% respectively. In line with the recovery of economy, the global trade volumes are expected to grow by 8.4% in 2021.

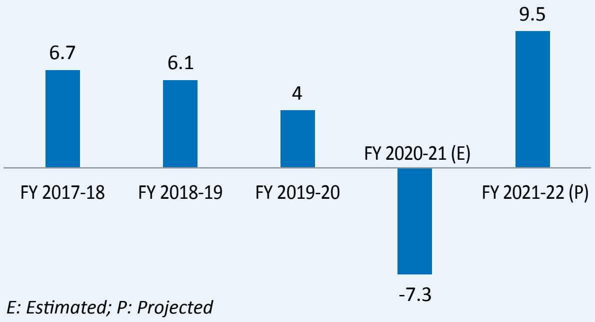
(Source: IMF, WEO, EIA)

Indian economy

Like all major economies, India opted for a stringent nationwide lockdown in the first quarter of FY 2020-21 to contain the spread of the virus. This brought the economic activities to a standstill and disrupted trade across the country. As a result, the country saw sharpest GDP decline in multiple decades during the first two quarters of FY 2020-21. However, on the back of various financial stimulus announced by the Government, the economy gradually started recovering post the lifting of lockdown restrictions. The Government provided two specific financial stimuluses during FY 2020-21 – ₹ 20 trillion of COVID-19 relief package and ₹ 2.65 trillion of comprehensive financial package. The Reserve Bank of India also opted for rate cuts twice during the fiscal and announced the moratorium extension and deferment of loan repayments to counter the liquidity crunch across the country. During FY 2020-21, the Government also announced the 'One nation, One ration card' scheme to ensure the access to basic necessities for migrant laborers from any part of the country.

These measures provided the much-needed support, and the Indian economy saw a fast recovery in the second half of FY 2020-21. The country's GDP is estimated to have contracted by 7.3% during FY 2020-21 compared to a growth of 4% during the previous fiscal. Further, due to increasing food prices, the consumer price inflation of India was estimated at 6.2% in FY 2020-21 compared to 4.8% in FY 2019-20.

India GDP growth (%)



E: Estimated; P: Projected

The fiscal FY 2020-21 saw the exchange rate of US dollars stand at an average between ₹ 72 and ₹ 73 per US dollar. Coupled with steady dollar prices, and increasing gold reserves and foreign currency assets, India's foreign exchange reserves reached a lifetime high of USD 590.18 billion in the week ended 22 January 2021 before closing the year at USD 579.28 billion level.

The last quarter of FY 2020-21 saw a setback due to the second wave of the COVID-19 pandemic, which wreaked havoc across the country. To counter this, the country focused on rapid vaccination of the masses. As a result, the country's GDP growth projections for FY 2021-22 have been lowered to 9.5% as against 12.5% projected earlier. Further, the consumer price inflation of India is also expected to moderate from 6.2% in FY 2020-21 to 4.9% in FY 2021-22, owing to recovery of global trade and moderated pricing across food and all consumer durable products.

(Source: RBI, WEO)

INDUSTRY OVERVIEW, OPPORTUNITIES AND THREATS

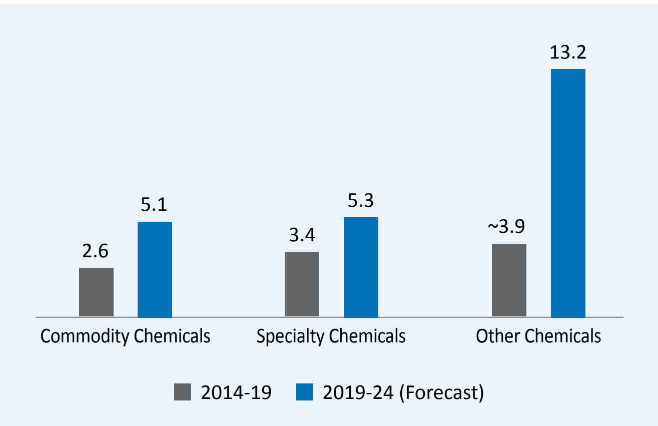
Global chemical industry

The global chemical market was estimated at USD 4,738 billion in 2019, of which, China carves out the majority share of 37%, followed by European Union and United States at 17% and 14% respectively. The market has been constantly growing at a stable pace on the back of increase in the use of chemicals in pharmaceutical and also across various other sectors.

The global chemical industry is largely divided in commodity chemicals, specialty chemicals and other chemicals. Commodity chemicals comprise plastics, synthetic fibers, paints and pigments, explosives, and petrochemicals, which are generally produced in large volumes. The commodity chemical market was pegged at ~USD 3,700 billion in 2019, and is projected to grow at 5-6% in the next 5 years.

On the other hand, specialty chemicals are value-added and low volume chemicals which find downstream utilization across a wide array of products such as fine chemicals, additives, advanced polymers, adhesives, sealants and specialty paints, pigments, and coatings. The Indian specialty chemical sector stood pegged at ~USD 800 billion in 2019, and is projected to grow at 5-6% in the next 5 years.

Global chemical industry growth (%)



Source: Frost & Sullivan

The global chemicals market is expected to grow at CAGR of 6.2% to reach USD 6,400 billion by 2024. Further, the Asia-Pacific region is expected to clock a CAGR of 7-8% between 2019 and 2024, emerging as the fastest growing market. Subsequently, due to the relatively saturated market of Western Europe, North America and Japan, these geographies are expected to grow at a CAGR of 3-4% for the forecast period.

Growth drivers

Agricultural produce

With the ever-increasing population across the world, the demand for agricultural produce has been increasing as well. This coupled with the in arable land across the globe has marked the focus on improving crop yields. In achieving this, the demand of agrochemicals has gained immense traction over the past few years. On the back of these tailwinds, the agrochemical space is expected to grow at CAGR of 5.8% between 2019 and 2024.

Pharmaceutical space

With the increase in advancement of pharmaceutical space, and the increasing need of better generic drugs and other medications, the demand for pharmaceutical chemicals has been increasing consistently. In the current circumstances, when the world is facing challenges by a global pandemic, the need for pharmaceutical chemicals has seen a sharp rise. Owing to such circumstances the market segment of pharmaceutical chemicals is expected to grow at a CAGR of 6.1% between 2019 and 2024.

Construction

With the increasing population and urbanization, the construction has been in constant need of construction chemicals. This demand driver is expected to translate into a 5.1% CAGR for construction chemicals between 2019 and 2024.

Home care

With the increasing demand in household and institutional cleaners, the sector is expected to grow at a CAGR of 5.7% between 2019 and 2024, thereby providing ample growth opportunities for chemical industry.

Personal care

Rising demand for safety and hygiene is evident from the increase in demand from household and institutional cleaners resulting into an expected growth of this sector at a CAGR of 5.7% between 2019 and 2021, which is a good news for the chemical industry.

Paints and additives

Specialty chemicals find downstream application in producing paints, coatings and additives, which are used in the construction and automotive sectors. On the back of the constant demand from these sectors, the demand for paints and additives is expected to grow at a CAGR of 5.1% between 2019 and 2024, providing ample growth opportunities for chemical industry.

Water treatment

With the world moving towards creating a sustainable world, there has been increasing adoption in water and effluent treatment at most manufacturing plants to ensure water is either recycled back in the process or the water discharged does not have any harmful impact on the environment. On the back of these tailwinds, the water treatment chemicals are expected to grow at a CAGR of 5.4% between 2019 and 2024.

Textile chemicals

Textile chemicals are used in textile for various purposes starting from bleaching to imparting certain properties such as anti-microbial, wrinkle-free, and stain-resistance, among others. The textile chemical sector is expected to grow at a CAGR of 3.9% between 2019 and 2024.

Dyes and pigments

Chemicals are used for producing dyes and pigments with various properties such as high durability, UV resistance, and heat and chemical resistance, among others. The dyes and pigments sector is expected to grow at a CAGR of 4.7% between 2019 and 2024.

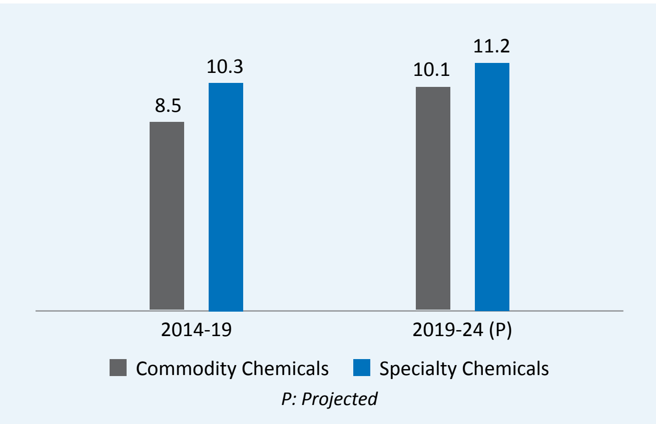
Impact of COVID-19

With the onset of the COVID-19 pandemic, various sectors across the world saw disruptions especially due to the lockdowns. The lockdowns impacted leading chemical manufacturers by drastically bringing down their capacity utilization for the year. Chemical manufacturers focused on reducing capital and operational expenditure to reduce costs, enabling companies to be able to take the hit on the topline and bottomline. During the year, capacity utilizations were down by 40%-60% due to restrictions on operations, labor shortages and disruptions in the supply chain. The demand of chemicals used in downstream sectors such as automotive, transportation and consumer products saw a y-o-y decline of 20-30% in 2020.

Indian chemical industry

The Indian chemicals market stood at USD 166 billion in 2019, carving 4% of the global chemical output. The specialty and commodity chemicals markets accounts for 47% and 46% of the Indian chemical industry output respectively. Post the COVID-19 crisis, the global specialty chemical manufacturers are looking to shift to an alternate investment destination in Asia. India being an attractive destination with technical competencies and low-cost advantage, is expected to make the most of these tailwinds. Currently, China accounts for ~15-17% of the world's exportable specialty chemicals, whereas India accounts for a mere 1-2%. This under penetration also showcases the huge headroom for growth in India over the medium- and long-term. India also has the right R&D skillset and economies of scales in its favor, in addition to the compliance to stringent environmental and health safety practices, which is ultimately expected to drive its specialty chemical market.

Indian chemical industry growth (%)



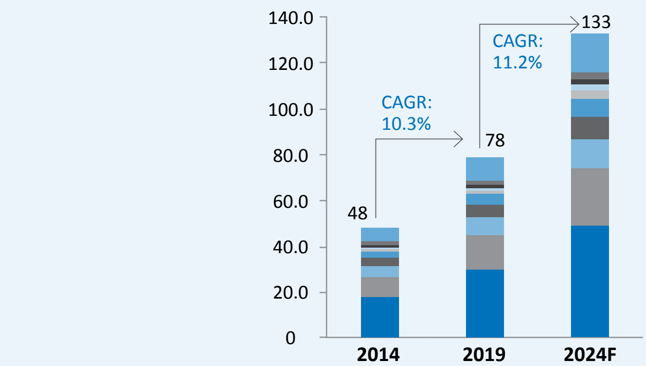
Source: Frost & Sullivan

The Indian chemical sector is projected to reach ~USD 280-300 billion by 2024, growing at a CAGR of ~12% during 2019-24. The biggest enabler of this growth is expected to be the specialty chemical sector, which is expected to grow at a CAGR of 11-12% followed by the commodity chemicals market which is expected to register a CAGR of ~10% during this period.

High entry barriers

The chemical industry is both capital and knowledge intensive. The technical know-how and the ability to create complex compounds while leveraging intellectual capital is the biggest barrier to new entrants in the chemical sector. Every company operating in this space is required to have a very strong research and development team, capable of ensuring the production of complex compounds. Another big challenge is the constant compliance to stringent norms requisite for operating in a sector governed by regulatory authorities to ensure quality, safety and sustainability. Making a mark and creating longstanding relationships with customers and supply chain partners is another barrier, which takes time for a new entrant in the sector.

Indian specialty chemicals market, value (USD billion), 2014, 2019 and 2014 (Forecast)



	2014	2019	2024F
Others	5.1	8.6	16.8
Flavors & Fragrances Ingredients	1.1	1.8	3.3
Construction Chemicals	0.6	1.0	1.7
Water Treatment Chemicals	1.3	1.9	2.9
Textile Chemicals	1.5	2.0	3.1
Home & Personal Care Ingredients	2.9	4.6	7.8
Paints & Coatings Additives	3.8	5.8	9.6
Dyes and Pigments	5.3	7.8	13.4
Pharma API	8.6	14.9	25.6
Agrochemicals & Fertilizers	17.9	29.9	48.4

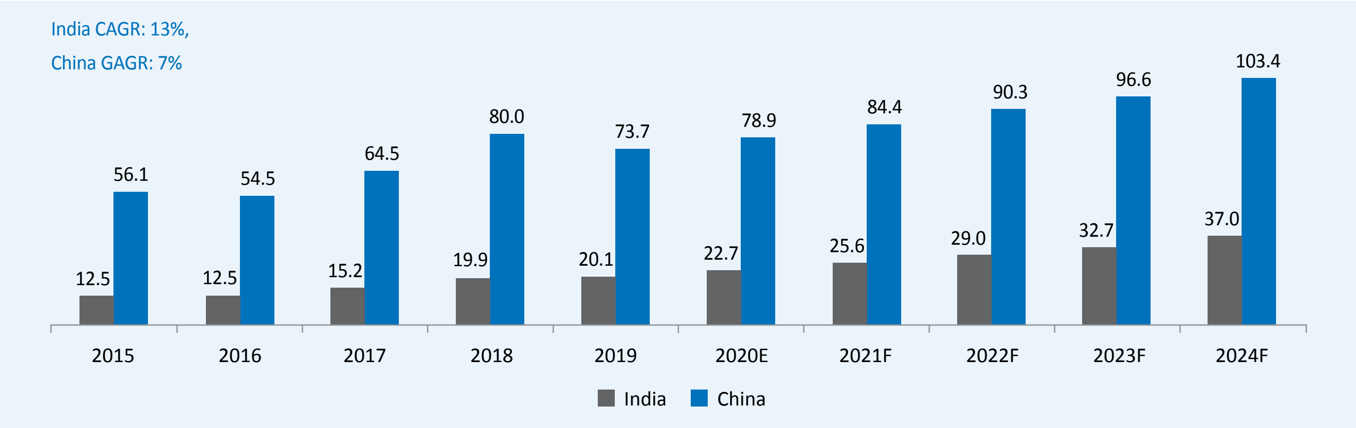
Others include: Sealants and Adhesives, Polymer Additives etc.

Environment-friendly specialty chemicals

Green chemicals are a fast-evolving concept in today's world and has been consistently gaining traction over the recent past. Population explosion and the ever-increasing water pollution caused by hazardous and polluting discharge from factories has been a challenge faced by India for a long time. With the increasing focus on sustainability and responsible manufacturing, most manufacturing facilities have started using green chemicals such as water treatment chemicals to ensure the water discharged is free of pollutants. Subsequently, green chemicals find various downstream applications such as industrial cleaning, home and personal care, and textiles, among others.

India ahead of China

With the increasing capex and opex costs, Chinese chemical companies have lost their competitive edge in exports. In 2017, almost 40% of the chemical manufacturing capacity in China was temporarily shut down for safety inspections, with over 80,000 manufacturing units charged and fined for breaching emission limits. With the focus on controlling pollution, the Chinese Ministry of Environmental Protection enforced strict penalties on the chemical industry. Owing to this reason, India has been growing at a much faster pace compared to the Chinese chemical exports.



Impact of COVID-19

Marked by global trade disruption and continued lockdowns and operation shutdowns, the Indian chemical sector was impacted exponentially in 2020. The demand was estimated to have contracted by 50% in 2020. With the national borders shut and global trade disrupted, sourcing raw materials from China became a huge challenge for India, which was expected to have a lingering effect even 3-4 months post lifting of lockdown restrictions.

PRODUCT CATEGORY REVIEW

Phase transfer catalysts (PTC) market

Overview

A PTC facilitates the migration of a reactant from one phase into another where the reaction occurs while offering the advantage of faster reactions and higher yields. It also eliminates the need for expensive or dangerous solvents and expensive raw materials.

It is gaining increasing adoption for green chemistry applications given its ability to reduce by-products, wastes generation and organic solvents use. Pegged at USD 1,031 million in 2019, the global PTC market is expected to grow at a CAGR of 5% and reach USD 1,328.4 million by 2024. The growth is likely to be driven by growth in key end user industries of pharmaceutical at 5.7%, chemical at 4.2%, and agrochemical 5.2%. Asia-Pacific (APAC) region is expected to grow fastest at 6.5% led by increased demand from China, Japan, Australia, South Korea, and India followed by Europe and North America.

India accounts for ~3.5% of the global PTC market. With multiple favorable initiatives by the Government to drive growth of pharmaceutical and agrochemical industries, the USD 37.3 million Indian PTC market is expected to grow at a faster CAGR of 6.6% to reach USD 51.3 million in 2024 with a market share of ~4%.

Key drivers

- Healthcare, pharmaceuticals and API: Aging global population leading to rising demand for chronic diseases, better access to healthcare in emerging economies, increasing awareness about personal health and hygiene. In India, the demand will be driven by growing demand for generic drugs globally along with strengthening coverage and services and increasing expenditure by public and private players.
- Agrochemicals: Increasing population and food demand and awareness in health and hygiene. In India, high proportion of agricultural land, diverse agro-climatic conditions and high investments in crop production is likely to drive demand.
- Personal care products and disinfectants: Rising demand for sanitizing and disinfecting post COVID-19. In India, the rising disposable income and demand for enhanced and beauty products, herbal cosmetics and organic products are key driving factors.

Trend of evolution

PTCs have evolved from merely being an agent used during chemical transformation to a more useful catalyst with material and energy efficiency advantage. It's currently used in:

- synthesis of pharmaceuticals, agricultural chemicals, perfumes, flavorants, and dyes
- specialty polymerization reactions, polymer modifications, and monomer synthesis
- pollution and environmental control processes
- analysis of trace organic and inorganic compounds

The products' demand is now being driven by the adoption of green chemistry in organic synthesis, improve high conversions or yields and reduce the by-products and wastes.

Tatva Chintan position

The Company is one of the largest producers of an entire range of PTCs in India and one of the leaders globally. It has wholly-owned subsidiaries in North America and Europe to market and distribute products in these well as other international markets. Further, with the consistent growth in pharmaceuticals and allied sectors, the PTC market across the world is expected to witness a huge demand.

Structure directing agents (SDA) market

Overview

These are Quaternary Ammonium Compounds (Quats) finding application in fabric softeners, disinfectants, surfactants, antistatic agents, personal care and wood preservation. Its demand is rising due to growth in hospital-acquired infections, geriatric population, prevalence of chronic disease and the number of surgical procedures. It has been further boosted by introduction of strict regulations and favorable government policies on disinfection and sterilization. As a result, the global Quats market is expected to grow at a CAGR of 6.8% from USD 96.3.7 million in 2019 to USD 1.4 billion in 2024.

The developing economies are expected to lead growth. APAC (excluding India) representing ~28% of the global Quats market is expected to grow fastest at 7.1% during 2019-24. India with a market size of USD 61 million and accounting for ~6% of the market is expected to grow at a CAGR of 8.5% during 2019-24. Europe and North America are expected to grow over 6%.

Key drivers

- Antiseptic and disinfectant: Huge demand post COVID-19 globally
- Detergents: Healthier lifestyles and rising health and hygienic living
- Personal care / fabric softeners: Rising demand in APAC led by increasing disposable income. Rising popularity of fabric whiteners in rural India
- Wood preservatives: Stringent regulations of limiting wood usage. In India, wood is a dominant component in furniture market and demand for cost-effective engineered wood and laminate floors is expected to rise
- Paints and coatings: Rapid urbanization and industrialization in the emerging countries including India
- Agro chemicals: Increasing population, decreasing arable land, and consequent requirement to improve crop yields
- Zeolites: High demand for catalysts, adsorbents and detergent builders. China and India are likely to key markets in next 5-6 years

Trend of evolution

SDAs are increasingly being used as a highly prolific approach for synthesis of novel zeolites. Zeolites are indispensable in many catalytic processes including emission control which is gaining global importance.

Tatva Chintan position

The Company is the second largest manufacturer of SDA for zeolites globally and the largest and only one in India supported by its deep knowledge in advanced chemistries which is an entry barrier to others. This positions the Company attractively to gain post recent developments in emission control and refining catalyst applications. The Company's products are gaining global importance and is positioned to grow. Further, the Company's products are critical in synthesis of zeolites, and Tatva Chintan is the only company which caters to the entire value chain of across the globe.

Electrolyte salts market

Overview

Electrolyte salts are primarily used in electrical devices like electrolytic cells and batteries. It comes in liquid, gel and dry forms. Gel form being employable in the flexible solid-state batteries together with Super-Capacitors (SCs) are gaining larger acceptance.

The demand for electrolyte market is largely being driven by increasing demand of SCs for energy harvesting applications, vehicles (aircraft and trains) and large storage capacity across consumer electronics and energy and utility sectors. The global SCs market valued at USD 1.4 billion in 2019 is expected to grow at a CAGR of 26% to reach USD 4.4 billion by 2024. Asia-Pacific is the largest market for power back-up for memory functions in consumer products. European market follows due to increasing use of electric vehicles (EVs) with new advanced power-driven technology.

With this, the global electrolyte salts market, pegged at USD 4.80 billion in 2019, is expected to grow at a CAGR of 8.2% and reach USD 7.1 billion by 2024. APAC, the largest market, is likely to lead the growth at 8.9% during 2019-24 followed by North America at 8.8%, Europe at 7.1% and MEA at 6.2%. Demand for application in lithium ion is expected to grow fastest at 9% followed by lead acid at 7.9% during 2019-24. The largest end market segment of automotive and transportation is expected to grow at 7.4% and 7.2% respectively, followed by consumer electronics at 10.1% and industrial at 6.9%.

India electrolyte salts market valued at USD 0.35-0.4 billion in 2019 and accounting for ~6-8% of global market is projected to grow at 8-9% CAGR to reach USD 0.55-0.65 billion by 2024. Majority of demand is likely to come from automotive and consumer electronics segment. Bounce back in automotive sector, rising demand for hybrid vehicles, EVs, and consumer electronics and rising solar projects is likely to boost its demand.

Key drivers for super-capacitators

Global

- Automotive and transport: Advent of fuel-efficient technology for hybrid electric and battery EVs
- Consumer electronics: Rising internet connectivity penetration
- Energy storage: Rising on-grid connection system
- Infrastructure and residential properties: Rapid urbanization in developing countries to boost transport and power infrastructure

India

- Automotive: National Electric Mobility Mission Plan to boost EVs and SCs growth
- Transport and infrastructure: Rising focus of Indian Railways on safety, efficiency, n, power quality and freight wagon tracking
- Renewable energy: Increasing awareness and proven efficiency of SCs for wind turbines. Solar PV panels and lighting expected as potential areas
- Consumer electronics: Rising electronics demand along with potential usage in power banks where fast-charging and high-power-density features of SCs can be well utilized
- Grid balancing: Demand for smart SC-based storage systems which can balance supply and demand across segments that comprise the value chain

Tatva Chintan position

The Company is amongst the key players in electrolyte salts market. It is the largest producers of organic electrolyte salts for SCs and has deep expertise in it. With a growth in the Automobile and Electronics segment, the Company is well-positioned to grow. Owing to its expertise in organic electrolyte salts, the Company has witnessed a sales growth of 21% y-o-y in FY 2019-20 over FY 2018-19.

Pharma & agro intermediates and other specialty intermediates (PASC) market

Overview

The global specialty intermediates market, estimated at USD 115 billion in 2019, is projected to grow at 5.2% CAGR to reach USD 148 billion in 2024. This will be primarily driven by growth in key end-use segments of pharmaceuticals at 7.3%, agrochemicals at 6.3%, paints and coatings at 7.4%, personal care at 9.1% and flavor and fragrances. The key regions of the US, Europe, Asia-Pacific and LATAM are expected to grow 5.2%, 5.1%, 6.1% and 4% respectively during this period. China and India are expected to continue being the key exporters.

Key end-use application segments of specialty intermediates include reagents, solvents, building blocks, and protective groups which account for 75% of market, and lubricants, catalysts and other chemistries accounting for 25%. Reagents, solvents, building blocks and protective groups are expected to grow at a CAGR of 7.1%, 6.3%, 6.4% and 5.2% respectively during 2019-24.

India specialty intermediates market valued at USD 6.7 billion in 2019 accounts for 5-6% of the global market and is projected to grow at 10.2% CAGR to reach USD 10.8 billion by 2024. Pharmaceutical intermediates comprising about 64% of the market is projected to grow at 11.3% followed by personal care at 9.3%, pigments at 9.2% and agrochemicals at 8% during 2019-24.

Trend of evolution

Advancements in end-user industries necessitate change in product formulations using additives. With emphasis on product innovation, brand building and environmental friendliness in India, the industry is moving toward greater customer orientation.

Key growth drivers

- Agrochemicals: Exploring and developing new feedstock and chemical compositions with bio-based materials to reduce wastage and improve efficiency
- Personal care ingredients: Rising demand for environment friendly / green products
- Building and construction: Rising population and required infrastructure improvements such as residential development, and investment in renewables and telecommunications
- Paints and coatings: Use of nanotechnology, novel ingredients, specialty solvents, high performance additives and polymers, composites, modified chain extenders etc.
- Pharmaceuticals: Emergence of Specialty Segments (Biologics) and biosimilars which could provide higher efficacy at lower dosage

Tatva Chintan position

The Company is among the key players in the specialty chemicals segment with its range of products such as Disinfectants, Catalysts, Agro and Pharmaceuticals and other specialty intermediates finding applications among the high growth segments. The Company is also the largest producer of Glymes in India and third largest in the world which finds applications in drug research, battery research, biological research and others.

The Company has FDA approval from Gujarat State for manufacturing cetrimide and cetyl pyridinium chloride and has facilities in USA and Netherlands. It is best positioned to benefits from Government incentives and initiatives focused on reviving the Agrochemicals and Pharmaceutical API industry and decreasing reliance on Chinese imports.

Personal care market

The Global Personal Care market is anticipated to grow at 6.6% led by increasing disposable income, growing middle class and trends like men's grooming and increased hygiene awareness. Asia-Pacific accounts for 36% share globally; countries like China, India, and Vietnam are expected to drive growth with its huge millennial population, upgraded products, international investments and improved purchasing power. India's personal care industry pegged at USD 14.3 billion is expected to grow at a CAGR of 9.8% to reach USD 25 billion by 2025 with strong trend for premiumization.

Epoxy resin market

Epoxy finds application as paints, coatings, adhesives, sealants and composites due to its properties of high thermal stability, mechanical strength, resistance to moisture, adhesion and heat resistance. A preferred choice for many industries, it is the largest raw material used for different chemical formulations.

The global epoxy resin market, estimated at USD 7.5 billion in 2019, is projected to grow at a CAGR of 6.3% during 2019-24. The growth is likely to be driven by increasing demand for paints and coatings (accounting for ~40% share) from key end user industries including construction and automotive, transport, marine coatings, aerospace, electrical and electronic laminates, composites and decorative powder coatings. Asia-Pacific is likely to continue being a key market followed by North America and Europe.

Speciality amines market

Specialty Amines, soluble in water, are chemical intermediaries with excellent synthesizing properties. Exhibiting characteristics of electric insulation and resistance to radiation, abrasion and heat, they find application in detergents, specialty cleaners, gas-treating chemicals, and personal care products.

The global Amines market valued at USD 14 billion in 2019 is estimated to grow at a CAGR of 4% during 2019-24 led by increased health and hygiene awareness and the use of high-quality personal care products. It is witnessing an increased demand as an essential ingredient in pharmaceutical formulations due to increasing prevalence of chronic health conditions and as a solvent in manufacturing paint and coatings. On the back of similar growth factors, the Indian Specialty Amines valued at USD 280 million in 2019 is estimated to grow at a CAGR of 6.5% during this period.

COMPANY OVERVIEW

Tatva Chintan Pharma Chem Limited (referred as the Company or Tatva Chintan hereafter) is a specialty chemical manufacturing company. It engages in the manufacture of a diverse portfolio of structure directing agents (**SDAs**), phase transfer catalysts (**PTCs**), electrolyte salts for super capacitor batteries, and pharmaceutical and agrochemical intermediates and other specialty chemicals (**PASC**).

Established in 1996, the Company is the largest and only commercial manufacturer of SDAs for zeolites in India and one of the leading producers of PTCs in India and across the globe. Its superior, high-quality products find application in diverse industries including the automotive, petroleum, pharmaceutical, agro chemicals, paints and coatings, dyes and pigments, personal care, and flavors and fragrances.

In addition to a widespread domestic network, the Company has a significant global presence and exports products to over 25 countries including the United States (US), China, Germany, Japan, South Africa and the UK. Its two wholly-owned subsidiaries in the US and Netherlands facilitate the overseas operations. The Company also participates in various domestic and international industry specific exhibitions and events to build a wide customer base across diverse sectors. Its strong customer relationships are a result of the Company's ability to develop innovative processes, meet stringent quality and technical specifications, and manufacture products in a cost effective and safe manner.

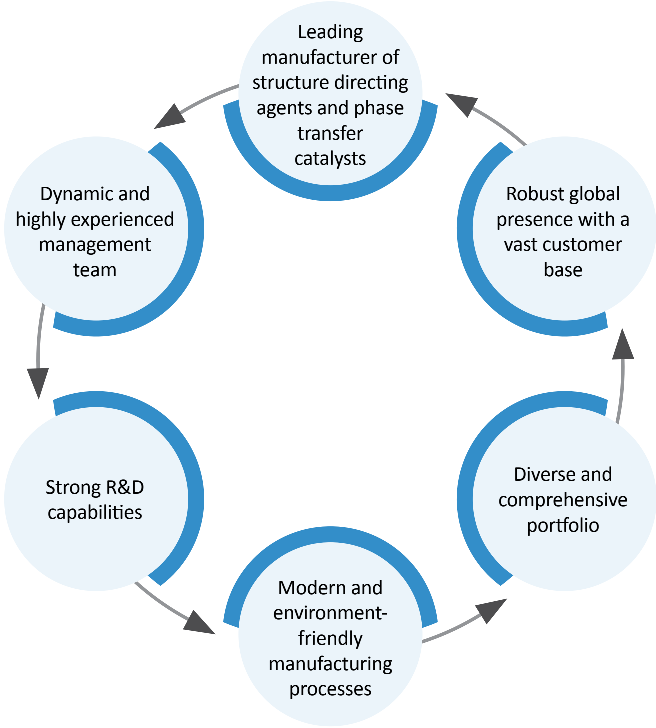
Manufacturing and R&D infrastructure

The Company has two state-of-the-art manufacturing facilities situated at Ankleshwar and Dahej in Gujarat. These facilities are equipped with modern technologies and equipment and have an installed reactor capacity of 280 KL and 17 Assembly Lines as on 31 March 2021. The units are strategically located close to the Hazira port, providing the Company cost and logistics advantage and enabling seamless export and import operations.

The Company also has a dedicated, highly advanced Department of Scientific and Industrial Research (DSIR)-approved R&D facility situated at Vadodara, Gujarat. Besides, a modern analytical development laboratory supports and improves the R&D operations of the Company. The R&D team comprises 20 skilled employees of whom 7 are doctorates in various fields relating to its industry. Strong R&D capabilities of the Company helps develop new products catering to the evolving customer needs and increase efficiencies of its manufacturing processes.

Manufacturing Facility	Capacity	Fiscal 2021		Fiscal 2020	
		Reactors	Assembly Lines	Reactors	Assembly Lines
Ankleshwar	Installed	90 KL	3	90 KL	3
	Available	90 KL	3	90 KL	3
	Utilized	84.22%	68.01%	94.82%	34.58%
Dahej	Installed	190 KL	14	190 KL	10
	Available	190 KL	11	90 KL	8
	Utilized	61.57%	50.72%	90.34%	91.47%
Total	Installed	280 KL	17	280 KL	13
	Available	280 KL	14	180 KL	11
	Utilized	68.85%	54.50%	90.34%	91.47%

Key strengths



IPO proceeds

The ₹ 500-crore public issue of Tatva Chintan Pharma Chem Limited received overwhelming response from investors. It was oversubscribed 180 times and witnessed a stellar listing at 95% premium over the issue price on the stock exchange. The offer comprised a fresh issue of ₹ 225 crore and an offer for sale of up to ₹ 275 crore by the promoter group.

The net proceeds are proposed to be utilized towards the following objectives:

- Funding capital expenditure for expansion of manufacturing facility at Dahej
- Funding capital expenditure for upgradation of R&D facility in Vadodara
- General corporate purposes

FINANCIAL REVIEW

Revenue

Our total income increased by ₹ 416.70 million, or 15.75% from ₹ 2,646.22 million in Fiscal 2020 to ₹ 3,062.92 million in Fiscal 2021.

Revenue from operations

Revenue from operations increased by ₹ 371.20 million or 14.10%, from ₹ 2,632.39 million in Fiscal 2020 to ₹ 3,003.59 million in Fiscal 2021. This was primarily attributable to the increase in export sales from ₹ 2,020.20 million in Fiscal 2020 to ₹ 2,127.41 million in Fiscal 2021 and domestic sales from ₹ 556.65 million in Fiscal 2020 to ₹ 841.16 million in Fiscal 2021, This was further driven by increase in sale of SDAs from ₹ 1,016.54 million in Fiscal 2020 to ₹ 1,202.43 million in Fiscal 2021 and increase in sale of PASCs from ₹ 764.91 million in Fiscal 2020 to ₹ 912.18 million in Fiscal 2021. This was partially offset by decrease in other operating revenue from ₹ 55.54 million in Fiscal 2020 to ₹ 35.02 million in Fiscal 2021.

During the Fiscal 2020 and 2021, exports of products amounted to ₹ 2,020.20 million and ₹ 2,119.92 million, which accounted for 76.74% and 70.58%, of our revenue from operations, respectively.

During the Fiscal 2020 and 2021, our revenue from sale of SDAs was ₹ 1,016.54 million, and ₹ 1,202.43 million, respectively, which accounted for 38.62% and 40.03% respectively, of our revenue from operations.

During the Fiscal 2020 and 2021, our revenue from sale of PTCs was ₹ 749.11 million and ₹ 816.12 million, respectively, which accounted for 28.46% and 27.17% respectively, of our revenue from operations.

During the Fiscal 2020 and 2021, our revenue from sale of electrolyte salts for super capacitor batteries was ₹ 46.29 million, and ₹ 30.35 million, respectively, which accounted for 1.76%, and 1.01% respectively, of our revenue from operations.

During the Fiscal 2020 and 2021, our revenue from sale of PASC was ₹ 764.91 million, and ₹ 912.18 million, respectively, which accounted for 29.06%, and 30.37% respectively, of our revenue from operations.

Other income

Our other income increased by ₹ 45.50 million or 328.99%, from ₹ 13.83 million in Fiscal 2020 to ₹ 59.33 million in Fiscal 2021. This was primarily on account of increase in our gain on foreign currency transaction and translation from NIL in Fiscal 2020 to ₹ 45.21 million in Fiscal 2021.

Expenses

Our total expenses increased by ₹ 285.71 million, or 13.16% from ₹ 2,170.25 million in Fiscal 2020 to ₹ 2,455.96 million in Fiscal 2021. This was primarily due to an increase in cost of materials consumed, purchases of stock-in-trade, changes in inventory of work-in-progress and finished goods, employee benefits expense, finance costs, depreciation and amortization expense and other expenses.

Cost of materials consumed

Cost of materials consumed increased by ₹ 47.53 million, or 3.25% from ₹ 1,461.59 million in Fiscal 2020 to ₹ 1,509.12 million in Fiscal 2021.

Purchases of stock-in-trade

Purchases of stock-in-trade increased by ₹ 0.86 million, or 3.51% from ₹ 24.51 million in Fiscal 2020 to ₹ 25.37 million in Fiscal 2021.

Changes in inventories of work-in-progress and finished goods

Changes in inventories of work-in-progress and finished goods changed from ₹ (158.43) million in Fiscal 2020 to ₹ (40.57) million in Fiscal 2021. This was primarily due to increase in level of work-in-progress inventory and finished goods.

Employee benefits expense

Employee benefits expense increased by ₹ 36.02 million or 17.55%, from ₹ 205.29 million in Fiscal 2020 to ₹ 241.31 million in Fiscal 2021. This was due to increase in salaries, wages and bonus from ₹ 186.52 million in Fiscal 2020 to ₹ 221.47 million in Fiscal 2021, which was partially attributable to increase in the number of our employees, gratuity from ₹ 1.42 million in Fiscal 2020 to ₹ 3.11 million in Fiscal 2021, and contribution to statutory funds from ₹ 8.62 million in Fiscal 2020 to ₹ 10.27 million in Fiscal 2021. This was partially offset by decrease in staff welfare expenses from ₹ 8.73 million in Fiscal 2020 to ₹ 6.46 million in Fiscal 2021.

Finance costs

Finance costs increased by ₹ 2.62 million or 6.64%, from ₹ 39.45 million in Fiscal 2020 to ₹ 42.07 million in Fiscal 2021. This was due to increase in interest expenses from ₹ 37.52 million in Fiscal 2020 to ₹ 39.85 million in Fiscal 2021, and other borrowing costs from ₹ 1.93 million in Fiscal 2020 to ₹ 2.22 million in Fiscal 2021. Our total borrowings as at 31 March 2021 and 31 March 2020 were ₹ 902.48 million and ₹ 906.89 million respectively.

Depreciation and amortization expense

Depreciation and amortization expense increased by ₹ 19.39 million or 40.45%, from ₹ 47.93 million in Fiscal 2020 to ₹ 67.32 million in Fiscal 2021. This was primarily due to increase in depreciation of property, plant and equipment from ₹ 44.98 million in Fiscal 2020 to ₹ 64.56 million in Fiscal 2021. Our net assets as at 31 March 2021 and 31 March 2020 were ₹ 1,302.57 million and ₹ 1,160.72 million and respectively.

Other expenses

Our other expenses increased by ₹ 61.43 million or 11.17%, from ₹ 549.91 million in Fiscal 2020 to ₹ 611.34 million in Fiscal 2021. This was primarily due to increase in (i) consumable, store and spare from ₹ 56.73 million in Fiscal 2020 to ₹ 60.74 million in Fiscal 2021, (ii) electricity, power and fuel from ₹ 89.64 million in Fiscal 2020 to ₹ 99.21 million in Fiscal 2021, (iii) effluent treatment expenses from ₹ 35.43 million in Fiscal 2020 to ₹ 42.04 million in Fiscal 2021, (iv) labor and service charges from ₹ 38.77 million in Fiscal 2020 to ₹ 66.75 million in Fiscal 2021, and (v) freight clearing and forwarding expenses from ₹ 71.11 million in Fiscal 2020 to ₹ 94.41 million in Fiscal 2021. This was partially offset by decrease in (i) net loss on foreign currency transaction and translation from ₹ 21.97 million in Fiscal 2020 to ₹ 7.33 million in Fiscal 2021, (ii) travelling and conveyance expenses from ₹ 17.54 million in Fiscal 2020 to ₹ 11.21 million in Fiscal 2021, and (iii) legal and professional fees from ₹ 17.78 million in Fiscal 2020 to ₹ 11.76 million in Fiscal 2021.

Profit before tax

For the reasons discussed above, our profit before tax increased by ₹ 130.99 million or 27.52%, from ₹ 475.97 million in Fiscal 2020 to ₹ 606.96 million in Fiscal 2021.

Tax expenses

Our total tax expenses decreased by ₹ 13.74 million or 14.01%, from ₹ 98.08 million in Fiscal 2020 to ₹ 84.34 million in Fiscal 2021. This was due to a decrease in the deferred tax from ₹ 11.47 million in Fiscal 2020 to ₹ (23.77) million in Fiscal 2021, which was partially offset by an increase in current tax from ₹ 79.97 million in Fiscal 2020 to ₹ 108.11 million in Fiscal 2021. Our effective tax rate for Fiscal 2021 and Fiscal 2020 was 29.12%.

Profit after tax

For the reasons discussed above, our profit after tax increased by ₹ 144.73 million or 38.30%, from ₹ 377.89 million in Fiscal 2020 to ₹ 522.62 million in Fiscal 2021.

Total comprehensive income for the year

Our total comprehensive income for the year increased by ₹ 147.71 million or 39.24%, from ₹ 376.38 million in Fiscal 2020 to ₹ 524.09 million in Fiscal 2021.

CAGR

Our revenue from operations grew at a CAGR of 20.66%, our EBITDA grew at a CAGR of 44.52% and our profit after tax has increased at a CAGR of 59.50% from Fiscal 2019 to Fiscal 2021.

Significant changes in key financial ratios along with their explanation: (if applicable)

Category	FY 2019-20	FY 2020-21	Variation (%)	Reasons for change
Debtors Turnover Ratio	5.20	3.27	-37.07	The debtors turnover ratio has improved compared to previous year on account of timely realization of receivables
Inventory Turnover Ratio	4.24	3.59	-15.34	The inventory turnover ratio has improved on account of decrease in inventory levels compared to previous year due to higher sales in FY 2020-21 compared to FY 2019-20
Interest Coverage Ratio	13.07	15.43	18.08	Interest coverage ratio is higher on account of higher EBIT
Current Ratio	1.51	1.56	3.12	The current ratio has improved due to increase in trade receivables
Debt Equity Ratio	0.77	0.54	-29.87	The ratio has improved due to plough back of profits
Operating Margin Ratio (%)	20.00	21.86	9.31	The ratio has improved on account of higher EBIT
Net Profit/Loss Margin (%)	14.66	17.61	20.05	The ratio has improved on account of higher PAT
Return on Net Worth (%)	32.11	31.49	-1.92	No major variance

RESEARCH AND DEVELOPMENT

R&D forms the backbone of the Company. The Company leverages its R&D capabilities to enhance its product offerings and rationalize manufacturing processes. As a specialty chemicals manufacturer, the Company is propelled by technical innovation in formulations and applications of products. Constant monitoring of industry developments ensures that the Company's products remain pertinent and meet the customers' evolving demands. Supported by a dedicated R&D center and ingenuity of its team, the Company's product portfolio has grown from 1 in 1996 to 154 as on 31 March 2021. Many of the Company's products have application in green chemistry and thus positions it attractively to help governments and companies across the globe tackle the issue of environment.

The Company intends to leverage new-age, sophisticated technologies for product development to improve productivity, quality, and cost effectiveness. It also aims to improve manufacturing processes and make it more environment-friendly and sustainable. Strong R&D capabilities and technology edge gives the Company a competitive edge.

QUALITY CONTROL AND SERVICES

The Company has a modern, state-of-the-art quality control laboratory with latest instrumentation to ensure stringent adherence to the quality standards as defects or failure to comply with the specifications of customers may lead to rejection of products. This is supported by a 76-member team, 30 being dedicated to quality assurance and 46 for quality control. The team is not only tasked with thorough pre-manufacturing checks and balances, but also with employing a widespread and strict quality control mechanism at each stage of the manufacturing process initial testing of raw material to the final product to packing.

The Company's stringent focus on quality is evident in all its manufacturing facilities obtaining ISO 9001:2015 certifications for robust quality management systems as well as its low rejection rates. Over the last few years, the Company's rejection rates were consistently below 0.40% and stood at 0.13% for FY 2020-21.

INFORMATION TECHNOLOGY

The Company has deployed robust IT solutions and enterprise resource planning (ERP) software solutions across its operations. Technology is leveraged across all the stages of manufacturing processes – from customer order management and dispatches to production planning and reporting to financial accounting and scheduling raw material purchase. The Company has implemented SAP ERP systems in 2016 encompassing all business functions including production, finance, sales, manufacturing processes, storage and warehousing, maintenance, and inventory management.

Further, the Company is focused on making sustained investments in its IT systems and processes to improve operational efficiency, customer service, and decision-making process. This will also reduce manual involvement and the risk of system failures, thereby improving the efficiency and effectiveness of its operations.

HEALTH, SAFETY AND ENVIRONMENT

Health and safety of employees, customers, and business associates is of topmost priority. The Company has implemented robust safety measures across its workplaces and facilities to ensure a safe working environment including adherence to prescribed safety protocols, accident reporting, wearing of safety equipment, and maintaining orderly work locations. Both the Company's manufacturing units have accreditations to ISO 14001:2015 for health, safety, and environment management systems. The Company regularly conducts mock drills, safety training and on-job training sessions for creating awareness of health and safety among its personnel.

The Company also ensures compliance to all applicable environmental rules and regulations in the regions where it operates. It continuously strives to improve its processes and infrastructure to reduce environmental impact. It has adopted various green chemistry processes such as electrolysis which ensures minimum requirement of auxiliary substances, minimum waste and by-products and safe chemistry.

The Company's Ankleshwar unit is a zero liquid effluent discharge facility. It recovers and reuses all the wastewater generated through use of effluent treatment plant (ETP), multi-effect evaporators and reverse osmosis ETP. Both the manufacturing also focuses on reducing harmful emissions at its boiler – the Ankleshwar unit uses PNG as fuel and Dahej unit uses low sulphur LDO.

Additionally, the Company participated in the 'Together for Sustainability' initiatives whereby sustainability sourcing practices of chemicals suppliers, including ecological and social aspects are assessed, basis a score-based system. Under this initiative, the Company engaged Ecovadis to audit its sustainability practices and performance, the results of which were above industry average. This bears testament to its robust sustainable initiatives and focus on retaining key customers who consider sustainability an important parameter to do business.

HUMAN RESOURCES

The Company has a robust HR system and well-structured policies for the holistic development of its human resources. These policies help in fostering an inclusive environment and provide employees the freedom to work and express views, while ensuring meritocracy-based growth opportunities. The HR policies are aimed at recruiting the best industry talent and facilitating integration of employees within the organization.

The Company periodically conducts programs and initiatives to strengthen talent management, capability development, and performance of its employees. It always endeavors to create a conducive and competitive environment to enable the employees excel and achieve new benchmarks of success. As on 31 March 2021, the Company had 436 permanent employees and 190 temporary retainership employees.

CORPORATE SOCIAL RESPONSIBILITY

The Company identifies the real concerns of its communities and strives to make a positive contribution in the areas of education, health, environmental sustainability, rural development, conservation of natural resources, and eradicating hunger and poverty. During FY 2020-21, the Company channelized its efforts towards helping the communities combat the pandemic by undertaking COVID-19 relief measures.

RISK MANAGEMENT

Risks are an integral part of a business operation. The Company has a structured risk management framework in place that monitors, identifies, and mitigates key business risks. The management constantly reviews the risk mitigation measures to control the impact of possible risks.

Risk	Impact	Mitigation
Regulatory risk	Frequent changes or non-compliance with the statutory norms and regulations may impact the reputation and operations of the Company.	The Company ensures compliance with all the applicable laws and regulations. Strict adherence to the prescribed quality and EHS benchmarks is also maintained on an ongoing basis.
Raw material risk	Inadequate supply and fluctuations in the prices of raw materials may affect the business operations and profitability of the Company.	The Company maintains long-term relationship with its suppliers to ensure a steady supply of raw materials and finished products. The Company also ensures robust inventory management practices and purchase decisions to have adequate supply.
Pandemic risk	Shutdown of manufacturing units and logistics and supply chain constraints due to the pandemic and lockdowns may adversely impact the revenue generation of the Company.	The Company ensured business continuity and reopening of workplaces and facilities with easing of lockdown restrictions. This coupled with the Company's sharp focus on health and safety of employees helped in continuity of operations.
Product development risk	Failure to conceptualize and develop new products due to inadequate investments in R&D and delay in obtaining regulatory approvals may hinder the Company's operations.	The Company is committed to strengthening its R&D capabilities and introduce new products and processes for varied customer requirements. The Company's robust R&D center, dedicated team and investments in R&D was ₹ 24.67 million in FY 2020-21, ensures sustained new products development. 82 products have been developed by us since 31 March 2011, and these products have contributed ₹ 710.43 million and ₹ 549.11 million to our total revenue, which constituted 23.19% and 20.75% of our total revenue, in Fiscals 2021 and 2020 respectively.
Forex risk	Since a significant portion of its revenue is generated from exports, the risk of exchange rate fluctuations may cause financial loss to the Company.	The Company keeps track of currency movements and enters into forward contracts to hedge the foreign currency exposure as needed.

OUTLOOK

The speciality chemicals segment, especially in India, is headed for a strong growth. Chemicals catering to green chemistry and helping enhance efficiency are greatly in demand. The Company operating in a very niche segment with great products that provide these benefits are witnessing strong demand in India and globally. The Company intends to play a great role in the value chain by expanding its portfolio to cater to customers across diverse sectors and geographies, while continuing to strengthen the existing product portfolio by leveraging its vast experience and technical capabilities. The Company believes that expansion of R&D competencies will provide it with long-term growth opportunities in capturing emerging demand and evolving customer requirements. Towards this, it plans to deploy new-age technologies for product development and processes to improve productivity, quality, and cost effectiveness.

Continued R&D investments and focus on quality and timely delivery will help increase the wallet share and product portfolio with existing customers. Further, the Company plans to leverage its vast sales and marketing network, comprehensive product portfolio, and industry standing to expand customer base. Along with this, the Company also intends to add capacity in a phased manner to ensure optimum utilization and meet the anticipated increase in the demand for its products, which will enable it to supply to growing markets more efficiently and drive profitability.

INTERNAL CONTROL SYSTEMS

The Company has a well-defined internal control system commensurate with the size and nature of its business. The internal control system ensures the reliability of financial information through timely and accurate recording of all financial, commercial, and operational transactions, safeguarding of assets from unauthorized use or disposition and stringent adherence to the applicable regulations. The Audit Committee of the Company periodically reviews the adequacy and effectiveness of the internal controls and reports key observations to the management for corrective action.

Cautionary statement

Statements in this report describing the Company's objectives, projections, estimates and expectations may constitute "forward-looking statements" within the meaning of applicable laws and regulations that involve risks and uncertainties. Such statements represent the intention of the management and the efforts being put in place by them to achieve certain goals. Actual results might differ materially from those either expressed or implied in the statement depending on the circumstances. Therefore, the investors are requested to make their own independent assessments and judgments by considering all relevant factors before making any investment decision.

By Order of the Board of Directors

Sd/-
Chintan Shah
Chairman & Managing Director
DIN: 00183618

Date: 14 August 2021
Place: Vadodara

Annexure-G to the Board Report

Report on Corporate Governance

1. COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

Corporate Governance encompasses a set of systems and practices to ensure that the Company's affairs are being managed in a manner which ensures transparency, responsibility and accountability. The Company believes in upholding highest standard of ethics, integrity, transparency and accountability in conducting the affairs of the Company so as to disseminate the information to the stakeholders in transparent manner. We have, therefore, designed our systems and action plans to enhance performance and stakeholders' value in the long run.

To create a culture of good governance, your Company has adopted practices that comprise of performance accountability, effective management control, constitution of Board Committees as a part of the internal control system, fair representation of professionally qualified, non-executive and Independent Directors on the Board, adequate and timely compliance, disclosure of information on performance, ownership and governance of the Company and payment of statutory dues.

Above all, we believe that Corporate Governance must balance individual interest with corporate goals and operate within accepted norms of propriety, equity, fair play and sense of responsibility & justice. Achieving this balance depends upon how accountable and transparent the Company is. Accountability improves decision making. Transparency helps to explain the rationale behind decisions and thereby creating long term value for our shareholders, our people and our business partners. The above principles have been the guiding force for whatever we do and shall continue to be so in the years to come.

2. BOARD OF DIRECTORS

a) Composition of the Board

During the F.Y. 2020-2021, the Board of Directors of the Company comprised of 6 (six) members up to 31 March 2021. Out of 6 (six) Directors on the Board, 3 (three) were Non-Executive and Independent Directors.

I. The names and categories, inter personal relationship of the Directors on the Board, their attendance at board meetings during the year and at the last Annual General Meeting (AGM), the number of Directorships in other Companies and Committee membership / chairpersonship held by them are given below:

Sr. No	Name of Director	Category of Director	Relationship with other Directors	Attendance		Number of other Board of Directors or committee in which a director is a member or chairperson	Name of listed entities where the person is a director and the category of directorship
				Board Meeting	Last AGM		
1.	Chintan Nitinkumar Shah	Promoter, Executive Director	NA	10	Yes	01	01
2.	Shekhar Rasiklal Somani	Promoter, Executive Director	NA	10	Yes	01	01
3.	Ajaykumar Mansukhlal Patel	Promoter, Executive Director	NA	10	Yes	01	01
4.	Subhash Ambubhai Patel	Non Executive / Independent Director	NA	03	No	04	01
5.	Manher Chimanlal Desai	Non Executive / Independent Director	NA	03	No	03	01
6.	Avani Rajesh Umatt	Non Executive / Independent Director	NA	03	No	02	01

The Board of Directors were met 10 times on following date during the financial year under review.

Sr. No	Date of Board Meeting	No of Directors Present
1.	4 May 2020	3
2.	25 August 2020	3
3.	5 September 2020	3
4.	9 October 2020	3
5.	26 November 2020	3
6.	31 December 2020	3
7.	24 February 2021	3
8.	3 March 2021	6
9.	13 March 2021	6
10.	31 March 2021	6

b) No Non-Executive Directors of the Company have held any shares in the Company.

c) Webink where details of details of familiarization programmes imparted to independent Directors - **Not Applicable**

d) As required under the provisions of Schedule V(C)(2)(h) of the Listing Regulations, the Board of Directors has identified the core skills / expertise / competencies as required in the context of its business(es) and sector(s) for it to function effectively those actually available with the Board and the details of the name of director(s) who possess specific skills / expertise / competencies are as follows:

Name of Director	Financial Management	Governance Practice	Business Strategy	General Management
Chintan Nitinkumar Shah	✓	✓	✓	✓
Shekhar Rasiklal Somani	✓	✓	✓	✓
Ajaykumar Mansukhlal Patel	✓	✓	✓	✓
Subhash Ambubhai Patel	✓	✓	✓	✓
Manher Chimanlal Desai	✓	✓	✓	✓
Avani Rajesh Umatt	✓	✓	✓	✓

e) As per the opinion of the Board of Directors of the Company, all the Independent Directors of the Company have fulfills the conditions specified in Listing Regulations and are independent of the management during the period under review.

f) None of the Independent Directors of the Company has resigned before the expiry of their tenure during the period under review.

3. AUDIT COMMITTEE

I. The Audit Committee of the Company is constituted in alignment with the provisions of Section 177 of the Companies Act, 2013 and Regulation 18 of the Listing Regulations.

II. The terms of reference of the Committee are in accordance with Part C of Schedule-II of Regulation 18(3) of the Listing Regulations and Section 177 of the Companies Act, 2013 and major terms of reference, inter alia, includes the following:-

1. Oversight of financial reporting process and the disclosure of financial information relating to Tatva Chintan Pharma Chem Limited (the "Company") to ensure that the financial statements are correct, sufficient and credible;

2. Recommendation for appointment, re-appointment, replacement, remuneration and terms of appointment of auditors of the Company and the fixation of the audit fee;

3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;

4. Formulation of a policy on related party transactions, which shall include materiality of related party transactions;

5. Reviewing, at least on a quarterly basis, the details of related party transactions entered into by the Company pursuant to each of the omnibus approvals given;

6. Examining and reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:

   a. Matters required to be included in the director's responsibility statement to be included in the Board's report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013;

b. Changes, if any, in accounting policies and practices and reasons for the same;

c. Major accounting entries involving estimates based on the exercise of judgment by management;

d. Significant adjustments made in the financial statements arising out of audit findings;

e. Compliance with listing and other legal requirements relating to financial statements ;

f. Disclosure of any related party transactions; and

g. Modified opinion(s) in the draft audit report.

7. Reviewing, with the management, the quarterly, half-yearly and annual financial statements before submission to the Board for approval;

8. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the Offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the board of directors of the Company (the "Board" or "Board of Directors") to take up steps in this matter ;

9. Reviewing and monitoring the auditor's independence, performance and effectiveness of audit process;

10. Approval of any subsequent modification of transactions of the Company with related parties and omnibus approval for related party transactions proposed to be entered into by the Company, subject to the conditions as may be prescribed;

    Explanation: The term "related party transactions" shall have the same meaning as provided in Clause 2(zc) of the SEBI Listing Regulations and/or the applicable Accounting Standards and/or the Companies Act, 2013.

11. Scrutiny of inter-corporate loans and investments;

12. Valuation of undertakings or assets of the Company, wherever it is necessary;

13. Evaluation of internal financial controls and risk management systems;

14. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;

15. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;

16. Discussion with internal auditors of any significant findings and follow up there on;

17. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;

18. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;

19. Recommending to the board of directors the appointment and removal of the external auditor, fixation of audit fees and approval for payment for any other services;

20. Looking into the reasons for substantial defaults in the payment to depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;

21. Reviewing the functioning of the whistle blower mechanism;

22. Monitoring the end use of funds raised through public offers and related matters;

23. Overseeing the vigil mechanism established by the Company, with the chairman of the Audit Committee directly hearing grievances of victimization of employees and directors, who used vigil mechanism to report genuine concerns in appropriate and exceptional cases;

24. Approval of appointment of chief financial officer (i.e., the whole-time finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;

25. Reviewing the utilization of loans and/or advances from/investment by the holding company in the subsidiary exceeding ₹ 1,00,00,00,000 or 10% of the asset size of the subsidiary, whichever is lower including existing loans/ advances/ investments existing as on the date of coming into force of this provision;

25A. Consider and comment on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the listed entity and its shareholders.

26. Carrying out any other functions required to be carried out by the Audit Committee as contained in the SEBI Listing Regulations or any other applicable law, as and when amended from time to time."

III. The composition of the Audit Committee meets with the requirement of Section 177 of the Companies Act, 2013 and Regulation 18 of the Listing Regulations. The details of members, their category and number of meetings attended by them during the F.Y. 2020-2021 are given below:

Sr. No.	Name of Committee Member & Designation in Committee	Category in the Board	No of Meeting held	No of Meeting attended
1.	Subhash Ambubhai Patel, Chairperson	Independent Director	01	01
2.	Manher Chimanlal Desai, Member	Independent Director	01	01
3.	Chintan Nitinkumar Shah. Member	Managing Director	01	01

4. NOMINATION AND REMUNERATION COMMITTEE

I. The Nomination and Remuneration Committee of the Company is constituted in alignment with the provisions of Section 178 of the Companies Act, 2013 and Regulation 19 of the Listing Regulations and terms of reference, including role & powers of the Committee, has been modified accordingly.

II. Terms of reference of the Committee, inter alia, includes the following:

(1) Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board of Directors a policy relating to the remuneration of the directors, key managerial personnel and other employees (“Remuneration Policy”).

(2) The Nomination and Remuneration Committee, while formulating the above policy, should ensure that:

(i) the level and composition of remuneration be reasonable and sufficient to attract, retain and motivate directors of the quality required to run the Company successfully;

(ii) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and

(iii) remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short- and long-term performance objectives appropriate to the working of the Company and its goals.

(3) Formulation of criteria for evaluation of independent directors and the Board;

(4) Devising a policy on Board diversity;

(5) 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 and carrying out evaluation of every director’s performance (including independent director);

(6) Analyzing, monitoring and reviewing various human resource and compensation matters;

(7) Deciding whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors;

(8) Determining the Company’s policy on specific remuneration packages for executive directors including pension rights and any compensation payment, and determining remuneration packages of such directors;

(9) Recommending to the board, all remuneration, in whatever form, payable to senior management and other staff, as deemed necessary;

(10) Carrying out any other functions required to be carried out by the Nomination and Remuneration Committee as contained in the SEBI Listing Regulations or any other applicable law, as and when amended from time to time;

(11) Reviewing and approving the Company’s compensation strategy from time to time in the context of the then current Indian market in accordance with applicable laws;

(12) Perform such functions as are required to be performed by the compensation committee under the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, if applicable;

(13) Frame suitable policies, procedures and systems to ensure that there is no violation of securities laws, as amended from time to time, including:

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

b. the Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices Relating to the Securities Market) Regulations, 2003, by the trust, the Company and its employees, as applicable.

(14) Perform such other activities as may be delegated by the Board or specified/ provided under the Companies Act, 2013 to the extent notified and effective, as amended or by the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended or by any other applicable law or regulatory authority.

III. The details relating to composition, name of members and chairperson, no of meeting held and attendance of Directors are as follows

Sr. No.	Name of Committee Member & Designation in Committee	Category in the Board	No of Meeting held	No of Meeting attended
1.	Manher Chimanlal Desai, Chairperson	Independent Director	01	01
2.	Subhash Ambubhai Patel, Member	Independent Director	01	01
3.	Avani Rajesh Umatt, Member	Independent Director	01	01

IV. The below criteria are considered for performance evaluation of Board, that of its Committees and Individual Directors:

The Nomination and Remuneration Committee has laid down the criteria for performance evaluation of Executive and Non- Executive Directors of the Company as per Section 178 of the Companies Act, 2013, as amended from time to time. The criteria was set based on various attributes, inter alia, profile, experience, contribution, dedication, knowledge, sharing of information with the Board, regularity of attendance, aptitude & effectiveness, preparedness & participation, team work, decision making process, their roles, rights, responsibilities in the Company, monitoring & managing potential conflict of interest of management, providing fair and constructive feedback & strategic guidance and contribution of each Director to the growth of the Company.

5. STAKEHOLDER RELATIONSHIP COMMITTEE

The Company had constituted the Stakeholder Relationship Committee on 3 March 2021 to specifically look into the redressal of Investors' complaints like transfer of shares, non-receipt of balance sheet and non-receipt of declared dividend etc.

To expedite the process and for effective resolution of grievances / complaints, the Committee has delegated powers to the M/s. Link intime India Private Limited, Share Transfer Agent and its officials to redress all various aspects of interest of the Members / Investors. Ms. Apurva Dubey, the Company Secretary of the Company acts as a Compliance Officer of the Stakeholders Relationship Committee and under her supervision Committee redresses the grievances / complaints of Members /Investors.

The details relating to Stakeholders Relationship Committee are as follows

Sr. No.	Name of Committee Member & Designation in Committee	Category in the Board	No of Meeting held	No of Meeting attended
1.	Subhash Ambubhai Patel, Chairperson	Independent Director	01	01
2.	Shekhar Rasiklal Somani, Member	Whole-Time Director	01	01
3.	Manher Chimanlal Desai, Member	Independent Director	01	01

Name and designation of the Compliance Officer	Number of shareholder's complaint received during the financial year	Number not solved to the satisfaction of shareholders	Number of pending complaints
Apurva Dubey, Company Secretary and Compliance Officer	Nil	Nil	Nil

Note : - The Company was an unlisted public limited company and hence during the year under reference, the company has not received any complaint.

6. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

i. Composition of Corporate Social Responsibility Committee ("CSR") and attendance during the financial year 2020-21.

The Board has reconstituted the CSR committee on 3 March 2021.

The Details of composition of CSR committee and attendance before 3 March 2021.

Sr. No.	Name of Committee Member & Designation in Committee	Category in the Board	No of Meeting held	No of Meeting attended
1.	Ajaykumar Mansukhlal Patel, Chairperson	Whole-Time Director	01	01
2.	Chintan Nitinkumar Shah, Member	Managing Director	01	01
3.	Shekhar Rasiklal Somani, Member	Whole-Time Director	01	01

The Details of composition of CSR committee and attendance after 3 March 2021

Sr. No.	Name of Committee Member & Designation in Committee	Category in the Board	No of Meeting held	No of Meeting attended
1.	Avani Rajesh Umatt, Chairperson	Independent Director	01	01
2.	Subhash Ambulal Patel, Member	Independent Director	01	01
3.	Ajaykumar Mansukhlal Patel, Member	Whole-Time Director	01	01

ii. Broad terms of reference of the CSR Committee inter alia are:

1. Formulate and recommend to the Board, a "Corporate Social Responsibility Policy" which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013 and the rules made thereunder, as amended, monitor the implementation of the same from time to time, and make any revisions therein as and when decided by the Board;
2. Identify corporate social responsibility policy partners and corporate social responsibility policy programmes;
3. Review and recommend the amount of expenditure to be incurred on the activities referred to in clause (a) and the distribution of the same to various corporate social responsibility programs undertaken by the Company;
4. Delegate responsibilities to the corporate social responsibility team and supervise proper execution of all delegated responsibilities;
5. Review and monitor the implementation of corporate social responsibility programmes and issuing necessary directions as required for proper implementation and timely completion of corporate social responsibility programmes;
6. Any other matter as the Corporate Social Responsibility Committee may deem appropriate after approval of the Board or as may be directed by the Board, from time to time; and
7. Exercise such other powers as may be conferred upon the Corporate Social Responsibility Committee in terms of the provisions of Section 135 of the Companies Act.

7. REMUNERATION OF DIRECTOR

a) Remuneration policy, terms and criteria of appointment of Directors:

The Nomination and Remuneration Policy lays down criteria for determining appointment and qualification, positive attributes and independence of Director. The policy reflects the interests of the shareholders and the company taking into consideration any specific matters, including the assignments, the responsibilities undertaken and also be competitive with the external market. The company recognizes the benefit of a Board that possesses the right balance of skills, knowledge, experience, expertise and diversity of perspective. The "Senior Management" includes members of core management team excluding Board of Directors comprising all members of management, one level below the executive directors including, Key Managerial Personnel, Chief Operating Officers and all the functional heads. The remuneration policy is directed towards rewarding performance, based on review of achievements on a periodical basis and is in consonance with the existing Industry practices.

b) Remuneration paid to Executive Directors:

The break-up of remuneration paid on monthly basis to the Executive Directors for the FY 2020-21 is as under:

Name of Directors	Mr. Chintan Shah	Mr. Ajaykumar Patel	Mr. Shekhar Somani
Designation	Managing Director	Whole-Time Director	Whole-Time Director
Salary (₹)	2,11,667	2,11,667	2,11,667
Bonuses	-	-	-
Pension	-	-	-
Commission (₹)	-	-	-
Perquisites / Allowances (₹)	9,88,333	9,88,333	9,88,333
Total (₹)	12,00,000	12,00,000	12,00,000
Stock Option Granted (Nos.)	-	-	-
Service Contract	-	-	-
Notice Period	-	-	-

c) **Remuneration paid to Non-Executive Directors:**
The Non-executive Directors who are also an Independent Directors receive the sitting fees for attending the Board meetings, as the case may be and reimbursement of expenses for participation in the said Meetings. Criteria of making payments to non-executive directors are available on the website of the Company.

Details of remuneration paid to Independent & Non-Executive Directors for attending the meetings of Board of Directors and Committees are as given below:

Name of Directors	Sitting Fees (₹)
Subhash Ambubhai Patel	1,15,000
Manher Chimanlal Desai	1,05,000
Avani Rajesh Umatt	95,000

d) **Pecuniary Relationship of Independent Directors with the Company:**
None of the Independent Directors have any pecuniary relationship or transactions with the Company, its Promoters, its management or its Subsidiaries and Associate, which, in the judgement of the Board, would affect the independence or judgement of Directors.

8. INDEPENDENT DIRECTORS' MEETING

The Company has appointed all independent Directors in the end of February, 2021 and as a result no separate meeting was held during financial year 2020-21 in terms of requirements of Schedule IV of the Companies Act, 2013.

9. GENERAL BODY MEETINGS

i. **Details of location, time and date of last three Annual General Meetings are given below:**

Date	Time	Venue
29 October 2020	3.00 p.m. IST	Plot No 502/17, G.I.D.C, Ankleshwar, Bharuch - 393002, Gujarat, India
30 September 2019	3.00 p.m. IST	Plot No 502/17, G.I.D.C, Ankleshwar, Bharuch - 393002, Gujarat, India
29 September 2018	11.30 a.m. IST	Plot No 502/17, G.I.D.C, Ankleshwar, Bharuch - 393002, Gujarat, India

ii. **Details special resolutions passed in the previous three annual general meetings;**

Nature of Transaction in respect of which Special Resolution Passed	Special Resolutions were passed through Postal Ballot	Date and time of Meeting
1. Alteration of Memorandum of Association of the Company	-	29 October 2020 at 3.00 p.m.
2. Adoption of new set of Articles of Association of the Company	-	
3. Keeping Register & Index Members and copy of Annual Return at Vadodara Office instead of Regsitered Office	-	

iii. **Postal Ballot details: Not Applicable**

10. MEANS OF COMMUNICATION

a. **Quarterly Results**
The Company got listed on stock exchanges on 29 July 2021.

During the Financial year 2020-21 the Listing Regulation was not applicable to the Company.

b. **Newspaper wherein results normally published**
After getting the shares listed on BSE and NSE, the Company publishes its results in one English language national daily newspaper circulating in the whole or substantially the whole of India and in one daily newspaper published in the language of the region at the registered office of the Company.

c. **Website**
https://www.tatvachintan.com

d. **Official news release**
The Company will regularly publish information, update on its financial results and also displays official news releases in the investor relations section of its website.

e. **Presentation made to institutional investor or to the analyst**
The Company holds analysts meet and make investors calls to apprise the public regarding Company's working and future outlook.

11. GENERAL SHAREHOLDERS' INFORMATION

Day,Date, time and venue of Annual general meeting	:	Wednesday, 29 September 2021 Time:- 4:00 P.M IST Venue:-Video Conference/ Other Audio Visual Means
Financial year;	:	1 April 2021 to 31 March 2022
Dividend payment date;	:	NA
The name and address of each stock exchange(s) at which the listed entity's securities are listed and a confirmation about payment of annual listing fee to each of such stock exchange(s);	:	The Equity Shares of the Company are listed at BSE Limited and National Stock Exchange of India Limited on 29 July 2021. The Annual Listing Fees for the F.Y. 2021-2022 has been paid to both the above Stock Exchanges. The name and address of Stock Exchange are as follows **BSE Limited (BSE)** 25th Floor, Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai – 400 001. **National Stock Exchange of India Limited (NSE)** "Exchange Plaza", C-1, Block G, Bandra- Kurla Complex, Bandra (E), Mumbai – 400 051.
Stock code/symbol;	:	**Name of the Exchange** — **Code/Symbol** BSE Limited (BSE) — 543321 National Stock Exchange of India Limited (NSE) — TATVA
Market price data- high, low during each month in last financial year;	:	The Company got listed on 29 July 2021, hence, the provision of the above data is not applicable
Performance in comparison to broad-based indices such as BSE sensex, CRISIL Index etc;	:	Not Applicable for the year under review
In case the securities are suspended from trading, the directors report shall explain the reason thereof;	:	Not Applicable for the year under review
Registrar to an issue and share transfer agents;	:	**Link Intime India Private Limited** C-101, 1st Floor, 247 Park Lal Bahadur Shastri Marg, Vikhroli (West) Mumbai, Maharashtra - 400 083, India SEBI registration number: INR000004058 Telephone: +91 (22) 4918 6200 E-mail: vadodara@linkintime.co.in Website: www.linkintime.co.in
Share Transfer System;	:	Trading in equity shares of the Company through recognized Stock Exchanges can be done only in dematerialised form.
Distribution of shareholding as on 31 March 2021	:	Please find the details at Annexure-I
Dematerialization of shares and liquidity;	:	100% of Company's shares are held in the dematerialization form as on 10 March 2021.
Outstanding global depository receipts or american depository receipts or warrants or any convertible instruments, conversion date and likely impact on equity;	:	Not applicable
Commodity price risk or foreign exchange risk and hedging activities;	:	The Company got listed on 29 July 2021, hence, the provision of the data is not applicable.
Plant locations;	:	**Ankleshwar Plant: Plot no 502/17, G.ID.C Estate, Ankleshwar - 393002, Bharuch, Gujarat, India** **Dahej Plant :Plot no Z/103/F/1 and Plot no Z/103/F/2,SEZ Area, Part-2, Dahej - 392130** **Bharuch, Gujarat, India**
Address for correspondence.	:	**Plot. No. 353, Makarpura GIDC, Vadodara-390010, Gujarat, India**
List of all credit ratings obtained by the entity along with any revisions thereto during the relevant financial year, for all debt instruments of such entity or any fixed deposit programme or any scheme or proposal of the listed entity involving mobilization of funds, whether in India or abroad	:	The company during the financial year under consideration did not obtain any credit rating being non mandatory. However, during the IPO process the company has obtained credit rating from CRISIL which was originally for long term was BBB+ and for short term it was A2 and later on upgraded to "A-Stable" and "A2+" respectively.

12. OTHER DISCLOSURE

a) **Disclosures on materially significant related party transactions that may have potential conflict with the interests of listed entity at large;**
During the financial year 2020-21, there was no materially significant related party transaction that may have potential conflict with the interests of the Company at large.

b) **Details of non-compliance by the listed entity, penalties, strictures imposed on the listed entity by stock exchange(s) or the board or any statutory authority, on any matter related to capital markets, during the last three years;**
Not Applicable, as the Company got its equity shares listed on 29 July 2021.

c) **Details of establishment of vigil mechanism, whistle blower policy and affirmation that no personnel have been denied access to the audit committee;**
The Company has adopted a Whistle Blower Policy to file a grievance if any irregularity. No person has been denied access to the Audit Committee for any grievance.

d) **Details of compliance with mandatory requirements and adoption of the non-mandatory requirements;**
The Company has complied with all the mandatory requirements of SEBI (LODR) Regulations, 2015 to the extent applicable and will ensure to comply with non-mandatory requirements in coming years.

e) **Web link where policy for determining 'material' subsidiaries is disclosed;**
The policy for determining 'material' subsidiaries is available on the website of the Company under the heading "Policies" in the Corporate Governance tab which can be accessed from https://www.tatvachintan.com/pdf/Policy-for-Material-Subisidiaries.pdf

f) **Web link where policy on dealing with related party transactions is disclosed;**
The policy on dealing with related party transactions is available on the website of the Company under the heading "policies" in the Corporate Governance tab which can be accessed from https://www.tatvachintan.com/pdf/Policy-for-RPT.pdf

g) **Details of utilization of funds raised through preferential allotment or qualified institutions placement as specified under Regulation 32 (7A).**
Not Applicable

h) **A certificate from a company secretary in practice that none of the directors on the board of the company have been debarred or disqualified from being appointed or continuing as directors of Companies by the Board/Ministry of Corporate Affairs or any such statutory authority.**
The Certificate is enclosed at Annexure-II

i) **Where the board had not accepted any recommendation of any committee of the board which is mandatorily required, in the relevant financial year, the same to be disclosed along with reasons thereof;**
Not Applicable

j) **Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:**
The details of complaints filed disposed & pending are given below:

Number of complaints filed during the year – Nil

Number of complaints disposed of during the year – Nil

Number of complaints pending as on end of the financial year – Nil

k) **Total fees for all services paid by the listed entity 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: ₹ 25,65,000**

13. COMPLIANCE REQUIREMENTS WITH CORPORATE GOVERNANCE

The Company has complied with Corporate Governance Requirements specified in Regulation 17 to 27 to the extent applicable and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of SEBI (LODR) Regulations, 2015.

14. NON-COMPLIANCE OF REQUIREMENT OF CORPORATE GOVERNANCE REPORT OF ABOVE SUB PARAS

Not Applicable, as the company got its equity shares listed in the month of July 2021 i.e. 29 July 2021. Hence for the FY 2020-21 the same was not applicable.

15. DISCLOSURE OF THE EXTENT TO WHICH THE DIS CRETIONARY REQUIREMENTS AS SPECIFIED IN PART E OF SCHEDULE II HAVE BEEN ADOPTED

Reporting of Internal Auditor:- The Company has appointed M/s. RSM Astute Consultech Private Limited as the Internal Auditors for conducting the internal audit, representatives whereof report to the Chairman of the Audit Committee.

16. DECLARATION REGARDING COMPLIANCE BY THE MEMBERS OF BOARD OF DIRECTORS AND SENIOR MANAGEMENT PERSONNEL OF THE CODE OF CONDUCT OF BOARD OF DIRECTORS AND SENIOR MANAGEMENT

The above declaration given by Mr. Chintan Shah (Managing Director) is annexed at Annexure-III of this Corporate Governance Report.

17. COMPLIANCE CERTIFICATE REGARDING COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

The certificate as issued by M/s. TNT & Associates, Practicing Company Secretaries, Vadodara is annexed at Annexure-IV.

18. DETAILS REGARDING DEMAT SUSPENSE ACCOUNT/ UNCLAIMED SUSPENSE ACCOUNT.

Not Applicable for the financial year under review.

Annexure-I to the Corporate Governance Report

Distribution of Shareholding as on 31 March 2021

No of Shares in range		No. of Shareholders	% to Total Shareholders	No. of Shares	% to Total Issued Capital
From	To				
1	50,000	1	9.09	11,000	0.05
50,001	1,00,000	1	9.09	60,500	0.30
1,00,001	1,50,000	0	0	0	0
1,50,001	2,00,000	0	0	0	0
2,00,001	5,00,000	4	36.36	13,66,650	06.80
5,00,001	20,00,000	2	18.18	24,73,500	12.31
20,00,001	40,00,000	0	0	00	
40,00,001	60,00,00	2	18.18	98,71,168	49.14
60,00,001 &	Above	1	9.09	63,04,682	31.38
Total		**11**	**100**	**2,00,87,500**	**100**

Annexure-II to the Corporate Governance Report

Certificate of Non – Disqualification of Directors

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

To,
The Members of
Tatva Chintan Pharma Chem Limited
CIN: U24232GJ1996PLC029894
Plot No 502/17 GIDC Estate,
Ankleshwar,
Bharuch – 393 002,
Gujarat, India

Dear Sir / Madam,

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of Tatva Chintan Pharma Chem Limited, CIN: U24232GJ1996PLC029894, having Registered Office situated at Plot No 502/17 GIDC Estate, Ankleshwar, Bharuch – 393 002, Gujarat (hereinafter referred to as "the Company"), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34 (3) read with Schedule V Para C Clause 10 (i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (Including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Company and its officers and considering the relaxations granted by the Ministry of Corporate Affairs and Securities and Exchange Board of India warranted due to the spread of the COVID-19 pandemic, we hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31 March 2021, have been debarred or disqualified from being appointed or continuing as the Directors of the Companies, by the Securities and Exchange Board of India (SEBI), Ministry of Corporate Affairs (MCA) or any such other Statutory Authority:-

Sr. No.	Name of the Directors	DIN	Date of Appointment in the Company*
1	Chintan Nitinkumar Shah	00183618	12 June 1996
2	Shekhar Rasiklal Somani	00183665	12 June 1996
3	Ajaykumar Mansukhlal Patel	00183745	12 June 1996
4	Subhash Ambubhai Patel	00535221	27 February 2021
5	Manher Chimanlal Desai	09042598	27 February 2021
6	Avani Rajesh Umatt	09046170	27 February 2021

** The date of appointment is as per the MCA portal.*

Ensuring the eligibility for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on the basis of our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Date : 14 August 2021
Place : Vadodara

Signature : Sd/-
Name of PCS : **TNT & Associates**
FCS : 3844
C. P. No. : 3123
P. R. No. : 1394/2021
UDIN : F003844C000799331

Annexure-III to the Corporate Governance Report

Declaration by Managing Director

The Company has adopted a Code of Conduct for its Employees and Directors.

As per the requirements of the Listing Regulations, this is to confirm that all the Members of the Board and Senior Management Personnel have affirmed with the Code of Conduct of the Company for the financial year 2020 - 21 and accordingly have received, a declaration of compliance with the Code of Conduct from them.

For the purpose of this declaration, Senior Management team means the Chief Financial Officer, the Company Secretary and all Vice Presidents and Functional Heads of the Company as on 31 March 2021.

Sd/-
Chintan Shah
Managing Director
DIN: 00183618

Date: 14 August 2021
Place: Vadodara

Annexure-IV to the Corporate Governance Report

Certificate on Corporate Governance

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

To,
The Members of
Tatva Chintan Pharma Chem Limited
CIN: U24232GJ1996PLC029894
Plot No 502/17 GIDC Estate,
Ankleshwar,
Bharuch – 393 002,
Gujarat, India

Dear Sir / Madam,

We have examined the compliance of the conditions of Corporate Governance by **Tatva Chintan Pharma Chem Limited**, CIN: U24232GJ1996PLC029894, having Registered Office situated at Plot No 502/17 GIDC Estate, Ankleshwar, Bharuch – 393 002, Gujarat (hereinafter referred to as "the Company"), for the Financial Year ended on 31 March 2021, as stipulated in Regulation 15 (2) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, collectively referred to as "SEBI Listing Regulations, 2015".

The compliance of conditions of Corporate Governance is the responsibility of the Company's Management. Our examination was limited to the procedures and implementation thereof adopted by the Company, for ensuring the compliance of the conditions of Corporate Governance.

It is neither an audit nor an expression of an 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 stipulated in the above-mentioned SEBI Listing Regulations, 2015.

We state that as per the records maintained, no investor complaint / grievances against the Company are pending for a period exceeding one month before the Stakeholders' Relationship-cum-Investors' Grievance Committee.

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

Date : 14 August 2021
Place : Vadodara

Signature : Sd/-
Name of PCS : **TNT & Associates**
Practicing Company Secretary
FCS : 3844
C. P. No. : 3123
P. R. No. : 1394/2021
UDIN : F003844C000799353

Managing Director (MD) and Chief Financial Officer (C.F.O.) Certification

To,
The Board of Directors,
Tatva Chintan Pharma Chem Limited

In pursuance to Regulation 17(8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, We, Chintan Shah, Managing Director (MD) and Mahesh Tanna, Chief Financial Officer (C.F.O.) to the best of our knowledge and belief, certify that:

1. We have reviewed financial statements and the cash flow statement for the year ended 31 March 2021 and that to the best of our knowledge and belief:
   a. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
   b. 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.
2. To the best of our knowledge and belief, there were no transactions entered into by the Company during the year which were fraudulent, illegal or which violated the Company's Code of Conduct.
3. We are responsible for establishing and maintaining internal controls for financial reporting and we have:
   a. evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting;
   b. not found any deficiencies in the design or operation of internal controls.
4. We have indicated to the Company's Auditors and the Audit Committee of the Board of Directors that:
   a. there is no significant changes that have occurred in the internal control over financial reporting during the year;
   b. there have been no significant changes in accounting polices during the year;
   c. there have been no instances of significant fraud nor there was any involvement of the management or an employee having a significant role in the Company's internal control system over financial reporting; and
   d. there were no deficiencies in the design or operation of internal controls, which could adversely affect the Company's ability to record, process, summarize and report financial data nor there were any material weaknesses in internal controls over financial reporting nor any corrective actions with regards to deficiencies, as there were none.
5. We declare that all Board members and Senior Managerial Personnel have affirmed compliance with the Code of Conduct for the current year.

	Sd/-	Sd/-
Date: 14 August 2021	**Chintan Shah**	**Mahesh Tanna**
Place: Vadodara	Managing Director	Chief Financial Officer

Independent Auditor's Report

TO THE BOARD OF DIRECTORS OF
TATVA CHINTAN PHARMA CHEM LIMITED
(Formerly known as Tatva Chintan Pharma Chem Private Limited)

Auditor's Report on the audited Standalone Financial Statements

Opinion

We have audited the accompanying standalone financial statements of Tatva Chintan Pharma Chem Limited (formerly known as "Tatva Chintan Pharma Chem Private Limited") ("the Company") which comprises the Balance Sheet as at 31 March 2021, the statement of profit and loss (including Other Comprehensive Income), Statement of changes in equity and statement of cash flows for the year then ended and notes to the standalone financial statements, including summary of significant accounting policies and other explanatory information. (hereinafter referred 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 Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2021, total comprehensive income (comprising of profit and other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Basis for opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the standalone financial statements.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Reporting of key audit matters as per SA 701, Key Audit Matters are not applicable to the Company as it is an unlisted Public Company.

Emphasis of matter

We draw your attention to Note 46 to the standalone financial statements, which explains the uncertainties and the Management's assessment of the financial impact due to the lock-downs and other restrictions and conditions related to the COVID-19 pandemic situation, for which a definitive assessment of the impact in the subsequent period is highly dependent upon circumstances as they evolve. Further, our attendance at the physical inventory verification as at year end done by the Management was impracticable under the then prevailing lock-down restrictions imposed by the Government and we have therefore, relied on the related alternative audit procedures to obtain comfort over the existence and condition of inventory at year end.

Other information

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Board's Report but does not include the standalone financial statements and our auditor's report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether 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.

Responsibility of management for the standalone financial statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act read with the Companies (Indian Accounting standards) Rules, 2015 as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate implementation and maintenance of 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 is also responsible for overseeing the Company's financial reporting process.

Auditor's responsibility for the audit of standalone financial statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal controls 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 with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the 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 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.

Report on other legal and regulatory requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "**Annexure – A**" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. As required by Section 143(3) of the Act, we report that:

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

   c) The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), statement of change in equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act.

e) On the basis of the written representations received from the directors as on 31 March 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2021 from being appointed as a director in terms of Section 164 (2) of the Act.

f) With respect to the adequacy of the internal financial controls with reference to standalone Financials of the Company and the operating effectiveness of such controls, refer to our separate Report in "**Annexure B**".

g) The Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

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 33 to the standalone financial statements.

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

iii. There were no amounts which were required to be transferred to Investor Education and protection fund by the Company.

For **NDJ & Co.,**
Chartered Accountants
Firm's registration number: 136345W

CA Shirish Shah
Partner
Membership no. 035742
UDIN: 21035742AAAAEJ1554

Dated: 15 June 2021
Place: Surat

Annexure 'A' to the Independent Auditor's Report

(Referred to in paragraph 1 under the heading 'report on other legal and regulatory requirements' of our report of even date)

1. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.

   (b) The fixed assets are physically verified by the management according to a phased programme designed to cover all items over a period of three financial years, which in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the Property, Plant and Equipment has been physically verified by the management during the year and no material discrepancies between the book records and the physical verification have been noticed.

   (c) According to information and explanations given to us and based on our examination of the records of the Company, the title deeds of owned immovable properties are held in the name of the Company.

2. According to information and explanations given to us, the inventory has been physically verified by the management at reasonable intervals during the year and no material discrepancies were noticed on such verification by the management.

3. According to information and explanations given to us, the Company has not granted any loan, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Accordingly, the provisions of clause 3(iii) of the Order are not applicable to the Company during the year.

4. According to information and explanations given to us, the Company has not granted any secured or unsecured loans or provided any guarantee or security as per provisions of Sections 185 of the Act. While the investments made by the company does not exceed the limit given and thus are in compliance as per provision of 186 of the Act.

5. According to the information and explanations given to us, the Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the rules framed thereunder during the year. Accordingly, the provisions of clause 3(v) of the Order are not applicable to the Company during the year.

6. According to information and explanations given to us, as the requirement for maintenance of cost records specified by the Central Government under section 148(1) of the Act Cost audit of the Company is carried out during the year. However, the Company has not furnished cost records for our verification during the course of our audit. Hence we are unable to comment on the same.

7. (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has been generally regular in depositing the undisputed statutory dues including provident fund, employees' state insurance, income tax, goods and service tax, custom duty, excise duty, value added tax, cess and other material statutory dues as applicable to the appropriate authorities during the year. No undisputed amounts payable in respect of aforesaid statutory dues were outstanding as on the last day of the financial year for a period of more than six months from the date they became payable.

   (b) According to the information and explanations given to us, there are no dues of Income-tax, Duty of customs, Duty of excise, Sales tax, Service tax, Value added tax and Goods and Services tax as at 31 March 2021, which have not been deposited with the appropriate authorities on account of any dispute, except as stated below:

Name of statue	Nature of dues	Amount involved (in millions)	Amount unpaid (in millions)	Period to which amount related (financial year)	Forum where the dispute is pending
CGST Act, 2017	Goods and service tax	0.61	0.61	2017-18	Superintendent, CGST
IGST Act, 2017	Goods and service tax	4.53	4.53	2018-19 to 2020-21	DGGI

8. In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks. There were no due to financial institution, government or debenture holder during the year.

9. According to the information and explanations given to us, the Company has not raised moneys by way of public offer (including debt instruments). The Company has utilized the money raised by way of term loans during the year towards the purposes for which they were raised.

10. According to the information and explanation given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.

11. The Company has paid / provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

12. The Company is not a nidhi company. Accordingly, the provisions of clause 3(xii) of the Order are not applicable to the Company.

13. According to the information and explanations given to us and based on our examination of the records of the Company, the transactions with related parties are in compliance with Section 177 and 188 of the Act and the details have been disclosed in the standalone financial statements as required by the applicable Indian accounting standards.

14. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made preferential allotment or private placement of shares or fully or partly convertible debentures during the year.

15. According to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with them during the year. Accordingly, the provisions of clause 3(xv) of the Order are not applicable to the Company during the year.

16. According to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of clause 3(xvi) of the Order are not applicable to the Company.

For **NDJ & Co.,**
Chartered Accountants
Firm's registration number: 136345W

CA Shirish Shah
Partner
Membership no. 035742
UDIN: 21035742AAAAEJ1554

Dated: 15 June 2021
Place: Surat

Annexure 'B' to the Independent Auditor's Report

(Referred to in paragraph 2(f) under the "report on other legal and regulatory requirements" of our report of even date)

Report on the internal financial controls under clause (i) of sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls with reference to standalone financial statements of **Tatva Chintan Pharma Chem Limited (formerly known as "Tatva Chintan Pharma Chem Private Limited") ("the Company")** as of 31 March 2021 in conjunction with our audit of 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 with reference to standalone financial statements established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls with reference to standalone financial statements issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to 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 standalone 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 prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to standalone financial statements were established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to standalone 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 permit preparation of standalone financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and

(3) Provide reasonable assurance regarding prevention or timely detection of unauthorized 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 standalone financial statements to further periods are subject to the risk that the internal financial control with reference to standalone 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 Company has, in all material respects, adequate internal financial controls with reference to standalone financial statements and such internal financial controls with reference to standalone financial statements were operating effectively as at 31 March 2021, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **NDJ & Co.,**
Chartered Accountants
Firm's registration number: 136345W

CA Shirish Shah
Partner
Membership no. 035742
UDIN: 21035742AAAAEJ1554

Dated: 15 June 2021
Place: Surat

Balance Sheet
as at 31 March 2021

(Currency: Indian Rupees in million)

Particulars	Notes	As at 31 March 2021	As at 31 March 2020
Assets			
Non-current assets			
Property, plant and equipment	3a	1,085.08	991.63
Right-of-use assets	3b	118.43	118.95
Capital work-in-progress	3c	98.11	48.92
Intangible assets	3d	0.95	1.20
Financial assets			
Investments	4	6.67	6.67
Other non current assets	5	2.96	1.67
Total non current assets		**1,312.20**	**1,169.04**
Current assets			
Inventories	6	683.64	587.16
Financial assets			
(i) Trade receivables	7	903.39	509.74
(ii) Cash and cash equivalents	8	27.26	91.46
(iii) Bank balances other than (ii) above	8	8.61	6.73
(iv) Loans and advances	9	19.33	17.01
(v) Other financial assets	10	11.35	10.92
Current tax assets (net)	11	-	4.58
Other current assets	12	131.06	56.42
Total current assets		**1,784.64**	**1,284.02**
Total assets		**3,096.84**	**2,453.06**
Equity and liabilities			
Equity			
Equity share capital	13	200.88	80.35
Other equity	14	1,418.48	1,064.13
Total equity		**1,619.36**	**1,144.48**
Liabilities			
Non-current liabilities			
Financial liabilities			
Borrowings	15	267.63	387.09
Provisions	16	5.52	4.04
Deferred tax liabilities (net)	17	20.78	44.55
Other non-current liabilities	18	14.30	0.26
Total non current liabilities		**308.23**	**435.94**
Current liabilities			
Financial liabilities			
(i) Borrowings	19	492.94	404.89
(ii) Trade payables			
(A) Total outstanding dues of micro enterprises and small enterprises	20	129.13	52.48
(B) Total outstanding dues of creditors other than micro enterprises and small enterprises	20	341.30	259.79
(iii) Other financial liabilities	21	142.50	117.47
Other current liabilities	22	61.38	37.39
Provisions	23	1.09	0.62
Current tax liabilities (Net)	24	0.91	-
Total current liabilities		**1,169.25**	**872.64**
Total equity and liabilities		**3,096.84**	**2,453.06**
Significant accounting policies and other explanatory information	**2**		

The notes referred to above form an integral part of standalone financial statements.
As per our report of even date attached

For **NDJ & Co.**
Chartered Accountants
Firm reg. no.: 136345W

CA. Shirish Shah
Partner
M. No.: 035742

Date : 15 June, 2021
Place : Surat

For and on behalf of the Board of Directors of
Tatva Chintan Pharma Chem Limited
CIN: U24232GJ1996PLC029894

Mr. Chintan N. Shah
Managing Director
DIN: 00183618

Mr. Shekhar R. Somani
Whole Time Director
DIN: 00183665

Ms. Apurva Dubey
Company Secretary
M. No.: A-41130

Mr. Mahesh Tanna
Chief Financial Officer

Date : 15 June 2021
Place : Vadodara

Statement of Profit and Loss

for the year ended 31 March 2021

(Currency: Indian Rupees in million)

Particulars	Notes	Year ended 31 March 2021	Year ended 31 March 2020
Income			
Revenue from operations	25	2,911.88	2,538.41
Other income	26	50.98	5.61
Total income		**2,962.86**	**2,544.02**
Expenses			
Cost of raw materials consumed	27	1,509.12	1,461.59
Changes in inventories of finished goods and work-in-progress	28	(51.97)	(160.30)
Employee benefits expenses	29	241.31	205.29
Finance costs	30	42.07	39.43
Depreciation and amortization expense	31	67.30	47.89
Other expenses	32	561.55	507.95
Total expenses		**2,369.38**	**2,101.85**
Profit before tax		**593.48**	**442.17**
Tax expense			
Current tax	43	103.66	74.43
Deferred tax	43	(23.77)	11.47
Tax for earlier years		-	6.64
Profit after tax		**513.59**	**349.63**
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurement gain/(loss) of defined benefit plan obligations		2.07	(2.13)
Income tax relating to items that will not be reclassified to profit or loss		(0.60)	0.62
Total other comprehensive income		**1.47**	**(1.51)**
Total comprehensive income		**515.06**	**348.12**
Earnings per equity share			
Basic	44	25.57	17.41
Diluted	44	25.57	17.41
Significant accounting policies and other explanatory information	**2**		

The notes referred to above form an integral part of standalone financial statements.
As per our report of even date attached

For **NDJ & Co.**
Chartered Accountants
Firm reg. no.: 136345W

CA. Shirish Shah
Partner
M. No.: 035742

Date : 15 June, 2021
Place : Surat

For and on behalf of the Board of Directors of
Tatva Chintan Pharma Chem Limited
CIN: U24232GJ1996PLC029894

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Managing Director
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Whole Time Director
DIN: 00183665

Ms. Apurva Dubey
Company Secretary
M. No.: A-41130

Mr. Mahesh Tanna
Chief Financial Officer

Date : 15 June 2021
Place : Vadodara

Statement of Cash Flows

for the year ended 31 March 2021

(Currency: Indian Rupees in million)

	Particulars		As at 31 March 2021	As at 31 March 2020
1	Cash flow from operating activities			
	Profit before tax		593.48	442.17
	Adjustments for non cash and non operating items			
	Depreciation and amortization expenses		67.30	47.89
	Balance written off		0.22	0.48
	Provision for doubtful debts		1.59	-
	Loss on sale of asset/ scrap of assets		0.34	0.31
	Interest income		(3.04)	(5.17)
	Interest expense		38.80	36.57
	Other borrowing costs		2.22	1.93
	Operating profit before working capital changes	**(i)**	**700.91**	**524.18**
	Change in working capital			
	(Increase) in inventory		(96.48)	(276.60)
	(Increase) in trade receivables		(395.25)	(63.26)
	(Increase)/decrease in loan, financial asset and other asset		(81.15)	52.95
	Increase in trade and other payables		158.14	91.76
	Increase/(decrease) in financial liabilities and other liabilities		37.53	(10.19)
	Increase in provisions		1.96	1.37
	Cash generated from operations	**(ii)**	**325.66**	**320.21**
	Less: taxes paid	**(iii)**	(98.16)	(73.86)
	Cash generated from operations after tax (ii)-(iii)	**(A)**	**227.50**	**246.35**
2	Cash flow from investing activities			
	Purchase of property, plant and equipment's		(209.69)	(481.73)
	Proceeds from sale of property, plant and equipment's		0.19	0.27
	Investment in subsidiary		-	(0.01)
	Sale of fixed deposit (net)		2.49	74.48
	Interest income		3.04	5.17
	Cash (used in) investing activities	**(B)**	**(203.97)**	**(401.82)**
3	Cash flow from financing activities			
	Dividend paid during the year		(40.18)	-
	Proceeds from long term borrowings		91.55	216.76
	Repayment of borrowings long term borrowings		(183.99)	(87.15)
	Increase in short term borrowings		88.04	5.80
	(Decrease) in loan to employees		(0.26)	(0.41)
	Interest paid		(38.80)	(36.06)
	Other borrowing cost paid		(2.22)	(1.93)
	Cash generated from financing activities	**(C)**	**(85.85)**	**97.01**
	Net decrease in cash and cash equivalent (A+B+C)		**(62.32)**	**(58.46)**
	Cash and cash equivalents			
	Opening balance		98.19	156.65
	Closing balance		35.87	98.19
	Net (decrease) in cash and cash equivalent as above		**(62.32)**	**(58.46)**

Note:

(a) The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Indian Accounting Standard (Ind AS-7) - Statement of Cash Flow.

(b) Figures in bracket indicate cash outgo.

(c) Additions to Property, plant and equipment and intangible assets include movements in capital work-in-progress during the year.

Statement of Cash Flows (Continued)

for the year ended 31 March 2021

(Currency: Indian Rupees in million)

(d) Changes in liability arising from financing activities

Particulars	As at 31 March 2021	As at 31 March 2020
Current borrowings		
Opening	404.89	399.09
Net receipts/(payments)	57.96	(28.88)
Interest	13.41	18.05
Foreign currency fluctuation	16.68	16.63
Closing	**492.94**	**404.89**
Non-current borrowings		
Opening	502.00	372.39
Receipts	91.55	216.76
Interest	24.79	18.52
Payments	(222.60)	(154.92)
Foreign currency fluctuation	13.82	49.25
Closing	**409.56**	**502.00**

The notes referred to above form an integral part of standalone financial statements.
As per our report of even date attached

For **NDJ & Co.**
Chartered Accountants
Firm reg. no.: 136345W

CA. Shirish Shah
Partner
M. No.: 035742

Date : 15 June, 2021
Place : Surat

For and on behalf of the Board of Directors of
Tatva Chintan Pharma Chem Limited
CIN: U24232GJ1996PLC029894

Mr. Chintan N. Shah
Managing Director
DIN: 00183618

Mr. Shekhar R. Somani
Whole Time Director
DIN: 00183665

Ms. Apurva Dubey
Company Secretary
M. No.: A-41130

Mr. Mahesh Tanna
Chief Financial Officer

Date : 15 June 2021
Place : Vadodara

Statement of Changes in Equity

for the year ended 31 March 2021

(Currency: Indian Rupees in million)

A Equity share capital

Particulars	As at 31 March 2021	As at 31 March 2020
Equity shares of ₹ 10 each	200.88	80.35
Total	**200.88**	**80.35**

Notes:

During the year, The Company has alloted 12,052,500 number of equity shares as bonus issue to the existing shareholders of the Company in the ratio of 1.5:1 vide board resolution dated 3 March 2021 which was passed pursuant to passing of special resolution by shareholders in extra ordinary general meeting held on 27 January 2021 against existing 8,035,000 equity shares. Hence total Share capital of Company post bonus issue is ₹ 200.88 million.

B Other equity

Particulars	Retained earnings	Other comprehensive income	Total
Balance as at 1 April 2019	**716.43**	**(0.42)**	**716.01**
Profit/(loss) for the year	349.63	(1.51)	348.12
Balance as at 31 March 2020	**1,066.06**	**(1.93)**	**1,064.13**
Profit/(loss) for the year	513.59	1.47	515.06
Dividend	(40.18)	-	(40.18)
Bonus issue	(120.53)	-	(120.53)
Balance at 31 March 2021	**1,418.94**	**(0.46)**	**1,418.48**

Description of nature and purpose of other equity

Retained earnings:

Retained earnings represent the surplus during the year to be retained in business and not for appropriation.

The notes referred to above form an integral part of standalone financial statements.
As per our report of even date attached

For **NDJ & Co.**
Chartered Accountants
Firm reg. no.: 136345W

CA. Shirish Shah
Partner
M. No.: 035742

Date : 15 June, 2021
Place : Surat

For and on behalf of the Board of Directors of
Tatva Chintan Pharma Chem Limited
CIN: U24232GJ1996PLC029894

Mr. Chintan N. Shah
Managing Director
DIN: 00183618

Mr. Shekhar R. Somani
Whole Time Director
DIN: 00183665

Ms. Apurva Dubey
Company Secretary
M. No.: A-41130

Mr. Mahesh Tanna
Chief Financial Officer

Date : 15 June 2021
Place : Vadodara

Notes to Standalone Financial Statements

for the year ended 31 March 2021

1) Corporate information:

Tatva Chintan Pharma Chem Limited (formerly known as "Tatva Chintan Pharma Chem Private Limited" ("the Company") was private limited company domiciled in India, and incorporated under the Companies Act 2013 (erstwhile Companies Act 1956) in India on 12 June 1996 having its registered office at Plot No 502/17, GIDC Estate, Ankleshwar, Bharuch - 393002, Gujarat, India.

The Company is primarily engaged in manufacturing and selling of specialty chemicals, Pharma & Agro intermediates, Quaternary Compounds & Quats. The Company has become a Public Limited Company w.e.f. 27 January 2021 and consequently the name of the Company has changed from Tatva Chintan Pharma Chem Private Limited to Tatva Chintan Pharma Chem Limited.

2) Significant accounting policies:

a) Statement of compliance and basis of preparation:

- The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) and presentation requirements of Division II of Schedule III to the Companies Act, 2013.
- These financial statements are prepared under the historical cost convention on the accrual basis except for certain financial instruments, which are measured at fair values, which are disclosed in the Standalone Financial Statements. Also Terminologies and classification of certain products has been changed as recommended by management.
- The classification of assets and liabilities of the Company is done into current and non-current based on the operating cycle of the business of the Company. The operating cycle of the business of the Company is less than twelve months and therefore all current and non-current classifications are done based on the status of reliability and expected settlement of the respective asset and liability within a period of twelve months from the reporting date as required by Schedule III to the Companies Act, 2013.
- The financial statements are presented in Indian Rupees ('INR') and all values are rounded to the nearest Millions, except otherwise indicated.

b) Significant accounting judgements, estimates and assumptions

The preparation of the standalone financial statements in conformity with Ind AS requires management to make estimates, judgements and assumptions. These estimates, judgements and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of standalone financial statements and reported amounts of revenues and expenses during the periods. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of circumstances surrounding the estimates. Changes in estimates are reflected in the standalone financial statement in the period in which changes are made and if material, their effects are disclosed in the notes to the standalone financial statements.

Estimates

The preparation of the standalone financial statements in conformity with Ind AS requires management to make estimates, judgements and assumptions. These estimates, judgements and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of financial statements and reported amounts of revenues and expenses during the period. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of circumstances surrounding the estimates. Changes in estimates are reflected in the financial statement in the period in which changes are made and if material, their effects are disclosed in the notes to the financial statements.

Judgements

The Company's management has made the following judgements, which have the most significant effect on the amounts recognised in the separate financial statements, while formulating the Company's accounting policies:

i. **Taxes –** The Company is eligible for deductions for business which are established in Special Economic Zones (SEZ) under section 10A of the Income Tax Act,1961.

ii. **Estimation of uncertainties relating to the global health pandemic from COVID-19 (COVID-19):**

Due to the outbreak of the COVID-19 pandemic and the consequent lock-down announced by Government, the operations of the Company were temporarily-suspended in initial phase of the financial year. The Company continued to closely monitor the situation and take appropriate action, as necessary to scale up operations, in due compliance with the applicable regulations. The Company has been running on its normal operations after government allowed the same since June, 2020. However, situation of COVID-19 outbreak has resurged again towards the end of the current financial year, it is expected to not affect the operations of the Company. Based on the current assessment of impact of COVID-19 on the operations of the Company and ongoing

Notes to Standalone Financial Statements
for the year ended 31 March 2021

discussions with the Customers, vendors and service providers, the Company is positive of serving customer orders and obtaining regular supply of raw materials and logistics services. The Management has considered the possible effects, if any, that may result from the pandemic on the carrying amounts of its current and non-current assets, after considering internal and external sources of information as at the date of approval of these financial statements. The Company has considered the possible effects that may result from the pandemic relating to COVID-19 on the carrying amounts of Trade Receivables and Inventories. In assessing recoverability of trade receivables, the Company has considered subsequent recoveries, past trends, credit risk profiles of the customers based on their industry, macroeconomic forecasts and internal and external information available up to the date of issuance of these financial statements. In assessing the recoverability of inventories, the Company has considered the latest selling prices, customer orders on hand and margins. Based on the above assessment, the Company is of the view that carrying amounts of trade receivables and inventories are expected to be realisable. The impact of COVID-19 may be different from that estimated as at the date of approval of these financial statements, and the Company will continue to closely monitor the developments.

iii. **Defined benefit plans (gratuity benefits)** - The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Discount rate: The said parameter is subject to change. In determining the appropriate discount rate (for plans operated in India), the management considers the interest rates of government securities in currencies which are consistent with the post-employment benefit obligation. The underlying bonds are reviewed periodically for quality. Those having excessive credit spreads are excluded from the analysis since that they do not represent high quality corporate bonds.

Mortality rate: It is based on publicly available mortality tables. Those mortality tables tend to change at an interval in response to demographic changes. Prospective increase in salary and gratuity are based on expected future inflation rates.

iv. **Useful lives of property, plant and equipment** - The Company reviews the useful life of property, plant and equipment at the end of each reporting period. This reassessment may result in change in depreciation expense in future periods.

v. **Impairment of property, plant and equipment** - For property, plant and equipment and intangibles an assessment is made at each reporting date to determine whether there is an indication that the carrying amount may not be recoverable or previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised.

vi. **Impairment of investment** - For determining whether the investments in subsidiaries, joint ventures and associates are impaired requires an estimate in the value in use of investments. In considering the value in use, the Directors have estimated the future cash flow, capacity utilization, operating margins and other factors of the underlying businesses / operations of the investee companies. Any subsequent changes to the cash flows due to changes in the above mentioned factors could impact the carrying value of investments.

vii. **Inventories** - The Company estimates the net realisable value (NRV) of its inventories by taking into account estimated selling price, estimated cost of completion, estimated costs necessary to make the sale, obsolescence considering the past trend. Inventories are written down to NRV where such NRV is lower than their cost.

viii. **Recognition and measurement of other provisions** - The recognition and measurement of other provisions is based on the assessment of the probability of an outflow of resources, and on past experience and circumstances known at the closing date. The actual outflow of resources at a future date may therefore, vary from the amount included in other provisions.

c) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the

Liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

Notes to Standalone Financial Statements
for the year ended 31 March 2021

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the Ind AS Standalone Financials Statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the Audited Ind AS Financial Statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Company's Management determines the appropriate valuation techniques and inputs for fair value measurements. In estimating the fair value of an asset or a liability, the Company uses market-observable data to the extent it is available. Where level 1 inputs are not available, the Company engages third party qualified valuers to perform the valuation. Any change in the fair value of each asset and liability is also compared with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

d) Property, plant and equipment:

Property, plant and equipment are stated at cost less accumulated depreciation. Cost includes all expenses and financing costs related to acquisition and construction of the concerned assets and any attributable cost of bringing the asset to the condition of its intended use.

Advances paid towards the acquisition of property, plant and equipment outstanding at each Balance sheet date is classified as capital advances under other non-current assets. Subsequent expenditures relating to property, plant and equipment are capitalized only when it is probable that future economic benefits associated with these will flow to the Company and the cost of the item can be measured reliably. Repair and maintenance cost are recognized in the Statement of Profit and Loss when incurred. The cost and related accumulated depreciation are eliminated from the financial statements upon sale or retirement of the asset and the resultant gains or losses are recognized in the Statement of Profit and Loss.

Property, plant and equipment are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other asset. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

If such assets are considered to be impaired, the impairment to be recognized in the Statement of Profit and Loss is measured by the amount by which the carrying value of the asset exceeds the estimated recoverable amount of the asset. An impairment loss is reviewed in the Statement of Profit and Loss if there has been a change in the estimates used to determine the recoverable amount. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated depreciation) had no impairment loss been recognized for the asset in prior years.

Gains or losses arising from the retirement or disposal of an asset are determined as the difference between the net disposal proceeds and the carrying amount of the asset and recognized as income or expense in the Statement of Profit and Loss. These are included in profit or loss within other gains/ (losses).

e) Capital work-in-progress

Capital work-in-progress includes cost of assets under development, all taxes and duties and other expenses to bring the asset to the Company.

Notes to Standalone Financial Statements

for the year ended 31 March 2021

Cost of Property, plant and equipment not ready for their intended use before such date is disclosed under Capital work-in-progress.

f) Intangible assets

Intangible assets are recognized when it is probable that the future economic benefits that are attributable to the asset will flow to the enterprise and the cost of the asset can be measured reliably. Intangible assets are stated at original cost net of tax/duty credits availed, if any, less accumulated amortization and cumulative impairment. Administrative and other general overhead expenses that are specifically attributable to acquisition of intangible assets are allocated and capitalized as a part of the cost of the intangible assets.

Computer software where it is expected to provide future enduring economic benefits is capitalized. The capitalized cost includes license fees and cost of implementation/system integration services.

Gains or losses arising from the retirement or disposal of an intangible asset are determined as the difference between the net disposal proceeds and the carrying amount of the asset and recognized as income or expense in the Statement of Profit and Loss. These are included in profit or loss within other gains/ (losses).

g) Depreciation and amortization:

Depreciation on tangible Property, Plant and Equipment has been provided on the basis of useful life as stated in Schedule II of the Companies Act, 2013 using the straight-line method.

Lease hold land is amortized over the period of lease.

Depreciation methods, useful lives and residual values are reviewed periodically, including at each financial year end.

The following are the estimated useful lives:

Class of Assets	Useful lives estimated by the management (years)
Buildings	Factory Building - 30 years Building (RCC Frame Structure) – 60 years Building (Other than RCC Frame Structure) – 30 Years
Plant and equipment	Special Plant and Machinery used in manufacture of pharmaceuticals and chemicals – 20 years Plant and Machinery other than continuous process plant not covered under specific – 15 year; Continuous process plant for which no special rate has been prescribed in Special Plant and Machinery – 8 Years
Computer	3 / 6 years
Vehicles	8 to 10 years
Office equipment	5 years
Electrical installations	10 years
Furniture and fixtures	10 years
Software	3 to 10 years
Lease hold Land	30 to 99 years

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

h) Investments and other financial assets:

i) Classification

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income or through statement of profit and loss); and
- those measured at amortized cost.

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

ii) Initial measurement

At initial recognition, the Company measures a financial asset at its fair value plus transaction costs, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the statement of profit and loss.

iii) Subsequent measurement – Debt instruments

Subsequent measurement of the debt instruments depend on the Company's business model for managing the asset and the cash flow characteristics of the asset. The Company classifies its debt instruments in the following three categories:

- **Amortized cost**

  Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. A gain or loss on a debt investment that is subsequently measured at amortized cost and is not a part of the hedging relationship is recognized in the statement of profit and loss when

Notes to Standalone Financial Statements

for the year ended 31 March 2021

the asset is derecognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

- **Fair value through other comprehensive income (FVOCI)**

  Assets that are held for collection of contractual cash flows and for selling the financial assets where the assets' cash flows represent solely payments of principal and interest are measured at fair value through other comprehensive income (OCI). Movements in the carrying amount are taken through OCI, except for recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in the statement of profit and loss. When financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in other gains / losses. Interest income from these financial assets is included in finance income using the effective interest rate method.

- **Fair value through profit or loss (FVPL)**

  Assets that do not meet the criteria for amortized cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not a part of hedging relationship is recognized in the statement of profit and loss. Interest income from these financial assets is included in finance income.

iv) **Subsequent measurement – Equity instruments**

The Company subsequently measures all equity instruments at fair value. When the management has elected to present fair value gains and losses on equity instruments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to statement of profit and loss. Dividends from such investments are recognized in the statement of profit and loss as other income when the Company's right to receive payment is established.

Changes in the fair value of financial assets at FVPL are recognized in the statement of profit and loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

v) The company has accounted for its investments in subsidiaries at cost less impairment loss.

vi) **Impairment of financial assets**

Loss allowance for expected credit losses is recognized for financial assets measured at amortized cost and fair value through other comprehensive income.

Loss allowance equal to the lifetime expected credit losses is recognized if the credit risk on the financial instruments has significantly increased since initial recognition. For financial instruments whose credit risk has not significantly increased since initial recognition, loss allowance equal to twelve months expected credit losses is recognized.

vii) **Derecognition of financial assets**

A financial asset is derecognized when the Company has transferred the rights to receive cash flows from the financial asset or retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients. When the Company has transferred an asset, it evaluates whether it has transferred substantially all the risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognized. When the Company has neither transferred a financial asset nor retains substantially all the risks and rewards of ownership of the financial asset, the financial asset is derecognized if the Company has not retained control of the financial asset.

i) Financial liabilities and equity instruments

Classification as debt or equity

Financial liabilities and equity instruments issued by the Company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

Financial liabilities

Trade and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortized cost, using the effective interest rate method.

Interest-bearing bank loans, overdrafts and issued debt are initially measured at fair value and are subsequently measured at amortized cost using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognized over the term of the borrowings in accordance with the Company's accounting policy for borrowing costs.

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Fair value measurement of financial instruments:

The fair value of financial instruments is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is required in establishing fair values. Judgements and estimates include considerations of liquidity and model inputs related to items such as credit risk (both own and counterparty), correlation and volatility.

Derivative financial instrument:

The Company holds derivative financial instruments such as foreign exchange forward and option contracts to mitigate the risk of changes in exchange rates on foreign currency exposures. The counterparty for these contracts is generally a bank.

i) **Financial assets or financial liabilities, at fair value through profit or loss:**

This category has derivative financial assets or liabilities which are not designated as hedges.

Although the Company believes that these derivatives constitute hedges from an economic perspective, they may not qualify for hedge accounting under Ind AS 109, Financial Instruments. Any derivative that is either not designated as hedge, or is so designated but is ineffective as per Ind AS 109, is categorized as a financial asset or financial liability, at fair value through profit or loss.

Derivatives not designated as hedges are recognized initially at fair value and attributable transaction costs are recognized in net profit in the Statement of Profit and Loss when incurred. Subsequent to initial recognition, these derivatives are measured at fair value through profit or loss and the resulting exchange gains or losses are included in other income. Assets/liabilities in this category are presented as current assets/ current liabilities if they are either held for trading or are expected to be realized within 12 months after the Balance Sheet date.

Derecognition of financial liabilities

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire.

j) Cash and cash equivalents:

Cash and cash equivalents comprise cash at bank, cash on hand and short term highly liquid investments with original maturities of three months or less that is readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

k) Inventories:

Items of inventories are valued lower of cost or estimated net realisable value as given below.

- **Raw materials, components and packing materials:** Raw Materials, Components and packing materials are valued at Lower of Cost or Net Realizable Value, (Cost is net of Goods and Service Tax, wherever applicable). However materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Costs are determined on first in, first out (FIFO) method

- **Finished goods & work-in-progress:** Finished Goods & work-in-progress are valued at lower of cost and net realizable value. The cost is determined on FIFO basis and includes cost of materials, cost of conversion and other costs incurred in acquiring the inventory and bringing them to their present location and condition.

- **Stores and spares:** Stores and spare parts are valued at lower of purchase Costs are determined on FIFO method and net realisable value.

- **Stock in trade:** Stock in Trade is valued at lower of purchase cost and net realizable value.

l) Revenue recognition:

- The Company earns revenue primarily from sale of specialty chemicals, Pharma & Agro intermediates, Quaternary Compounds & Quats. The Company is primarily engaged in manufacturing and selling of Quaternary compounds, bulk drugs and specialty chemicals.

- Ind AS 115 "Revenue from Contracts with Customers" provides a control-based revenue recognition model and provides a five step application approach to be followed for revenue recognition.

  - Identify the contract(s) with a customer;
  - Identify the performance obligations;
  - Determine the transaction price;
  - Allocate the transaction price to the performance obligations;
  - Recognize revenue when or as an entity satisfies performance obligation.

Notes to Standalone Financial Statements

for the year ended 31 March 2021

- Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The point at which control passes is determine based on the terms and condition by each customer agreements, but generally occurs on dispatch to the customer.
- Revenue is measured at the fair value of the consideration received or receivable, after the deduction of any trade discounts, volume rebates, sales return on transfer of control in respect of ownership to the buyer which is generally on dispatch of goods and any other taxes or duties collected on behalf of the Government which are levied on sales such as Goods and Services Tax (GST), where applicable. Discounts given include rebates, price reductions and other incentives given to customers. No element of financing is deemed present as the sales are made with a payment term which is consistent with market practice.
- Revenue is recognised upon transfer of control of promised products or services to customers in an amount that reflects the consideration which the Company expects to receive in exchange for those products or services.
- Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made.
- Revenue is recognized at point in time when the performance obligation with respect to Quaternary compounds, Pharma & Agro Product and specialty chemicals or rendering of services to the Customer which is the point in time when the customer receives the goods and services.

Contract balances

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

Trade receivable

A receivable is recognised if an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract.

- Claims and rebates receivables are accounted as and when settled.
- Interest income from a financial asset is recognized using the effective interest rate method when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.
- Dividends are recognized in statement of profit and loss when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Company, and the amount of the dividend can be measured reliably.
- Incomes in respect of Duty Drawback in respect of exports made during the year are accounted on accrual basis
- Merchandise Exports from India Scheme (MEIS) income is recognized on accrual basis when considering the related expenses to the same profit or losses on transfer of licenses are accounted in year of the sales. Duty free imports of material under Advance License matched with the export made against the said licenses. Export benefits on account of export promotion schemes are accrued and accounted in the period of export and are included in other operating revenue. MEIS Scheme has been ended as on December 31, 2020 and replaced by the new scheme introduced by the Government of India i.e. Remission of Duties and Taxes on Exported Products (RoDTEP). Notification related to the final incentive rates is still awaited accordingly Company has recognized the MEIS incentive till December 31, 2020.
- Other incomes are recognized on accrual basis.

m) Employee benefits:

I. Defined contribution plans:

Contribution to retirement benefit plans in the form of provident fund, employee state insurance scheme, pension scheme and superannuation schemes as per regulations are charged as an expense on an accrual basis when employees have rendered the service. The Group has no further payment obligations once the contributions have been paid.

Notes to Standalone Financial Statements
for the year ended 31 March 2021

II. Defined benefit plans

Defined benefit plan in the form of gratuity, are recognized on the basis of actuarial valuation performed by an independent actuary at each balance sheet date using the projected unit credit method or in compliance with the requirements of the domestic laws. Gratuity is included in employees' benefit expense in the statement of profit and loss.

The Gratuity Plan provides a lump-sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment with the Company. The Company recognizes the net obligation of a defined benefit plan in its Balance Sheet as an asset or liability.

Gains and losses through remeasurement of the net defined benefit liability/ (asset) are recognized in other comprehensive income and are not reclassified to profit or loss in subsequent periods. The actual return of the portfolio of plan assets, in excess of the yields computed by applying the discount rate used to measure the defined benefit obligation is recognized in other comprehensive income. The effects of any plan amendments are recognized in net profit in the Statement of Profit and Loss.

The undiscounted amount of short-term employee benefits that are expected to be paid in exchange for services rendered by an employee is recognized during the period/year when the employee renders the services.

III. Other long-term employee benefit obligations

The liabilities for earned leave and sick leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognized in profit or loss.

The said obligations are presented as current liabilities in the consolidated balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

n) Leases:

As a lessee

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use assets are subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability. The lease liability is initially measured at amortised cost at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using the incremental borrowing rate.

Short-term leases and leases of low-value assets The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases of all assets that have a lease term of 12 months or less, leases of low-value assets and cancellable leases. The Company recognises the lease payments associated with these leases as an expense in Profit and loss account.

As a lessor

Lease income from operating leases where the Company is a lessor is recognised in income on a straight-line basis over the lease term unless the receipts are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increases. The respective leased assets are included in the balance sheet based on their nature. The Company did not need to make any adjustments to the accounting for assets held as lessor as a result of adopting the new leasing standard.

o) Borrowing costs:

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use or where out of general borrowings, funds may have been used, the borrowing cost is calculated by applying weighted average cost of borrowing applicable to such general borrowing which is outstanding during the year, are capitalized up to the date by which qualifying assets are ready for its intended use and included in the carrying amount of such assets. All other borrowing costs are charged to statement of Profit and Loss.

Notes to Standalone Financial Statements

for the year ended 31 March 2021

Borrowing cost includes exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the finance cost.

p) Transaction in foreign currencies:

- Foreign currency transactions are translated in to functional currency at the exchange rates prevailing on the date of such transactions. Foreign currency monetary assets and liabilities as at the balance sheet date are translated at the rates of exchange prevailing at the date of the balance sheet. Gains and losses arising on account of differences in foreign exchange rates on settlement / translation of foreign currency monetary assets and liabilities are recognized in the statement of profit and loss in the year in which they are incurred. Non-monetary foreign currency items that are measured at fair value are translated using the exchange rates when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as a part of the fair value gain or loss.

- Any profit or loss arising on cancellation, maturity or renewal of forward exchange contracts is recognized as income or expenses in the statement of profit & loss of the year and included in Exchange Difference

- Gains and losses on account of foreign exchange fluctuation in respect of liabilities in foreign currencies specific to acquisition of property, plant and equipment in foreign currency are recognized as income and expense in profit and loss account.

q) Income tax:

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

i) Current tax

The tax currently payable is based on estimated taxable income for the year in accordance with the provisions of the Income Tax Act, 1961. Taxable profit differs from 'profit before tax' as reported in the consolidated statement of profit and loss because of items of income or expenses that are taxable or deductible in other years and items that are never taxable or deductible. Management periodically evaluates positions taken in the tax returns with respect to situations for which applicable tax regulations are subject to interpretation and revises the provisions, if so required where consider necessary.

Current tax assets and current tax liabilities are offset where the Company has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

No change in provision has been made on restating of financials as per Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 ("the Act") [Companies (Indian Accounting Standards) Rules, 2015].

ii) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the Company's financial statements and the corresponding tax bases used in computation of taxable profit and quantified using the tax rates and laws enacted or substantively enacted as on the Balance Sheet date.

Deferred tax assets are generally recognized for all taxable temporary differences to the extent that is probable that taxable profit will be available against which those deductible temporary differences can be utilized. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets relating to unabsorbed depreciation/ business losses/losses under the head "capital gains" are recognized and carried forward to the extent of available taxable temporary differences or where there is convincing other evidence that sufficient future taxable income will be available against which such deferred tax assets can be realized.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the company expects, at the end of reporting period, to recover or settle the carrying amount of its assets and liabilities.

Transaction or event which is recognized outside profit or loss, either in other comprehensive income or in equity, is recorded along with the tax as applicable.

iii) Minimum alternate tax (MAT)

Deferred tax assets include Minimum Alternative Tax (MAT) paid in accordance with the tax laws in India, which is likely to give future economic benefits in the form of availability of set off against future income tax liability. Accordingly, MAT is recognized as deferred tax asset in the balance sheet when the asset can be measured reliably, and it is probable that the future economic benefit associated with asset will be realized.

Notes to Standalone Financial Statements

for the year ended 31 March 2021

Current and deferred tax expense is recognized in the Statement of Profit and Loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

r) **Provisions, contingent liabilities and contingent assets:**

A provision is made when there is a present obligation (legal or constructive) as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. Provisions are determined based on the present value of the management's best estimate of the amount required to settle the present obligation at the end of the reporting period. The discount rate used to determine present value is a pre-tax rate that reflects current market assessment of time value of money and the risks specific to the liability.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made. Contingent assets are neither recognized nor disclosed in the financial statements.

s) **Impairment of assets:**

Financial assets:

The Company recognizes loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit or loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized is recognized as an impairment gain or loss in the statement of profit and loss.

Non-financial assets:

Goodwill and intangible assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment or more frequently if events or change in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized in the statement of profit and loss for the amount by which the assets carrying amount exceeds its recoverable amount. The recoverable amount is the higher of assets' fair value less costs of disposal and value in use.

If, at the balance sheet date, there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost.

t) **Accounting and reporting of information for operating segments:**

Operating segments are those components of the business whose operating results are regularly reviewed by the chief operating decision making body in the Company to make decisions for performance assessment and resource allocation.

The reporting of segment information is the same as provided to the management for the purpose of the performance assessment and resource allocation to the segments.

Segment accounting policies are in line with the accounting policies of the Company.

u) **Earnings per share:**

Earnings per share are calculated by dividing the net profit or loss attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the period.

Diluted earnings per share is computed by adjusting the figures used in the determination of basic EPS to take into account:

- After tax effect of interest and other financing costs associated with dilutive potential equity shares
- The weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

v) **Cash flow statement:**

Statement of Cash Flows is prepared segregating the cash flows into operating, investing and financing activities. Cash flow from operating activities is reported using indirect method, adjusting the net profit for the effects of:

i. changes during the period in inventories and operating receivables and payables transactions of a non-cash nature;

ii. Non-cash items such as depreciation, provisions, deferred taxes, unrealized foreign currency gains and losses, and undistributed profits of associates; and

iii. all other items for which the cash effects are investing or financing cash flows.

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for the year ended 31 March 2021

Cash and cash equivalents (including bank balances) shown in the Statement of Cash Flows exclude items which are not available for general use as on the date of Balance Sheet.

w) Research and development expenditure

Revenue expenditure pertaining to research is charged to the Statement of Profit and Loss. Development costs of products are charged to the Statement of Profit and Loss, Development expenditure of certain nature is capitalized when the criteria for recognizing an intangible asset are met. Expenditure on research activities undertaken with the prospect of gaining new scientific or technical knowledge and understanding are recognised as an expense when incurred. Development activities involve a plan or design for the production of new or substantially improved products and processes.

x) Government grants

The Company recognizes government grants only when there is reasonable assurance that the conditions attached to them will be complied with, and the grants will be received. When the grant relates to an expense item. It is recognized 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 recognized as deferred revenue in the balance sheet and transferred to profit or loss on a systematic basis over the expected useful life of the related asset.

y) Exceptional items

Exceptional items refer to items of income or expense, including tax items, within the statement of profit and loss from ordinary activities which are non-recurring and are of such size, nature or incidence that their separate disclosure is considered necessary to explain the performance of the Company.

z) Recent accounting pronouncements:

The company has applied the following standards and amendments for the first time for their annual reporting period commencing 1 April 2020:

- Definition of material - amendments to Ind AS 1 and Ind AS 8
- Definition of business - amendments to Ind AS 103
- Covid-19 related concessions - amendments to Ind AS 116
- Interest rate benchmark reform - amendments to Ind AS109 and Ind AS 107

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

Notes to Standalone Financial Statements
for the year ended 31 March 2021

(Currency: Indian Rupees in million)

3a Property, plant and equipments

Particulars	Cost				Depreciation					Net Block	
	Opening as at 01 April 2020	Addition	Sale/ Reduction	Closing as at 31 March 2021	Accumulated depreciation as at 01 April 2020	Depreciation charged during the year	Adjustment	Sale/ Reduction	Accumulated depreciation as at 31 March 2021	Net Block as at 31 March 2020	Net Block as at 31 March 2021
Tangible asset											
Building											
Administration building	1.21	-	-	1.21	0.18	0.06	-	-	0.24	1.03	0.97
Factory building	325.96	10.89	-	336.85	17.93	10.50	-	-	28.43	308.03	308.42
R & D building	21.51	14.90	-	36.41	1.39	0.95	-	-	2.34	20.12	34.07
Plant and machineries	603.82	82.17	0.86	685.13	57.40	34.84	-	0.33	91.91	546.42	593.22
Electrical installation	89.94	6.26	-	96.20	12.60	8.82	-	-	21.42	77.34	74.78
Office equipment's	10.23	3.81	-	14.04	3.33	2.17	-	-	5.50	6.90	8.54
Furniture and fixtures	22.37	1.47	-	23.84	4.55	2.32	-	-	6.87	17.82	16.97
Vehicles	18.00	36.49	-	54.49	7.43	2.97	-	-	10.40	10.57	44.09
Computer hardware	7.22	2.53	-	9.75	3.82	1.91	-	-	5.73	3.40	4.02
Total	**1,100.26**	**158.52**	**0.86**	**1,257.92**	**108.63**	**64.54**	**-**	**0.33**	**172.84**	**991.63**	**1,085.08**

3c Capital WIP

Particulars	Opening as at 01 April 2020	Addition	Sale/ Reduction	Closing as at 31 March 2021	Accumulated depreciation as at 01 April 2020	Depreciation charged during the year	Adjustment	Sale/ Reduction	Accumulated depreciation as at 31 March 2021	Net Block as at 31 March 2020	Net Block as at 31 March 2021
Capital WIP	48.92	49.19	-	98.11	-	-	-	-	-	48.92	98.11
Total	**48.92**	**49.19**	**-**	**98.11**	**-**	**-**	**-**	**-**	**-**	**48.92**	**98.11**

3d Intangible asset

Particulars	Opening as at 01 April 2020	Addition	Sale/ Reduction	Closing as at 31 March 2021	Accumulated depreciation as at 01 April 2020	Depreciation charged during the year	Adjustment	Sale/ Reduction	Accumulated depreciation as at 31 March 2021	Net Block as at 31 March 2020	Net Block as at 31 March 2021
Computer software	3.29	0.32	-	3.61	2.13	0.57	-	-	2.70	1.16	0.91
Technical know-how	0.07	-	-	0.07	0.03	-	-	-	0.03	0.04	0.04
Total	**3.36**	**0.32**	**-**	**3.68**	**2.16**	**0.57**	**-**	**-**	**2.73**	**1.20**	**0.95**

Notes to Standalone Financial Statements
for the year ended 31 March 2021

(Currency: Indian Rupees in million)

3a Property, plant and equipments (continued)

	Particulars	Cost				Depreciation					Net Block	
		Opening as at 01 April 2019	Addition	Sale/ Reduction	Closing as at 31 March 2020	Accumulated depreciation as at 01 April 2019	Depreciation charged during the year	Adjustment	Sale/ Reduction	Accumulated depreciation as at 31 March 2020	Net Block as at 31 March 2019	Net Block as at 31 March 2020
3a	**Tangible asset**											
	Building											
	Administration building	1.21	-	-	1.21	0.11	0.06	-	-	0.17	1.10	1.04
	Factory building	198.89	127.06	-	325.95	10.51	7.42	-	-	17.93	188.38	308.02
	R & D building	21.51	-	-	21.51	0.70	0.69	-	-	1.39	20.81	20.12
	Plant and machineries	297.48	307.05	0.71	603.82	33.77	23.77	-	0.14	57.40	263.71	546.42
	Electrical installation	43.46	46.49	-	89.95	7.03	5.57	-	-	12.60	36.43	77.35
	Office equipment's	7.01	3.25	0.03	10.23	1.93	1.42	-	0.01	3.34	5.08	6.89
	Furniture and fixtures	16.58	5.79	-	22.37	2.67	1.88	-	-	4.55	13.91	17.82
	Vehicles	17.42	0.58	-	18.00	4.94	2.49	-	-	7.43	12.48	10.57
	Computer hardware	4.84	2.38	-	7.22	2.17	1.65	-	-	3.82	2.67	3.40
	Total	**608.40**	**492.60**	**0.74**	**1,100.26**	**63.83**	**44.95**	**-**	**0.15**	**108.63**	**544.57**	**991.63**
3c	**Capital WIP**											
	Capital WIP	60.36	-	11.44	48.92	-	-	-	-	-	60.36	48.92
	Total	**60.36**	**-**	**11.44**	**48.92**	**-**	**-**	**-**	**-**	**-**	**60.36**	**48.92**
3d	**Intangible asset**											
	Computer software	2.72	0.58	-	3.30	1.39	0.75	-	-	2.14	1.33	1.16
	Technical know-how	0.06	-	-	0.06	0.02	0.01	-	-	0.03	0.04	0.03
	Total	**2.78**	**0.58**	**-**	**3.36**	**1.41**	**0.76**	**-**	**-**	**2.17**	**1.37**	**1.19**

Notes to Standalone Financial Statements

for the year ended 31 March 2021

(Currency: Indian Rupees in million)

3b Right-of-use assets

(i) Following are the changes in the carrying value of right of use assets for the period ended 31 March 2021:

Particulars	As at 31 March 2021	As at 31 March 2020
Leasehold land		
Balance at the beginning of the year	118.95	121.14
Add : Additions	1.67	-
Less : Deletion	-	-
Less : Amortization	2.19	2.19
Balance at the end of the year	**118.43**	**118.95**

(ii) Company has not recognised the lease liability as all the Leases falls under Ind AS 116 have prepayment of lease rental at the inception of lease term and the monthly lease rentals are nominal amount.

(iii) Amounts recognised in profit or loss

Particulars	As at 31 March 2021	As at 31 March 2020
Amortization charge of right of use assets	2.19	2.19
Expenses relating to short-term leases (included in other expenses)	12.45	10.66
Total	**14.64**	**12.85**

4 Non-current investments

Particulars	As at 31 March 2021	As at 31 March 2020
Investments in equity instruments carried at cost:		
Unquoted investments		
Investments in subsidiaries - At cost		
Tatva Chintan USA Inc.	6.66	6.66
(100,000 (PY:100,000) equity shares having face value of USD 1 each)		
Tatva Chintan Europe B.V.	0.01	0.01
(120 equity shares having face value of EUR 1 each)		
Total	**6.67**	**6.67**
Aggregate amount of quoted investments	-	-
Aggregate amount of unquoted investments	6.67	6.67

5 Other non-current assets

Particulars	As at 31 March 2021	As at 31 March 2020
Advance for immovable property	-	1.67
Advance to creditors for capital expense	2.96	-
Total	**2.96**	**1.67**

Notes to Standalone Financial Statements

for the year ended 31 March 2021

(Currency: Indian Rupees in million)

6 Inventories (valued at lower of cost and NRV)

Particulars	As at 31 March 2021	As at 31 March 2020
Raw materials and components	208.70	199.34
Work-in-progress	267.40	262.45
Finished goods	131.68	84.66
(includes goods in transit ₹ 65.71 millions (P.Y. ₹ 14.96 millions)		
Packing materials	7.29	5.78
Consumable stores and spares	68.57	34.93
Total	**683.64**	**587.16**

Note:

The above carrying amount of inventories has been mortgaged and hypothecated to secure borrowings of the Company.

7 Trade receivables

Particulars	As at 31 March 2021	As at 31 March 2020
Unsecured considered good	903.39	509.74
Credit impaired	3.12	1.53
	906.51	**511.27**
Less : provision for expected credit loss	3.12	1.53
Total	**903.39**	**509.74**

8 Cash and cash equivalents

Particulars	As at 31 March 2021	As at 31 March 2020
Cash on hand	0.81	0.80
Balances with banks		
- in current accounts	2.58	33.37
- in EEFC current accounts	17.34	30.91
Bank fixed deposits (original maturity of less than 3 months)	6.53	26.38
Total	**27.26**	**91.46**

8 Bank balance other than cash and cash equivalents

Particulars	As at 31 March 2021	As at 31 March 2020
Balances with bank held as		
LC and bank guarantee margin money deposit	8.61	6.73
Total	**8.61**	**6.73**

9 Loans and advances

Particulars	As at 31 March 2021	As at 31 March 2020
Security deposits		
- Unsecured, considered good	17.85	15.80
Loan to employees (Interest free and repayable on demand)	1.19	0.93
Advance to subsidiary	0.29	0.28
Total	**19.33**	**17.01**

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for the year ended 31 March 2021

(Currency: Indian Rupees in million)

10 Other financial assets

Particulars	As at 31 March 2021	As at 31 March 2020
Forward contract receivable	2.45	-
Fixed deposit with banks	8.43	10.92
Interest accrued on deposits	0.47	-
Total	**11.35**	**10.92**

11 Current tax assets (net)

Particulars	As at 31 March 2021	As at 31 March 2020
- Advance tax (net of provision for tax)	-	4.58
Total	**-**	**4.58**

12 Other current assets

Particulars	As at 31 March 2021	As at 31 March 2020
Prepaid expenses	15.09	8.16
Advance to creditors	17.34	-
Balance with revenue authorities	52.88	27.91
Government grants/benefits receivable	24.48	20.20
Insurance claim receivable	-	0.15
Gratuity fund (net)	4.37	-
IPO related expenses	16.90	-
Total	**131.06**	**56.42**

The Gratuity fund (net) represents the present value of the defined benefit obligation as reduced by the fair value of scheme assets. The Company makes contributions to the gratuity trust for funding the defined benefit plans for qualifying employees, which is separately approved under the Income tax.

13 Equity share capital

Particulars	As at 31 March 2021		As at 31 March 2020	
	Numbers	Amount	Numbers	Amount
Authorized share capital				
Equity shares of ₹ 10 each	40,000,000	400.00	10,000,000	100.00
	40,000,000	**400.00**	**10,000,000**	**100.00**
Issued, subscribed and fully paid up				
Equity shares of ₹ 10 each	20,087,500	200.88	8,035,000	80.35
	20,087,500	**200.88**	**8,035,000**	**80.35**
Total	**20,087,500**	**200.88**	**8,035,000**	**80.35**

Note: Pursuant to the recommendation and resolution passed at the meeting of the board of directors, the shareholders in their meeting held on 27 January 2021 has increased authorised share capital of Company to ₹ 400 million from ₹ 100 million.

Notes to Standalone Financial Statements

for the year ended 31 March 2021

(Currency: Indian Rupees in million)

13 Equity share capital (continued)

a) Reconciliation of share capital (Equity)

Particulars	As at 31 March 2021		As at 31 March 2020	
	Numbers	Amount	Numbers	Amount
Balance at the beginning of the year	8,035,000	80.35	8,035,000	80.35
Add : Issued during the year	-	-	-	-
Add : Bonus issues made during the year	12,052,500	120.53	-	-
Less : Shares bought back during the year	-	-	-	-
Balance at the end of the year	**20,087,500**	**200.88**	**8,035,000**	**80.35**

During the year, The Company has alloted 12,052,500 number of equity shares as bonus issue to the existing shareholders of the Company in the ratio of 1.5:1 vide board resolution dated 3 March 2021 which was passed pursuant to passing of special resolution by shareholders in extra ordinary general meeting held on 27 January 2021 against existing 8,035,000 equity shares. Hence total share capital of Company post bonus issue is ₹ 200.88 million.

b) Terms/Rights attached to equity shares:

The Company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. The dividend, if any, proposed by the board of directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of proposed dividend. The Group has paid interim dividend at the rate of 50% of issued share capital (before bonus issue) during the year.

In the event of liquidation of the Company, the holders of equity shares would have been entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution would have been in proportion to the number of equity shares held by the shareholders.

c) Name of share holder holding equity shares more than 5%

Name	As at 31 March 2021		As at 31 March 2020	
	Number of shares	Percentage	Number of shares	Percentage
Mr. Shekher R. Somani	6,304,682	31.39%	2,521,873	31.39%
Mr. Chintan N. Shah	5,648,835	28.12%	2,259,534	28.12%
Mr. Ajay M. Patel	4,222,333	21.02%	1,688,933	21.02%
M/s. Ajay M. Patel (HUF)	1,237,500	6.16%	495,000	6.16%
Mrs. Priti A. Patel	1,236,000	6.15%	494,400	6.15%

14 Other equity

Particulars	As at 31 March 2021	As at 31 March 2020
Other comprehensive income:		
Acturial gain or loss from defined benefit obligation:		
Balance at the beginning of the year	(1.93)	(0.42)
During the year	1.47	(1.51)
Balance at the end of the year	**(0.46)**	**(1.93)**
Retained earnings:		
Balance at the beginning of the year	1,066.06	716.43
Add : Transferred from statement of profit and loss	513.59	349.63
Less: Dividend	40.18	-
Less: Bonus issue	120.53	-
Balance at the end of the year	**1,418.94**	**1,066.06**
Total	**1,418.48**	**1,064.13**

Notes to Standalone Financial Statements
for the year ended 31 March 2021

(Currency: Indian Rupees in million)

15 Non-current borrowings

Particulars	As at 31 March 2021	As at 31 March 2020
Secured		
Term loans:		
From banks In foreign currency	241.27	387.09
Vehicle loans:		
From banks - car loans	26.36	-
Total	**267.63**	**387.09**

I. ICICI Bank Ltd., Ankleshwar - Rupee term loan I

Initially, ICICI Bank Ltd. disbursed Rupee Term Loan of ₹ 244.91 lakh to re-pay all term loans availed from Bank of Baroda, Ankleshwar to take-over account. The same was re-payable by 56 monthly installments of ₹ 4.37 lakh plus interest accrued and due. The Company has fully paid off these Term loan on or before 1 September 2019.

II. ICICI Bank Ltd. - FCTL I, FCTL - II and FCTL III

(a) ICICI Bank Ltd. has disbursed FCTL I of USD 944,940 on 28 September 2016 and FCTL II of USD 665,816.54 on 30 December 2016 and FCTL III of USD 1,114,962.76 on 28 April 2017.

(b) FCTL are to be repaid in fixed monthly instalments. As on 31 March 2021, 25 monthly installments of USD 37,857 per month are repayable.

(c) Primary securities and collateral securities offered to ICICI Bank Ltd. for term loan facilities are as under -

(i) Primary securities consists of equitable mortgage of leasehold factory land and building of Dahej SEZ unit, Hypothecation of Plant and machinery at Dahej SEZ unit. Collateral securities consists of current assets including fixed deposit of the Company.

(ii) Personal guarantee of all directors.

III. ICICI Bank Ltd., Ankleshwar - Car loan accounts

(a) Company availed three Motor Car loans of ₹ 67.57 lakh each from the Bank during FY 2015-16. The same are re-payable by 60 EMI of ₹ 1.426 lakh for each loan. The Company has fully paid off these Term loans on or before 01 July 2020. As on 31 March 2021, no part of this term loan is outstanding.

(b) The same were secured against hypothecation of respective Motor Car and personal guarantee of Directors of the Company and the Company.

IV. CITI Bank NA - Foreign currency term loans

(a) CITI Bank has disbursed FCTL I of USD 537,304.27 on 4 October 2017 for Vadodara R & D unit, FCTL II of USD 608,253.77 on 22 February 2018 for part disbursement of Dahej SEZ unit I Phase II, FCTL III of USD 292,226.77 on 13 July 2018 for Dahej Corner Project, FCTL IV of USD 2,010,968.92 on 28 February 2019, FCTL V USD 838,222.97 on 6 September 2019 and FCTL VI OF USD 1,306,778 on 28 November 2019 for Dahej Phase 3 Expansion Project.

(b) FCTL I, II III, IV ,V and VI are repayable in 5 years by 16 quarterly installments after moratorium period of 1 year.

(c) Collateral securities offered to CITI Bank for term loan facilities are as under -

(i) FCTL I is secured by equitable mortgage of leasehold land and building situated at 353, GIDC Makarpura, Vadodara 390010- Exclusive charge

(ii) FCTL II, III, IV, V and VI is secured by First Pari-passu charge on equitable mortgage of factory land and building of Dahej SEZ Unit, Hypothecation of Plant and machinery located at Dahej SEZ unit of the company

(iii) Personal guarantee of all directors of the Company is given for term loan facilities.

V. AXIS Bank- Car loan accounts

(a) Company has availed three Motor Car loans of ₹ 110 lakh each from Bank during the Financial Year 2020-21. The same are re-payable by 60 equal monthly instalments (EMI) of ₹ 2.20 lakh including interest accrued and due thereon for each loan. The interest rate applicable during the year on these loans was 7.46% p.a.

(b) The same are secured against hypothecation of respective Motor Car and personal guarantee of Directors of the Company and the Company.

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for the year ended 31 March 2021

(Currency: Indian Rupees in million)

16 Non-current provisions

Particulars	As at 31 March 2021	As at 31 March 2020
Priviledge Leave benefit payable	5.52	4.04
Total	**5.52**	**4.04**

17 Deferred tax liabilities (net)

Particulars		As at 31 March 2021	As at 31 March 2020
Deferred tax liabilities			
Depreciation		93.02	58.02
Forward contract		0.51	-
	(A)	**93.53**	**58.02**
Deferred tax assets			
Provision for doubtful debts		0.64	0.44
Leave enchasment		1.86	0.76
Bonus payable		2.35	1.65
Interest accrued on borrowings		-	0.11
Gratuity		-	0.05
Prior period Items		-	0.08
	(B)	**4.85**	**3.09**
MAT credit entitlements	**(C)**	**67.90**	**10.38**
Total	**(A-B-C)**	**20.78**	**44.55**

18 Other non-current liabilities

Particulars	As at 31 March 2021	As at 31 March 2020
Payables for purchase of property plant and equipment	14.13	-
Government grant (TUF subsidy)	0.17	0.26
Total	**14.30**	**0.26**

19 Current borrowings

Particulars	As at 31 March 2021	As at 31 March 2020
Secured		
Loans repayable on demand		
From banks	492.94	404.89
Total	**492.94**	**404.89**

I. ICICI Bank Ltd. - Working capital facilities.

(a) The Bank has renewed fund based working capital facility of ₹ 2,000 lakh and Non-fund based working capital facility of ₹ 750 lakh upto 16 March 2021 to the Company.

(b) Securities offered for the same:

(i) Primary Securities: Hypothecation of inventories and receivables, both present and future. Hypothecation of present and future Plant and Machinery and charge on all moveable assets to be acquired from proposed term loan for SEZ unit of the Company with pari pasu charge of ICICI Bank, Dahej

(ii) Collateral Securities: As mentioned in Point II(c) of Note 15 here-above.

Notes to Standalone Financial Statements
for the year ended 31 March 2021

(Currency: Indian Rupees in million)

19 Current borrowings (continued)

II. CITI Bank NA working capital facilities

(a) The Bank has renewed with enhancement fund based working capital facility of ₹ 2,500 lakh

(b) Securities offered for the same:

(i) Primary Securities: Hypothecation of inventories and receivables, both present and future. Hypothecation of present and future Plant and Machinery and charge on all moveable assets to be acquired from proposed term loan for SEZ unit of the Company with pari pasu charge of Citi Bank NA, Vadodara

(ii) Collateral Securities: As mentioned in Point IV(d) of Note 15 here-above.

20 Trade payables

Particulars	As at 31 March 2021	As at 31 March 2020
Dues of micro enterprises and small enterprises:		
Dues of micro enterprises and small enterprises less than 45 days	80.39	47.32
Dues of micro enterprises and small enterprises more than 45 days	-	-
- Principal amount outstanding	48.74	5.16
- Interest due on principal amount	-	-
- Interest paid under MSMED, 2006	-	-
- Interest due and payable for the year	-	-
- Interest due and unpaid at the year end	-	-
Total outstanding dues of micro enterprises and small enterprises (A)	**129.13**	**52.48**
Dues of creditors other than micro enterprises and small enterprises:		
For goods	281.18	199.56
For services	60.70	36.14
For capital goods	-	18.88
Foreign currency fluctuation control account	-0.58	5.21
Total outstanding dues of other than micro enterprises and small enterprises (B)	341.30	259.79
Total	**470.43**	**312.27**

The details provided here are based on the details provided by the management with regards to registration status of its creditors as MSME or otherwise. Further, as per the representation given by the management that the payment terms as agreed with the vendors takes care of the same in the rates and hence have not received any claims for interest from any supplier as at Balance sheet date.

21 Other financial liabilities

Particulars	As at 31 March 2021	As at 31 March 2020
Current maturities of long term debt	141.91	114.91
Interest accrued on borrowings	0.59	2.56
Total	**142.50**	**117.47**

22 Other current liabilities

Particulars	As at 31 March 2021	As at 31 March 2020
Advance from trade receivables	6.51	1.37
Expenses payable	25.98	17.76
Statutory dues payable	28.80	18.17
Government grant (TUF subsidy)	0.09	0.09
Total	**61.38**	**37.39**

23 Current provisions

Particulars	As at 31 March 2021	As at 31 March 2020
Provision for gratuity (net)	-	0.19
Priviledge leave benefit payable	1.09	0.43
Total	**1.09**	**0.62**

Notes to Standalone Financial Statements

for the year ended 31 March 2021

(Currency: Indian Rupees in million)

24 Current tax liabilities (net)

Particulars	As at 31 March 2021	As at 31 March 2020
Provision for income tax (net)	0.91	-
Total	**0.91**	**-**

25 Revenue from operations

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Revenue from contract with customers:		
Sale of products:		
Export	2,035.70	1,937.70
Domestic	841.16	556.65
Sub total (A)	**2,876.86**	**2,494.35**
Other operating revenue:		
Duty drawback received	3.83	8.05
FMS/MEIS/FPS credit received	24.18	36.01
Sale of scrap	7.01	-
Sub total (B)	**35.02**	**44.06**
Total (A)+(B)	**2,911.88**	**2,538.41**

Disaggregated revenue information:

Set out below is the disaggregation of Company's revenue from contracts with customers. The Company believes that this disaggregation best depicts how the nature, amount, timing and uncertainty of its revenues and cash flows are affected by industry, market and other economic factors.

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Type of goods or services		
Phase transfer catalysts	796.29	724.95
Structure directing agents	1,186.01	1,010.53
Electrolyte salts	30.35	46.29
Pharmaceutical and agrochemical intermediates and other specialty chemicals	864.21	712.58
Total revenue from contracts with customers	**2,876.86**	**2,494.35**
Geographical markets		
India	841.16	556.65
Outside India	2,035.70	1,937.70
Total revenue from contracts with customers	**2,876.86**	**2,494.35**
Relation with customer		
Related party	653.44	634.57
Non related party	2,223.42	1,859.78
Total revenue from contracts with customers	**2,876.86**	**2,494.35**
Timing of revenue recognition		
Goods or services transferred over a period of time	-	-
Goods or services transferred over a point of time	2,876.86	2,494.35
Total revenue from contracts with customers	**2,876.86**	**2,494.35**

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(Currency: Indian Rupees in million)

26 Other income

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Interest income		
- On deposits with bank	2.30	5.17
- On deposits with others	0.74	-
Income on government grant (TUF subsidy)	0.09	0.09
Discount on purchases received	0.22	-
Income tax refund	1.20	-
Interest on income tax refund	0.46	-
Net gain on foreign currency transaction and translation	42.70	-
Refund received of reach charges	3.27	-
PMPRY subsidy	-	0.34
Provisions for doubtful debts written back	-	0.01
Total	**50.98**	**5.61**

27 Cost of raw materials consumed

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Opening stock of raw materials and components	199.34	87.73
Add: Purchases of raw materials and components during the year	1,475.16	1,537.61
Add: Purchases expenses	43.32	35.59
Less: Closing stock of raw materials and components	208.70	199.34
Total	**1,509.12**	**1,461.59**

28 Changes in inventories of finished goods and work-in-progress

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Opening stock		
- Work-in-progress	262.45	109.82
- Finished goods	69.70	49.18
- Finished goods in transit	14.96	27.81
Sub total	**347.11**	**186.81**
Closing stock		
- Work-in-progress	267.40	262.45
- Finished goods	65.97	69.70
- Finished goods in transit	65.71	14.96
Sub total	**399.08**	**347.11**
Total	**(51.97)**	**(160.30)**

29 Employee benefits expenses

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Salaries, wages and bonus	221.47	186.52
Gratuity	3.11	1.42
Contribution to statutory funds	10.27	8.62
Staff welfare expenses	6.46	8.73
Total	**241.31**	**205.29**

Notes to Standalone Financial Statements

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(Currency: Indian Rupees in million)

30 Finance costs

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Interest expenses		
- On bank loans	38.56	36.57
- On others	-	0.56
- On car loans	0.25	-
- On late payment of statutory dues	1.04	0.37
Other borrowing cost		
- Letter of credit opening charges	1.12	0.46
- Loan processing charges	1.10	1.47
Total	**42.07**	**39.43**

31 Depreciation and amortization expense

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Depreciation on property, plant and equipment	64.54	44.95
Amortization of right of use asset	2.19	2.19
Amortization on intangible assets	0.57	0.75
Total	**67.30**	**47.89**

32 Other expenses

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Consumable, store and spare	60.74	56.73
Research and development chemical and consumable expense	2.79	10.14
Electricity, power and fuel	99.21	89.64
Rent	12.45	10.66
Repairs and maintenance		
- Buildings	4.05	2.79
- Plant and equipment	39.15	33.05
- Others	7.86	4.65
Insurance	10.32	4.54
Payments to auditors (refer note 41)	0.85	0.42
Effluent treatment expenses	42.04	35.43
Labour and service charges	66.75	38.77
Laboratory expenses	6.61	6.85
Packing expenses	57.23	51.47
Security and saftey expense	5.97	5.58
Printing and stationery charges	3.16	3.53
Legal and professional fees	11.43	17.44
Rates and taxes	4.19	1.13
Membership fees and subscription expenses	1.98	0.69
Postage and telephone charges	1.84	2.32
Bank commission and other charges	2.06	3.10
Travelling and conveyance expenses	11.21	13.33
Selling and business promotion expenses	1.25	19.68

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32 Other expenses (continued)

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Freight clearing and forwarding expenses	89.82	67.64
Commission and brokerage	5.10	9.26
Provision for doubtful debts	1.59	-
Donation/ CSR expenditure	5.45	5.58
Net loss on foreign currency transaction and translation	-	8.92
Loss on sale of property, plant and equipment (net)	0.34	0.31
Sundry balances written-off	0.22	0.48
Miscellaneous expenses	5.89	3.82
Total	**561.55**	**507.95**

33 Contingent liabilities and commitments

Name	As at 31 March 2021		As at 31 March 2020	
	Amounts In $	Amounts in ₹	Amounts In $	Amounts in ₹
Contingent liabilities (to the extent not provided for):				
Payment of excess refund on zero rated supplies under GST (refer note-1)	-	0.61	-	0.56
Letter of credits are secured against the pledge of fixed deposits with the banks under lien	0.34	-	0.19	6.13
Guarantees excluding financial guarantees	-	0.20	-	0.14
Interest payable on IGST paid under advance authorisation - (refer note-2)	-	4.53	-	-
Total	**0.34**	**5.34**	**0.19**	**6.83**

Note

1 During the year 2019-20, Company had received show cause notice dated 3 February 2020 for excess refund on zero rated supplies from Assistant commissioner, Central GST, Division-IX, Vadodara-II commissionerate for payment of excess refund on zero rated supplies to the tune of ₹ 557,497 along with interest. Earlier, refund of ₹ 4,267,517 was granted vide RFD-06 dated 13 March 2018. An order to this effect has been passed by Superintendent, CGST on 3 March 2021. Company has filed an appeal against the said order dated 31 May 2021.

2 A DGGI notice has been issued on the Company for IGST on imports under advance licenses for the period after 9 October 2018. The matter is being contested by the Company on similar lines as many other companies. In the opinion of the Company and its tax counsels, there is a possibility of reassessment of bills of entries and IGST may be payable in future in the matter which would then be available again as a credit to the Company. The Interest on such IGST is quantified up to 31 March 2021, The actual interest liability may arise at the time of reassessment of the bill of entries in future which may be higher than this amount based on actual payment of IGST. But, in opinion of the tax counsels of the Company, the IGST collected u/s 3(7) of the Customs Tariff Act, 1975 is not in the nature of duty leviable under the Custom Act, 1962 and hence interest cannot be demanded on the belated payment of the IGST u/s 28AA. Accordingly, any interest claimed from it would be contested by the Company and is accordingly contingent in nature.

Particulars	As at 31 March 2021	As at 31 March 2020
Capital commitments		
Estimated amount of construction activities for expansion of R & D unit	35.75	20.00
Total	**35.75**	**20.00**

Notes to Standalone Financial Statements

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34 Segment reporting

The Company is primarily engaged in manufacturing of chemicals. All other activities of the Company revolve around the main business. In line with the organisation structure the reporting system to the CODM and the associated risks and rewards the Company is managed organisationally as a unified entity with various functional heads reporting to the top management and is not organised along product/ service or geographical lines.

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Segment revenue by location of customers:		
Domestic	841.16	556.65
Overseas	2,035.70	1,937.70
Total	**2,876.86**	**2,494.35**
Carrying amount of non current operating assets by location of assets:		
Domestic	1,305.53	1,162.38
Overseas	6.67	6.67
Total	**1,312.20**	**1,169.05**
Customers contributing more than 10% of the total revenue		
Tatva Chintan USA Inc	13%	15%
Weihai PIDC new Materials Co., Ltd.	15%	14%
Tosoh Asia Pte Ltd.	18%	12%

Notes:

The segment revenue and total assets includes the revenue and assets respectively, which are identifiable with each segment and amounts allocated to the segments on a reasonable basis.

35 Employee benefit obligations

The Company has classified the various employee benefits provided to employees as under:

Particulars	As at 31 March 2021	As at 31 March 2020
Gratuity		
Current liabilities/(asset)	(4.37)	0.19
Non-current liabilities/(asset)	-	-
Total	**(4.37)**	**0.19**
Compensated privilege leave		
Current	1.09	0.43
Non-current	5.52	4.04
Total	**6.61**	**4.47**

(a) Defined contribution plans:

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Benefits (contribution to):		
Employee group gratuity expense	3.11	1.42
Employer PF charges	9.44	7.71
Employer contribution to ESIC	0.83	0.91
Total	**13.38**	**10.04**

The Company has defined benefit gratuity plan, each employee is eligible for gratuity on completion of minimum five years of services at 15 days basic salary for each completed years of services. The scheme is funds with life Insurance corporation of India in the form of qualified insurance policy.

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for the year ended 31 March 2021

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35 Employee benefit obligations (continued)

A Compensated absences

The compensated absences cover the Company's liability for privilege leave. These employee benefits are unfunded.

Significant assumptions:

The significant actuarial assumptions were as follows:

	Particulars	Year ended 31 March 2021	Year ended 31 March 2020
(a)	**Principal assumptions used:**		
		Gratuity (funded)	
	Discount rate	6.82%	6.83%
	Salary escalation rate	7%	7%
	Attrition rate	For service 4 years and below 15.00% p.a. For service 5 years and above 2.00% p.a.	2% p.a.
	Retirement age	58 years	58 years
	Mortality rate	Indian Assured Lives Mortality (2006-08) Ultimate	Indian Assured Lives Mortality (2006-08) Ultimate
(b)	**Changes in the present value of the defined benefit obligations during the year**		
	Present value of the defined benefit obligations at the beginning of the year	9.62	5.82
	Current service cost	3.10	1.50
	Interest cost	0.66	0.45
	Actuarial (gain) / loss due to demographic assumptions	(1.16)	-
	Actuarial (gain) / loss due to financial adjustment	0.02	1.22
	Actuarial (gain) / loss due to experience adjustment	(1.13)	0.78
	Benefits paid	(0.20)	(0.15)
	Present value of the defined benefit obligations at the end of the year	10.91	9.62
(c)	**Change in fair value of plan assets during the year**		
	Fair value of plan assets at the beginning of the period	9.43	6.82
	Expected return on plan asset	0.65	0.53
	Contributions by the employer	5.60	2.36
	Actuarial gains/(losses) on plan assets - due to experience	(0.20)	(0.13)
	Actual benefit paid from the fund	(0.20)	(0.15)
	Fair value of plan assets at the end of the year	15.28	9.43
(d)	**Net assets / (liability) recognized in balance sheet**		
	Present value of the defined benefit obligations at the end of the year	(10.91)	(9.62)
	Fair value of plan assets at the end of the year	15.28	9.43
	Assets / (liability) recognized in the balance sheet	4.37	(0.19)
(e)	**Expenses recognized in statement of profit and loss:**		
	Current service cost	3.10	1.50
	Interest cost on benefit obligation (net)	0.01	(0.08)
	Total expenses included in employees' benefit expenses	3.11	1.42
(f)	**Recognized in other comprehensive income for the year**		
	Actuarial (gain) / loss due to demographic assumptions	(1.16)	-
	Actuarial (gain) / loss due to financial adjustment	0.02	1.22
	Actuarial (gain) / loss due to experience adjustment	(1.13)	0.78
	Return on plan assets	0.20	0.13
	Recognized in other comprehensive income	(2.07)	2.13

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35 Employee benefit obligations (continued)

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
(g) Sensitivity analysis		
Sensitivity to key assumptions		
Discount rate sensitivity		
Increase by 1.00%	(1.43)	(1.28)
Decrease by 1.00%	1.76	1.58
Salary growth rate sensitivity		
Increase by 1.00%	1.74	1.56
Decrease by 1.00%	(1.44)	(1.29)
Employee turnover sensitivity		
Increase by 1.00%	(0.10)	(0.10)
Decrease by 1.00%	0.11	0.11

A description of methods used for sensitivity analysis and its limitations:

The sensitivity analysis have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

The sensitivity analysis presented above may not be representative of the actual change in the projected benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the projected benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same method as applied in calculating the projected benefit obligation as recognized in the balance sheet.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

36 Related parties

a) List of related parties

Relationship

Subsidiaries:

- Tatva Chintan USA Inc.
- Tatva Chintan Europe B.V

Enterprises in which key management personnel have significant influence

- Chintan N. Shah (HUF)
- Ajay M. Patel (HUF)

Key management personnel (KMP)

- Chintan N Shah	Managing Director
- Ajay M Patel	Whole Time Director
- Shekhar R Somani	Whole Time Director
- Mahesh Tanna (w.e.f. 22 December 2020)	Chief Financial Officer
- Mansi Ashar (till 24 February 2021)	Company Secretary
- Apurva Dubey (w.e.f 25 February 2021)	Company Secretary and Compliance Officer

Relatives of KMP

- Shital C. Shah
- Priti A. Patel
- Kajal S. Somani

Notes:

(1) The related party relationships have been determined by the management on the basis of the requirements of the Indian Accounting Standard (Ind AS) - 24 ‘Related Party Disclosures’ and the same have been relied upon by the auditors.

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for the year ended 31 March 2021

(Currency: Indian Rupees in million)

36 Related parties (continued)

(2) The relationships as mentioned above are pertaining to those related parties with whom transactions have taken place during the year, except where control exist, in which case the relationships have been mentioned irrespective of transactions with the related parties.

b) Transactions with related parties

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Sale of products		
Tatva Chintan USA Inc.	374.51	587.51
Tatva Chintan Europe B.V	278.93	47.06
Total	**653.44**	**634.57**
Salary paid		
Shital C. Shah	0.60	0.60
Priti A. Patel	0.60	0.60
Kajal S. Somani	0.60	0.60
Mahesh Tanna	0.84	-
Mansi Ashar	0.19	-
Apurva Dubey	0.04	-
Total	**2.87**	**1.80**
Remuneration paid		
Chintan N. Shah	14.40	14.40
Ajay M. Patel	14.40	14.40
Shekhar R. Somani	14.40	14.40
Total	**43.20**	**43.20**
Dividend paid		
Chintan N. Shah	11.30	-
Ajay M. Patel	8.44	-
Shekhar R. Somani	12.61	-
Sheetal C. Shah	0.46	-
Priti A. Patel	2.47	-
Kajal S. Somani	0.64	-
Darshnaben N Shah	0.74	-
Shitalkumar R Somani	0.02	-
Samirkumar Rasiklal Somani	0.12	-
Chintan N. Shah (HUF)	0.90	-
Ajay M. Patel (HUF)	2.48	-
Total	**40.18**	**-**
Bonus issued		
Chintan N. Shah	33.89	-
Ajay M. Patel	25.33	-
Shekhar R. Somani	37.83	-
Sheetal C. Shah	1.39	-
Priti A. Patel	7.42	-
Kajal S. Somani	1.92	-
Darshnaben N Shah	2.21	-
Shitalkumar R Somani	0.07	-
Samirkumar Rasiklal Somani	0.36	-
Chintan N. Shah (HUF)	2.69	-
Ajay M. Patel (HUF)	7.43	-
Total	**120.54**	**-**
Advance given to subsidiary		
Tatva Chintan Europe B.V.	-	0.15
Total	**-**	**0.15**

Notes to Standalone Financial Statements

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(Currency: Indian Rupees in million)

36 Related parties (continued)

c) Closing balances as at the year end

Particulars	As at 31 March 2021	As at 31 March 2020
Trade receivables		
Tatva Chintan USA Inc.	106.19	73.01
Tatva Chintan Europe B.V.	91.41	50.19
Total	**197.60**	**123.20**
Salary payable		
Chintan N Shah	0.77	0.77
Ajay M Patel	0.77	0.77
Shekhar R Somani	0.79	0.79
Total	**2.33**	**2.33**
Renumeration payable		
Shital C. Shah	0.04	-
Priti A. Patel	0.04	0.04
Kajal S. Somani	0.04	-
Mahesh Tanna	0.27	-
Apurva Dubey	0.03	-
Total	**0.42**	**0.04**
Advances to subsidiary		
Tatva Chintan Europe B.V.	0.29	0.28
Total	**0.29**	**0.28**
Investments in subsidiaries		
Tatva Chintan USA Inc.- Wholly Owned Subsidiary	6.66	6.66
Tatva Chintan Europe B.V. - Wholly Owned Subsidiary	0.01	0.01
Total	**6.67**	**6.67**

37 Financial risk management

Objectives and policies

The management of the Company has implemented a risk management system that is monitored by the Board of Directors. The general conditions for compliance with the requirements for proper and future-oriented risk management within the Company are set out in the risk management principles. These principles aim at encouraging all members of staff to responsibly deal with risks as well as supporting a sustained process to improve risk awareness. The guidelines on risk management specify risk management processes, compulsory limitations, and the application of financial instruments. The risk management system aims at identifying, analyzing, managing, controlling and communicating risks promptly throughout the Company. Risk management reporting is a continuous process.

The Company is exposed to credit, liquidity and market risks (foreign currency risk and interest risk) during the course of ordinary activities. The aim of risk management is to limit the risks arising from operating activities and associated financing requirements by applying selected derivative and non-derivative hedging instruments.

a) Credit risk

The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and other financial instruments. The balances with banks, loans given to employees and associated company, security deposits are subject to low credit risk since the counter-party has strong capacity to meet the obligations and where the risk of default is negligible or nil. Hence, no provision has been created for expected credit loss for credit risk arising from these financial assets.

Trade receivables

Credit risk arises from the possibility that customer will not be able to settle their obligations as and when agreed. To manage this, the Company periodically assesses the financial reliability of customers, taking into account the financial condition, current economic trends, analysis of historical bad debts, ageing of accounts receivable and forward looking information.

The provision for expected credit loss is recognized on the basis of life-time expected credit losses (simplified approach). Trade receivables are evaluated separately for balances towards progress billings and retention money due from customers. An expected

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37 Financial risk management (continued)

loss rate is calculated at each year-end, based on combination of rate of default and rate of delay. The Company considers the rate of default and delay upon initial recognition of asset, based on the past experience and forward-looking information, wherever available.

Exposure to credit risk

Particulars	As at 31 March 2021	As at 31 March 2020
Financial asset for which loss allowance is measured using 12 months expected credit losses (ECL)		
Loans and advances receivables (current)	19.33	17.01
Other financial assets (current)	11.35	10.92
The Company does not expect any losses from the financial instruments of the Company result in material concentration of credit risk, except for trade receivables.		
Financial asset for which loss allowance is measured using lifetime expected credit losses		
Trade receivables	903.40	509.74
The ageing analysis of the receivables has been considered from the date the invoice falls due		
Up to 1 month	452.45	309.09
1 to 3 months	408.52	191.17
3 to 4 months	42.32	8.54
4 to 6 months	0.10	0.93
More than 6 months	-	0.01
Total	**903.39**	**509.74**

The following table summarizes the change in the loss allowances measured using life-time expected credit loss model:

Particulars	As at 31 March 2021	As at 31 March 2020
Opening provision	1.53	1.54
Provided during the year	1.59	-
Amounts written balance	-	(0.01)
Closing provision	**3.12**	**1.53**

b) Market Risk

Currency Risk

The Company is exposed to exchange rate risk as certain portion of our revenues and expenditure are denominated in foreign currencies. We import certain raw materials, the price of which we are required to pay in foreign currency, which is mostly the U.S. dollar or Euro. Products that we export are paid for in foreign currency, which together acts as a natural hedge. Any appreciation/ depreciation in the value of the Rupee against U.S. dollar, Euro or other foreign currencies would Increase/ decrease the Rupee value of debtors/ creditors. For exposure beyond natural hedge, the Company uses foreign exchange derivatives such as foreign exchange forward contracts to minimize the risk.

Foreign currency exposure:

Particulars	As at 31 March 2021	As at 31 March 2021	As at 31 March 2020	As at 31 March 2020
Currency	USD	INR	USD	INR
Trade receivables	10.25	753.56	4.15	312.74
Trade payables	1.98	145.50	1.54	115.87
Cash & cash equivalents	0.26	19.09	0.41	30.91
Borrowings	5.14	377.45	6.64	500.41
Working capital loans	-	-	4.50	339.15
Currency	EUR	INR	EUR	INR
Trade receivables	-	-	0.61	50.34
Trade payables	-	-	0.01	0.81

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37 Financial risk management (continued)

Foreign currency sensitivity:

Particulars	As at 31 March 2021	As at 31 March 2020
1 % increase or decrease in foreign exchange rates will have the following impact on profit before tax.		
1 % increase in USD rate - increase / (decrease in profit or loss)	(2.50)	6.12
1 % Decrease in USD rate - increase / (decrease in profit or loss)	2.50	(6.12)
1 % increase in Euro rate - increase / (decrease in profit or loss)	-	0.01
1 % Decrease in Euro rate - increase / (decrease in profit or loss)	-	(0.01)

Interest rate risk

Interest rate risk results from changes in prevailing market interest rates, which can cause a change in the fair value of fixed rate instruments and changes in the interest payments of the variable rate instruments. The management is responsible for the monitoring of the group interest rate position. Various variables are considered by the management in structuring the group borrowings to achieve a reasonable, competitive cost of funding.

The Company has intertest rate risk exposure mainly from changes in rate of interest on borrowing, loan & securities. The following table analyse the breakdown of the interest bearing financial asset and liabilities by type of interest rate:

Particulars	As at 31 March 2021	As at 31 March 2020
Financial assets		
Interest bearing		
Fixed interest rate		
- Bank fixed deposits (original maturity of less than 3 months)	6.53	26.38
- Fixed deposit with banks	8.43	10.92
- LC and bank gurantee and margin money deposit	8.61	6.73
Financial liabilities		
Interest bearing		
Fixed interest rate		
- Borrowings (including current maturities)	339.97	390.26
Floating interest rate		
- Borrowings (including current maturities)	562.50	516.64

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonablly possible change in interest rate on that portion of loan and borrowings affected. With all other variables held constant, the company's profit before tax is affected through the impact on floating rate borrowings, as follows:

Particulars	As at 31 March 2021	As at 31 March 2020
Effect on profit before tax		
1% increase in Basis point	5.63	5.17
Effect on profit before tax		
1% decrease in basis point	(5.63)	(5.17)

c) Liquidity risk

Liquidity risk is the risk that the Company is unable to meet its existing or future obligations due to insufficient availability of cash or cash equivalents. Managing liquidity risk, and therefore allocating resources and hedging the Company's financial independence, are some of the central tasks of the Company's treasury department. In order to be able to ensure the Company's solvency and financial flexibility at all times, long-term credit limits and cash and cash equivalents are reserved on the basis of perennial financial planning and periodic rolling liquidity planning. The Company's financing is also secured for the next fiscal year.

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37 Financial risk management (continued)

Maturity profile of financial liability

The table below provide details regarding the remaining contractual maturities of financial liabilities at the reporting date based on contractual undiscounted payments:

As at 31 March 2021	Up to 6 months	6 months to 12 months	12 months to 2 years	More than 2 years
Borrowings (non-current, including current maturities)	83.12	80.84	152.98	135.18
Borrowings (current)	492.94	-	-	-
Trade payables and other payables	470.43	-	-	-
Other financial liabilities (current)	0.59	-	-	-

As at 31 March 2020	Up to 6 months	6 months to 12 months	12 months to 2 years	More than 2 years
Borrowings (non-current, including current maturities)	66.47	77.05	160.20	267.41
Borrowings (current)	404.89	-	-	-
Trade payables and other payables	312.27	-	-	-
Other financial liabilities (current)	2.56	-	-	-

38 financial instruments-accounting, classifications and fair value measurements

The fair values of the financials assets and liabilities are included at the amount a which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values:

Fair value of cash and short term deposits, trade and other short term receivables, trade payables, other current liabilities, short term loans from banks and other financials institutions approximate their carrying amounts largely due to the short term maturities of these instruments.

Financial instruments with fixed and variable interest rates are evaluated by the Company based on parameters such as interest rates and individual credit worthiness of the counterparty. Based on this evaluations, allowances are taken to account for the expected losses of these receivables.

The Company uses the following hierarchy for determining and disclosing the fair value of financials instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets and liabilities

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

Particulars	Carrying amount		Fair value	
	As at 31 March 2021	As at 31 March 2020	As at 31 March 2021	As at 31 March 2020
At amortised Cost				
Financial assets				
- Trade receivables	903.39	509.74	903.39	509.74
- Loans	19.33	17.01	19.33	17.01
- Other financial assets	11.35	10.92	11.35	10.92
- Other bank balances	8.61	6.73	8.61	6.73
- Cash and cash equivalents	27.26	91.46	27.26	91.46
Total	**969.94**	**635.86**	**969.94**	**635.86**

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38 financial instruments-accounting, classifications and fair value measurements (continued)

Particulars	Carrying amount		Fair value	
	As at 31 March 2021	As at 31 March 2020	As at 31 March 2021	As at 31 March 2020
Financial liabilities				
- Borrowings (non-current, including current maturities)	409.54	502.00	409.54	502.00
- Borrowings (current)	492.94	404.89	492.94	404.89
- Trade and other payables	470.43	312.27	470.43	312.27
- Other financial liabilities	0.59	2.56	0.59	2.56
Total	**1373.50**	**1221.72**	**1373.50**	**1221.72**

** excludes investment in group companies which are measured at cost.*

The management assessed that cash and cash equivalents including bank balances other than cash and cash equivalent, trade receivables, loans and advances, other current assets, trade payables, borrowings (current) and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

39 Capital management

For the purpose of the Company's capital management, capital includes issued equity capital and all other equity reserves attributable to the equity holders of the Company. The primary objectives of the Company's capital management is to maximize the shareholder value while providing stable capital structure that facilitate considered risk taking and pursued of business growth.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and business opportunities. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, raise/ pay down debt or issue new shares.

Particulars	As at 31 March 2021	As at 31 March 2020
Debt (include non-current, current borrowings and current maturities of long term debts)	902.48	906.89
Less: Cash and cash equivalents	27.26	91.46
Net debt	**875.22**	**815.43**
Total equity	**1,619.36**	**1,144.48**
Net debt to total equity ratio (%)	**54.05%**	**71.25%**

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current period.

No changes were made in the objectives, policies or processes for managing capital during the aforesaid periods.

40 Lease

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases of all assets that have a lease term of 12 months or less (Short-term Lease), leases of low-value assets and cancellable leases. The Company recognizes the lease payments associated with these leases as an expense in Profit and loss account.

The Company has taken industrial shed under operating lease on leave and license agreement. It is generally cancellable in nature and executed for a period of 10 years. It is generally renewable or cancellable at the option of the Company or the lessor.

Further company has also taken Iso tanks and warehouses on rent. These leases are generally renewable on expiry of the present lease term being of one month and one year respectively, further as may be mutually agreed between the Company and the lessor.

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Lease payment recognized in the statement of profit and loss	12.45	10.66

Notes to Standalone Financial Statements

for the year ended 31 March 2021

(Currency: Indian Rupees in million)

41 Payments to auditors (excluding goods and service tax)

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
As auditor		
Tax and statutory audit fees	0.43	0.42
Other services*	0.42	0.12
Total	**0.85**	**0.54**

**The above fees does not includes fees of ₹ 2.03 million charged for IPO related services as the same is not charged to Statement of Profit an Loss during the year.*

42 Research and development expenditure

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
The details of research and development expenditure incurred during the year is as under:		
Capital expenditure	26.47	13.62
Revenue expenditure	24.67	26.32
Total	**51.14**	**39.94**
The details of revenue expenditure incurred on research and development are as under:		
Chemical purchase	3.06	3.17
Employee benefit expense	14.09	10.80
Repairs and maintenance to R & D equipment's	1.29	3.26
Other research expenses	6.23	9.09
Total	**24.67**	**26.32**

43 Income taxes

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Income tax expense		
Current tax	103.66	74.43
Tax for earlier years	-	6.64
Total (a)	**103.66**	**81.07**
Deferred tax		
Deferred tax expense/(benefit)	(23.77)	11.47
Total (b)	**(23.77)**	**11.47**
Income tax expense reported in statement of profit or loss (a)+(b)	**79.89**	**92.54**
Reconciliation of tax expense and the accounting profit is as under:		
Profit before tax	593.48	442.17
Tax at the rate of	**29.12%**	**29.12%**
Computed expected tax expense	**172.82**	**128.76**
Tax for earlier years	-	6.64
Effect of expenses that are not deductible	2.28	2.38
Effect of eligible additional deduction	(3.79)	(3.34)
Expenditure on scientific research u/s 35(2AB) of Income Tax Act, 1961	-	(2.92)
Effect of income that is exempt from tax	(92.97)	(38.98)
Others	1.55	-
Current tax provision	**79.89**	**92.54**
Income tax expense reported in the statement of profit and loss	79.89	92.54

Notes to Standalone Financial Statements

for the year ended 31 March 2021

(Currency: Indian Rupees in million)

44 Earnings per share

The earnings per share are computed by dividing the net profit / (loss) attributable to the equity shareholders for the year by the weighted average number of equity shares outstanding during the reporting year. The earnings per share is calculated as under:

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Equity share of ₹ 10 each.		
General		
Number of shares at the closing of the year	20,087,500	20,087,500
Total equity shares outstanding as on year end	**20,087,500**	**20,087,500**
(a) Weighted average number of shares for basic EPS	20,087,500	20,087,500
(b) Weighted average number of shares for diluted EPS	20,087,500	20,087,500
(c) Net profit after tax (₹)	513.59	349.63
(d) Basic earning per share (₹)	25.57	17.41
(e) Diluted earning per share (₹)	25.57	17.41

Note:

1 During the year, The Company has alloted 12,052,500 number of equity shares as bonus issue to the existing shareholders of the Company in the ratio of 1.5:1 vide board resolution dated 3 March 2021 which was passed pursuant to passing of special resolution by shareholders in extra ordinary general meeting held on 27 January 2021 against existing 8,035,000 equity shares. Hence total share capital of Company post bonus issue is ₹ 200.88 million.

2 As per Ind AS 33 paragraph 28, in case of bonus share , the number of shares outstanding before the event is adjusted for the proportionate change in the number of equity shares outstanding as if the event has occurred at the beginning of the earliest period reported.

45 Corporate social responsibility (CSR)

As per provisions of section 135 of the Companies Act, 2013, the Company has to incur at least 2% of average net profits of the preceding three financial years towards Corporate Social Responsibility ("CSR"). A CSR committee has been formed for carrying out CSR activities as per the Schedule VII of the Companies Act, 2013. Details are as under:

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Gross amount required to be spent by the Company during the year	5.45	4.56
Amount spent during the year:		
(i) Construction / acquisition of any asset	-	-
(ii) On purpose other than (i) above	5.81	5.58
Total (A)	**5.81**	**5.58**
Accruals towards unspent obligation in relation to:		
(i) Construction / acquisition of any asset	-	-
(ii) On purpose other than (i) above	-	-
Total (B)	-	-
Total (A+B)	5.81	5.58
Less: Excess spent during the year to be carry forward to FY 2021-22	(0.36)	-
Amount recognised in statement of profit and loss	**5.45**	**5.58**

Notes to Standalone Financial Statements

for the year ended 31 March 2021

(Currency: Indian Rupees in million)

46 Impact of COVID-19

Due to the outbreak of the COVID-19 pandemic and the consequent lock-down announced by Government, the operations of the Company were temporarily-suspended in initial phase of the financial year. The Company continued to closely monitor the situation and take appropriate action, as necessary to scale up operations, in due compliance with the applicable regulations. The Company has been running on its normal operations after government allowed the same since June, 2020. The situation of COVID-19 outbreak has resurged again towards the end of the current financial year, however it is expected to not affect the operations of the Company. The management has made an assessment of its liquidity position for the next one year and of the recoverability and carrying values of its assets as at the balance sheet date and no provision was required, on account of COVID-19. The Company has considered various known internal and external information available up to the date of approval of financial statements in assessing the impact arising from COVlD-19 in the preparation of the financial statements and continues to monitor any material changes to future economic conditions and assess the impact on Company.

47 GST

In the opinion of the Board and to the best of their knowledge & belief, the GST provisions were properly complied, to the extent applicable to the company for the year under audit. Difference, if any, between the figures as per books of account and the GST Returns, are reconciled and would be corrected in next period GST returns and in annual returns. The said differences do not have any material impact on the financial statements regarding classification, tax liability and other requirement of the GST Provisions. Previous years' figures have been regrouped, rearranged,restated,and reclassified to compare with that of the current years' figures.

48 Approval of financial statements

The financial statements were approved by the Board of Directors on 15 June 2021.

49 On 31 March 2021, Company has filed DRHP with Securities Exchange Board of India (SEBI) for public issue of equity shares valuing ₹ 450 million.

50 Subsequent events

No significant subsequent events have been observed which may require an adjustment to the balance sheet.

As per our report of even date attached

For **NDJ & Co.**
Chartered Accountants
Firm reg. no.: 136345W

CA. Shirish Shah
Partner
M. No.: 035742

Date : 15 June, 2021
Place : Surat

For and on behalf of the Board of Directors of
Tatva Chintan Pharma Chem Limited
CIN: U24232GJ1996PLC029894

Mr. Chintan N. Shah
Managing Director
DIN: 00183618

Mr. Shekhar R. Somani
Whole Time Director
DIN: 00183665

Ms. Apurva Dubey
Company Secretary
M. No.: A-41130

Mr. Mahesh Tanna
Chief Financial Officer

Date : 15 June 2021
Place : Vadodara

Independent Auditor's Report

TO THE BOARD OF DIRECTORS OF
TATVA CHINTAN PHARMA CHEM LIMITED
(Formerly known as "Tatva Chintan Pharma Chem Private Limited")

Report on the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of **Tatva Chintan Pharma Chem Limited (formerly known as "Tatva Chintan Pharma Chem Private Limited") ("TCPCL" or "the Company" or "Holding Company" or "Parent's Company")** and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") which comprises the Consolidated Balance Sheet as at 31 March 2021, the consolidated statement of profit and loss (including Other Comprehensive Income), consolidated Statement of change in equity and consolidated statement of cash flow for the year then ended and notes to the consolidated financial statements, including summary of significant accounting policies and other explanatory information. (hereinafter referred as "the consolidated financial statements")

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of Management on separate financial statements of the subsidiary 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 Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ('Ind AS') and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31 March 2021, and their consolidated profit, their consolidated total comprehensive income, their consolidated cash flows and their consolidated changes in equity for the year ended on that date.

Basis for opinion

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the consolidated financial statements.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Reporting of key audit matters as per SA 701, Key Audit Matters are not applicable to the Company as it is an unlisted Public Company.

Emphasis of matter

We draw your attention to Note 47 to the consolidated financial statements, which explains the uncertainties and the Management's assessment of the financial impact due to the lock-downs and other restrictions and conditions related to the COVID-19 pandemic situation, for which a definitive assessment of the impact in the subsequent period is highly dependent upon circumstances as they evolve. Further, our attendance at the physical inventory verification as at year end done by the Management was impracticable under the then prevailing lock-down restrictions imposed by the Government and we have therefore, relied on the related alternative audit procedures to obtain comfort over the existence and condition of inventory at year end.

Other information

The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Board's Report but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements do not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibility of management and those charged with governance for the consolidated financial statements

The Group Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, changes in equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the accounting Standards (Ind AS) specified under Section 133 of the Act read with the Companies (Indian Accounting standards) Rules, 2015 as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate implementation and maintenance of 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 consolidated financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 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 is responsible for overseeing the financial reporting process of the Group.

Auditor's responsibility for the audit of consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal controls 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 Holding Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the consolidated financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the consolidated financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Other matters

We did not audit the financial statements of one subsidiary, whose financial statements reflect total assets of ₹ 102.41 Million as at 31 March 2021, total revenues of ₹ 306.41 million and 2.74 Million net cash inflows for the year ended on that date, as considered in the consolidated financial statements. These financial statements have not been audited by us 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 this subsidiary and our report in terms of subsection (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiary is based solely on the management certified reports of the management.

Our opinion on the consolidated financial statements above 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 financial statements certified by the Management.

Report on other legal and regulatory requirements

As required by Section 143(3) of the Act, Based on our audit and consideration of the reports, 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 aforesaid consolidated financial statements.

b) In our opinion, proper books of account as required by law have been kept by the Group so far as it appears from our examination of those books.

c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including other comprehensive income), the consolidated statement of change in equity and the consolidated Cash Flow Statement dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated financial statements.

d) In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under Section 133 of the Act.

e) On the basis of the written representations received from the directors as on 31 March 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2021 from being appointed as a director in terms of Section 164 (2) of the Act.

f) With respect to the adequacy of the internal financial controls with reference to consolidated financial statements of the Group and the operating effectiveness of such controls, refer to our separate Report in "**Annexure A**".

g) The Group has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

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 33 to the consolidated financial statements.

   ii. The Group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

   iii. There were no amounts which were required to be transferred to Investor Education and protection fund by the Group.

For **NDJ & Co.,**
Chartered Accountants
Firm's registration number: 136345W

CA Shirish Shah
Partner
Membership no. 035742
UDIN: 21035742AAAAEM8956

Dated: 15 June 2021
Place: Surat

Annexure 'A' to the Independent Auditor's Report

(Referred to in paragraph (f) under the "report on other legal and regulatory requirements" of our report of even date)

Report on the internal financial controls under clause (i) of sub-section 3 of section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls with reference to consolidated financial statements of Tatva Chintan Pharma Chem Limited (formerly known as "Tatva Chintan Pharma Chem Private Limited") ("the Holding Company") as of 31 March 2021 in conjunction with our audit of consolidated financial statements of the Company for the year ended on that date. Reporting on internal financial controls over financial reporting is not applicable to the subsidiaries as per the standalone financial statements of the said subsidiaries.

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 with reference to financial statements criteria established by the Holding company and its subsidiaries, which are incorporated in India, 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 respective entity'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 internal financial controls with reference to financial statements of the Holding Company and its subsidiaries which are incorporated in India, based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by the 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 judgements, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial control system with reference to financial statements of the Holding Company and its subsidiaries which are incorporated in India.

Meaning of internal financial controls over financial reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that

(1) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;

(2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of 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 authorizations of management and directors of the Company; and

(3) provide reasonable assurance regarding prevention or timely detection of unauthorized 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 over financial reporting including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to further 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 Holding Company and its subsidiaries which are 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 31 March 2021, based on the internal control with reference to financial statements criteria established by the Holding Company and its subsidiaries which are incorporated in India, considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For **NDJ & Co.,**
Chartered Accountants
Firm's registration number: 136345W

CA Shirish Shah
Partner
Membership no. 035742
UDIN: 21035742AAAAEM8956

Dated: 15 June 2021
Place: Surat

Consolidated Balance Sheet

as at 31 March 2021

(Currency: Indian Rupees in million)

Particulars	Notes	As at 31 March 2021	As at 31 March 2020
Assets			
Non-current assets			
Property, plant and equipment	3a	1,085.08	991.65
Right-of-use assets	3b	118.43	118.95
Capital work-in-progress	3c	98.11	48.92
Intangible assets	3d	0.95	1.20
Other non current assets	4	2.96	1.67
Total non current assets		**1,305.53**	**1,162.39**
Current assets			
Inventories	5	720.19	635.55
Financial assets			
(i) Trade receivables	6	907.43	495.71
(ii) Cash and cash equivalents	7	44.81	101.56
(iii) Bank balances other than (ii) above	7	8.61	6.73
(iv) Loans and advances	8	19.03	16.79
(v) Other financial assets	9	11.35	10.92
Current tax assets (net)	10	-	3.13
Other current assets	11	131.08	56.60
Total current assets		**1,842.50**	**1,326.99**
Total Assets		**3,148.03**	**2,489.38**
Equity and liabilities			
Equity			
Equity share capital	12	200.88	80.35
Other equity	13	1,458.76	1,096.59
Equity attributable to owners		**1,659.64**	**1,176.94**
Non-controlling interests		-	-
Total equity		**1,659.64**	**1,176.94**
Liabilities			
Non-current liabilities			
Financial Liabilities			
Borrowings	14	267.63	387.09
Provisions	15	5.52	4.04
Deferred tax liabilities (net)	16	20.78	44.55
Other non-current liabilities	17	14.31	0.26
Total non current liabilities		**308.24**	**435.94**
Current liabilities			
Financial Liabilities			
(i) Borrowings	18	492.94	404.89
(ii) Trade payables			
(A) Total outstanding dues of micro enterprises and small enterprises	19	129.13	52.48
(B) Total outstanding dues of creditors other than micro enterprises and small enterprises	19	345.64	263.65
(iii) Other financial liabilities	20	142.50	117.47
Other current liabilities	21	61.97	37.39
Provisions	22	1.09	0.62
Current tax liabilities (Net)	23	6.88	-
Total current liabilities		**1,180.15**	**876.50**
Total equity and liabilities		**3,148.03**	**2,489.38**
Significant accounting policies and other explanatory information	**2**		

The notes form an integral part of consolidated financial statements.
As per our report of even date attached

For **NDJ & Co.**
Chartered Accountants
Firm reg. no.: 136345W

CA. Shirish Shah
Partner
M. No.: 035742

Date : 15 June, 2021
Place : Surat

For and on behalf of the Board of Directors of
Tatva Chintan Pharma Chem Limited
CIN: U24232GJ1996PLC029894

Mr. Chintan N. Shah
Managing Director
DIN: 00183618

Mr. Shekhar R. Somani
Whole Time Director
DIN: 00183665

Ms. Apurva Dubey
Company Secretary
M. No.: A-41130

Mr. Mahesh Tanna
Chief Financial Officer

Date : 15 June 2021
Place : Vadodara

Consolidated Statement of Profit and Loss

for the year ended 31 March 2021

(Currency: Indian Rupees in million)

Particulars	Notes	Year ended 31 March 2021	Year ended 31 March 2020
Income			
Revenue from operations	24	3,003.59	2,632.39
Other income	25	59.33	13.83
Total income		**3,062.92**	**2,646.22**
Expenses			
Cost of raw materials consumed	26	1,509.12	1,461.59
Purchases of stock-in-trade	27	25.37	24.51
Changes in inventories of finished goods, work-in-progress and stock-in-trade	28	(40.57)	(158.43)
Employee benefits expenses	29	241.31	205.29
Finance costs	30	42.07	39.45
Depreciation and amortization expense	31	67.32	47.93
Other expenses	32	611.34	549.91
Total expenses		**2,455.96**	**2,170.25**
Profit before tax		**606.96**	**475.97**
Tax expense			
Current tax		108.11	79.97
Deferred tax		(23.77)	11.47
Tax for earlier years		-	6.64
Profit after tax		**522.62**	**377.89**
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurements gain/(loss) of defined benefit plan obligations		2.07	(2.13)
Income tax relating to items that will not be reclassified to profit or loss		(0.60)	0.62
Total other comprehensive income		**1.47**	**(1.51)**
Total comprehensive income		**524.09**	**376.38**
Net profit for the year attributable to			
Owners of the company		522.62	377.89
Non-controlling interests		-	-
		522.62	**377.89**
Total comprehensive income attributable to			
Owners of the company		524.09	376.38
Non-controlling interests		-	-
		524.09	**376.38**
Earnings per equity share			
Basic	44	26.02	18.81
Diluted	44	26.02	18.81
Significant accounting policies and other explanatory information	**2**		

The notes form an integral part of consolidated financial statements.
As per our report of even date attached

For **NDJ & Co.**
Chartered Accountants
Firm reg. no.: 136345W

CA. Shirish Shah
Partner
M. No.: 035742

Date : 15 June, 2021
Place : Surat

For and on behalf of the Board of Directors of
Tatva Chintan Pharma Chem Limited
CIN: U24232GJ1996PLC029894

Mr. Chintan N. Shah
Managing Director
DIN: 00183618

Mr. Shekhar R. Somani
Whole Time Director
DIN: 00183665

Ms. Apurva Dubey
Company Secretary
M. No.: A-41130

Mr. Mahesh Tanna
Chief Financial Officer

Date : 15 June 2021
Place : Vadodara

Consolidated Statement of Cash Flows

for the year ended 31 March 2021

(Currency: Indian Rupees in million)

	Particulars		As at 31 March 2021	As at 31 March 2020
1	**Cash flow from operating activities**			
	Profit before tax		606.96	475.97
	Adjustments for non cash and non operating items			
	Depreciation & amortization expenses		67.32	47.93
	Balance written off / written back		0.22	0.48
	Provision for doubtful debts		1.59	(0.01)
	Loss/(profit) on sale of asset/scrap of assets		0.34	0.31
	Interest income		3.04	(5.17)
	Interest expense		38.56	36.57
	Other borrowing costs		2.22	1.93
	Translation reserve		(1.21)	3.55
	Operating profit before working capital changes	**(i)**	**719.04**	**561.56**
	Change in working capital			
	(Increase) in inventory		(84.63)	(279.64)
	(Increase) in trade receivables		(413.33)	(83.13)
	(Increase)/decrease in loan, other financial asset, other asset		(80.49)	52.95
	Increase in trade and other payables		158.64	94.77
	Increase/(decrease) in financial liabilities, other liabilities		40.10	(12.76)
	Increase in provisions		1.95	1.37
	Cash generated from operations	**(ii)**	**341.28**	**335.12**
	Less: taxes paid	**(iii)**	(98.09)	(82.00)
	Cash generated from operations after tax (ii)-(iii)=	**(A)**	**243.19**	**253.12**
2	**Cash flow from investing activities**			
	Purchase of property, plant & equipment's		(209.70)	(481.72)
	Proceeds from sale of property, plant & equipment's		0.19	0.27
	(Purchase)/sale of fixed deposit		2.49	74.48
	Interest income		(3.04)	5.17
	Cash generated from / (used in) investing activities	**(B)**	**(210.06)**	**(401.80)**
3	**Cash flow from financing activities**			
	Dividend paid		(40.18)	-
	Proceeds from long term borrowings		91.53	216.76
	Repayment of borrowings long term borrowings		(183.99)	(87.15)
	Increase in short term borrowings		88.05	5.80
	(Decrease) in loan to employees		(0.21)	(0.46)
	Interest paid		(40.99)	(33.50)
	Other borrowing cost		(2.22)	(1.93)
	Cash generated from / (used in) financing activities	**(C)**	**(88.01)**	**99.52**
	Net decrease in cash (a+b+c)		**(54.88)**	**(49.16)**
	Cash and cash equivalents			
	Opening balance		108.29	157.45
	Closing balance		53.41	108.29
	Net decrease in cash as above		**(54.88)**	**(49.16)**

Note:

(a) The above Consolidated Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Indian Accounting Standard (Ind AS-7) - Statement of Cash Flow.

(b) Figures in bracket indicate cash outgo.

(c) Additions to Property, plant and equipment and intangible assets include movements in capital work-in-progress during the year.

Consolidated Statement of Cash Flows (Continued)

for the year ended 31 March 2021

(Currency: Indian Rupees in million)

(d) Changes in liability arising from financing activities

Particulars	As at 31 March 2021	As at 31 March 2020
Current borrowings		
Opening	404.89	399.09
Net receipts/(payments)	57.96	(28.88)
Interest	13.41	18.05
Foreign currency fluctuation	16.68	16.63
Closing	**492.94**	**404.89**
Non-current borrowings		
Opening	502.00	372.39
Receipts	91.53	216.76
Interest	24.79	18.52
Payments	(222.60)	(154.92)
Foreign currency fluctuation	13.82	49.25
Closing	**409.54**	**502.00**

The notes form an integral part of consolidated financial statements.
As per our report of even date attached

For **NDJ & Co.**
Chartered Accountants
Firm reg. no.: 136345W

CA. Shirish Shah
Partner
M. No.: 035742

Date : 15 June, 2021
Place : Surat

For and on behalf of the Board of Directors of
Tatva Chintan Pharma Chem Limited
CIN: U24232GJ1996PLC029894

Mr. Chintan N. Shah
Managing Director
DIN: 00183618

Mr. Shekhar R. Somani
Whole Time Director
DIN: 00183665

Ms. Apurva Dubey
Company Secretary
M. No.: A-41130

Mr. Mahesh Tanna
Chief Financial Officer

Date : 15 June 2021
Place : Vadodara

Consolidated Statement of Changes in Equity

for the year ended 31 March 2021

(Currency: Indian Rupees in million)

A Equity share capital

Particulars	As at 31 March 2021	As at 31 March 2020
Equity shares of ₹ 10 each	200.88	80.35
Total	**200.88**	**80.35**

Notes:

During the year, The Company has alloted 1,20,52,500 number of equity shares as bonus issue to the existing shareholders of the Company in the ratio of 1.5:1 vide board resolution dated 3 March 2021 which was passed pursuant to passing of special resolution by shareholders in extra ordinary general meeting held on 27 January 2021 against existing 80,35,000 equity shares. Hence total share capital of Group post bonus issue is ₹ 200.88 million.

B Other equity

Particulars	Retained earnings	Other comprehensive income		Equity attributable to owners	Non-controlling interests	Total
		Actuarial gain/ (loss) on defined benefit obligations	Translation reserve			
Balance as at 1 April 2019	**716.21**	**(0.42)**	**0.86**	**716.65**	**-**	**716.65**
Profit/(loss) for the year	377.89	(1.51)	-	376.38	-	376.38
Exchange difference arising on translation of foreign operations	-	-	3.55	3.55	-	3.56
Balance as at 31 March 2020	**1,094.10**	**(1.93)**	**4.41**	**1,096.58**	**-**	**1,096.59**
Profit/(loss) for the year	522.62	1.47	-	524.09	-	524.09
Dividend	(40.18)	-	-	(40.18)	-	(40.18)
Bonus issue	(120.53)	-	-	(120.53)	-	(120.53)
Exchange difference arising on translation of foreign operations	-	-	(1.21)	(1.21)	-	(1.21)
Balance at 31 March 2021	**1,456.02**	**(0.46)**	**3.20**	**1,458.76**	**-**	**1,458.76**

Description of Nature and purpose of other equity

Retained earnings:

Retained earnings represent the surplus during the year to be retained in business and not for appropriation.

The notes form an integral part of consolidated financial statements.
As per our report of even date attached

For **NDJ & Co.**
Chartered Accountants
Firm reg. no.: 136345W

CA. Shirish Shah
Partner
M. No.: 035742

Date : 15 June, 2021
Place : Surat

For and on behalf of the Board of Directors of
Tatva Chintan Pharma Chem Limited
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Company Secretary
M. No.: A-41130

Mr. Mahesh Tanna
Chief Financial Officer

Date : 15 June 2021
Place : Vadodara

Notes to Consolidated Financial Statements

for the year ended 31 March 2021

(Currency: Indian Rupees in million)

1) Corporate information:

These consolidated financial statements comprise financial statements of Tatva Chintan Pharma Chem Limited ("the Company") and its subsidiaries (hereinafter referred to as "the Group") for the year ended 31 March 2021.

The Group is primarily engaged in manufacturing and selling of specialty chemicals, Pharma & Agro intermediates, Quaternary Compounds and Quats. The Company has become a Public Limited Company w.e.f. 27 January 2021 and consequently the name of the Company has changed from Tatva Chintan Pharma Chem Private Limited to Tatva Chintan Pharma Chem Limited. The registered office of the Company is located at Plot No 502/17, GIDC Estate, Ankleshwar GIDC, Bharuch – 393002, Gujarat, India.

The Consolidated Financial Statements are authorized for issue by the Group Board of Directors on 15 June 2021.

2) Significant Accounting Policies:

a) Basis of preparation and presentation of consolidated financial statements:

- The financial statements are in compliance, in all material aspects, with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) read with the [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act and rules made thereunder. As prescribed by the Ind AS, if the particular Ind AS is not in conformity with the applicable laws, the provisions of the said law shall prevail and financial statements shall be prepared in conformity with such laws. Consequently, the Group has applied this norm while preparing the financial statements.

- These Consolidated financial statements are prepared under the historical cost convention on the accrual basis except for certain financial instruments, which are measured at fair values, which are disclosed in the consolidated financial statements. Also Terminologies and classification of certain products has been changed as recommended by management.

- The Group follows mercantile system of accounting and recognises income and expenditure on accrual basis except those with significant uncertainties.

- The classification of assets and liabilities of the Group is done into current and non-current based on the operating cycle of the business of the Group. The operating cycle of the business of the Group is less than twelve months and therefore all current and non-current classifications are done based on the status of reliability and expected settlement of the respective asset and liability within a period of twelve months from the reporting date as required by Schedule III to the Companies Act, 2013.

- The financial statements are presented in Indian Rupees ('INR') and all values are rounded to the nearest Millions, except otherwise indicated.

b) Basis of consolidation:

The consolidated financial statements have been prepared on the following basis:

i) The financial statements of the holding company and the group entities have been consolidated on a line by line basis by adding together the book values of like items of assets, liabilities, income and expenses after eliminating intra group balances/transactions and resulting unrealized profits in full. Unrealized losses resulting from intra-group transactions have also been eliminated except to the extent that recoverable value of related assets is lower than their cost to the group.

   Transactions relating to statement of profit and loss of the acquired entities have been included in the consolidated statement of profit and loss from the effective date of acquisition on proportionate basis assuming that profits / losses have accrued evenly throughout the year.

ii) The excess of the cost to the holding company of its investment in the group entities over its portion of equity in the group entities is recognized in the financial statements as 'goodwill'. The excess of holding company's portion of equity in group entities over the cost to the holding company of its investment in the group entities is recognized in the financial statements as 'capital reserve'.

iii) The consolidated financial statements are presented, to the extent possible, in the same format as that adopted by the holding company for its separate financial statements.

iv) The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances except for differences disclosed in financial statements.

v) The financial statements of the group entities used in the consolidation are drawn up to the same reporting date as of the Holding Company i.e. year ended 31 March 2021.

c) Significant accounting judgements, estimates and assumptions

The preparation of the consolidated financial statements in conformity with Ind AS requires management to make estimates, judgements and assumptions. These estimates, judgements and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of consolidated financial statements and reported amounts of revenues and expenses during the periods.

Notes to Consolidated Financial Statements

for the year ended 31 March 2021

(Currency: Indian Rupees in million)

Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of circumstances surrounding the estimates. Changes in estimates are reflected in the consolidated financial statement in the period in which changes are made and if material, their effects are disclosed in the notes to the consolidated financial statements.

Estimates

The preparation of the consolidated financial statements in conformity with Ind AS requires management to make estimates, judgements and assumptions. These estimates, judgements and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of financial statements and reported amounts of revenues and expenses during the period. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of circumstances surrounding the estimates. Changes in estimates are reflected in the financial statement in the period in which changes are made and if material, their effects are disclosed in the notes to the financial statements.

Judgements

The Company's management has made the following judgements, which have the most significant effect on the amounts recognised in the separate financial statements, while formulating the Company's accounting policies:

i) **Taxes** – The Company is eligible for deductions for business which are established in Special Economic Zones (SEZ) under section 10A of the Income Tax Act, 1961.

ii) **Estimation of uncertainties relating to the global health pandemic from COVID-19 (COVID-19):**

Due to the outbreak of the COVID-19 pandemic and the consequent lock-down announced by Government, the operations of the Group were temporarily-suspended in initial phase of the financial year. The Group continued to closely monitor the situation and take appropriate action, as necessary to scale up operations, in due compliance with the applicable regulations. The Group has been running on its normal operations after government allowed the same since June, 2020. However, situation of COVID-19 outbreak has resurged again towards the end of the current financial year, it is expected to not affect the operations of the Group. Based on the current assessment of impact of COVID-19 on the operations of the Group and ongoing discussions with the Customers, vendors and service providers, the Group is positive of serving customer orders and obtaining regular supply of raw materials and logistics services. The Management has considered the possible effects, if any, that may result from the pandemic on the carrying amounts of its current and non-current assets, after considering internal and external sources of information as at the date of approval of these financial statements. The Group has considered the possible effects that may result from the pandemic relating to COVID-19 on the carrying amounts of Trade Receivables and Inventories. In assessing recoverability of trade receivables, the Group has considered subsequent recoveries, past trends, credit risk profiles of the customers based on their industry, macroeconomic forecasts and internal and external information available up to the date of issuance of these financial statements. In assessing the recoverability of inventories, the Group has considered the latest selling prices, customer orders on hand and margins. Based on the above assessment, the Group is of the view that carrying amounts of trade receivables and inventories are expected to be realisable. The impact of COVID-19 may be different from that estimated as at the date of approval of these financial statements, and the Group will continue to closely monitor the developments.

iii) **Defined benefit plans (gratuity benefits)** - The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date

Discount rate: The said parameter is subject to change. In determining the appropriate discount rate (for plans operated in India), the management considers the interest rates of government bonds in currencies which are consistent with the post-employment benefit obligation. The underlying bonds are reviewed periodically for quality. Those having excessive credit spreads are excluded from the analysis since that they do not represent high quality corporate bonds.

Mortality rate: It is based on publicly available mortality tables. Those mortality tables tend to change at an interval in response to demographic changes. Prospective increase in salary and gratuity are based on expected future inflation rates.

iv) **Useful lives of property, plant and equipment** - The Group reviews the useful life of property, plant and equipment at

Notes to Consolidated Financial Statements
for the year ended 31 March 2021

(Currency: Indian Rupees in million)

the end of each reporting period. This reassessment may result in change in depreciation expense in future periods.

v) **Impairment of property, plant and equipment** - For property, plant and equipment and intangibles an assessment is made at each reporting date to determine whether there is an indication that the carrying amount may not be recoverable or previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised.

vi) **Impairment of investment** - For determining whether the investments in subsidiaries, joint ventures and associates are impaired requires an estimate in the value in use of investments. In considering the value in use, the Directors have estimated the future cash flow, capacity utilization, operating margins and other factors of the underlying businesses / operations of the investee companies. Any subsequent changes to the cash flows due to changes in the above mentioned factors could impact the carrying value of investments.

vii) **Inventories** - The Group estimates the net realisable value (NRV) of its inventories by taking into account estimated selling price, estimated cost of completion, estimated costs necessary to make the sale, obsolescence considering the past trend. Inventories are written down to NRV where such NRV is lower than their cost.

viii) **Recognition and measurement of other provisions** - The recognition and measurement of other provisions is based on the assessment of the probability of an outflow of resources, and on past experience and circumstances known at the closing date. The actual outflow of resources at a future date may therefore, vary from the amount included in other provisions.

ix) **Revenue from contracts with customers:**

The Group has evaluated the impact of COVID-19 resulting from (i) the possible constraints to continue its operations and revisions in costs to fulfill the pending obligations (ii) onerous obligations (iii) penalties, if any, relating to breaches of agreements and (iv) termination or deferment of contracts by customers. The Group has concluded that there is no impact of COVID-19 based on these estimates. Due to the nature of the pandemic, the Group will continue to monitor developments to identify significant uncertainties relating to revenue in future periods.

d) **Fair value measurement**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the Liability takes place either:

- ➢ In the principal market for the asset or liability, or
- ➢ In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the Consolidated Financial Statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the Restated Ind AS Summary Statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Notes to Consolidated Financial Statements
for the year ended 31 March 2021

(Currency: Indian Rupees in million)

Management determines the appropriate valuation techniques and inputs for fair value measurements. In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available. Where level 1 inputs are not available, the Group engages third party qualified valuers to perform the valuation. Any change in the fair value of each asset and liability is also compared with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

e) **Property, plant and equipment:**

Property, plant and equipment are stated at cost less accumulated depreciation. Cost includes all expenses and financing costs related to acquisition and construction of the concerned assets and any attributable cost of bringing the asset to the condition of its intended use.

Advances paid towards the acquisition of property, plant and equipment outstanding at each Balance sheet date is classified as capital advances under other non-current assets. Subsequent expenditures relating to property, plant and equipment are capitalized only when it is probable that future economic benefits associated with these will flow to the Group and the cost of the item can be measured reliably. Repair and maintenance cost are recognized in the Statement of Profit and Loss when incurred. The cost and related accumulated depreciation are eliminated from the financial statements upon sale or retirement of the asset and the resultant gains or losses are recognized in the Statement of Profit and Loss.

Property, plant and equipment are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other asset. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

If such assets are considered to be impaired, the impairment to be recognized in the Statement of Profit and Loss is measured by the amount by which the carrying value of the asset exceeds the estimated recoverable amount of the asset. An impairment loss is reviewed in the Statement of Profit and Loss if there has been a change in the estimates used to determine the recoverable amount. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated depreciation) had no impairment loss been recognized for the asset in prior years.

Gains or losses arising from the retirement or disposal of an asset are determined as the difference between the net disposal proceeds and the carrying amount of the asset and recognized as income or expense in the Statement of Profit and Loss. These are included in profit or loss within other gains/ (losses).

f) **Capital work-in-progress**

Capital work-in-progress includes cost of assets under development, all taxes and duties and other expenses to bring the asset to the Group.

Cost of Property, plant and equipment not ready for their intended use before such date is disclosed under Capital work-in-progress.

g) **Intangible assets**

Intangible assets are recognized when it is probable that the future economic benefits that are attributable to the asset will flow to the enterprise and the cost of the asset can be measured reliably. Intangible assets are stated at original cost net of tax/duty credits availed, if any, less accumulated amortization and cumulative impairment. Administrative and other general overhead expenses that are specifically attributable to acquisition of intangible assets are allocated and capitalized as a part of the cost of the intangible assets.

Computer software where it is expected to provide future enduring economic benefits is capitalized. The capitalized cost includes license fees and cost of implementation/system integration services.

Gains or losses arising from the retirement or disposal of an intangible asset are determined as the difference between the net disposal proceeds and the carrying amount of the asset and recognized as income or expense in the Statement of Profit and Loss. These are included in profit or loss within other gains/ (losses).

h) **Depreciation and amortization:**

Depreciation on tangible Property, Plant and Equipment has been provided on the basis of useful life as stated in Schedule II of the Companies Act, 2013 using the straight-line method.

Lease hold land is amortized over the period of lease.

Depreciation methods, useful lives and residual values are reviewed periodically, including at each financial year end.

Notes to Consolidated Financial Statements

for the year ended 31 March 2021

(Currency: Indian Rupees in million)

The following are the estimated useful lives:

Class of Assets	Useful lives estimated by the management (years)
Buildings	Factory Building - 30 years Building (RCC Frame Structure) – 60 years Building (Other than RCC Frame Structure) – 30 Years
Plant and equipment	Special Plant and Machinery used in manufacture of pharmaceuticals and chemicals – 20 years Plant and Machinery other than continuous process plant not covered under specific – 15 year; Continuous process plant for which no special rate has been prescribed in Special Plant and Machinery – 8 Years
Computer	3 / 6 years
Vehicles	8 to 10 years
Office equipment	5 years
Electrical installations	10 years
Furniture and fixtures	10 years
Software	3 to 10 years
Lease hold Land	30 to 99 years

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

i) Investments and other financial assets:

i) Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income or through statement of profit and loss); and
- those measured at amortized cost.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

ii) Initial measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the statement of profit and loss.

iii) Subsequent measurement – Debt instruments

Subsequent measurement of the debt instruments depend on the Group's business model for managing the asset and the cash flow characteristics of the asset. The Group classifies its debt instruments in the following three categories:

- **Amortized cost**

  Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. A gain or loss on a debt investment that is subsequently measured at amortized cost and is not a part of the hedging relationship is recognized in the statement of profit and loss when the asset is derecognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

- **Fair value through other comprehensive income (FVOCI)**

  Assets that are held for collection of contractual cash flows and for selling the financial assets where the assets' cash flows represent solely payments of principal and interest are measured at fair value through other comprehensive income (OCI). Movements in the carrying amount are taken through OCI, except for recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in the statement of profit and loss. When financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in other gains / losses. Interest income from these financial assets is included in finance income using the effective interest rate method.

- **Fair value through profit or loss (FVPL)**

  Assets that do not meet the criteria for amortized cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not a part of hedging relationship is recognized in the statement of profit and loss. Interest income from these financial assets is included in finance income.

iv) Subsequent measurement – Equity instruments

The Group subsequently measures all equity instruments at fair value. When the management has elected to present fair value gains and losses on equity instruments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to statement

Notes to Consolidated Financial Statements

for the year ended 31 March 2021

(Currency: Indian Rupees in million)

of profit and loss. Dividends from such investments are recognized in the statement of profit and loss as other income when the Group's right to receive payment is established.

Changes in the fair value of financial assets at FVPL are recognized in the statement of profit and loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

v) The Group has accounted for its investments in subsidiaries at cost less impairment loss.

vi) **Impairment of financial assets**

Loss allowance for expected credit losses is recognized for financial assets measured at amortized cost and fair value through other comprehensive income.

Loss allowance equal to the lifetime expected credit losses is recognized if the credit risk on the financial instruments has significantly increased since initial recognition. For financial instruments whose credit risk has not significantly increased since initial recognition, loss allowance equal to twelve months expected credit losses is recognized.

vii) **Derecognition of financial assets**

A financial asset is derecognized when the Group has transferred the rights to receive cash flows from the financial asset or retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients. When the Group has transferred an asset, it evaluates whether it has transferred substantially all the risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognized. When the Group has neither transferred a financial asset nor retains substantially all the risks and rewards of ownership of the financial asset, the financial asset is derecognized if the Group has not retained control of the financial asset.

j) Financial liabilities and equity instruments

Classification as debt or equity

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

Financial liabilities

Trade and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortized cost, using the effective interest rate method.

Interest-bearing bank loans, overdrafts and issued debt are initially measured at fair value and are subsequently measured at amortized cost using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognized over the term of the borrowings in accordance with the Group's accounting policy for borrowing costs.

Fair value measurement of financial instruments:

The fair value of financial instruments is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is required in establishing fair values. Judgements and estimates include considerations of liquidity and model inputs related to items such as credit risk (both own and counterparty), correlation and volatility.

Derivative financial instrument:

The Group holds derivative financial instruments such as foreign exchange forward and option contracts to mitigate the risk of changes in exchange rates on foreign currency exposures. The counterparty for these contracts is generally a bank.

i) **Financial assets or financial liabilities, at fair value through profit or loss:**

This category has derivative financial assets or liabilities which are not designated as hedges.

Although the Group believes that these derivatives constitute hedges from an economic perspective, they may not qualify for hedge accounting under Ind AS 109, Financial Instruments. Any derivative that is either not designated as hedge, or is so designated but is ineffective as per Ind AS 109, is categorized as a financial asset or financial liability, at fair value through profit or loss.

Derivatives not designated as hedges are recognized initially at fair value and attributable transaction costs are recognized in net profit in the Statement of Profit and

Notes to Consolidated Financial Statements

for the year ended 31 March 2021

(Currency: Indian Rupees in million)

Loss when incurred. Subsequent to initial recognition, these derivatives are measured at fair value through profit or loss and the resulting exchange gains or losses are included in other income. Assets/liabilities in this category are presented as current assets/current liabilities if they are either held for trading or are expected to be realized within 12 months after the Balance Sheet date.

Derecognition of financial liabilities

The Group derecognizes financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

k) Cash and cash equivalents:

Cash and cash equivalents comprise cash at bank, cash on hand and short term highly liquid investments with original maturities of three months or less that is readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

l) Inventories:

Items of inventories are valued lower of cost or estimated net realisable value as given below.

- **Raw materials, components and packing materials:** Raw Materials, Components and packing materials are valued at Lower of Cost or Net Realizable Value, (Cost is net of Excise duty and Value Added Tax, wherever applicable). However materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Costs are determined on first in, first out (FIFO) method.

- **Finished goods and work-in-progress:** Finished Goods and work in progress are valued at lower of cost and net realizable value. The cost is determined on FIFO basis and includes cost of materials, cost of conversion and other costs incurred in acquiring the inventory and bringing them to their present location and condition. Excise duty is considered as cost for finished goods, wherever applicable.

- **Stores and spares:** Stores and spare parts are valued at lower of purchase costs are determined on FIFO method and net realisable value. Obsolete and slow-moving items are valued at cost or estimated net realizable value, whichever is lower.

- **Stock in trade:** Stock in trade is valued at lower of purchase cost and net realisable value.

m) Revenue recognition:

- The Group earns revenue primarily from sale of specialty chemicals, Pharma & Agro intermediates, Quaternary Compounds and Quats. The Group is primarily engaged in manufacturing and selling of specialty chemicals, Pharma & Agro intermediates, Quaternary Compounds and Quats.

- Ind AS 115 "Revenue from Contracts with Customers" provides a control-based revenue recognition model and provides a five step application approach to be followed for revenue recognition.
  - ➢ Identify the contract(s) with a customer;
  - ➢ Identify the performance obligations;
  - ➢ Determine the transaction price;
  - ➢ Allocate the transaction price to the performance obligations;
  - ➢ Recognize revenue when or as an entity satisfies performance obligation.

- Revenue from contract with customers is recognized when the Group satisfies performance obligation by transferring promised goods to the customer. Performance obligations are satisfied at the point of time when the customer obtains controls of the asset. The point at which control passes is determine based on the terms and condition by each customer agreements, but generally occurs on dispatch to the customer.

- Revenue is measured at the fair value of the consideration received or receivable, after the deduction of any trade discounts, volume rebates, sales return on transfer of control in respect of ownership to the buyer which is generally on dispatch of goods and any other taxes or duties collected on behalf of the Government which are levied on sales such as Goods and Services Tax (GST), where applicable. Discounts given include rebates, price reductions and other incentives given to customers. No element of financing is deemed present as the sales are made with a payment term which is consistent with market practice.

- Revenue is recognised upon transfer of control of promised products or services to customers in an amount that reflects the consideration which the Group expects to receive in exchange for those products or services.

- Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made.

- Claims and rebates receivables are accounted as and when settled.

- Interest income from a financial asset is recognized using the effective interest rate method when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably.

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Interest income is accrued on a time basis by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

- Dividends are recognized in statement of profit and loss when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Group, and the amount of the dividend can be measured reliably.
- Incomes in respect of Duty Drawback in respect of exports made during the year are accounted on accrual basis
- Merchandise Exports from India Scheme (MEIS) income is recognized on accrual basis when considering the related expenses to the same profit or losses on transfer of licenses are accounted in year of the sales. Duty free imports of material under Advance License matched with the export made against the said licenses. Export benefits on account of export promotion schemes are accrued and accounted in the period of export and are included in other operating revenue. MEIS Scheme has been ended as on December 31, 2020 and replaced by the new scheme introduced by the Government of India i.e. Remission of Duties and Taxes on Exported Products (RoDTEP). Notification related to the final incentive rates is still awaited accordingly Company has recognized the MEIS incentive till December 31, 2020.
- Other incomes are recognized on accrual basis.

n) Employee benefits:

I. Defined contribution plans:

Contribution to retirement benefit plans in the form of provident fund, employee state insurance scheme, pension scheme and superannuation schemes as per regulations are charged as an expense on an accrual basis when employees have rendered the service. The Group has no further payment obligations once the contributions have been paid.

II. Defined benefit plans:

Defined benefit plan in the form of gratuity, are recognized on the basis of actuarial valuation performed by an independent actuary at each balance sheet date using the projected unit credit method or in compliance with the requirements of the domestic laws. Gratuity and leave encashment costs are included in employees' benefit expense in the statement of profit and loss.

The Gratuity Plan provides a lump-sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment with the Group. The Group recognizes the net obligation of a defined benefit plan in its Balance Sheet as an asset or liability.

Gains and losses through remeasurement of the net defined benefit liability/ (asset) are recognized in other comprehensive income and are not reclassified to profit or loss in subsequent periods. The actual return of the portfolio of plan assets, in excess of the yields computed by applying the discount rate used to measure the defined benefit obligation is recognized in other comprehensive income. The effects of any plan amendments are recognized in net profit in the Statement of Profit and Loss.

The undiscounted amount of short-term employee benefits that are expected to be paid in exchange for services rendered by an employee is recognized during the period/year when the employee renders the services.

III. Other long-term employee benefit obligations

The liabilities for earned leave and sick leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognized in profit or loss.

The said obligations are presented as current liabilities in the consolidated balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

o) Leases:

As a lessee

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use assets are subsequently depreciated using the straight-line method from the commencement date to

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the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability. The lease liability is initially measured at amortised cost at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using the incremental borrowing rate.

Group has determined whether the arrangement contains lease on the basis of facts and circumstances existing on the date of transition i.e. 1 April 2017.

Short-term leases and leases of low-value assets The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases of all assets that have a lease term of 12 months or less, leases of low-value assets and cancellable leases. The Group recognises the lease payments associated with these leases as an expense in Profit and loss account.

As a lessor

Lease income from operating leases where the Group is a lessor is recognised in income on a straight-line basis over the lease term unless the receipts are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increases. The respective leased assets are included in the balance sheet based on their nature. The Group did not need to make any adjustments to the accounting for assets held as lessor as a result of adopting the new leasing standard.

p) Borrowing costs:

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use or where out of general borrowings, funds may have been used, the borrowing cost is calculated by applying weighted average cost of borrowing applicable to such general borrowing which is outstanding during the year, are capitalized up to the date by which qualifying assets are ready for its intended use and included in the carrying amount of such assets. All other borrowing costs are charged to statement of Profit and Loss.

Borrowing cost includes exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the finance cost.

q) Transaction in foreign currencies:

- Foreign currency transactions are translated in to functional currency at the exchange rates prevailing on the date of such transactions. Foreign currency monetary assets and liabilities as at the balance sheet date are translated at the rates of exchange prevailing at the date of the balance sheet. Gains and losses arising on account of differences in foreign exchange rates on settlement / translation of foreign currency monetary assets and liabilities are recognized in the statement of profit and loss in the year in which they are incurred. Non-monetary foreign currency items that are measured at fair value are translated using the exchange rates when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as a part of the fair value gain or loss.
- The Any profit or loss arising on cancellation, maturity or renewal of forward exchange contracts is recognized as income or expenses in the statement of profit and loss of the year and included in Exchange Difference.
- Gains and losses on account of foreign exchange fluctuation in respect of liabilities in foreign currencies specific to acquisition of property, plant and equipment in foreign currency are recognized as income and expense in profit and loss account.

r) Income tax:

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

i) Current tax

The tax currently payable is based on estimated taxable income for the year in accordance with the provisions of the Income Tax Act, 1961. Taxable profit differs from 'profit before tax' as reported in the consolidated statement of profit and loss because of items of income or expenses that are taxable or deductible in other years and items that are never taxable or deductible. Management periodically evaluates positions taken in the tax returns with respect to situations for which applicable tax regulations are subject to interpretation and revises the provisions, if so required where consider necessary.

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to offset and intend either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

ii) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the Group's financial statements and the corresponding tax bases used in computation of taxable profit and quantified using the tax rates and laws enacted or substantively enacted as on the Balance Sheet date.

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Deferred tax assets are generally recognized for all taxable temporary differences to the extent that is probable that taxable profit will be available against which those deductible temporary differences can be utilized. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets relating to unabsorbed depreciation/ business losses/losses under the head "capital gains" are recognized and carried forward to the extent of available taxable temporary differences or where there is convincing other evidence that sufficient future taxable income will be available against which such deferred tax assets can be realized.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of reporting period, to recover or settle the carrying amount of its assets and liabilities.

Transaction or event which is recognized outside profit or loss, either in other comprehensive income or in equity, is recorded along with the tax as applicable.

iii) **Minimum alternate tax (MAT)**

Deferred tax assets include Minimum Alternative Tax (MAT) paid in accordance with the tax laws in India, which is likely to give future economic benefits in the form of availability of set off against future income tax liability. Accordingly, MAT is recognized as deferred tax asset in the balance sheet when the asset can be measured reliably, and it is probable that the future economic benefit associated with asset will be realized.

Current and deferred tax expense is recognized in the Statement of Profit and Loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

s) Provisions, contingent liabilities and contingent assets:

A provision is made when there is a present obligation (legal or constructive) as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. Provisions are determined based on the present value of the management's best estimate of the amount required to settle the present obligation at the end of the reporting period. The discount rate used to determine present value is a pre-tax rate that reflects current market assessment of time value of money and the risks specific to the liability.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made. Contingent assets are neither recognized nor disclosed in the financial statements.

t) Impairment of assets:

Financial assets:

The Group recognizes loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit or loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized is recognized as an impairment gain or loss in the statement of profit and loss.

Non-financial assets:

Goodwill and intangible assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment or more frequently if events or change in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized in the statement of profit and loss for the amount by which the assets carrying amount exceeds its recoverable amount. The recoverable amount is the higher of assets' fair value less costs of disposal and value in use.

If, at the balance sheet date, there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost.

u) Accounting and reporting of information for operating segments:

Operating segments are those components of the business whose operating results are regularly reviewed by the chief operating decision making body in the Group to make decisions for performance assessment and resource allocation.

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The reporting of segment information is the same as provided to the management for the purpose of the performance assessment and resource allocation to the segments.

Segment accounting policies are in line with the accounting policies of the Group.

v) Earnings per share:

Earnings per share are calculated by dividing the net profit or loss attributable to equity shareholders of the Group by the weighted average number of equity shares outstanding during the period.

Diluted earnings per share is computed by adjusting the figures used in the determination of basic EPS to take into account:

- After tax effect of interest and other financing costs associated with dilutive potential equity shares
- The weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

w) Cash flow statement:

Statement of Cash Flows is prepared segregating the cash flows into operating, investing and financing activities. Cash flow from operating activities is reported using indirect method, adjusting the net profit for the effects of:

i. changes during the period in inventories and operating receivables and payables transactions of a non-cash nature;

ii. Non-cash items such as depreciation, provisions, deferred taxes, unrealized foreign currency gains and losses, and undistributed profits of associates; and

iii. All other items for which the cash effects are investing or financing cash flows.

Cash and cash equivalents (including bank balances) shown in the Statement of Cash flows exclude items which are not available for general use as on the date of Balance Sheet.

x) Research and development expenditure

Revenue expenditure pertaining to research is charged to the Statement of Profit and Loss. Development costs of products are charged to the Statement of Profit and Loss, Development expenditure of certain nature is capitalized when the criteria for recognizing an intangible asset are met. Expenditure on research activities undertaken with the prospect of gaining new scientific or technical knowledge and understanding are recognised as an expense when incurred. Development activities involve a plan or design for the production of new or substantially improved products and processes.

y) Exceptional items

Exceptional items refer to items of income or expense, including tax items, within the statement of profit and loss from ordinary activities which are non-recurring and are of such size, nature or incidence that their separate disclosure is considered necessary to explain the performance of the Group.

z) Recent accounting pronouncements:

The company has applied the following standards and amendments for the first time for their annual reporting period commencing 1 April 2020:

- Definition of material - amendments to Ind AS 1 and Ind AS 8
- Definition of business - amendments to Ind AS 103
- Covid-19 related concessions - amendments to Ind AS 116
- Interest rate benchmark reform - amendments to Ind AS109 and Ind AS 107

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

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(Currency: Indian Rupees in million)

3a Property, plant and equipments

Particulars	Cost					Depreciation					Net Block	
	Opening as at 01 April 2020	Addition	Sale/ Reduction	Translation reserve	Closing as at 31 March 2021	Accumulated depreciation as at 01 April 2020	Depreciation charged during the year	Sale/ Reduction	Translation reserve	Accumulated depreciation as at 31 March 2021	Net Block as at 31 March 2020	Net Block as at 31 March 2021
Tangible asset												
Building												
Administration building	1.21	-	-	-	1.21	0.18	0.06	-	-	0.24	1.03	0.97
Factory building	325.95	10.89	-	-	336.84	17.93	10.50	-	-	28.43	308.02	308.41
R & D building	21.51	14.90	-	-	36.41	1.39	0.95	-	-	2.34	20.12	34.07
Plant and machineries	603.82	82.17	0.86	-	685.13	57.40	34.84	0.33	-	91.91	546.42	593.22
Electrical installation	89.94	6.26	-	-	96.20	12.60	8.82	-	-	21.42	77.34	74.78
Office equipment's	10.23	3.81	-	-	14.04	3.33	2.17	-	-	5.50	6.90	8.54
Furniture and fixtures	22.37	1.47	-	-	23.84	4.55	2.32	-	-	6.87	17.82	16.97
Vehicles	18.00	36.49	-	-	54.49	7.43	2.97	-	-	10.40	10.57	44.09
Computer hardware	7.29	2.53	-	0.01	9.81	3.86	1.93	-	(0.01)	5.78	3.43	4.03
Total	**1,100.32**	**158.52**	**0.86**	**0.01**	**1,257.97**	**108.67**	**64.56**	**0.33**	**(0.01)**	**172.89**	**991.65**	**1,085.08**

3c Capital WIP

Particulars	Opening as at 01 April 2020	Addition	Sale/ Reduction	Translation reserve	Closing as at 31 March 2021	Accumulated depreciation as at 01 April 2020	Depreciation charged during the year	Sale/ Reduction	Translation reserve	Accumulated depreciation as at 31 March 2021	Net Block as at 31 March 2020	Net Block as at 31 March 2021
Capital WIP	48.92	49.19	-	-	98.11	-	-	-	-	-	48.92	98.11
Total	**48.92**	**49.19**	**-**	**-**	**98.11**	**-**	**-**	**-**	**-**	**-**	**48.92**	**98.11**

3d Intangible asset

Particulars	Opening as at 01 April 2020	Addition	Sale/ Reduction	Translation reserve	Closing as at 31 March 2021	Accumulated depreciation as at 01 April 2020	Depreciation charged during the year	Sale/ Reduction	Translation reserve	Accumulated depreciation as at 31 March 2021	Net Block as at 31 March 2020	Net Block as at 31 March 2021
Computer software	3.31	0.32	-	-	3.63	2.14	0.57	-	-	2.71	1.17	0.92
Technical know-how	0.06	-	-	-	0.06	0.03	-	-	-	0.03	0.03	0.03
Total	**3.37**	**0.32**	**-**	**-**	**3.69**	**2.17**	**0.57**	**-**	**-**	**2.74**	**1.20**	**0.95**

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(Currency: Indian Rupees in million)

3a Property, plant and equipments (Continued)

	Particulars	Cost					Depreciation					Net Block	
		Opening as at 01 April 2019	Addition	Sale/ Reduction	Translation reserve	Closing as at 31 March 2020	Accumulated depreciation as at 01 April 2019	Depreciation charged during the year	Sale/ Reduction	Translation reserve	Accumulated depreciation as at 31 March 2020	Net Block as at 31 March 2019	Net Block as at 31 March 2020
3a	**Tangible asset**												
	Building												
	Administration building	1.21	-	-	-	1.21	0.12	0.06	-	-	0.18	1.09	1.03
	Factory building	198.89	127.06	-	-	325.95	10.51	7.42	-	-	17.93	188.38	308.02
	R & D building	21.51	-	-	-	21.51	0.70	0.69	-	-	1.39	20.81	20.12
	Plant and machineries	297.48	307.05	0.71	-	603.82	33.77	23.77	0.14	-	57.40	263.71	546.42
	Electrical installation	43.45	46.49	-	-	89.94	7.03	5.57	-	-	12.60	36.42	77.34
	Office equipment's	7.01	3.25	0.03	-	10.23	1.92	1.42	0.01	-	3.33	5.09	6.90
	Furniture and fixtures	16.58	5.79	-	-	22.37	2.67	1.88	-	-	4.55	13.91	17.82
	Vehicles	17.42	0.58	-	-	18.00	4.94	2.49	-	-	7.43	12.48	10.57
	Computer hardware	4.90	2.38	-	(0.01)	7.29	2.19	1.68	-	(0.01)	3.86	2.71	3.43
	Total	**608.45**	**492.60**	**0.74**	**(0.01)**	**1,100.32**	**63.85**	**44.98**	**0.15**	**(0.01)**	**108.67**	**544.60**	**991.65**
3c	**Capital WIP**												
	Capital WIP	60.36	-	11.44	-	48.92	-	-	-	-	-	60.36	48.92
	Total	**60.36**	**-**	**11.44**	**-**	**48.92**	**-**	**-**	**-**	**-**	**-**	**60.36**	**48.92**
3d	**Intangible asset**												
	Computer software	2.73	0.58	-	-	3.31	1.39	0.75	-	-	2.14	1.34	1.17
	Technical know-how	0.06	-	-	-	0.06	0.02	0.01	-	-	0.03	0.04	0.03
	Total	**2.79**	**0.58**	**-**	**-**	**3.37**	**1.41**	**0.76**	**-**	**-**	**2.17**	**1.38**	**1.20**

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3b Right-of-use assets

(i) Following are the changes in the carrying value of right of use assets for the period ended 31 March 2021:

Particulars	As at 31 March 2021	As at 31 March 2020
Leasehold land		
Balance at the beginning of the year	118.95	121.14
Add : Additions	1.67	-
Less : Deletion	-	-
Less : Amortization	2.19	2.19
Balance at the end of the year	**118.43**	**118.95**

Company has not recognised the lease liability as all the Leases falls under Ind AS 116 have prepayment of lease rental at the inception of lease term and the monthly lease rentals are nominal amount.

Amounts recognised in profit or loss:

Particulars	As at 31 March 2021	As at 31 March 2020
Amortization charge of right-of-use assets	2.19	2.19
Expenses relating to short-term leases (included in other expenses)	14.48	11.35
Total	**16.67**	**13.54**

4 Other non-current assets

Particulars	As at 31 March 2021	As at 31 March 2020
Advance for immovable property	-	1.67
Advance to creditors for capital expense	2.96	-
Total	**2.96**	**1.67**

5 Inventories (lower of cost or NRV)

Particulars	As at 31 March 2021	As at 31 March 2020
Raw materials and components	208.70	199.34
Work-in-progress	267.40	262.45
Finished goods	131.68	73.82
(includes goods in transit ₹ 65.71 millions (P.Y. ₹ 14.96 millions)		
Packing materials	7.29	5.78
Consumable stores and spares	68.57	34.93
Traded goods	36.55	59.23
Total	**720.19**	**635.55**

6 Trade receivables

Particulars	As at 31 March 2021	As at 31 March 2020
Unsecured considered good	907.43	495.71
Doubtful	3.12	1.53
	910.55	**497.24**
Less : Provision for expected credit loss	3.12	1.53
Total	**907.43**	**495.71**

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7 Cash and cash equivalents

Particulars	As at 31 March 2021	As at 31 March 2020
Cash on hand	0.81	0.81
Balances with banks		
- in current accounts	2.58	33.37
- in EEFC current accounts	34.89	41.00
Bank fixed deposits (original maturity of less than 3 months)	6.53	26.38
Total	**44.81**	**101.56**

7 Bank balance other than cash and cash equivalents

Particulars	As at 31 March 2021	As at 31 March 2020
Balances with bank held as		
LC and bank guarantee margin money deposit	8.61	6.73
Total	**8.61**	**6.73**

8 Loans and advances

Particulars	As at 31 March 2021	As at 31 March 2020
Security deposits		
- Unsecured, considered good	17.84	15.80
Loan to employees (Interest free and repayable on demand)	1.19	0.99
Total	**19.03**	**16.79**

9 Other financial assets

Particulars	As at 31 March 2021	As at 31 March 2020
Forward contract receivable	2.45	-
Interest accrued on deposits	0.47	-
Fixed deposit with banks	8.43	10.92
Total	**11.35**	**10.92**

10 Current tax assets (net)

Particulars	As at 31 March 2021	As at 31 March 2020
Advance tax (net of provision for tax)	-	3.13
Total	**-**	**3.13**

11 Other current assets

Particulars	As at 31 March 2021	As at 31 March 2020
Prepaid expenses	15.09	8.16
Advance to creditors	17.34	0.18
Balance with revenue authorities	52.89	27.91
Government grants/benefits receivable	24.49	20.20
Insurance claim receivable	-	0.15
Gratuity fund (net)	4.37	-
IPO related expenses	16.90	-
Total	**131.08**	**56.60**

The Gratuity fund (net) represents the present value of the defined benefit obligation as reduced by the fair value of scheme assets. Earlier the company used to invest in the Life insurance corporation of India, for funding the defined benefit plans for qualifying employees. Since Financial year 2018-19 the Company invests in Life insurance corporation of India through Gratuity trust, which approved under the Income tax Act.

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12 Equity share capital

Particulars	As at 31 March 2021		As at 31 March 2020	
	Numbers	Amount	Numbers	Amount
Authorized share capital				
Equity shares of ₹ 10 each	40,000,000	400.00	10,000,000	100.00
	40,000,000	**400.00**	**10,000,000**	**100.00**
Issued, subscribed and fully paid up				
Equity shares of ₹ 10 each	20,087,500	200.88	8,035,000	80.35
	20,087,500	**200.88**	**8,035,000**	**80.35**
Total	**20,087,500**	**200.88**	**8,035,000**	**80.35**

Note: Pursuant to the recommendation and resolution passed at the meeting of the board of directors, the shareholders in their meeting held on 27 January 2021 has increased authorised share capital of group to ₹ 400 million from ₹ 100 million.

a) Reconciliation of share capital (Equity)

Particulars	As at 31 March 2021		As at 31 March 2020	
	Numbers	Amount	Numbers	Amount
Balance at the beginning of the year	8,035,000	80.35	8,035,000	80.35
Add: Issued during the year	-	-	-	-
Add: Bonus Issued during the year	12,052,500	120.53	-	-
Less: Shares bought back during the year	-	-	-	-
Balance at the end of the year	**20,087,500**	**200.88**	**8,035,000**	**80.35**

Note:

During the year, The Group has alloted 12,052,500 number of equity shares as bonus issue to the existing shareholders of the Group in the ratio of 1.5:1 vide board resolution dated 3 March 2021 which was passed pursuant to passing of special resolution by shareholders in extra ordinary general meeting held on 27 January 2021 against existing 8,035,000 equity shares. Hence total share capital of Group post bonus issue is ₹ 200.88 million.

b) Terms/Rights attached to equity shares:

The Group has only one class of equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. The dividend, if any, proposed by the board of directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of proposed dividend. The Group has paid interim dividend at the rate of 50% of issued share capital (before bonus issue) during the year.

In the event of liquidation of the company, the holders of equity shares would have been entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution would have been in proportion to the number of equity shares held by the shareholders.

c) Name of share holder holding equity shares more than 5%

Name	As at 31 March 2021		As at 31 March 2020	
	Number of Shares	Percentage	Number of Shares	Percentage
Mr. Shekher R. Somani	6,304,682	31.39%	2,521,873	31.39%
Mr. Chintan N. Shah	5,648,835	28.12%	2,259,534	28.12%
Mr. Ajay M. Patel	4,222,333	21.02%	1,688,933	21.02%
M/s. Ajay M. Patel (HUF)	1,237,500	6.16%	495,000	6.16%
Mrs. Priti A. Patel	1,236,000	6.15%	494,400	6.15%

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(Currency: Indian Rupees in million)

13 Other equity

Particulars	As at 31 March 2021	As at 31 March 2020
Other comprehensive income:		
Actuarial gain/(loss) on defined benefit obligations:		
Balance at the beginning of the year	(1.94)	(0.43)
During the year	1.47	(1.51)
Balance at the end of the year	**(0.47)**	**(1.94)**
Translation reserve:		
Balance at the beginning of the year	4.42	0.87
During the year	(1.21)	3.55
Balance at the end of the year	**3.21**	**4.42**
Retained earnings:		
Balance at the beginning of the year	1,094.10	716.21
Add: Transferred from statement of profit and loss	522.62	377.89
Less: Dividend	40.18	-
Less: Bonus issue	120.53	-
Balance at the end of the year	**1,456.02**	**1,094.10**
Total	**1,458.76**	**1,096.58**

14 Non-current borrowings

Particulars	As at 31 March 2021	As at 31 March 2020
Secured		
Term loans:		
From banks in foreign currency	241.27	387.09
Vehicle loans:		
From banks - car loans	26.36	-
Total	**267.63**	**387.09**

I ICICI Bank Ltd., Ankleshwar - Rupee term loan I

Initially, ICICI Bank Ltd. disbursed rupee term loan of ₹ 244.91 lakh to re-pay all term loans availed from Bank of Baroda, Ankleshwar to take-over account. The same was re-payable by 56 monthly installments of ₹ 4.37 lakh plus interest accrued and due. The company has fully paid off these Term loan before 1 September 2019.

II ICICI Bank Ltd. - FCTL I, FCTL - II and FCTL III

(a) ICICI Bank Ltd. has disbursed FCTL I of USD 944,940 on 28 September 2016 and FCTL II of USD 665,816.54 on 30 December 2016 and FCTL III of USD 1,114,962.76 on 28 April 2017.

(b) FCTL are to be repaid in fixed monthly instalments. As on 31 March 2021, 25 monthly installments of USD 37,857 per month are repayable.

(c) Primary securities and collateral securities offered to ICICI Bank Ltd. for term loan facilities are as under -

(i) Primary securities consists of equitable mortgage of leasehold factory land and building of Dahej SEZ unit, Hypothecation of plant and machinery at Dahej SEZ unit. collateral securities consists of Current assets including Fixed deposit of the Company.

(ii) Personal guarantee of all directors.

Notes to Consolidated Financial Statements

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(Currency: Indian Rupees in million)

14 Non-current borrowings (continued)

III ICICI Bank Ltd., Ankleshwar - Car loan lccounts

(a) Company availed three Motor Car loans of ₹ 67.57 lakh each from the Bank during FY 2015-16. The same are re-payable by 60 EMI of ₹ 1.426 lakh for each loan. The Company has fully paid off these Term loans on or before 01 July 2020. As on 31 March 2021, no part of this term loan is outstanding.

(b) The same were secured against hypothecation of respective Motor Car and personal guarantee of Directors of the Company and the Company.

IV. CITI Bank NA - Foreign currency term loans

(a) CITI Bank has disbursed FCTL I of USD 537,304.27 on 4 October 2017 for Vadodara R & D unit, FCTL II of USD 608,253.77 on 22 February 2018 for part disbursement of Dahej SEZ unit I Phase II, FCTL III of USD 292,226.77 on 13 July 2018 for Dahej Corner Project, FCTL IV of USD 2,010,968.92 on 28 February 2019, FCTL V USD 838,222.97 on 6 September 2019 and FCTL VI OF USD 1,306,778 on 28 November 2019 for Dahej Phase 3 Expansion Project.

(b) FCTL I, II III, IV ,V and VI are repayable in 5 years by 16 quarterly installments after moratorium period of 1 year.

(c) Collateral securities offered to CITI Bank for term loan facilities are as under -

(i) FCTL I is secured by equitable mortgage of leasehold land and building situated at 353, GIDC Makarpura, Vadodara 390010- Exclusive charge

(ii) FCTL II, III, IV, V and VI is secured by First Pari-passu charge on equitable mortgage of factory land and building of Dahej SEZ Unit, Hypothecation of Plant and machinery located at Dahej SEZ unit of the company

(iii) Personal guarantee of all directors of the Company is given for term loan facilities.

V AXIS Bank- Car loan accounts

(a) Company has availed three Motor Car loans of ₹ 110 lakh each from Bank during the Financial Year 2020-21. The same are re-payable by 60 equal monthly instalments (EMI) of ₹ 2.20 lakh including interest accrued and due thereon for each loan. The interest rate applicable during the year on these loans was 7.46% p.a.

(b) The same are secured against hypothecation of respective Motor Car and personal guarantee of Directors of the Company and the Company.

15 Non-current provisions

Particulars	As at 31 March 2021	As at 31 March 2020
Privileged leave benefit payable	5.52	4.04
Total	**5.52**	**4.04**

16 Deferred tax liabilities (net)

Particulars		As at 31 March 2021	As at 31 March 2020
Deferred tax liabilities			
Depreciation		93.02	58.02
Forward contract		0.51	-
Gratuity		-	-
	(A)	**93.53**	**58.02**
Deferred tax assets			
Provision for doubtful debts		0.64	0.44
Leave encashment		1.86	0.76
Bonus		2.35	1.65
Interest accrued on borrowings		-	0.11
Prior period Item		-	0.08
Gratuity		-	0.05
	(B)	**4.85**	**3.09**
MAT credit entitlements	**(C)**	**67.90**	**10.38**
Total	**(A-B-C)**	**20.78**	**44.55**

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(Currency: Indian Rupees in million)

17 Other non-current liabilities

Particulars	As at 31 March 2021	As at 31 March 2020
Payables for Purchase of Property Plant and Equipment	14.14	-
Government Grant (TUF Subsidy)	0.17	0.26
Total	**14.31**	**0.26**

18 Current borrowings

Particulars	As at 31 March 2021	As at 31 March 2020
Secured		
Loans repayable on demand:		
From banks	492.94	404.89
Total	**492.94**	**404.89**

I. **ICICI Bank Ltd. - Working Capital Facilities.**

(a) The Bank has renewed fund based working capital facility of ₹ 2,000 lakh and non-fund based working capital facility of ₹ 750 lakh upto 16 March 2021 to the Company.

(b) Securities offered for the same:

(i) Primary Securities: Hypothecation of inventories and receivables, both present and future. Hypothecation of present and future Plant and Machinery and charge on all moveable assets to be acquired from proposed term loan for SEZ unit of the Company with pari pasu charge of ICICI Bank, Dahej

(ii) Collateral Securities: As mentioned in Point II(c) of Note 14 here-above.

II. **CITI Bank NA working capital facilities**

(a) The Bank has renewed with enhancement fund based working capital facility of ₹ 2,500 lakh.

(b) Securities offered for the same:

(i) Primary Securities: Hypothecation of inventories and receivables, both present and future. Hypothecation of present and future Plant and Machinery and charge on all moveable assets to be acquired from proposed term loan for SEZ unit of the Company with pari pasu charge of Citi Bank NA, Vadodara.

(ii) Collateral Securities: As mentioned in Point IV(d) of Note 15 here-above.

19 Trade Payables

Particulars	As at 31 March 2021	As at 31 March 2020
Dues of micro enterprises & small enterprises:		
Dues of micro enterprises & small enterprises less than 45 days	80.39	47.32
Dues of micro enterprises & small enterprises more than 45 days	-	-
- Principal amount outstanding	48.74	5.16
- Interest due on principal amount	-	-
- Interest paid under MSMED, 2006	-	-
- Interest due and payable for the year	-	-
- Interest due and unpaid at the year end	-	-
Total outstanding dues of micro enterprises & small enterprises (A)	**129.13**	**52.48**
Dues of creditors other than micro enterprises & small enterprises:		
For goods	283.28	199.56
For services	62.94	40.00
For capital goods	-	18.88
Foreign currency fluctuation control account	(0.58)	5.21
Total outstanding dues of other than micro enterprises & small enterprises (B)	345.64	263.65
Total (A)+(B)	**474.77**	**316.13**

The details provided here are based on the details provided by the management with regards to registration status of its creditors as MSME or otherwise. Further, as per the representation given by the management that the payment terms as agreed with the vendors takes care of the same in the rates and hence have not received any claims for interest from any supplier as at Balance sheet date.

Notes to Consolidated Financial Statements

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(Currency: Indian Rupees in million)

20 Other financial liabilities

Particulars	As at 31 March 2021	As at 31 March 2020
Current maturities of long term debt	141.91	114.91
Lease Liability	-	-
Interest accrued on Borrowings	0.59	2.56
Total	**142.50**	**117.47**

21 Other current liabilities

Particulars	As at 31 March 2021	As at 31 March 2020
Advance from trade receivables	6.51	1.37
Expenses payable	25.98	17.76
Statutory dues payable	29.39	18.17
Government grant (TUF subsidy)	0.09	0.09
Total	**61.97**	**37.39**

22 Current provisions

Particulars	As at 31 March 2021	As at 31 March 2020
Employees gratuity payable	-	0.19
Privilege leave benefit payable	1.09	0.43
Total	**1.09**	**0.62**

23 Current tax liabilities (net)

Particulars	As at 31 March 2021	As at 31 March 2020
Provision for income tax (Net)	6.88	-
Total	**6.88**	**-**

24 Revenue from operations

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Revenue from contract with customers:		
Sale of products:		
Export	2,119.92	2,020.20
Domestic	841.16	556.65
Sale of services:		
Export	-	-
Domestic	7.49	-
Sub total (A)	**2,968.57**	**2,576.85**
Other operating revenue:		
Duty drawback received	3.83	8.05
FMS/MEIS/FPS credit received	24.18	36.01
Duty charges	-	11.48
Sale of scrap	7.01	-
Sub total (B)	**35.02**	**55.54**
Total (A)+(B)	**3,003.59**	**2,632.39**

Notes to Consolidated Financial Statements

for the year ended 31 March 2021

(Currency: Indian Rupees in million)

24 Revenue from operations (continued)

Disaggregated revenue information:

Set out below is the disaggregation of Group's revenue from contracts with customers. The Group believes that this disaggregation best depicts how the nature, amount, timing and uncertainty of its revenues and cash flows are affected by industry, market and other economic factors.

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Type of goods or services		
Phase transfer catalysts	816.12	749.11
Structure directing agents	1,202.43	1,016.54
Electrolyte salts	30.35	46.29
Pharmaceutical and agrochemical intermediates and other specialty chemicals	912.18	764.91
Other Services	7.49	-
Total revenue from contracts with customers	**2,968.57**	**2,576.85**
Geographical markets		
India	841.16	556.65
Outside India	2,127.41	2,020.20
Total revenue from contracts with customers	**2,968.57**	**2,576.85**
Relation with customer		
Related party	-	-
Non Related party	2,968.57	2,576.85
Total revenue from contracts with customers	**2,968.57**	**2,576.85**
Timing of revenue recognition		
Goods or services transferred over a period of time	-	-
Goods or services transferred over a point of time	2,968.57	2,576.85
Total revenue from contracts with customers	**2,968.57**	**2,576.85**

25 Other income

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Interest income		
- On deposits with bank	2.30	5.17
- On deposits with others	0.74	-
Government grant (TUF subsidy)	-	0.09
Net gain on foreign currency transaction and translation	45.21	-
Unrealised gain on fair valuation of investments in units of mutual funds	-	-
Profit on sale of fixed assets (net)	-	-
Discount on purchases received	0.22	-
Income tax refund	1.20	-
Freight on sales	5.81	8.19
Interest on government grant	0.09	-
Interest on income tax refund	0.46	-
Refund received of reach charges	3.27	-
Insurance claims	-	0.03
PMPRY subsidy	-	0.34
Provisions for doubtful debts written back	-	0.01
Miscellaneous income	0.03	-
Total	**59.33**	**13.83**

26 Cost of raw materials consumed

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Opening stock of raw materials and components	199.34	87.73
Add: Purchases of raw materials and components during the year	1,475.16	1,537.61
Add: Purchases expenses	43.32	35.59
Less: Closing stock of raw materials and components	208.70	199.34
Total	**1,509.12**	**1,461.59**

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27 Purchases of stock-in-trade

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Direct expenses	25.37	24.51
Total	**25.37**	**24.51**

28 Changes in inventories of finished goods, work-in-progress and stock-in-trade

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Opening stock		
- Work-in-progress	262.45	109.82
- Finished goods	58.86	32.54
- Finished goods in transit	14.96	27.81
- Traded goods	59.23	61.96
- Foreign currency fluctuation reserve	0.07	1.54
Sub total	**395.57**	**233.67**
Closing stock		
- Work-in-progress	267.40	262.45
- Finished goods	65.97	60.33
- Finished goods in transit	65.71	13.49
- Traded goods	36.55	59.23
- Foreign currency fluctuation reserve	0.51	(3.40)
Sub total	**436.14**	**392.10**
Total	**(40.57)**	**(158.43)**

29 Employee benefits expenses

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Salaries, wages and bonus	221.47	186.52
Gratuity	3.11	1.42
Contribution to statutory funds	10.27	8.62
Staff welfare expenses	6.46	8.73
Total	**241.31**	**205.29**

30 Finance costs

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Interest expenses		
- On bank loans	38.56	36.57
- On others	-	0.56
- On car loans	0.25	-
- On late payment of statutory dues	1.04	0.39
Other borrowing cost		
- Letter of credit opening charges	1.12	0.46
- Loan processing charges	1.10	1.47
Total	**42.07**	**39.45**

Notes to Consolidated Financial Statements
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(Currency: Indian Rupees in million)

31 Depreciation and amortization expense

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Depreciation on property, plant and equipment	64.56	44.98
Amortization of right of use asset	2.19	2.19
Amortization on intangible assets	0.57	0.76
Total	**67.32**	**47.93**

32 Other expenses

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Consumable, store and spare	60.74	56.73
Research and development chemical and consumable expense	2.79	10.14
Electricity, power and fuel	99.21	89.64
Rent	14.48	11.35
Repairs and maintenance		
- Buildings	4.05	2.79
- Plant and equipment	39.18	33.13
- Others	7.86	4.68
Insurance	10.32	4.54
Payments to auditors (refer note 41)	0.85	0.42
Effluent treatment expenses	42.04	35.43
Labour and service charges	66.75	38.77
Laboratory expenses	6.61	6.85
Packing expenses	57.25	51.47
Security and safety expense	5.97	5.58
Printing and stationery charges	3.20	3.54
Legal and professional fees	11.76	17.78
Rates and taxes	4.70	1.62
Membership fees and subscription expenses	2.05	0.85
Postage and telephone charges	2.11	2.63
Bank commission and other charges	2.40	3.23
Travelling and conveyance expenses	11.21	17.54
Selling and business promotion expenses	35.12	38.39
Freight clearing and forwarding expenses	94.41	71.11
Commission and brokerage	5.10	9.26
Provision for doubtful debts	1.59	-
Donation/ CSR expenditure	5.45	5.58
Net loss on foreign currency transaction and translation	7.33	21.97
Loss on sale of property, plant and equipment (net)	0.34	0.31
Sundry balances written off	0.22	0.48
Miscellaneous expenses	6.25	4.10
Total	**611.34**	**549.91**

Notes to Consolidated Financial Statements

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(Currency: Indian Rupees in million)

33 Contingent liabilities and commitments

Particulars	As at 31 March 2021		As at 31 March 2020	
	Amounts In $	Amounts In ₹	Amounts In $	Amounts In ₹
Contingent liabilities (to the extent not provided for):				
Payment of excess refund on zero rated supplies under GST (refer note 1)	-	0.61	-	0.56
Letter of credits are secured against the pledge of fixed deposits with the banks under lien	0.34	-	0.19	6.13
Guarantees excluding financial guarantees	-	0.20	-	0.14
Interest payable on IGST Paid under advance authorisation. - (refer note-2)	-	4.53	-	-
Total	**0.34**	**5.34**	**0.19**	**6.82**

Note

1 During the year 2019-20, Company had received show cause notice dated 3 February 2020 for excess refund on zero rated supplies from Assistant commissioner, Central GST, Division-IX, Vadodara-II commissionerate for payment of excess refund on zero rated supplies to the tune of ₹ 557,497 along with interest. Earlier, refund of ₹ 4,267,517 was granted vide RFD-06 dated 13 March 2018. An order to this effect has been passed by Superintendent, CGST on 3 March 2021. Company has filed an appeal against the said order dated 31 May 2021.

2 A DGGI notice has been issued on the Company for IGST on imports under advance licenses for the period after 9 October 2018. The matter is being contested by the Company on similar lines as many other companies. In the opinion of the Company and its tax counsels, there is a possibility of reassessment of bills of entries and IGST may be payable in future in the matter which would then be available again as a credit to the Company. The Interest on such IGST is quantified up to 31 March 2021, The actual interest liability may arise at the time of reassessment of the bill of entries in future which may be higher than this amount based on actual payment of IGST. But, in opinion of the tax counsels of the Company, the IGST collected u/s 3(7) of the Customs Tariff Act, 1975 is not in the nature of duty leviable under the Custom Act, 1962 and hence interest cannot be demanded on the belated payment of the IGST u/s 28AA. Accordingly, any interest claimed from it would be contested by the Company and is accordingly contingent in nature.

Particulars	As at 31 March 2021	As at 31 March 2020
Capital commitments		
Estimated amount of construction activities for expansion of R&D unit	35.75	20.00
Total	**35.75**	**20.00**

34 Segment reporting

The Group is primarily engaged in manufacturing of chemicals. All other activities of the Group revolve around the main business. In line with the organisation structure the reporting system to the CODM and the associated risks and rewards the Group is managed organizationally as a unified entity with various functional heads reporting to the top management and is not organized along product/ service or geographical lines.

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Segment revenue by location of customers:		
Domestic	841.16	556.65
Overseas	2,127.41	2,020.20
Total	**2,968.57**	**2,576.85**
Carrying amount of non current operating assets by location of assets:		
Domestic	1,305.53	1,162.36
Overseas	-	0.03
Total	**1,305.53**	**1,162.39**
Customers contributing more than 10% of the total revenue:		
Weihai PIDC new materials Co., Ltd.	15%	14%
Tosoh Asia Pte Ltd.	17%	12%

Notes:

The segment revenue and total assets includes the revenue and assets respectively, which are identifiable with each segment and amounts allocated to the segments on a reasonable basis.

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35 Employee benefit obligations

The Group has classified the various employee benefits provided to employees as under:

Particulars	As at 31 March 2021	As at 31 March 2020
Gratuity		
Current liabilities/(asset)	(4.37)	0.19
Non-current liabilities/(asset)	-	-
Total	**(4.37)**	**0.19**
Compensated privilege leave		
Current	1.09	0.43
Non-current	5.52	4.04
Total	**6.61**	**4.47**

(a) Defined contribution plans:

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Benefits (contribution to):		
Employee croup gratuity expense	3.11	1.42
Employer PF charges	9.44	7.71
Employer contribution to ESIC	0.83	0.91
Total	**13.38**	**10.04**

The Group has defined benefit gratuity plan, each employee is eligible for gratuity on completion of minimum five years of services at 15 days basic salary for each completed years of services. The scheme is funds with life Insurance corporation of India in the form of qualified insurance policy.

A Compensated absences

The compensated absences cover the Group's liability for privilege leave. These employee benefits are unfunded.

Significant assumptions:

The significant actuarial assumptions were as follows:

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
	Gratuity (funded)	
Discount rate	6.82%	6.83%
Salary escalation rate	7.00%	7%
Attrition rate	For service 4 years and below 15.00% p.a. For service 5 years and above 2.00% p.a.	2% p.a.
Retirement age	58 years	58 years
Mortality rate	Indian Assured Lives Mortality (2006-08) Ultimate	Indian Assured Lives Mortality (2006-08) Ultimate
(b) Changes in the present value of the defined benefit obligations during the year		
Present value of the defined benefit obligations at the beginning of the year	9.62	5.82
Current service cost	3.10	1.50
Interest cost	0.66	0.45
Actuarial (gain) / loss due to demographic adjustment	(1.16)	0.78
Actuarial (gain) / loss due to financial adjustment	0.02	-
Actuarial (gain) / loss due to experience adjustment	(1.13)	1.22
Benefits paid	(0.20)	(0.15)
Present value of the defined benefit obligations at the end of the year	10.91	9.62

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(Currency: Indian Rupees in million)

35 Employee benefit obligations (continued)

Particulars		Year ended 31 March 2021	Year ended 31 March 2020
(c)	**Change in fair value of plan assets during the year**		
	Fair value of plan assets at the beginning of the period	9.43	6.82
	Expected return on plan asset	0.65	0.53
	Contributions by the employer	5.60	2.36
	Actuarial gains/(losses) on plan assets - due to experience	(0.20)	(0.13)
	Actual benefit paid from the fund	(0.20)	(0.15)
	Fair value of plan assets at the end of the year	15.28	9.43
(d)	**Net assets / (liability) recognized in balance sheet**		
	Present value of the defined benefit obligations at the end of the year	(10.91)	(9.62)
	Fair value of plan assets at the end of the year	15.28	9.43
	Assets / (liability) recognized in the balance sheet	4.37	(0.19)
(e)	**Expenses recognized in statement of profit and loss:**		
	Current service cost	3.10	1.50
	Interest cost on benefit obligation (net)	0.01	(0.08)
	Total expenses included in employees' benefit expenses	3.11	1.42
(f)	**Recognized in other comprehensive income for the year**		
	Actuarial (gain) / loss due to demographic adjustment	(1.16)	0.78
	Actuarial (gain) / loss due to financial adjustment	0.02	
	Actuarial (gain) / loss due to experience adjustment	(1.13)	1.22
	Return on plan assets	0.20	0.13
	Recognized in other comprehensive income	(2.07)	2.13
(g)	**Sensitivity analysis**		
	Sensitivity to key assumptions		
	Discount rate sensitivity		
	Increase by 1.00%	(1.43)	(1.28)
	Decrease by 1.00%	1.76	1.58
	Salary growth rate sensitivity		
	Increase by 1.00%	1.74	1.56
	Decrease by 1.00%	(1.44)	(1.29)
	Employee Turnover sensitivity		
	Increase by 1.00%	(0.10)	(0.10)
	Decrease by 1.00%	0.11	0.11

A description of methods used for sensitivity analysis and its limitations:

The sensitivity analysis have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

The sensitivity analysis presented above may not be representative of the actual change in the projected benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the projected benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same method as applied in calculating the projected benefit obligation as recognized in the balance sheet.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

Notes to Consolidated Financial Statements
for the year ended 31 March 2021

(Currency: Indian Rupees in million)

36 Related parties

a) List of related parties

Relationship

Enterprises in which key management personnel have significant influence

- Chintan N. Shah (HUF)
- Ajay M. Patel (HUF)

Key management personnel (KMP)

- Chintan N Shah	Managing Director
- Ajay M Patel	Whole Time Director
- Shekhar R Somani	Whole Time Director
- Mahesh Tanna (w.e.f. 22 December 2020)	Chief Financial Officer
- Mansi Ashar (till 24 February 2021)	Company Secretary
- Apurva Dubey (w.e.f 25 February 2021)	Company Secretary and Compliance Officer

Relatives of KMP

- Shital C. Shah
- Priti A. Patel
- Kajal S. Somani

Notes:

(1) The related party relationships have been determined by the management on the basis of the requirements of the Indian Accounting Standard (Ind AS) - 24 'Related Party Disclosures' and the same have been relied upon by the auditors.

(2) The relationships as mentioned above are pertaining to those related parties with whom transactions have taken place during the year, except where control exist, in which case the relationships have been mentioned irrespective of transactions with the related parties.

b) Transactions with related parties

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Salary paid		
Shital C. Shah	0.60	0.60
Priti A. Patel	0.60	0.60
Kajal S. Somani	0.60	0.60
Mahesh Tanna	0.84	-
Mansi Ashar	0.19	-
Apurva Dubey	0.04	-
Total	**2.87**	**1.80**
Remuneration paid		
Chintan N. Shah	14.40	14.40
Ajay M. Patel	14.40	14.40
Shekhar R. Somani	14.40	14.40
Total	**43.20**	**43.20**

Notes to Consolidated Financial Statements
for the year ended 31 March 2021

(Currency: Indian Rupees in million)

36 Related parties (continued)

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Dividend paid		
Chintan N. Shah	11.30	-
Ajay M. Patel	8.44	-
Shekhar R. Somani	12.61	-
Sheetal C. Shah	0.46	-
Priti A. Patel	2.47	-
Kajal S. Somani	0.64	-
Darshnaben N Shah	0.74	-
Shitalkumar R Somani	0.02	-
Samirkumar Rasiklal Somani	0.12	-
Chintan N. Shah (HUF)	0.90	-
Ajay M. Patel (HUF)	2.48	-
Total	**40.18**	**-**
Bonus issued		
Chintan N. Shah	33.89	-
Ajay M. Patel	25.33	-
Shekhar R. Somani	37.83	-
Sheetal C. Shah	1.39	-
Priti A. Patel	7.42	-
Kajal S. Somani	1.92	-
Darshnaben N Shah	2.21	-
Shitalkumar R Somani	0.07	-
Samirkumar Rasiklal Somani	0.36	-
Chintan N. Shah (HUF)	2.69	-
Ajay M. Patel (HUF)	7.43	-
Total	**120.54**	**-**

c) Closing balances as at the year end

Particulars	As at 31 March 2021	As at 31 March 2020
Salary payable		
Chintan N Shah	0.77	0.77
Ajay M Patel	0.77	0.77
Shekhar R Somani	0.79	0.77
Total	**2.33**	**2.31**
Renumeration payable		
Shital C. Shah	0.03	0.05
Priti A. Patel	0.04	0.05
Kajal S. Somani	0.04	0.04
Mahesh Tanna	0.27	-
Apurva Dubey	0.03	-
Total	**0.42**	**0.14**

Notes to Consolidated Financial Statements

for the year ended 31 March 2021

(Currency: Indian Rupees in million)

37 Financial risk management objectives and policies

The management of the Group has implemented a risk management system that is monitored by the Board of Directors. The general conditions for compliance with the requirements for proper and future-oriented risk management within the Group are set out in the risk management principles. These principles aim at encouraging all members of staff to responsibly deal with risks as well as supporting a sustained process to improve risk awareness. The guidelines on risk management specify risk management processes, compulsory limitations, and the application of financial instruments. The risk management system aims at identifying, analyzing, managing, controlling and communicating risks promptly throughout the Group. Risk management reporting is a continuous process.

The Group is exposed to credit, liquidity and market risks (foreign currency risk and interest risk) during the course of ordinary activities. The aim of risk management is to limit the risks arising from operating activities and associated financing requirements by applying selected derivative and non-derivative hedging instruments.

a) Credit risk

The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and other financial instruments. The balances with banks, loans given to employees and associated Group, security deposits are subject to low credit risk since the counter-party has strong capacity to meet the obligations and where the risk of default is negligible or nil. Hence, no provision has been created for expected credit loss for credit risk arising from these financial assets.

Trade receivables

Credit risk arises from the possibility that customer will not be able to settle their obligations as and when agreed. To manage this, the Group periodically assesses the financial reliability of customers, taking into account the financial condition, current economic trends, analysis of historical bad debts, ageing of accounts receivable and forward looking information.

The provision for expected credit loss is recognized on the basis of life-time expected credit losses (simplified approach). Trade receivables are evaluated separately for balances towards progress billings and retention money due from customers. An expected loss rate is calculated at each year-end, based on combination of rate of default and rate of delay. The Group considers the rate of default and delay upon initial recognition of asset, based on the past experience and forward-looking information, wherever available.

b) Exposure to credit risk

Particulars	As at 31 March 2021	As at 31 March 2020
Financial asset for which loss allowance is measured using 12 months expected credit losses (ECL)		
Loans and advances receivables (current)	19.03	16.79
Other financial assets (current)	11.35	10.92
Financial asset for which loss allowance is measured using lifetime expected credit losses		
Trade receivables	907.43	495.71
The ageing analysis of the receivables has been considered from the date the invoice falls due.		
Up to 1 month	372.00	294.12
1 to 3 months	493.19	192.11
3 to 4 months	41.77	8.54
4 to 6 months	0.09	0.93
More than 6 months	0.38	0.01
Total	**907.43**	**495.71**

Notes to Consolidated Financial Statements

for the year ended 31 March 2021

(Currency: Indian Rupees in million)

37 Financial risk management objectives and policies (continued)

The following table summarizes the change in the loss allowances measured using life-time expected credit loss model:

Particulars	As at 31 March 2021	As at 31 March 2020
Opening provision	1.53	1.54
Provided during the year	1.59	-
Amounts written back	-	0.01
Closing provision	**3.12**	**1.53**

b) Market risk

Currency risk

The Group is exposed to exchange rate risk as certain portion of our revenues and expenditure are denominated in foreign currencies. We import certain raw materials, the price of which we are required to pay in foreign currency, which is mostly the U.S. dollar or Euro. Products that we export are paid for in foreign currency, which together acts as a natural hedge. Any appreciation/ depreciation in the value of the Rupee against U.S. dollar, Euro or other foreign currencies would Increase/ decrease the Rupee value of debtors/ creditors. For exposure beyond natural hedge, the Group uses foreign exchange derivatives such as foreign exchange forward contracts to minimize the risk.

Foreign currency exposure:

Particulars	As at 31 March 2021	As at 31 March 2021	As at 31 March 2020	As at 31 March 2020
Currency	USD	INR	USD	INR
Trade receivables	9.12	670.13	5.77	435.16
Trade payables	2.01	147.74	1.59	119.72
Cash & cash equivalents	0.46	33.89	0.54	40.99
Borrowings	5.14	377.45	6.64	500.41
Working capital loans	-	-	4.50	339.15
Currency	EUR	INR	EUR	INR
Trade receivables	1.02	87.46	1.05	36.94
Trade payables	0.02	2.10	0.01	0.81
Cash & cash equivalents	0.03	2.75	-	-

Foreign currency sensitivity:

Particulars	As at 31 March 2021	As at 31 March 2020
1 % increase or decrease in foreign exchange rates will have the following impact on profit before tax.		
1 % increase in USD rate - increase / (decrease in profit or loss)	(1.79)	4.83
1 % decrease in USD rate - increase / (decrease in profit or loss)	1.79	(4.83)
1 % increase in Euro rate - increase / (decrease in profit or loss)	0.87	0.01
1 % decrease in Euro rate - increase / (decrease in profit or loss)	(0.87)	(0.01)

Interest rate risk

Interest rate risk results from changes in prevailing market interest rates, which can cause a change in the fair value of fixed rate instruments and changes in the interest payments of the variable rate instruments. The management is responsible for the monitoring of the group interest rate position. Various variables are considered by the management in structuring the group borrowings to achieve a reasonable, competitive cost of funding.

Notes to Consolidated Financial Statements

for the year ended 31 March 2021

(Currency: Indian Rupees in million)

37 Financial risk management objectives and policies (continued)

The Company has intertest rate risk exposure mainly from changes in rate of interest on borrowing, loan & securities. The following table analyse the breakdown of the interest bearing financial asset and liabilities by type of interest rate:

Particulars	As at 31 March 2021	As at 31 March 2020
Financial assets		
Interest bearing		
Fixed interest rate		
- Bank fixed deposits (original maturity of less than 3 months)	6.53	26.38
- Fixed deposit with banks	8.43	10.92
- LC and bank gurantee and margin money deposit	8.61	6.73
Financial liabilities		
Interest bearing		
Fixed interest rate		
- Borrowings (including current maturities)	339.97	390.26
Floating interest rate		
- Borrowings (including current maturities)	562.50	516.64

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonablly possible change in interest rate on that portion of loan and borrowings affected. With all other variables held constant, the company's profit before tax is affected through the impact on Floating rate borrowings, as follows:

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Effect on profit before tax		
1% increase in Basis point	5.63	5.17
Effect on profit before tax		
1% decrease in Basis point	(5.63)	(5.17)

c) Liquidity risk

Liquidity risk is the risk that the Group is unable to meet its existing or future obligations due to insufficient availability of cash or cash equivalents. Managing liquidity risk, and therefore allocating resources and hedging the Group's financial independence, are some of the central tasks of the Group's treasury department. In order to be able to ensure the Group's solvency and financial flexibility at all times, long-term credit limits and cash and cash equivalents are reserved on the basis of perennial financial planning and periodic rolling liquidity planning. The Group's financing is also secured for the next fiscal year.

Maturity profile of financial liability

The table below provide details regarding the remaining contractual maturities of financial liabilities at the reporting date based on contractual undiscounted payments:

As at 31 March 2021	Up to 6 months	6 months to 12 months	12 months to 2 years	More than 2 Years	Total
Borrowings (non-current, including Current maturities)	83.12	80.84	152.98	135.18	452.12
Borrowings (current)	492.94	-	-	-	492.94
Trade payables and other payables	474.77	-	-	-	474.77
Other financial liabilities (current)	0.59	-	-	-	0.59

As at 31 March 2020	Up to 6 months	6 months to 12 months	12 months to 2 years	More than 2 Years	Total
Borrowings (non-current, including current maturities)	66.47	77.05	160.20	267.41	571.13
Borrowings (current)	404.89	-	-	-	404.89
Trade payables and other payables	316.13	-	-	-	316.13
Other financial liabilities (current)	2.56	-	-	-	2.56

Notes to Consolidated Financial Statements
for the year ended 31 March 2021

(Currency: Indian Rupees in million)

38 Financial instruments-accounting, classifications and fair value measurements

The fair values of the financials assets and liabilities are included at the amount a which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values:

Fair value of cash and short term deposits, trade and other short term receivables, trade payables, other current liabilities, short term loans from banks and other financials institutions approximate their carrying amounts largely due to the short term maturities of these instruments.

Financial instruments with fixed and variable interest rates are evaluated by the Group based on parameters such as interest rates and individual credit worthiness of the counterparty. Based on this evaluations, allowances are taken to account for the expected losses of these receivables.

The Group uses the following hierarchy for determining and disclosing the fair value of financials instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets and liabilities

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

Particulars	Carrying amount		Fair Value	
	As at 31 March 2021	As at 31 March 2020	As at 31 March 2021	As at 31 March 2020
Financial assets				
- Trade receivables	907.43	495.71	907.43	495.71
- Loans	19.03	16.79	19.03	16.79
- Other financial assets	11.35	10.92	11.35	10.92
- Other bank balances	8.61	6.73	8.61	6.73
- Cash and cash equivalents	44.81	101.56	44.81	101.56
Total	**991.23**	**631.71**	**991.23**	**631.71**
Financial liabilities				
- Borrowings (non-current, including current maturities)	409.54	502.00	409.54	502.00
- Borrowings (current)	492.94	404.89	492.94	404.89
- Trade and other payables	474.77	316.13	474.77	316.13
- Other financial liabilities	0.59	2.56	0.59	2.56
Total	**1,377.84**	**1,225.58**	**1,377.84**	**1,225.58**

** excludes investment in group companies which are measured at cost.*

The management assessed that cash and cash equivalents including bank balances other than cash and cash equivalent, trade receivables, Loans and Advances, Other current Assets, trade payables, Borrowings (Current) and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

39 Capital management

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and business opportunities. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, raise/ pay down debt or issue new shares.

Debt equity Ratio	As at 31 March 2021	As at 31 March 2020
Debt (include non-current, current borrowings and current maturities of long term debts)	902.48	906.89
Less: Cash and cash equivalents	44.81	101.56
Net debt	**857.67**	**805.33**
Total equity	**1,659.64**	**1,176.94**
Net debt to total equity ratio	**51.68%**	**68.43%**

Notes to Consolidated Financial Statements
for the year ended 31 March 2021

(Currency: Indian Rupees in million)

39 Capital management (continued)

In order to achieve this overall objective, the Group's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current period.

No changes were made in the objectives, policies or processes for managing capital during the aforesaid periods.

40 Lease

The Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases of all assets that have a lease term of 12 months or less (Short-term Lease), leases of low-value assets and cancellable leases. The Group recognizes the lease payments associated with these leases as an expense in Profit and loss account.

The Group has taken industrial shed under operating lease on leave and license agreement. It is generally cancellable in nature and executed for a period of 10 years. It is generally renewable or cancellable at the option of the Group or the lessor.

Further group has also taken Iso tanks and warehouses on rent. These leases are generally renewable on expiry of the present lease term being of One month and One year respectively, further as may be mutually agreed between the Company and the lessor.

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Lease payment recognized in the Statement of Profit and Loss	14.48	11.35

41 Payments to auditors (excluding goods and service tax)

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
As auditor		
Tax & statutory audit fees	0.43	0.30
Other services*	0.42	0.12
Total	**0.85**	**0.42**

**The above fees does not includes fees of ₹ 2.03 million charged for IPO related services as the same is not charged to Statement of Profit an Loss during the year.*

42 Research and development expenditure

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
The details of research and development expenditure incurred during the year is as under:		
Capital expenditure	26.47	13.62
Revenue expenditure	24.67	26.32
Total	**51.14**	**39.94**
The details of revenue expenditure incurred on research and development are as under:		
Chemical purchase	3.06	3.17
Employee benefit expense	14.09	10.80
Repairs and maintenance to R & D equipment's	1.29	3.26
Other research expenses	6.23	9.09
Total	**24.67**	**26.32**

Notes to Consolidated Financial Statements

for the year ended 31 March 2021

(Currency: Indian Rupees in million)

43 Income tax expense

	Particulars	Year ended 31 March 2021	Year ended 31 March 2020
(a)	**Income tax expense**		
	Current tax	108.11	79.97
	Tax for earlier years	-	6.64
	Total	**108.11**	**86.61**
(b)	**Deferred tax**	(23.77)	11.47
		84.34	**98.08**
(b)	**Reconciliation of tax expense and the accounting profit multiplied by India's tax rate:**		
	Profit/(Loss) from continuing operations before income tax expense	606.96	475.97
	Tax at the rate of	**29.12%**	**29.12%**
	Computed expected tax expense	**176.75**	**138.60**
	Tax for earlier years	-	6.64
	Effect of expenses that are not deductible	2.28	2.38
	Effect of eligible additional deduction	(3.79)	(3.34)
	Expenditure on scientific research u/s 35(2AB) of income tax Act, 1961	-	(2.93)
	Effect of income that is exempt from tax	(92.97)	(38.98)
	Others	1.55	-
	Effect of difference in tax rate	0.52	(4.29)
	Current tax provision	**84.34**	**98.08**
	Income tax expense reported in the statement of profit and loss	84.34	98.08

44 Earnings per share

The earnings per share are computed by dividing the net profit / (loss) attributable to the equity shareholders for the year by the weighted average number of equity shares outstanding during the reporting year. The earnings per share is calculated as under:

Particulars		Year ended 31 March 2021	Year ended 31 March 2020
Equity share of ₹ 10 each.			
General			
Number of shares at the closing of the year		20,087,500	20,087,500
Total equity shares outstanding as on year end		**20,087,500**	**20,087,500**
Note:			
(a)	Weighted average number of shares for basic EPS	20,087,500	20,087,500
(b)	Weighted average number of shares for diluted EPS	20,087,500	20,087,500
(c)	Net profit after tax (₹)	522.62	377.89
(d)	Basic earning per share (₹)	26.02	18.81
(e)	Diluted earning per share (₹)	26.02	18.81

Note:

1. During the year, The Company has alloted 12,052,500 number of equity shares as bonus issue to the existing shareholders of the Company in the ratio of 1.5:1 vide board resolution dated 3 March 2021 which was passed pursuant to passing of special resolution by shareholders in extra ordinary general meeting held on 27 January 2021 against existing 8,035,000 equity shares. Hence total share capital of Company post bonus issue is ₹ 200.88 million.

2. As per Ind AS 33 paragraph 28, in case of bonus share, the number of shares outstanding before the event is adjusted for the proportionate change in the number of equity shares outstanding as if the event has occurred at the beginning of the earliest period reported.

Notes to Consolidated Financial Statements

for the year ended 31 March 2021

(Currency: Indian Rupees in million)

45 Corporate social responsibility (CSR)

As per Section 135 of the Companies Act 2013, the Company meeting the applicability threshold needs to spend at least 2% of its average net profit for the immediately preceding three financial years on corporate social responsibility (CSR) activities. The areas for CSR activities are eradication of hunger and malnutrition promoting education art and culture healthcare destitute care and rehabilitation environment sustainability disaster relief COVID-19 relief and rural development projects. A CSR committee has been formed by the Company as per the Act. The funds were primarily allocated to a corpus and utilized through the year on these activities which are specified in Schedule VII of the Companies Act 2013.

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Gross amount required to be spent by the Company during the year	5.45	4.56
Amount approved by the board to be spent during the year	5.45	4.56
(i) Construction / acquisition of any asset	-	-
(ii) On purpose other than (i) above	5.81	5.58
Total (A)	**5.81**	**5.58**
Accruals towards unspent obligation in relation to:		
(i) Construction / acquisition of any asset	-	-
(ii) On purpose other than (i) above	-	-
Total (B)	**-**	**-**
Total A+ B	**5.81**	**5.58**
Less: Excess spent during the year to be carry forward to FY 2021-22	0.36	-
Amount recognised in Statement of Profit and Loss	**5.45**	**5.58**

46 Disclosure of Interest in subsidiary

The Group has two wholly owned subsidiaries, Tatva Chintan USA Inc. and Tatva Chintan Europe B.V., which is engaged in the business of trading of quaternary compounds, bulk drugs and specialty chemicals.

Details of holding company's subsidiary at the end of the reporting periods are as follows:

Name of subsidiary	Principal activity	Place of incorporation	% held by the holding company
Tatva Chintan USA INC.	Trading of specialty chemicals	950 Taylor Avenue Suite 230A Grand Haven, MI 49417 USA - March 16, 2015	100%
Tatva Chintan Europe B.V.	Trading of specialty chemicals	Amsterdam NL. - March 01, 2019	100%

47 Impact of COVID-19

Due to the outbreak of the COVID-19 pandemic and the consequent lock-down announced by Government, the operations of the Group were temporarily-suspended in initial phase of the financial year. The Group continued to closely monitor the situation and take appropriate action, as necessary to scale up operations, in due compliance with the applicable regulations. The Group has been running on its normal operations after government allowed the same since June, 2020. However, situation of COVID-19 outbreak has resurged again towards the end of the current financial year, it is expected to not affect the operations of the Group. The management has made an assessment of its liquidity position for the next one year and of the recoverability and carrying values of its assets as at the balance sheet date and has made appropriate provision, wherever required, on account of COVID-19. The Group has considered various known internal and external information available up to the date of approval of financial statements in assessing the impact arising from COVID-19 in the preparation of the financial statements and continues to monitor any material changes to future economic conditions and assess the impact on Group.

Notes to Consolidated Financial Statements

for the year ended 31 March 2021

(Currency: Indian Rupees in million)

48 GST

In the opinion of the Board and to the best of their knowledge & belief, the GST provisions were properly complied, to the extent applicable to the Group for the year under audit. Difference, if any, between the figures as per books of account and the GST Returns, are reconciled and would be corrected in next period GST returns and in Annual Returns. The said differences do not have any material impact on the financial statements regarding classification, tax liability and other requirement of the GST Provisions. Previous years' figures have been regrouped, rearranged,restated,and reclassified to compare with that of the current years' figures.

49 Approval of financial statements

The financial statements were approved by the Board of Directors on 15 June 2021

50 On 31 March 2021, Company has filed DRHP with Securities Exchange Board of India (SEBI) for public issue of equity shares valuing ₹ 450 million.

51 Subsequent events

No significant subsequent events have been observed which may require an adjustment to the balance sheet.

52 Additional information as required by paragraph 2 of the general instructions for preparation of consolidated financial statements to Schedule III to the Companies Act, 2013:

Name of the entity	Net assets i.e. total assets minus total liabilities		Share in profit / (loss)	
	As % of consolidated net assets	Amount	As % of consolidated profit / (loss)	Amount
Parent:				
Tatva Chintan Pharma Chem Limited	97.57%	1,619.38	98.28%	515.07
Subsidiaries:				
Foreign:				
Tatva Chintan USA Inc.	3.49%	57.88	2.29%	12.02
Tatva Chintan Europe B.V	0.33%	5.52	0.50%	2.64
Minority interest in all subsidiaries	0.00%	-	0.00%	-
Eliminations and consolidation adjustments	-1.39%	(23.14)	-1.08%	(5.64)
Total	**100.00%**	**1,659.64**	**100.00%**	**524.09**

The notes form an integral part of consolidated financial statements.

As per our report of even date attached

For **NDJ & Co.**
Chartered Accountants
Firm reg. no.: 136345W

CA. Shirish Shah
Partner
M. No.: 035742

Date : 15 June, 2021
Place : Surat

For and on behalf of the Board of Directors of
Tatva Chintan Pharma Chem Limited
CIN: U24232GJ1996PLC029894

Mr. Chintan N. Shah
Managing Director
DIN: 00183618

Mr. Shekhar R. Somani
Whole Time Director
DIN: 00183665

Ms. Apurva Dubey
Company Secretary
M. No.: A-41130

Mr. Mahesh Tanna
Chief Financial Officer

Date : 15 June 2021
Place : Vadodara

Form AOC - 1

[Pursuant to Section 129(3) of the Companies Act, 2013 read with Rule 5 of the Companies (Accounts) Rules, 2014] Statement containing salient features of the financial statements of the subsidiary companies

(Currency: Indian Rupees in million)

Name of subsidiary	Tatva Chintan USA Inc.	Tatva Chintan Europe B.V.
Reporting currency	USD	EURO
Share capital	6.66	0.01
Reserves and surplus	51.23	5.51
Total assets	169.81	102.41
Total liabilities	111.93	96.88
Turnover	438.74	306.41
Profit before taxation	16.46	2.64
Tax (expense)/credit	4.45	-
Profit after taxation	12.02	2.64
Proposed dividend	-	-
% of share holding	100%	100%

Notes:

1 The reporting period of all the subsidiary companies is same as Holding Company's reporting period i.e. 01 April 2020 to 31 March 2021

2 Exchange rates used in the foreign subsidiaries are given below:

Currency	USD	EUR
Closing rate	73.5047	86.0990
Average rate	74.2694	86.6667

3 Profit/(loss) figure does not include other comprehensive income

For **NDJ & Co.**
Chartered Accountants
Firm reg. no.: 136345W

CA. Shirish Shah
Partner
M. No.: 035742

Date : 15 June, 2021
Place : Surat

For and on behalf of the Board of Directors of
Tatva Chintan Pharma Chem Limited
CIN: U24232GJ1996PLC029894

Mr. Chintan N. Shah
Managing Director
DIN: 00183618

Mr. Shekhar R. Somani
Whole Time Director
DIN: 00183665

Ms. Apurva Dubey
Company Secretary
M. No.: A-41130

Mr. Mahesh Tanna
Chief Financial Officer

Date : 15 June 2021
Place : Vadodara

Notes

Tatva Chintan Pharma Chem Limited

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