



Balaji

Speciality Chemicals Limited



**13th Annual Report
2022 - 23**

CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. Ande Prathap Reddy

Chairman

Mr. Rajeshwar Reddy Nomula

Managing Director

Mr. Ram Reddy Dundurapu

Whole-time Director (Till 15.05.2023)

Mr. Hemanth Reddy Gaddam

Whole-time Director

Mr. Kashinath Revappa Dhole

Independent Director (Till 15.05.2023)

Mr. Rajendrakumar Mohanprasad Tapadiya

Independent Director

Mr. Amarender Reddy Minupuri

Independent Director

Mrs. Suhasini Yatin Shah

Independent Director

Company Secretary and Compliance Officer

Mr. Lakhan Dargad (Till 06.05.2022)

Mr. Srinivas Bodige (From 06.05.2022)

Chief Financial Officer

Mr. Pardeep Singh Watwani

Registered Office

2nd Floor, 'Balaji Towers' No. 9/1A/1,

Hotgi Road, Aasara Chowk,

Solapur – 413224, Maharashtra, India

CIN: U24299PN2010PLC137162

Mail Id: info@balajispecialitychemicals.com

Website: www.balajispecialitychemicals.com

Works

Plot No. E/81, Chincholi MIDC, Taluka Mohol,

Solapur-413 255, Maharashtra

Statutory Auditors

M/s. M. Anandam & Co

Chartered Accountants

"7A, Surya Towers, Sardar Patel Road,

Secunderabad, Telangana-500003

Internal Auditors

M/s. Aherkar & Co.

Chartered Accountants

Solapur.

Cost Accountants:

Mr. Narayan D. Dontul,

Practicing Cost Accountant,

235/12, Telangi Pacha Peth,

Solapur – 413005 (MH)

Secretarial Auditors

M/s. P. S. Rao & Associates

Company Secretaries

Flat No. 10, 4th Floor,

Ishwarya Nilayam,

Dwarakapuri, Panjagutta,

Hyderabad – 500 028, Telangana.

Bankers

HDFC Bank Limited

Bank of Baroda

State Bank of India

Registrar and Transfer Agent

Link Intime India Pvt Ltd

C-101, 1st Floor, 247 Park,

L.B.S. Marg, Vikhroli (West),

Mumbai 400 083, Maharashtra, India

Tel.: +91 22 4918 6200

Website: www.linkintime.co.in

COMMITTEES OF BOARD

Audit Committee

Mr. Amarender Reddy Minupuri

Chairman

Mr. Rajendrakumar Mohanprasad Tapadiya

Member

Mr. Hemanth Reddy Gaddam

Member

Stakeholders' Relationship Committee

Mrs. Suhasini Yatin Shah

Chairman

Mr. Rajendrakumar Mohanprasad Tapadiya

Member

Mr. Hemanth Reddy Gaddam

Member

Nomination and Remuneration Committee

Mrs. Suhasini Yatin Shah

Chairman

Mr. Rajendrakumar Mohanprasad Tapadiya

Member

Mr. Amarender Reddy Minupuri

Member

Corporate Social Responsibility Committee

Mr. Rajendrakumar Mohanprasad Tapadiya

Chairman

Mrs. Suhasini Yatin Shah

Member

Mr. Rajeshwar Reddy Nomula

Member

Risk Management Committee

Mr. Hemanth Reddy Gaddam

Chairman

Mr. Amarender Reddy Minupuri

Member

Mrs. Suhasini Yatin Shah

Member

IPO Committee

Mr. Rajeshwar Reddy Nomula

Chairman

Mr. Hemanth Reddy Gaddam

Member

Mr. Ande Prathap Reddy

Member

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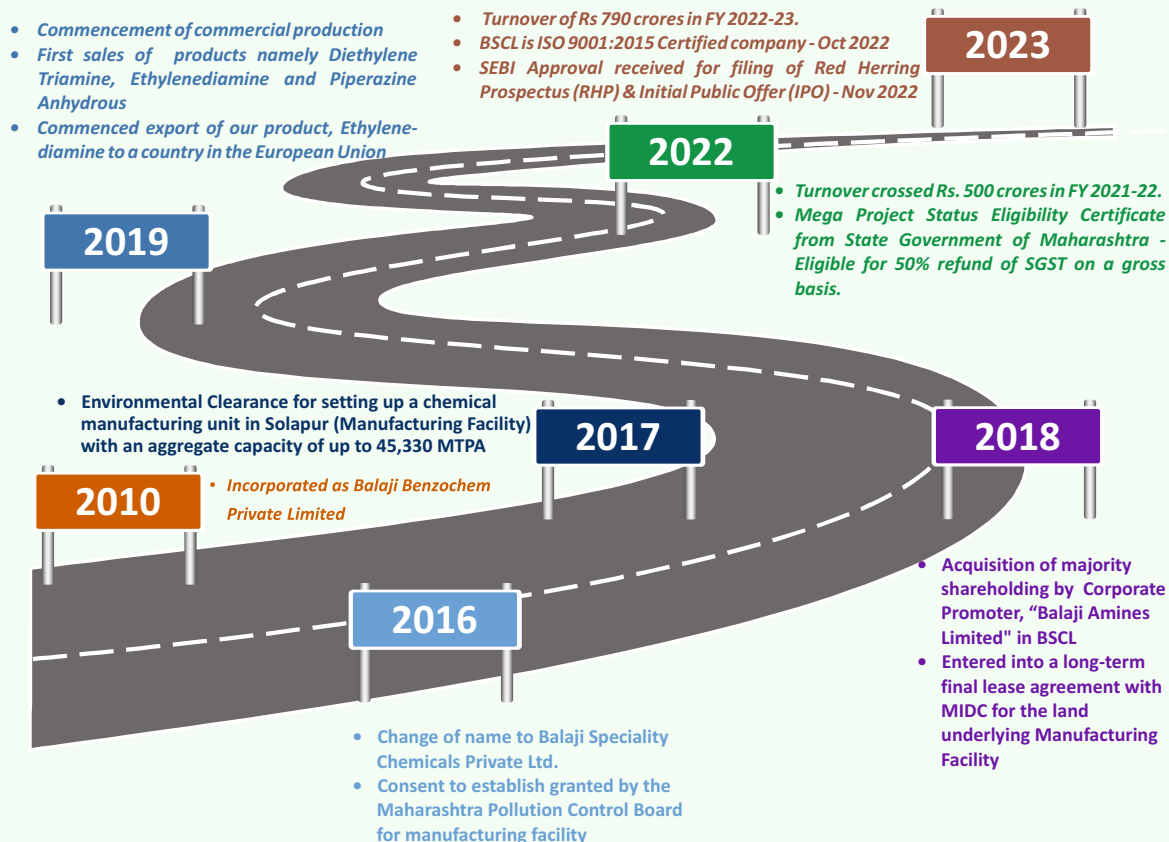
ABOUT US

Balaji Speciality Chemicals Limited (BSCL) formerly known as Balaji Speciality Chemicals Private Limited is a subsidiary of Balaji Amines Limited (BAL), incorporated in 2010, it is the sole manufacturer in India of niche chemicals such as Ethylenediamine, Piperazine (Anhydrous), Diethylenetriamine, Amino Ethyl Ethanol Amines and Amino Ethyl Piperazine, using the Monoethanol Amine ("MEA") process.

The Company's Ethylenediamine, and Diethylenetriamine products are REACH certified, which enable it to export these products to the European Union. The Company has 180+ customers in India and across the globe. A significant portion of its revenue accrues from repeat orders.

BSCL has a state-of-the-art manufacturing facility in Solapur with a manufacturing capacity of 30,000 TPA. It's manufacturing facility is first of its kind in India to manufacture these niche products using the MEA process. The technology used in its reactor is transferred to the Company for use in India pursuant to a technology transfer agreement with an international institute on an exclusive basis i.e., BSCL will be the exclusive user of such technology in India for a period of ten years

Key Events and Milestones for BSCL



AWARDS TO THE COMPANY

Balaji Speciality Chemicals Limited has been recognized with several awards by various industry bodies for the quality of products. **The Company has been awarded the joint runner-up at India@75: Chemical and Petrochemical Industry Awards, under the category Leading Company Contributing towards Atmanirbhar Bharat in chemicals, by the Federation of Indian Chambers of Commerce and Industry in 2021.**



Mr. Ande Prathap Reddy honoured with
“Best CEO- Emerging Companies” Award at Business
Today “Best CEO Awards” on 26th April, 2023.

Chairman's Address to Stakeholders



Dear Stakeholders,

It is a great pleasure to interact with each one of you by sharing the thoughts I have for the future your company holds. The year saw a healthy all-round performance in terms of business growth and operations of your company.

The Indian specialty chemicals industry is poised to witness significant growth in the coming years, propelled by the rising demand in various industries and a shift towards sustainable solutions. Despite facing temporary challenges, the industry's long-term outlook remains optimistic, thanks to government support and promising growth opportunities from various Quarter of Indian Chemical Industry in specific and pharma, Agro, Speciality chemicals in general.

Performance Review:

During the Financial Year 2022-23 Balaji Speciality Chemicals Limited's the plant's capacity utilization was around 72% achieving a sales turnover of Rs. 791 Cr out of this an amount of Rs. 261 Cr is exported to various countries which is about 33%. Further I congratulate each member of our company for their commitment and contribution.

I take this opportunity to thank my colleagues on the Board for their knowledge and guidance in drawing the contours of our strategy and helping the Company course correct to align with sectorial realities and work towards fulfilling the company's objective of being a leader in the specialty chemical sector in the years to come. I express my gratitude to all stakeholders for their support and confidence in future. We continue to solicit your support as we move towards our ambitious goal.

Warm regards,
Ande Prathap Reddy
Chairman

NOTICE

NOTICE is hereby given that the 13th Annual General Meeting of the members of **BALAJI SPECIALITY CHEMICALS LIMITED** will be held on Saturday, 24th June, 2023 at 12.00 Noon (IST) through Video Conferencing (VC)/Other Audio-Visual Means (OAVM) to transact the following business.

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Financial Statements consisting of Balance Sheet as at 31st March, 2023 and the Statement of Profit and Loss and Cash Flow Statement for the year ended on that date and the Reports of the Directors' and the Auditor's thereon.
2. To appoint a Director in place of Mr. Hemanth Reddy Gaddam (DIN: 0003868) who retires by rotation and being eligible, offers himself for re-appointment.

SPECIAL BUSINESS:**3. Ratification of Remuneration to Cost Auditors for FY 2023-24.**

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 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 [including any statutory modification(s) or amendment(s) thereto or re-enactment(s) thereof, for the time being in force and pursuant to the recommendation of Audit Committee, the remuneration payable to Mr. Narayan D. Dontul, Cost Accountants having Firm Registration Number 100224, appointed by the Board of Directors of the Company as Cost Auditors to conduct the audit of the cost records of the Company for the Financial year ended 31st March, 2024, amounting to Rs. 25,000/- (Rupees Twenty Five Thousand only) (plus GST and reimbursement of out of pocket expenses) be and is hereby ratified.

RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorised to do all such acts, deeds, matters and things and to take all such steps as may be required in this connection to give effect to this Resolution and to settle any questions, difficulties or doubts that may arise in this regard."

4. To approve Reappointment of Mr. Rajeshwar Reddy Nomula (DIN: 00003854), as Managing Director 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 applicable provisions of Companies Act, 2013 including Sections 203, 196 and 197 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) along with the Schedule V of the Companies Act, 2013, other applicable law and the Articles of Association of the Company, the consent of the members be and is hereby accorded for reappointment of Mr. Rajeshwar Reddy Nomula as Managing Director of the Company for a term of 3 Years from 1st June, 2023 to 31st May 2026 as recommended by Nomination and Remuneration Committee and as approved by Board of Directors and with the following terms and Conditions.

Commission on Profits: Up to 4.5% of the net profits of the year as computed according to the Companies Act, 2013.

Reimbursement of expenses: Expenses incurred by Mr. Rajeshwar Reddy Nomula, (DIN: 00003854) for and on behalf of the Company including his travelling, boarding, lodging, communication expenses shall be reimbursed at actuals and shall not form part of his remuneration.

RESOLVED FURTHER THAT Mr. Hemanth Reddy Gaddam Whole-time Director or the Company Secretary thereof be and are hereby authorized severally to take all such steps as maybe necessary, proper or expedient to give effect to this resolution."

5. To approve increase in remuneration of Mr.Hemanth Reddy Gaddam (DIN: 00003868), Whole-time Director 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 applicable provisions of Companies Act, 2013 including Sections 196 and 197 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) along with the Schedule V of the Companies Act, 2013, other applicable law and the Articles of Association of the Company, the consent of the members be and is hereby accorded to increase the remuneration of Mr. Hemanth Reddy Gaddam, Whole-time Director of the Company with effect from 1st June, 2023 for the remaining term of his appointment i.e till 27th July 2027 as Whole-time Director of the Company as recommended by Nomination and Remuneration Committee and as approved by Board of Directors with the following terms and conditions, whose term of appointment is liable for retirement by rotation.”

I. Salary: 4,00,000/- Per Month

II. Perquisites:

- a. House Rent Allowance : 25% of the Salary
- b. Premium on Personal Accident Insurance and premium on Mediclaim policy for self and family not exceeding Rs. 50,000/- Per annum. For the purpose of this category, 'Family' means spouse, dependent children and dependent parents.
- c. Use of Company Car with Driver.
- d. Mobile Phone Facilities.
- e. Telephone facilities at residence
- f. Provident fund: Company's contribution to provident fund not exceeding 20% of basic salary.
- g. Gratuity payable at a rate not exceeding half a month's salary for each completed year of service.
- h. The Whole-time Director will be eligible for an annual increment of Rs.10,000/- p.m. The first annual increment shall accrue to him on 1st June, 2024.
- i. The Whole-time Director shall be entitled to be reimbursed in respect of all expenses incurred by him (including traveling, entertainment, etc.) for and on behalf of the Company during the course of business.
- j. Commission on Profits: Up to 3.5% of the net profits for the year as computed according to the Section 198 of Companies Act, 2013.

III. Overall Remuneration:

The overall remuneration (i.e. salary, perquisites and commission) in any one financial year shall not exceed 3.5% of the net profits or any such higher limits prescribed from time to time under section 197 read with the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force) along with the schedule V of the Companies Act, 2013 for the time being, in force and any amendments thereto. In case of any doubts/discrepancy/clarification that may arise with respect to payment of remuneration the same shall be determined and decided by the Nomination Remuneration Committee of Directors. Further, within the overall remuneration, the individual components may be changed as desired by Mr. Hemanth Reddy Gaddam and accepted by the Nomination and Remuneration Committee.

IV. Minimum Remuneration:

In the event of inadequacy or absence of profits in any financial year, during the currency of the tenure of his office, he shall be paid the above remuneration, as minimum remuneration subject to the ceiling mentioned in Schedule V of the Companies Act, 2013 from time to time.

RESOLVED FURTHER THAT the Board shall have the discretion and authority to modify the aforesaid terms of remuneration however within, the limit as approved by the members.

RESOLVED FURTHER THAT Mr. Rajeshwar Reddy Nomula (DIN: 00003854), Managing Director or the Company Secretary thereof be and are hereby authorised severally to take all such steps as may be necessary, proper or expedient to give effect to this resolution."

6. To consider revision in the terms of Appointment of Mr. Ande Prathap Reddy (DIN:00003967), Executive Chairman 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 applicable provisions of the Companies Act, 2013, including Sections 196 and 197 of Companies Act, 2013, read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) along with the Schedule V of the Companies Act, 2013, other applicable law and the Articles of Association of the Company, the consent of the Members be and is hereby accorded to revise the term of appointment of Mr. Ande Prathap Reddy (DIN:00003967), Executive Chairman of the Company without any remuneration for the remaining tenure of his appointment, other than the reimbursement of expenses incurred by him in the ordinary course of his service

FURTHER RESOLVED THAT the Board of Directors of the Company be and is hereby authorised severally to do all such acts, deeds, matters and things as may be considered necessary or desirable to give effect to this resolution and matters incidental thereto."

By order of the Board
For **Balaji Speciality Chemicals Limited**

Sd/-
Rajeshwar Reddy Nomula
Managing Director
DIN: 00003854

Place: Solapur
Date: 15.05.2023

Notes:

1. In view of the massive outbreak of the COVID-19 pandemic, social distancing is a norm to be followed and pursuant to the Circular No. 14/2020 dated 8th April, 2020, Circular No. 17/2020 dated 13th April, 2020 issued by the Ministry of Corporate Affairs followed by Circular No. 20/2020 dated 5th May, 2020 and Circular No. 02/2021 dated 13th January, 2021, Circular No. 21/2021 dated 14th December, 2021, Circular No. 3/2022 dated 5th May, 2022, General Circular No 10/2022 dated 28th December, 2022 & General Circular No 11/2022 dated 28th December, 2022 and all other relevant circulars issued from time to time, physical attendance of the Members to the AGM venue is not required and general meeting be held through video conferencing (VC) or other audio visual means (OAVM). Hence, Members can attend and participate in the ensuing AGM through VC/OAVM
2. The Explanatory Statement setting out the material facts pursuant to Section 102 of the Companies Act, 2013 ("the Act"), in respect of the Special Business under Item nos. 4 to 6 set above and Secretarial Standard on General Meeting (SS-2) in respect of the Directors seeking appointment/ re-appointment at this Annual General Meeting is annexed hereto.
3. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on a poll and to vote instead of himself/herself. Such proxy need not be a member of the company. Since this AGM is being held pursuant to the MCA circulars through VC/OAVM, physical attendance of Members has been dispensed with and there is no provision for the appointment of proxies. Accordingly, the facility for appointment of proxies by the Members under Section 105 of the Act will not be available for the 13th AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice.
4. Participation of Members through VC /OAVM will be reckoned for the purpose of quorum for the AGM as per section 103 of the Act.
5. 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.
6. Notice is being sent to all the Shareholders of the company to their address registered with the company.
7. Corporate members intending to send their authorized representatives to attend the meeting are requested to send a certified copy of the Board resolution to the Company, authorizing their representative to attend and vote on their behalf at the meeting.
8. The physical copies of the documents will also be available at the Company's registered office for inspection during normal business hours on working days.
9. Voting on all the resolutions shall be done through show of hands. In the event the voting is conducted through poll, the shareholders shall send their votes/poll papers only to cs@balajispecialitychemicals.com

By order of the Board
For **Balaji Speciality Chemicals Limited**

Sd/-
Rajeshwar Reddy Nomula
Managing Director
DIN: 00003854

Place: Solapur
Date: 15.05.2023

EXPLANATORY STATEMENT IN RESPECT OF THE SPECIAL BUSINESS
PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013

ITEM NO:3

The Board of Directors, at its Meeting held on 15th May 2023, upon the recommendation of the Audit Committee, approved the re-appointment of Mr. Narayan D. Dontul, Cost Accountants, having Firm Registration Number 100224, as Cost Auditors of the Company for conducting the audit of the cost records of the Company for the Financial Year ending 31st March, 2024, at a remuneration of Rs. 25,000/- (Rupees Twenty Five Thousand only) (plus Goods and Services Tax and reimbursement of out of pocket expenses).

Pursuant to Section 148(3) of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, Members of a Company are required to ratify the remuneration to be paid to the cost auditors of the Company.

Accordingly, consent of the members is being sought for ratification of the remuneration payable to the Cost Auditors for the Financial Year ending 2023-24.

None of the Directors, Key Managerial Personnel of the Company and their relatives are, in any way, concerned or interested, financially or otherwise, in this Resolution.

Accordingly, the Board of Directors recommend the resolution set out at Item No. 3 of the Notice for approval of members by way of a Ordinary Resolution.

ITEM NO:4

Mr. Rajeshwar Reddy Nomula was appointed as Managing Director of the Company for a period of Three years with effect from 16th May, 2021 and the appointment is approved by shareholders in the Extra-Ordinary General Meeting (EGM) held on 31st July, 2021 in accordance the provisions of Section 196, 197 and Section 203 of Companies Act, 2013 read with Schedule V and other applicable provisions if any, of the Companies Act, 2013 (including any statutory modifications and re-enactment(s) thereof, for the time being in force).

Further, considering the contribution of Mr. Rajeshwar Reddy Nomula and as per the recommendation of the Nomination and Remuneration Committee, the Board of Directors at its meeting held on 15th May 2023 approved reappointment of Mr. Rajeshwar Reddy Nomula with effective from 1st June 2023 for a period of 3 years subject to the approval of the members and on terms and conditions enumerated in the resolution.

Mr. Rajeshwar Reddy Nomula, is the Managing Director of the Company. He has been associated with the company since 2016. He holds a Bachelors Degree in Commerce from Osmania University. He has more than 33 years of experience in Project execution, Plant Operations, Business Development, logistics and general administration in the chemical industry. He has also been associated with the Balaji Amines Limited, Holding Company in the capacity of Executive Director since 1989 and is currently serving as Whole-time Director.

Except Mr. Rajeshwar Reddy Nomula, Managing Director of the Company, the appointee himself and their relatives, none of the other directors, KMPs or their relatives are concerned or interested, financially or otherwise in this resolution.

The Board recommends the resolution set out in item No. 4 of this Notice for the approval of the members of the Company by way of Special Resolution.

ITEM NO:5

Board of Directors of the Company in their Meeting held on 28th July, 2022, based on the recommendations of Nomination and Remuneration Committee, in accordance the provisions of Section 196 and 197 of Companies Act, 2013 read with Schedule V and other applicable provisions if any, of the Companies Act, 2013 (including any statutory modifications and re-enactment(s) thereof, for the time being in force) has appointed Mr. Hemanth Reddy Gaddam as Whole-time Director of the company for a period of Five Years from 28th July 2022. The same was subsequently approved by the members of the Company at the Extraordinary General Meeting held on 29th July 2022.

Further, considering the contribution of Mr. Hemanth Reddy Gaddam and as per the recommendation of the Nomination and Remuneration Committee, the Board of Directors at its meeting held on 15th May 2023 approved the revision in the remuneration of Mr. Hemanth Reddy Gaddam for the remaining tenure of his appointment i.e., till 27th July 2027 subject to the approval of the members and on terms and conditions enumerated in the resolution.

Mr. Hemanth Reddy Gaddam is Whole-time Director of the Company. He holds Post Graduation in Management of Business Administration from Shivaji University, Kolhapur. He has been associated with the Company since 2016. He has more than 18 years of experience in general management, planning, strategy, finance, audit, statutory and other compliances and marketing. He was associated With the Balaji Amines Limited, Holding Company in the capacity of Whole-time Director and CFO.

Except, Mr. Hemanth Reddy Gaddam, Whole-time Director of the company, appointee himself and their relatives, none of the other directors, KMPs or their relatives are concerned or interested, financially or otherwise in this resolution.

The Board recommends the resolution set out in item No. 5 of this Notice for the approval of the members of the Company by way of Special Resolution.

ITEM NO:6

Mr. Ande Prathap Reddy is appointed as Whole-time Director of the Company for a period of Five years at Annual General Meeting of the Company held on 30th May, 2022 in accordance with the provisions of Section 196, 197 read with Schedule V and other applicable provisions if any, of the Companies Act, 2013 (including any statutory modifications and re-enactment(s) thereof, for the time being in force). Further the Board of Directors in their meeting held on 28th July 2022 as recommended by Nomination and Remuneration Committee has fixed a remuneration of Rs. 1,00,000 Per Month. Subsequently he conveyed his intention to the Board to not draw any remuneration from the Company for the remaining tenure of his appointment as Executive Chairman of the Company accordingly the Nomination and Remuneration Committee and Board approved his revised terms of appointment with effective from 1st June 2023.

Mr. Ande Prathap Reddy, is the Chairman and Whole-time Director of the Company. He has been associated with our Company since 2016. He holds a Diploma in Civil Engineering certificate from Andhra Pradesh State Board of Technical Education. He has more than 33 years of experience in technology process engineering and designing plants and execution. He is an Executive Chairman of Balaji Amines Limited which is a holding company.

Except Mr. Ande Prathap Reddy, Whole-time Director of the Company, the appointee himself and their relatives, none of the other directors, KMPs or their relatives are concerned or interested, financially or otherwise in this resolution.

The Board recommends the resolution set out in item No. 6 of this Notice for the approval of the members of the Company by way of Special Resolution.

ADDITIONAL INFORMATION**Information pursuant to the Secretarial Standard on General Meetings (SS- 2) regarding Director seeking appointment / re-appointment**

Details of the proposed appointee Directors:

S. No.	Particulars	Rajeshwar Reddy Nomula	Hemanth Reddy Gaddam	Ande Prathap Reddy
1.	Date of Birth	02.02.1955	19.06.1966	16.05.1951
2.	Date of Appointment by board	14.04.2016	14.04.2016	14.04.2016
3.	Disclosures of relationship with other directors	Rajeshwar Reddy Nomula is the Brother in law of Mr.Hemanth Reddy Gaddam, Whole-time Director of the company.	Hemanth Reddy Gaddam is the Son in law of Mr. Ande Prathap Reddy Whole-time Director of the company and Brother in law of Mr. Rajeshwar Reddy Nomula Managing Director of the company.	Ande Prathap Reddy is the Father in Law of Mr. Hemanth Reddy Gaddam Whole time Director of the company.
4.	Shareholding in the Company	He is Holding 57,55,400 equity shares to the extent of 2.88%	He is holding 42,14,495 equity shares to the extent of 2.11%	He is Holding 12,575,500 equity shares to extent of 6.29%
5.	Terms and Conditions of Appointment with details of Remuneration	He is being appointed for a term of 3 years with effect from. 01 st June 2023 He is vested with the day to day operations of the Company. Appointed for Remuneration/Commission as enumerated in the resolution	He continues to serve as Whole-time Directors of the Company for the remaining tenure of his appointment with effect from 1 st June, 2023 till 27 th July, 2027. He has more than 18 years of experience in general management in planning, strategy, finance, audit, statutory and other compliances, marketing of the company. Appointed for a remuneration as enumerated in the resolution.	He is appointed for a term of 5 years with effect from 18 th April 2022 He is vested with Management and Key Decisions of the Company.
6.	Last drawn Remuneration, if any	Rs. 100,000/- Per Month	Rs. 100,000/- Per Month	Rs. 100,000/- Per Month
7.	Number of Meetings of the Board attended during the year	7	7	7

S. No.	Particulars	Rajeshwar Reddy Nomula	Hemanth Reddy Gaddam	Ande Prathap Reddy
8.	Other Directorships	1. Balaji Amines Limited 2. Balaji Greenfield Techno Ventures Private Limited 3. Thirumala Precicasts Private Limited 4. Srinivasa Cement Products Private Limited	NIL	1. Balaji Amines Limited 2. Satyarx Pharna Innovations Private Limited. 3. Ekalavya Grameena Vikas Foundation
9.	Membership in other committees	3	3	1
10.	Chairmanship of other Committees	0	1	0

By order of the Board
For **Balaji Speciality Chemicals Limited**

Sd/-
Rajeshwar Reddy Nomula
Managing Director
DIN: 00003854

Place: Solapur
Date: 15.05.2023

DIRECTORS REPORT

To
The Shareholders of,
BALAJI SPECIALITY CHEMICALS LIMITED

Your Directors have pleasure in presenting the 13th Annual Report of the Company for the Financial Year ended 31st March, 2023.

1. The financial Highlights:

The Financial highlights of the Company for the financial year 31st March, 2023 are as follow:

(Rs. in Lakhs)

Particulars	31.03.2023	31.03.2022
Revenue from Operations	79,122.76	51,571.40
Other Income	750.69	176.16
Total Income	79,873.45	51,747.56
Total Expenses (Excluding Finance Costs & Depreciation)	51,273.79	33,399.98
Operating Profit/(Losses)	28,599.66	18,347.58
Less: Finance Costs	1,019.12	1,549.26
Profit/(Loss) before depreciation and amortization	27,580.54	16,798.32
Less: Depreciation	1,436.85	1,283.52
Profit / (Loss) before Tax	26,143.69	15,514.80
Less: Prior Period Items	-	-
Less: Taxes		
Current Tax	7,493.17	2,710.75
Deferred Tax	741.27	1,654.79
Adjustments of earlier year tax provisions	95.68	153.28
Net Profit/(Loss)	17,813.57	10,995.98
EPS (in Rupees)	8.91	5.50
Net Worth	36,555.01	19,019.52

2. Financial Performance review:

Company has continued to grow rapidly in a challenging environment. Revenue from operations for the year ended March 31, 2023 aggregated to Rs. 79,122.76 Lacs as against Rs. 51,571.40 Lacs achieved during the previous year. Profit After Tax increased by 62% from Rs. 10,995.98 Lacs to Rs. 17,813.58 Lacs. The earnings per share increased by 62% from Rs. 5.50 per share to Rs. 8.91 per share.

3. Future Outlook:

The company is working on debottlenecking of existing plants to increase the present production capacity by 10-15%. The company is also working on developing new products based on EDA such as Piperazine, TEDA, TETA & TEPA etc., which have better profit margins and are in high demand as there are no other manufacturers in India.

Further the company has decided to set up the New Greenfield Project for manufacture of Hydrogen Cyanide (HCN), Sodium Cyanide (NaCN) 30% and 100% Solid Complex with many related products. The company has entered into agreement for setting up of the plants. Presently, the project is initiated with internal accruals and available resources which will be spent over a period of 2 years. The application for land with MIDC, Maharashtra is in active consideration and is expected very soon.

4. Dividend:

In order to expand the business and conserve the resources of the Company, your directors do not recommend any dividend for the current year.

5. Capital Structure:

During the year, there were no changes in the capital structure of the company. At present, the Authorised Share Capital of the Company is Rs. 45,00,00,000/- (Rupees Forty Five Crores Only) divided into 22,50,00,000 (Twenty Two Crore Fifty Lacs) Equity Shares of Rs. 2/- (Rupees Two only) each. The issued and paid up Share Capital of the Company is Rs. 40,00,00,000/- (Rupees Forty Crores Only) comprising of 20,00,00,000 (Twenty Crores) Equity Shares of Rs.2/- each.

6. Initial Public Offer:

During the year the company has proposed to raise the funds through the initial public offer with the combination of Fresh Issue and Offer for Sale and has filed Draft Red Herring prospectus on August 10, 2022 with Securities Exchange and Board of India, consequently the Company has received 'in-principle' approvals from BSE and NSE for the listing of the Equity Shares pursuant to letters dated September 16, 2022 and September 19, 2022, respectively and received final observations on 14th November 2022 from the SEBI (Securities and Exchange Board of India) for filing of (Updated) Red herring prospectus with the Board (SEBI).

7. Transfer to Reserves:

During the year under review the Company has not transferred any amount to its General Reserve.

8. Credit Rating:

During the Financial Year 2022-23, the Credit rating of the Company has been enhanced by CARE Ratings Limited from AA- to AA (Supported Rating including Corporate Guarantee of Balaji Amines Limited) and enhancement of Credit rating from CARE A- / CARE A2 to **CARE A+ / CARE A1+** (Unsupported Rating including Corporate Guarantee of Balaji Amines Limited).

9. Change in the Nature of Business, if any:

There is no change in the nature of business of the Company during the Financial Year 2022-23.

10. Material Changes and Commitments, if any, affecting the Financial Position of the Company Which have Occurred between the end of the Financial Year to Which the Financial Statements Relate and the Date of the Report:

No material changes have occurred between the end of the financial year of the company to which the financial statements relate and the date of the report

11. Details of Significant and Material Orders Passed by the Regulators or Courts or Tribunals impacting the Going Concern Status and Company's Operations in Future:

There are no significant and material orders passed by the Regulators, Courts or Tribunals, which affects the going concern status of the Company and its operations, in future.

12. Details of Subsidiary / Joint Ventures / Associate Companies:

There are no Subsidiary / Joint Ventures / Associates of the Company as on 31st March, 2023. As such, there is nothing to report under this clause.

13. Deposits:

The Company has not accepted any deposits pursuant to Section 73 of the Companies Act, 2013 and Companies (Acceptance of Deposits) Rules, 2014 during the period under review.

14. Statutory Auditors:

M/s M. Anandam & Co. Chartered Accountants (Firm Regn No.000125S) were appointed as Statutory Auditors of the Company for a period of 5 Years from the Conclusion of 12th Annual General Meeting of the Company till the conclusion of 17th Annual General Meeting of the Company.

15. Auditor's Report:

The Independent Auditors report given by M/s. M. Anandam & Co., Chartered Accountants the Statutory Auditors of the Company on Financial Statements of the Company does not contain any qualification, reservation or adverse remark.

The Statutory Auditors have not reported any incident of fraud to the Audit Committee of the Company under sub-section (12) of section 143 of the Companies Act, 2013, during the year under review.

16. Annual Return:

The Copy of Annual Return MGT-7 is placed on the website of the Company at www.balajispecialitychemicals.com/details?source_ref=Mg==

17. Secretarial Auditors and Secretarial Audit Report:

Pursuant to provisions of Section 204 of the Companies Act, 2013, read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board has appointed M/s. P.S. Rao & Associates, Practicing Company Secretaries, as Secretarial Auditors to conduct Secretarial Audit for 2022-23. Report issued by the Secretarial Auditors pursuant to Section 204(1) of the Companies Act, 2013, for the financial year ended 31st March, 2023 is given in 'Annexure I' attached hereto and forms part of this Report.

The Secretarial Audit Report does not contain any qualification, reservation or adverse remark on the Company.

18. Internal Auditors:

The Board of Directors on recommendation of the Audit Committee have appointed M/s. Aherkar & Chartered Accountants, Solapur, as the Internal Auditors of your Company. The Internal Auditors are submitting their reports on quarterly basis to the Audit Committee and Board. There are no observation of materiality or fraud detected in the process of Internal Audit.

19. Cost Auditors:

Pursuant to provisions of section 148 and other applicable provisions, if any, of the Companies Act, 2013, and the Companies (Audit and Auditors) Rules, 2014, the Audit Committee has recommended and the Board of Directors had appointed Mr. Narayan D. Dontul, Cost Accountants, Solapur as Cost Auditors of the Company to carry out the cost audit of the products manufactured by the Company during the financial year 2022-2023 on a remuneration of Rs. 25,000/- (Rupees Twenty Five Thousand only).

Further, the Board has re-appointed Mr. Narayan D. Dontul, Cost Accountants, Solapur as Cost Auditors of the Company to carry out the cost audit of the products manufactured by the Company for the financial year 2023-24 on a remuneration of Rs. 25,000/- (Rupees Twenty Five Thousand only).

20. Particulars of Contracts or Arrangements with Related Parties:

The Transactions entered into with related parties during the year were in Ordinary Course of the Business and on Arm's Length basis. AOC – 2 as required by the Companies Act, 2013 is provided as "Annexure II" to this report.

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

The details mentioned as ANNEXURE-III

22. Corporate Governance:

Since the Company proposes to undertake an IPO of its equity shares and get its shares listed on the Stock Exchanges. Company has complied with the provisions of SEBI (LODR) Regulations, 2015, to the extent feasible and applicable and information relating to Management Discussion and Analysis are provided in

Annexure IV and information relating to Corporate Governance to the extent applicable is provided in Annexure V

23. Corporate Social Responsibility:

The Board in compliance with the provisions of Section 135(1) of the Companies Act, 2013, and rules made thereunder has constituted CSR Committee with Mr. Ram Reddy Dundurapu, Whole-time Director, Mr. Kashinath Revappa Dhole, Independent Director, and Mr. Rajendrakumar Mohanprasad Tapadiya, Independent Director of the Company as its Members. CSR Committee meeting was held on 11th August, 2022 for approval of the CSR Annual Action Plan.

Copy of the Annual Report on CSR Activities is provided as Annexure VI

24. Details of Directors or Key Managerial Personnel who were appointed or have Resigned during the Year:

During the year, the composition of the Board of Directors of your Company has been in conformity with the requirements of the Companies Act, 2013. The Board of Directors of the Company as on 31st March, 2023 consisted of eight (8) Directors comprising four (4) Executive Directors four (4) Non Executive Independent including one women director(s).

During the Year Mr. Ande Srinivas Reddy resigned from the office of the director of the company with effect from 18th April, 2022.

During the year based on the recommendation of the Nomination and Remuneration Committee, the Board of Directors at their meeting held on 18th April, 2022, appointed Dr. Suhasini Yatin Shah (DIN: 02168705) & Mr. Amarender Reddy Minupuri (DIN: 05182741) as an Additional Director under the Category of Independent Directors of the Company for a period of five years. Further same has been approved by the members at the 12th Annual General Meeting of the Company.

During the year based on the recommendation of the Nomination and Remuneration Committee, the Board had appointed Mr. Pardeep Singh Watwani as Chief Financial Officer (CFO) of the company and Mr. Srinivas Bodige as Company Secretary of the company with effect from 18th April 2022 and 06th May 2022 respectively.

Changes in Board of Directors in view of recasting Mr. Ram Reddy Dundurapu has demitted the office of Whole-time Director and Mr. Kashinath Revappa Dhole has also resigned as an Independent Director of the Company and the Board acknowledged their contribution and placed on record their services.

25. Directors retiring by rotation:

In accordance with the provisions of Section 152 of the Act read with Rules made thereunder and the Articles of Association of the Company, Mr. Hemanth Reddy Gaddam (DIN: 0003868) is liable to retire by rotation at the 13th AGM and being eligible, has offered himself for re-appointment.

Accordingly, the matter relating to re-appointment of Mr. Hemanth Reddy Gaddam (DIN: 0003868) is being placed for the approval of the shareholders at the 13th AGM

26. Declaration by Independent Directors:

Your Company has received declarations from all the Independent Directors of the Company confirming that they fulfill the criteria of independence as prescribed under sub-section (6) of Section 149 of the Companies Act, 2013.

27. Number of Meetings of the Board of Directors:

During the Financial Year ended 31st March, 2023, 7 (Seven) Board meetings were held on 18th April, 2022, 01st June 2022, 28th July 2022, 10th August 2022, 11th August 2022, 22nd October 2022, and 04th February 2023 and the intervening gap between the two consecutive Meetings was within the period prescribed under the Companies Act, 2013.

The details of Attendance of Board of Directors are as under :

Sl. No	Name of the Director	Category	No. of meetings attended
1.	Mr. Rajeshwar Reddy Nomula	Managing Director	7
2.	Mr. Ande Prathap Reddy	Whole-time Director	7
3.	Mr. Ram Reddy Dundurapu	Whole-time Director	7
4.	Mr. Hemanth Reddy Gaddam	Whole-time Director	7
5.	Mr. Amarender Reddy Minupuri	Independent Director	7
6.	Mr. Rajendra Kumar Tapadiya	Independent Director	6
7.	Mrs. Suhasini Yatin Shah	Independent Director	7
8.	Mr. Kashinath Revappa Dhole	Independent Director	7

28. Compliance with secretarial standards on board and general meetings:

The Company has complied with Secretarial Standards issued by the Institute of Company Secretaries of India on Board meetings and General Meetings.

29. Meetings of Independent Directors:

As stipulated by the Code of Independent Directors under the Companies Act, 2013 one separate meeting of independent directors was held during the year without the presence of non-independent directors and members of the management to assess the quality, quantity and timelines of flow of information between the Company Management and the Board. The Meeting of Independent Directors was held on 04th February 2023, during the year.

30. Particulars of Loans, Guarantees or Investments under Section 186:

During the year, your Company has not advanced any loan, given guarantees or provide securities or invested in any other Body Corporates which falls under Section 186 of the Companies Act, 2013.

31. Risk Management Policy:

The Board of Directors periodically evaluates the process for Risk Identification and Risk Mitigation. The Company has a system in place for Risk Management to define, assess and track business threats and obstacles throughout the Company. The management of your Company has duly adopted the Risk Management Policy to articulate the Company's approach and expectations in relation to the management of risk across the organization.

The Risk Management Policy is available on Company's website at

<http://www.balajispecialitychemicals.com/pdf/1661264670Risk%20Management%20Policy.pdf>

32. Nomination and Remuneration Policy:

The Board has, on the recommendation of the Nomination and Remuneration Committee, framed a policy for selection and appointment of Directors and Senior Management personnel and fix their remuneration.

The Remuneration Policy is posted on the website of the Company at the link: <http://www.balajispecialitychemicals.com/pdf/1661264607Policy%20on%20Board%20Diversity.pdf>

33. Familiarization Programme:

At the time of appointing a director, a formal letter of appointment is given, which inter alia explains the role, function, duties and responsibilities expected from a Director of the Company. The Director is also explained in detail the Compliance required from him under Companies Act, 2013, other various statutes and an affirmation is obtained. Further, on an ongoing basis as a part of Agenda of Board / Committee Meetings, briefings are regularly made to the Independent Directors on various matters inter-alia covering

the Company's operations, industry and regulatory updates, strategy, finance, role, rights, responsibilities of the Independent Directors under various statutes and other relevant matters.

A formal familiarisation programme is conducted about the amendments in the Companies Act, 2013, Rules prescribed thereunder, and all other applicable laws of the Company. Company do notify the changes in all the applicable laws from time to time to the Board of Directors regularly in every Board Meeting the details of the familiar is at ion programme for Directors are available on the Company's website at <http://www.balajispecialitychemicals.com/pdf/1661264444Familiarization%20Programme%20for%20Independent%20Directors.pdf>

34. Annual Board Evaluation:

The Board evaluation criteria for the Board was based on questionnaires containing select parameters like composition, frequency of meeting, active participation, effective deliberation, constructive decisions including the flow of information between the company management and the Board that is necessary for the Board to effectively and reasonably perform their duties. The Board has carried out the annual performance evaluation of its own performance by the Directors individually (including Independent Directors) as well as the evaluation of the working of its Audit, Nomination and Remuneration and other Committees. The annual performance evaluation of the Directors individually vis-à-vis the Board and its committees have been carried out.

35. Statement regarding opinion of the board with regard to integrity, expertise and experience (including the proficiency) of the independent directors appointed during the year.

The Board of Directors have evaluated the Independent Directors appointed and opined that the integrity, expertise and experience (including proficiency) of the Independent Directors is satisfactory.

36. Directors' Responsibility Statement:

The Directors' Responsibility Statement referred to in clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013, shall state that:-

- a. In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures.
- b. The Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit of the company for that period;
- c. The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
- d. The Directors had prepared the annual accounts on a going concern basis; and
- e. The Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and such systems are adequate and operating effectively.

37. Obligation of Company under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act:

The Company has in place an Anti-Sexual Harassment Policy (Policy) in line with the requirements of The Sexual Harassment of Women at the Workplace (Prevention, Prohibition and Redressal) Act, 2013. Internal Complaints Committee has been set up to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under the Policy. The following is a summary of sexual harassment complaints received and disposed off during the year 2022-23:

- a. No of Complaint received – Nil
- b. No of Complaint disposed off – Nil

38. Vigil Mechanism:

The Board approved Vigil Mechanism of the Company at its meeting held on 01st June 2022 pursuant to

provisions of Section 177 of Companies Act, 2013. The purpose of the policy is to provide a framework to promote responsible and secure Whistle Blowing and to protect directors/employees wishing to raise a concern about serious irregularities within the Company. Under the policy, protected disclosures against below Board level employees will be addressed to the Whole-time Director / Managing Director and against Board level employees to the Chairman of the Board. During the year, no reporting under Vigil Mechanism was made by any employee or Director of the Company.

39. Human Resource & Industrial Relations:

The Company's total manpower as on 31st March, 2023 was 135 Employees. During the year, harmonious industrial relations were maintained in the Company.

40. Customer Service and Support:

Your Company to ensure customer satisfaction by delivering quality products to make our customers achieve their intended goals. Your company consider customer satisfaction and feedback as a critical measure of our business success and use the feedback received from our customers to improve the quality of products.

41. Health, Safety and Environment:

Your Company's activities are subject to the environmental laws and regulations of India, which govern, among other things, air emissions, waste water discharges, the handling, storage and disposal of hazardous substances and wastes, the remediation of contaminated sites, natural resource damages, and employee health and employee safety. The company aim to comply with applicable health and safety regulations and other requirements in our operations and have adopted an occupational health and safety policy that is aimed at, inter alia, complying with applicable environmental laws and regulations and voluntary commitments, providing a healthy and safe work environment, effectively communicating with facility employees and connected agencies like suppliers and customers and continuing improvement in the organisation's environmental performance through prevention of pollution..

Your Company aim to ensure a safe and healthy environment and further provide for medical check-ups and safety measures in order to achieve zero accidents on a sustainable basis. Your Company take initiatives to reduce the risk of accidents at our manufacturing facility.

Your Company attaches highest priority to safety, occupational health and protection of the environment in and around its working areas. Besides your Company has installed necessary fire safety measures, CCTV cameras have also been installed and the Company conducts regular mock drills, health awareness programs and water and electricity conservation activities from time to time.

42. Insurance:

The Company maintain public liability insurance as required under the Public Liabilities Insurance Act, 1991 and have also procured insurance policies that insure against material damage to our EDA catalyst, raw material and finished goods at our manufacturing facility. We also maintain a group personal accident insurance, employee compensation liability policy, group health insurance policy, group gratuity scheme, as well as industrial all-risk policy covering building, plant and machinery and stocks.

43. Details in Respect of Adequacy of Internal Financial Controls with Reference to the Financial Statements:

The Company has in place proper and adequate internal control systems commensurate with the nature of its business, and size and complexity of its operations. Internal control systems consisting of policies and procedures designed to ensure reliability of financial reporting, timely feedback on achievement of operational and strategic goals, compliance with policies, procedure, applicable laws and regulations, and that all assets and resources acquired are used economically.

44. Acknowledgments:

Your Directors would like to express their grateful appreciation for assistance and cooperation from the banks, Customers, Government authorities, consultants, vendors and members during the period under review and the confidence reposed by them. The Board further takes this opportunity to express its sincere

appreciation for all the efforts put in by the employees of the Company at all levels in achieving the results and hope that they would continue their sincere and dedicated endeavor towards attainment of better working results during the current year.

By order of the Board

For **Balaji Speciality Chemicals Limited**

Sd/-

Rajeshwar Reddy Nomula

Managing Director

DIN: 00003854

Place: Solapur

Date: 15.05.2023

Sd/-

Hemanth Reddy Gaddam

Whole-time Director

DIN: 00003868

Place: Hyderabad

Date: 15.05.2023

Annexure - I

Form No. MR-3

SECRETARIAL AUDIT REPORT

[Pursuant to Section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014] & 24A of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

To
The Members
Balaji Speciality Chemicals Limited
Solapur

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **M/s. Balaji Speciality Chemicals Limited.**, (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

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 s provided by the company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2023 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 31st March, 2023 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- Not applicable to the Company
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign 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);**
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 **(Not applicable to the Company);**
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018.
 - (d) The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 **(Not applicable to the Company);**
 - (e) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 **(Not applicable to the Company);**
 - (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);**
 - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021 **(Not applicable to the Company);** and
 - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 **(Not applicable to the Company);**

- (i) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- (vi) The industry specific major laws applicable to the company are:
 - (a) Hazardous and Other Wastes (Management and Transboundary Movement) Rules, 2016 under the Environment (Protection) Act, 1986
 - (b) Petroleum Act 1934
 - (c) Poisons Act 1919
 - (d) The Indian Boilers Act, 1923
 - (e) The Explosives Act 1983
 - (f) Manufacture Storage and Import of Hazardous Chemical Rules, 1989
 - (g) Public Liability Insurance Act, 1991

We have also examined compliance with the applicable clauses of Secretarial Standards issued by the Institute of Company Secretaries of India.

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

We further report that:

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

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

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

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

During the period under review, Company has proposed to raise the funds through the initial public offer with the combination of Fresh Issue and Offer for Sale and has filed Draft Red Herring prospectus on August 10, 2022 with Securities Exchange and Board of India consequently the Company has received 'in-principle' approvals from BSE and NSE for the listing of the Equity Shares pursuant to the letters dated September 16, 2022 and September 19, 2022, respectively and received final observations on 14th November 2022 from the SEBI (Securities and Exchange Board of India) for filing of (Updated) Red herring prospectus with the Board (SEBI).

**For P.S. Rao & Associates
Company Secretaries**

**Place: Hyderabad
Date : 15.05.2023
UDIN: F010322E000306486**

**Sd/-
P S Rao
Partner
M. No. F10322
C P No: 3829**

Note: 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.

To
The Members
Balaji Speciality Chemicals Limited
Solapur

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

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

For P.S. Rao & Associates
Company Secretaries

Sd/-
P S Rao
Partner
M. No. F10322
C P No: 3829
UDIN: F010322E000306486

Place: Hyderabad
Date : 15.05.2023

‘Annexure II’

Form No. AOC-2

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

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

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

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

S. No.	Name(s) of the related party and nature of relationship	Nature of contracts/arrangements/ transactions	Duration of the contracts / arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Date(s) of approval by the Board, if any	Amount paid as advances, if any	Justification for entering into contracts
1.	Balaji Amines Limited Holding Company	Sale, purchase or supply and trading of Specialty Chemicals and other capital goods and Utilities	Upto 31 st March, 2023	Rs 232 Crores	Board Approved: 28 th July in 2022 Shareholders Approved: 29 th July 2022	Not Applicable	The transactions are done based on purchase orders as per market terms and the value of transactions.
2.	Balaji Amines Limited Holding Company	Premises on lease for a period of three years for Registered office at solapur	3 Years (From 1 st April 2022)	Rent payment Rs. 55,000 Per Month	18 th April, 2022	Not Applicable	For operational convenience and for better co-ordination,
3.	Balaji Amines Limited Holding Company	Premises on lease for a period of three years for administrative office in Hyderabad	3 Years (From 1 st November 2022)	Rent payment Rs. 10,000 Per Month	22 nd October 2022	Not Applicable	For operational convenience and for better co-ordination,

S. No.	Name(s) of the related party and nature of relationship	Nature of contracts/arrangements/transactions	Duration of the contracts / arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Date(s) of approval by the Board, if any	Amount paid as advances, if any	Justification for entering into contracts
4.	Balaji Amines Limited Holding Company	Trade Mark License Agreement	Perpetual basis/ As per mutual understanding	Annual consideration of Rs. 50,000/- per annum.	1 st June 2022	Not Applicable	Use of the Licensed Marks and Copyrights on a non-exclusive, a non-assignable and a non-sub-licensable basis in relation to (i) the Goods and Services; (ii) part of corporate name; and (iii) part of domain name(s)
5.	Balaji Foundation and Research Centre	Transfer the amounts for CSR Project Activities in pursuant to section 135 of the companies Act 2013	Not Applicable	Rs.50,00,000/-	04 th February 2023	Not Applicable	For Execution of CSR Activities

By Order of the Board
For Balaji Speciality Chemicals Limited

Sd/-
Rajeshwar Reddy Nomula
 Managing Director
 DIN: 00003854
 Place: Solapur
 Date : 15.05.2023

Sd/-
Hemanth Reddy Gaddam
 Whole-time Director
 DIN: 00003868
 Place: Hyderabad
 Date : 15.05.2023

ANNEXURE - III
CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND
FOREIGN EXCHANGE EARNINGS AND OUTGO
[Pursuant to section 134 (3) (m) of The Companies Act, 2013, read with Rule 8 (3) of
The Companies (Accounts) Rules, 2014]

A. CONSERVATION OF ENERGY:

The Company endeavor is continual improvements in Energy Management by way of:

Latest Technology Interventions

Monitoring and analysis of energy related parameters on a regular basis for identifying the Improvement avenues.

Engaging with OEM (Original Equipment Manufacturers), Technology Licensor, Experts of the Field, Academic/ Research Universities, Technocrats, Initiatives taken by similar type of Industries for continual improvements in Productivity and Energy reduction aspects.

Energy Consumption Bench marking excersize interms of various operations engaged in Manufacturing activity.

Company has adopted Bureau of energy efficiency, Ministry of Power formats for accounting Energy and Carbon footprint per Ton of Product to bring Energy and Emissions awareness among front line managers, demonstrating commitment towards Energy and Environment aspect.

The Company is committed to sustain the Energy Management initiatives across the Business with a Top down approach creating a conducive Environment for Self-Initiation, Suggestions from all levels of operation, relevant Training, usage of various tools as well continual tracking of regulations /policy amendments and Year on Year budget allocation towards Energy Reduction Capexes to demonstrate the commitment towards Energy Efficient Manufacturing practices.

- (I) **To achieve the above objectives the following steps are being undertaken by the Company:**
- (a) Continuous monitoring of the energy parameters such as maximum demand, Load and power factor of Individual Consumer, TOD tariff utilisation, Process Specific Consumption Norms for Power, Steam and Fuel.
 - (b) Tracking of Individual Equipment's Efficiency, Exploring alternates in Market having less Energy Consumption norms mainly for Rotary Equipment's on regular basis.
 - (c) Exploring different Catalyst and their performance in Inhouse Research Center for better Energy Consumption Norms.
 - (d) Increasing the awareness of energy saving within the organization to avoid wastage of energy Recognition and Awards policy for various Energy Reduction Initiatives.
 - (e) Audits are performed to account losses and implementation of mitigation plan.
- (II) **Steps taken by the Company for utilising alternate sources of energy:** -Survey is taken up to explore area available for installation of Solar Power.
- (III) **Capital investment on energy conservation equipment:**
1. Increase in AEEA purity from 95% to min 99.0% during Normal operation by retrofitting Distillation Columns and avoid recycle and re-purification activity during Shutdown, the intangible benefit expected is Saving in Steam and Power Consumption. Basic Engineering and Detail Engineering is completed during FY 2022-23. The Implementation plan is FY 2023-24.
 2. Reduction in No. of Starts -Stops compare to previous 3 Years reducing the Energy Consumption during Plant Start up on annualized basis.

3. Usage of Waste Heat to generate ~ 350 Kg of Flash Steam out of total 820 Kg of Steam requirement for Multiple Effect Evaporator. The project is in implementation stage and sighting annualized Energy reduction of 45 Gcal /annum.

B. TECHNOLOGY ABSORPTION, ADOPTION AND INNOVATION EFFORTS MADE:

- a. **The efforts made towards technology absorption:-** The Company has stabilised the plant. Presently the Plant is successfully operating at desired output and quality.
- b. **The benefits derived like product improvement, cost reduction, product development or import substitution:** The Company has reviewed the Plant operating parameters and improved the consumption coefficient. The Company has also improved the special quality requirements not only with respect to % Assay but also in terms of Colour and other physical characteristics based on continual interactions with Customer including mode of packaging, transport etc.

In terms of Quality and plant capacity, Company is having foot print in Domestic as well International Market.

The product is Import Substitute for Indian market and is inline with Self Reliance policy of GOI i.e Make in India concept.

- c. **in case of imported technology (imported during the last three years reckoned from the beginning of the financial year) :**
 - whether the technology been fully absorbed; - Yes
 - if not fully absorbed, areas where absorption has not taken place, and the reasons thereof; and – Not Applicable

C. THE EXPENDITURE INCURRED ON RESEARCH AND DEVELOPMENT: NIL

D. Foreign Exchange Earnings and Outgo:

	2022-23	2021-22
Foreign Exchange Outgo	Rs.155,70,87,208/-	Rs.113,21,68,835 /-
Foreign Exchange Earned	Rs.257,87,81,715/-	Rs.114,96,24,736/-

By Order of the Board

For Balaji Speciality Chemicals Limited

Sd/-

Rajeshwar Reddy Nomula

Managing Director

DIN: 00003854

Place: Solapur

Date : 15.05.2023

Sd/-

Hemanth Reddy Gaddam

Whole-time Director

DIN: 00003868

Place: Hyderabad

Date : 15.05.2023

ANNEXURE IV

MANAGEMENT DISCUSSION AND ANALYSIS

**1. GLOBAL ECONOMY OVERVIEW:**

Global Gross Domestic Product (GDP) growth is expected to be subdued, S&P Global has lowered its growth forecasts for period 2023 and 2024 and raised forecasts for rising inflation, rising rates, increased European energy insecurity, and the lingering effects of COVID-19 and Russia Ukraine war are hitting growth almost everywhere; Asia-Pacific remains a relatively outperformer compared to the rest of the world.

2. INDIAN ECONOMY OVERVIEW:

Indian economy likely to grow at a moderate pace of 6.0%–6.5% in FY 2023–24, as the global economy continues to be under shadow of Russian -Ukraine war, high inflation in EU/ PAN AM. Growth in the next year likely to pick up as government investments in infra projects kickstart job creation, steel and cement industry likely to benefit high productivity, increasing in demand, and growth in exports supported by favorable demographics in the medium term.

It looks like the world has come out of the shadow of the pandemic and has, in fact, learned to live with it. However, geopolitical crises, supply chain reorientations, global inflation, and tight monetary policy conditions will weigh on the outlook.

India is expected to grow at a faster clip than its peers, driven by stronger domestic demand. Investment prospects are optimistic given the government's capex push, progress of the Production-Linked Incentive (PLI) scheme, healthier corporate balance sheets, and a well-capitalized banking sector with low non-performing assets (NPAs). That said, CRISIL Research has recently revised its real GDP growth projection for India to 6%+ this fiscal, with downside risks of heightened geopolitical tensions. It still expects India to remain the fastest-growing economy.

3. INDUSTRY OVERVIEW:

India is well-positioned to drive the specialty chemicals industry given its abundant manpower, knowledge driven industries feedstock, as well as an established legal and regulatory framework. Indian companies with strong safety, health and environment measures, strong R&D and competencies in research for low cost of production high standard of Quality & efficient supply chain linkage to pharma and Agro Chemical industries are well integrated are well-poised to leverage opportunities in this space. There are several players in the Indian specialty chemicals space, both organised and unorganised, each specialising in specific or diversified product segments who are positioning for Global Presence both directly indirectly.

4. COMPANY OVERVIEW:

The company commenced commercial production from one manufacturing facility located at MIDC Solapur, Maharashtra in 2019. BSCL's manufacturing facility, spread over 41,920 square meters, is located at MIDC, Chincholi, Solapur, Maharashtra. The plant has an installed capacity of 30,000 TPA with environmental clearance (EC) of 45,330 TPA.

Balaji Specialty Chemicals Limited ("BSCL") is the sole manufacturer in India of niche chemicals such as Ethylenediamine ("EDA"), Piperazine(Anhydrous) ("PIP"), Diethylenetriamine ("DETA"), Amino Ethyl Ethanol Amines ("AEEA") and Amino Ethyl Piperazine ("AEP"), using the Monoethanol Amine ("MEA") process. BSCL started commercial operations in June 2019 and has become one of the fastest growing specialty chemicals company in India Growing in these product space.

5. OPERATIONAL AND FINANCIAL OVERVIEW

The company is working on debottlenecking of existing plants to increase the present production capacity by 10-15%. The company is also working on developing new products based on EDA such as Piperazine, TEDA, TETA & TEPA etc.,

The company has decided to set up the New Greenfield Project for manufacture of Hydrogen Cyanide (HCN), Sodium Cyanide (NaCN) 30% Complex with many related products. The company has entered into agreement for setting up of the said plants. Presently, the project is initiated with internal accruals and available resources which will be spent over a period of 2 years.

6. KEY FINANCIAL INDICATORS

The table below sets forth some of the key financial indicators for the FY 2022-23 and FY 2021-22 YoY basis:

(Rs. in Lakhs)			
Particulars	FY 2022-23	FY 2021-22	Growth Y-o-Y
Revenue from Operations	79,122.76	51,571.40	53.42%
Cost of Goods Sold	40,278.30	26,295.68	
Employee Cost	493.83	315.97	
Other Expenses	10,501.66	6,788.33	
EBITDA	27,848.97	18,171.42	53.26%
EBITDA Margin %	35.20%	35.24%	
Other Income	750.69	176.16	
Depreciation	1,436.85	1,283.52	
EBIT	27,162.81	17,064.06	59.18%
EBIT Margin %	34.33%	33.09%	
Finance Cost	1,019.12	1,549.26	
Profit Before Tax (PBT)	26,143.69	15,514.80	68.51%
PBT Margin %	33.04%	30.08%	
Tax	8,330.12	4,518.82	
Profit After Tax (PAT)	17,813.57	10,995.98	62.00%
PAT Margin %	22.51%	21.32%	
Basic EPS (In Rupees)	8.91	5.50	62.00%

7. Key financial ratios:

Details of significant changes (i.e. change of 25% or more as compared to the immediately previous financial year) in key financial ratios, along with detailed explanations.

Sl No	Particulars	FY 2022-23	FY 2021-22	Change
1.	Current Ratio (times)	4.15	2.91	42.61%
2.	Debt Equity Ratio (times)	0.16	0.88	-82.02%
3.	Interest Coverage Ratio (times)	1.96	1.97	-0.73%
4.	Return on Net Worth (%)	64%	81%	-21.17%
5.	Inventory Turnover Ratio (times)	28.61	30.57	-6.40%
6.	Debtors Turnover Ratio (times)	5.66	5.03	12.56%
7.	Operating Profit Margin (%) (EBIT)	34%	33%	3.75%
8.	Net Profit Margin (%) (PAT)	23%	21%	5.59%

8. HUMAN RESOURCES:

The Company believes that Human Resources are the foundation for the superstructure of any Organisation. The Company considers its employees as its most significant asset and provides them with a healthy and competitive work environment to excel and set new standards of quality, productivity, efficiency and customer satisfaction along with their career growth prospects.

Our human resource practices are aimed at recruiting talented individuals, ensuring continuous development and addressing their grievances, if any, in a timely manner. We train all our employees in our manufacturing operations, including machine utilization, operations flow, quality management and work safety.

9. INTERNAL CONTROL SYSTEM:

The Company has in place adequate internal financial controls over operational and financial reporting. It has adopted necessary policies and procedures for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, safeguarding of its assets, prevention and detection of frauds and errors, accuracy and completeness of the accounting records, and timely preparation of reliable financial & management information System. The internal control system is supported by qualified personnel and a continuous programme of internal audit. The prime objective of such audit is to establish the adequacy and effectiveness of all internal control systems laid down by the management and to suggest improvements over a period of time.

10. INFORMATION TECHNOLOGY:

- Information technology provides continuous support to business operations by offering competitive advantages to the Company.
- We also utilize an enterprise resource planning solution that covers finance, sales, marketing logistics, purchase and inventory, across our office and manufacturing facility.
- The IT system and infrastructure are continuously examined and improved with appropriate and timely Up-gradation with adequate security Systems.

11. KEY RISK AND CONCERNS

- **Market Risk:**

Market risk is the risk that the fair value or future cash flows of a product will fluctuate because of changes in market prices. Market risk comprises of currency risk, interest rate risk and price risk. Financial instruments affected by market risk include loans and borrowings, trade receivables and trade payables involving foreign currency exposure.

● **Interest Rate Risk:**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of change in interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's debt obligations with floating interest rates. As the Company has certain debt obligations with floating interest rates, exposure to the risk of changes in market interest rates are dependent on market interest rates. Management monitors the movement in interest rates and, wherever possible, takes corrective steps to mitigate the movements in such rates by restructuring its financing instruments.

● **Credit Risk:**

Credit risk is the risk arising from credit exposure to customers, cash and cash equivalents held with banks and current and non-current assets of the Company include trade receivables, security deposits held with government authorities and bank deposits which represents Company's maximum exposure to the credit risk.

With respect to credit exposure from customers, the Company has a standard procedure in place aiming to eliminate collection losses. Credit Control team assesses the credit worthiness of the customers, their financial position, past experience in payments and other relevant factors. The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including default risk associated with the industry and country in which customers operate. Credit rating of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. With respect to other financial assets viz., loans & advances, deposits with government and banks, the credit risk is insignificant since the loans & advances are given to employees only. Deposits are held with government bodies and reputable banks. The credit quality of the financial assets is satisfactory, taking into account the zero allowance for credit losses.

● **Liquidity Risk:**

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding to meet obligations when due and to close out market positions. Company's treasury maintains flexibility in funding by maintaining availability under deposits in banks.

12. SWOT ANALYSIS:

Strengths:

- Sole manufacturer of niche chemicals in India, including Ethylenediamine, Piperazine (Anhydrous), Diethylenetriamine, Amino Ethyl Ethanol Amines and Amino Ethyl Piperazine with significant export potential.
- Well positioned to capture industry tailwinds.
- Rapidly developed a diversified global and Indian customer base.
- Ability to leverage research and development capabilities and strategic guidance from our Corporate Promoter.
- Manufacturing Facility with stringent quality norms and procedures.
- Improving, profitability and enhancement of market share.
- Professional management team with extensive domain knowledge and supported by a committed employee base.

II. Weakness:

- Non availability of crude or oil based raw materials at competitive prices due to geopolitical conditions in EU/ Middle East
- Lack of Government Support for the Forex fluctuation as we are dependent on major Imports.

III. Opportunities:

The recent trend of China plus one Strategy in Speciality chemicals industry is an opportunity for Indian manufacturers, which have a cost advantage. The changing regulatory and policy landscape in China, reduced government support for Chinese manufacturers, geopolitical issues and the Covid-19 impact have prompted global companies to diversify their supply chains, thereby improving the export opportunity for Indian players. This is because, very few countries, other than India, have the requisite scale, technology (including complex chemistry capabilities), availability of raw materials, skilled labour availability, IP protection and government support to capture this opportunity is expected to benefit the company.

IV. Threats:

- Global downturn may impact any additional investment opportunities.
- Geopolitical risks associated with ongoing Russia - Ukraine war
- Dumping by Chinese Manufacturers in the Global Market.

Annexure-V

REPORT ON CORPORATE GOVERNANCE

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Your Company has all the process, protocols and system of Corporate Governance and has been following fair, transparent and ethical governance practices and follows to the Tee and also it to be essential for enhancing long-term shareholder value and retaining investor confidence & trust. Your Company believes that Corporate Governance is about best practices of a business to be imbibed into the culture of the organization and complying with value systems, ethical business practices, complying with laws and regulations to achieve the main objects of the Company through best practices.

The Company believes to grow and be successful by following systems, protocols, policies and practices which are ethical and sustainable while being competitive.

Policies processes, practices and actions of the Company are carefully designed to further the objectives of Good Corporate Governance of the Company, thereby enhancing its performance and improving stakeholder's value and fulfilling its obligations towards the Government, its shareholders, employees and other stakeholders.

2. BOARD OF DIRECTORS

The composition of the Board of your Company is in conformity with the provisions of the Companies Act, 2013 ("the Act") and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), as amended from time to time.

The Company's board consists of eight (8) Directors as on 31st March, 2023. Out of eight (8) Directors, four (4) Directors are Independent Directors including one (1) Woman Director. The Chairman of the Board is an Executive Director.

None of the Directors on the Board is a member of more than ten (10) committees or a Chairperson of more than five (5) committees [as stipulated in Regulation 26(1) of the Securities and Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015 ('Listing Regulations') across all the Indian Public Companies, in which he/she is a Director. The annual disclosure providing the committee position and other Directorship has been made by the Directors.

None of the Independent Directors of the Company had any material pecuniary relationship or transactions with the Company, its promoter, its management during the Year 2022-23, which may affect independence of the Independent Directors. All Directors mentioned above as Independent Directors, fall within the expression of "Independent Directors" as mentioned in SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 and Companies Act, 2013.

a) Number of Board Meetings and Attendance of the Directors at Meetings of the Board and at the Last Annual General Meeting

The Board of Directors met seven (7) times during the year under review on 18th April, 2022, 01st June, 2022, 28th July 2022, 10th August, 2022, 11th August 2022, 22nd October, 2022 and 04th February, 2023. The Requisite quorum was present for all the Meetings. The Board met at least once in a calendar quarter and the maximum time gap between any two Meetings was not more than one hundred and twenty days. These Meetings were well attended. The 12th Annual General Meeting was held on 30th May, 2022 at the registered office of the company.

The names and categories of Directors, their attendance at the Board Meetings held during the year and also the number of Directorships and committee positions held by them in public limited companies are as follows

Name of the Director	Category	No of Board Meetings attended during 2022-23	Attendance at the Last AGM (30 th May, 2022)	No. of Directorships in Other Companies		Memberships held in committees of other public Companies*	Chairmanships held in committees of other Public Companies*	Name of other listed entities where he/she is a director and the category of directorship
				Private	Public			
Mr. Ande Prathap Reddy Executive Chairman DIN: 00003967	Executive Director (Promoter)	7	Yes	1	1	0	0	Balaji Amines Limited
Mr. Dundurapu Ram Reddy Director DIN : 00003864	Executive Director (Promoter)	7	Yes	6	1	0	0	Balaji Amines Limited
Mr. Rajeshwar Reddy Nomula Managing Director DIN : 00003854	Executive Director (Promoter)	7	Yes	3	1	0	0	Balaji Amines Limited
Mr. Hemanth Reddy Gaddam Whole-time Director DIN : 00003868	Executive Director (Promoter)	4	Yes	0	1	0	0	Balaji Amines Limited
Mr. Rajendrakumar Mohanprasad Tapadiya Independent Director DIN: 00103949	Independent Non-Executive Director	6	Yes	2	0	0	0	-
Mr. Amarender Reddy Minupuri Independent Director DIN : 05182741	Independent Non-Executive Director	7	Yes	0	1	2	0	Balaji Amines Limited
Mr. Kashinath Revappa Dhole Independent Director DIN : 01076675	Independent Non-Executive Director	7	Yes	2	1	2	1	Smruthi Organics Limited
Dr.Suhasini Yatin Shah Independent Director DIN: 02168705	Independent Non-Executive Director	7	Yes	2	2	1	0	Precision Camshafts Limited

* Membership/Chairmanship of Audit Committees and Stakeholders' Relationship Committees

b) Disclosure of relationships between directors inter-se:

1. Mr. Ande Prathap Reddy, Executive Chairman of the Company is Father in Law of Mr. Hemanth Reddy Gaddam, Whole-time Director of the Company and Uncle of Mr. Dundurapu Ram Reddy, Whole-time Director of the Company.
2. Mr. Dundurapu Ram Reddy, Whole-time Director of the Company is Nephew of Mr. Ande Prathap Reddy, Executive Chairman of the Company.
3. Mr. Rajeshwar Reddy Nomula, Managing Director of the Company is Brother in Law of Mr. Hemanth Reddy Gaddam, Whole-time Director of the Company.
4. Mr. Hemanth Reddy Gaddam, Whole-time Director of the Company is Son in Law of Mr. Ande Prathap Reddy, Executive Chairman of the Company, Brother in Law of Mr. Rajeshwar Reddy Nomula, Managing Director of the Company.

c) Number of Shares held by Non- Executive Directors

Name of Director	Designation	No. of Shares held
Mr. Rajendrakumar Mohanprasad Tapadiya	Independent Director	11500
Mr. Amarender Reddy Minupuri	Independent Director	-
Mr. Kashinath Revappa Dhole	Independent Director	25000
Mrs. Suhasini Yatin Shah	Independent Director	10000

d) Familiarization Programme

At the time of appointing a Director, a formal letter of appointment is given, which inter alia explains the role, function, duties and responsibilities expected from a Director of the Company. The Director is also explained in detail the Compliance required from him under Companies Act, 2013, the Listing Regulations and other various statutes and an affirmation is obtained. Further, on an ongoing basis as a part of Agenda of Board / Committee Meetings, briefings are regularly made to the Independent Directors on various matters inter-alia covering the Company's businesses and operations, industry and regulatory updates, strategy, finance, role, rights, responsibilities of the Independent Directors under various statutes and other relevant matters.

A formal familiarization programme was conducted about the amendments in the Companies Act, 2013, Rules prescribed thereunder SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and all other applicable laws of the Company. Company do notify the changes in all the applicable laws from time to time to the Board of Directors regularly in every Board Meeting.

The details of the familiarization programme for Directors are available on the Company's website at the link: <http://www.balajispecialitychemicals.com/pdf/1661264444Familiarization%20Programme%20for%20Independent%20Directors.pdf>

e) Skills / Expertise / Competencies of the Board of Directors

The following is the list of core skills / expertise / competencies identified by the Board of Directors that are required in the context of the Company's business and that the said skills are available with the Board Members:

- Knowledge on Company's business policies and culture (including the Mission, Vision and Values) major risks / threats and potential opportunities and knowledge of the industry in which the Company operates.
- Behavioral skills - attributes and competencies to use their knowledge and skills to contribute effectively to the growth of the Company.
- Business Strategy, Sales & Marketing, Corporate Governance, Forex Management, Administration, Decision Making.
- Financial and Management skills, Risk assessment and mitigation, trouble shooting etc.
- Technical / Professional skills and specialized knowledge in relation to Company's business.

List of skills/ competencies required in Names of Directors having such relation to business perations	Mr. Ande Prathap Reddy	Mr. Dundurapu Ram Reddy	Mr. Rajeshwar Reddy Nomula	Mr. Hemanth Reddy Gaddam	Mr. Rajendrakumar Mohanprasad Tapadiya	Mr. Amarender Reddy Minupuri	Mr. Kashinath Revappa Dhole	Mrs. Suhasini Yatin Shah
Finance, Law, Management, Administration	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Industry/ Sector Knowledge	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Corporate Governance, Strategic Management	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
International Marketing and Sales	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

f) Confirmation that in the opinion of the board, the independent directors fulfil the conditions specified in these regulations and are independent of the management.

The Board of Directors be and is hereby confirm that in the opinion of the Board, the Independent Directors fulfil the conditions specified by SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and they are independent of the management.

g) detailed reasons for the resignation of an independent director who resigns before the expiry of his his/her tenure along with a confirmation by such director that there are no other material reasons other than those provided:

Mr. Kashinath Revappa Dhole, Independent Director of the Company has resigned from the office of Independent Director for personal reasons and the outgoing Director also confirmed that there are no other material reasons other than personal reasons

3. COMMITTEES OF THE BOARD

Your Company has Six Board level Committees - Audit Committee, Nomination and Remuneration Committee, Stakeholders' Relationship Committee, Corporate Social Responsibility Committee, Risk Management Committee and IPO Committee and All decisions pertaining to the constitution of Committees, appointment of members and fixing of terms of service for Committee Members are taken by the Board of Directors. Details on the role and composition of these Committees, including the number of Meetings held during the financial year and the related attendance, are provided below:

3.1. Audit Committee:

The Company has a qualified and independent audit committee which consists of two (2) Independent Directors, and one (1) executive Director, who shall provide assistance to the Board of Directors in fulfilling its responsibilities.

The composition of the Audit committee is in accordance with the requirements of the Regulations under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and also Section 177 of the Companies Act, 2013 and Rule 6 and 7 of Companies (Meetings of Board and its Powers) Rules, 2014.

The Audit Committee meets regularly as required and exercises its powers in accordance with the framework defined by the Board. The terms of reference of the Audit Committee are as set out by the Board which is in accordance with the aforesaid provisions.

During the year under review, four (4) meetings of the Committee were held on 18th April, 2022, 28th July 2022, 11th August 2022, 22nd October, 2022 and 4th February, 2023. The gap between two meetings did not exceed one hundred and twenty days. There were no changes in the constitution of the Audit Committee during the year. The composition of the Audit Committee and the details of meetings attended by each of the members are given below:

Name of Director	Designation	Category	No. of Meetings Attended
Mr. Kashinath Revappa Dhole	Chairman	Independent, Non-Executive	5
Mr. Rajendrakumar Mohanprasad Tapadiya	Member	Independent, Non-Executive	4
Mr. Gaddam Hemanth Reddy	Member	Executive Director	5

Scope and terms of reference: The terms of reference of the Audit Committee shall include the following:

I. The Audit Committee shall have powers including the following:

- (a) To investigate any activity within its terms of reference;
- (b) To seek information from any employee of the Company;
- (c) To obtain outside legal or other professional advice;
- (d) To secure attendance of outsiders with relevant expertise, if it considers necessary; and
- (e) Such powers as may be prescribed under the Companies Act and SEBI Listing Regulations.

II. The role of the Audit Committee shall include the following:

- (a) Overseeing the Company's financial reporting process, examination of the financial statement and the auditors' report thereon and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- (b) Recommending for appointment, re-appointment and replacement, remuneration and terms of appointment of auditors, including the internal auditor, cost auditor and statutory auditor, of the Company and the fixation of audit fee;
- © Approving of payments to statutory auditors for any other services rendered by the statutory auditors of the Company;
- (d) Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:
- (e) Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of section 134(3) of the Companies Act;
- (f) Changes, if any, in accounting policies and practices and reasons for the same;
- (g) Major accounting entries involving estimates based on the exercise of judgment by the management of the Company;
- (h) Significant adjustments made in the financial statements arising out of audit findings;
- (i) Compliance with listing and other legal requirements relating to financial statements;
- (j) Disclosure of any related party transactions; and
- (k) Qualifications / modified opinion(s) in the draft audit report.
- (l) Reviewing, with the management, the quarterly, half-yearly and annual financial statements before submission to the Board for approval;
- (m) 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 utilised for purposes other than those stated in the offer document/prospectus/notice and the report

submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter. This also includes monitoring the use/ application of the funds raised through the proposed initial public offer by the Company;

- (n) Reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
- (o) Formulating a policy on related party transactions, which shall include materiality of related party transactions and the definition of material modifications of related party transactions;
- (p) Approving or any subsequent material modification of transactions of the Company with related parties and omnibus approval (in the manner specified under the SEBI Listing Regulations) for related party transactions proposed to be entered into by the Company subject to such conditions/ criteria as may be prescribed. Provided that only those members of the committee, who are independent directors, shall approve related party transactions;
- (q) Approving the related party transactions to which the subsidiary(ies) of the Company is party but the Company is not a party, if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year exceeds 10% of the annual consolidated turnover as per the last audited financial statements of the Company;
- (r) 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;
- (s) Scrutinizing of inter-corporate loans and investments;
- (t) Valuation of undertakings or assets of the company, wherever it is necessary;
- (u) Evaluating of internal financial controls and risk management systems;
- (v) Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- (w) 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;
- (x) Discussing with internal auditors of any significant findings and follow up there on;
- (y) 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;
- (z) Discussing 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;
- (aa) Looking into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- (bb) 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;
- (cc) Reviewing the functioning of the whistle blower mechanism;
- (dd) Approving of the appointment of the Chief Financial Officer of the Company ("CFO") (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;
- (ee) To formulate, review and make recommendations to the Board to amend the Audit Committee charter from time to time;
- (ff) Overseeing a vigil mechanism established by the Company, providing for adequate safeguards against victimisation of employees and directors who avail of the vigil mechanism and also

provide for direct access to the Chairperson of the Audit Committee for directors and employees to report their genuine concerns or grievances;

- (gg) Reviewing the utilization of loans and/or advances from/investment by the Company in the subsidiary exceeding rupees 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans/ advances/ investments existing as on April 1, 2019;
- (hh) Considering and commenting on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the Company and its shareholders;
- (ii) Carrying out any other function as is mentioned in the terms of reference of the Audit Committee;
- (jj) Carrying out any other functions and roles as provided under the Companies Act, the SEBI Listing Regulations, each as amended and other applicable laws.

III. The Audit Committee shall mandatorily review the following information:

- (a) Management discussion and analysis of financial condition and results of operations;
- (b) Management letters/letters of internal control weaknesses issued by the statutory auditors of the Company;
- (c) Internal audit reports relating to internal control weaknesses;
- (d) The appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the Audit Committee;
- (e) Statement of deviations:
- (f) quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1) of the SEBI Listing Regulations; and
- (g) annual statement of funds utilised for purposes other than those stated in the offer document/ prospectus/ notice, certified by the statutory auditors of the Company, in terms of Regulation 32(5) of the SEBI Listing Regulations;
- (h) Quarterly statement of variation for public issue, rights issue and preferential issue indicating category wise variation (capital expenditure, sales and marketing, working capital etc.) between projected utilisation of funds and the actual utilisation of funds, before the submission to stock exchange(s)
- (l) Monitoring report of the monitoring agency on a quarterly basis, immediately upon its receipt; and
- (j) Reviewing the financial statements, in particular, the investments made by any unlisted subsidiary.

Due to resignation of Independent Director Mr. Kashinath Revappa Dhole, Board of Directors of the Company in their meeting held on 15th May, 2023 have reconstituted the Audit Committee as follows:

S.No.	Name of the Director	Designation in Committee	Category of Director
1	Mr. Amarendra Reddy Minupuri	Chairman	Independent Non- Executive Director
2	Mr. Rajendrakumar Mohanprasad Tapadiya	Member	Independent Non- Executive Director
3	Mr. Hemanth Reddy Gaddam	Member	Executive Director

3.2.Nomination and Remuneration Committee:

The Nomination and Remuneration Committee was last re-constituted pursuant to a resolution of our Board of Directors Meeting dated 1st June 2022. The composition and terms of reference of Nomination and Remuneration Committee are in compliance with Section 178 of the Companies Act, 2013 and Regulation 19 of the SEBI Listing Regulations. The composition of the Nomination and Remuneration Committee and the details of meetings attended by each of the members are given below:

Name	Designation	Category	No. of Meetings Attended
Mr. Amarendra Reddy Minupuri	Chairman	Independent, Non-Executive	3
Mr. Rajendrakumar Mohanprasad Tapadiya	Member	Independent, Non-Executive	3
Dr. Suhasini Yatin Shah	Member	Independent, Non-Executive	3

Scope and terms of reference: The terms of reference of the NR Committee shall include the following:

- (1) Formulating the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;
- (2) While formulating the above policy, the NR Committee should ensure that:
 - (a) the level and composition of remuneration be reasonable and sufficient to attract, retain and motivate directors of the quality required to run our Company successfully;
 - (b) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
 - (c) 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) For the appointment of an independent director, the NR Committee shall evaluate the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an independent director. The person recommended to the Board for appointment as an independent director shall have the capabilities identified in such description. For the purpose of identifying suitable candidates, the Committee may:
 - (a) use the services of an external agencies, if required;
 - (b) consider candidates from a wide range of backgrounds, having due regard to diversity; and
 - (c) consider the time commitments of the candidates.
- (4) Formulating of criteria for evaluation of performance of independent directors and the Board;
- (5) Devising a policy on Board diversity;
- (6) Identifying persons who are qualified to become directors of the Company and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal. The Company shall disclose the remuneration policy and the evaluation criteria in its annual report;
- (7) Analysing, monitoring and reviewing various human resource and compensation matters;
- (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 the remuneration, in whatever form, payable to senior management personnel;
- (10) Reviewing and approving compensation strategy from time to time in the context of the then current Indian market in accordance with applicable laws;
- (11) Determining 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;
- (12) Performing such functions as are required to be performed by the compensation committee under the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021;

- (13) Formulating and implementing the procedure for making a fair and reasonable adjustment to the number of options and to the exercise price in case of corporate actions such as rights issues, bonus issues, merger, sale of division and others. In this regard following shall be taken into consideration:
- (14) the number and the price of stock option shall be adjusted in a manner such that total value of the option to the employee remains the same after the corporate action;
- (15) for this purpose, global best practices in this area including the procedures followed by the derivative markets in India and abroad may be considered; and
- (16) the vesting period and the life of the option shall be left unaltered as far as possible to protect the rights of the employee who is granted such option.
- (17) Construing and interpreting the ESOP scheme and any agreements defining the rights and obligations of the Company and eligible employees under the ESOP scheme, and prescribing, amending and/ or rescinding rules and regulations relating to the administration of the ESOP scheme;
- (18) Framing suitable policies, procedures and systems to ensure that there is no violation of securities laws, as amended from time to time, including:
- (19) the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended;
- (20) the Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices Relating to the Securities Market) Regulations, 2003, as amended; and
- (21) SEBI Listing Regulations, by the Company and its employees, as applicable;
- (22) Performing such other activities as may be delegated by the Board and/or are statutorily prescribed under any law to be attended to by the NR Committee;
- (23) Administering, monitoring and formulating the employee stock option scheme/ plan approved by the Board and shareholders of the Company in accordance with the applicable laws
- (24) Determining the eligibility of employees to participate under the ESOP scheme;
- (25) Determining the quantum of option to be granted under the ESOP scheme per employee and in aggregate;
- (26) Date of grant;
- (27) Determining the exercise price of the option under the ESOP scheme;
- (28) The conditions under which option may vest in employee and may lapse in case of termination of employment for misconduct;
- (29) The exercise period within which the employee should exercise the option and that option would lapse on failure to exercise the option within the exercise period;
- (30) The specified time period within which the employee shall exercise the vested option in the event of termination or resignation of an employee;
- (31) The right of an employee to exercise all the options vested in him at one time or at various points of time within the exercise period;
- (32) Re-pricing of the options which are not exercised, whether or not they have been vested if stock option rendered unattractive due to fall in the market price of the equity shares;
- (33) The grant, vest and exercise of option in case of employees who are on long leave;
- (34) Allow exercise of unvested options on such terms and conditions as it may deem fit;
- (35) The procedure for cashless exercise of options and for funding the exercise of options;
- (36) Forfeiture/ cancellation of options granted;

- (37) Formulate the procedure for buy-back of specified securities issued under the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021, if to be undertaken at any time by the Company, and the applicable terms and conditions, including:
- permissible sources of financing for buy-back;
 - any minimum financial thresholds to be maintained by the Company as per its last financial statements; and
 - limits upon quantum of specified securities that the Company may buy-back in a financial year.
 - Such terms of reference as may be prescribed under the Companies Act and SEBI Listing Regulations.

Performance Evaluation Criteria for Independent Directors

Independent Directors are evaluated based on below mentioned criteria:

- their general understanding of the Company's business dynamics;
- their contribution in the Board Meetings and guidance to the Board;
- professional ethics, integrity and values;
- willingness to devote sufficient time and energy in carrying out their duties and responsibilities effectively;

The Nomination and Remuneration Committee also has laid down criteria for performance evaluation of all the Directors on the Board and recommended the same for evaluating the performance of each and every Director.

Board of Directors of the Company in their meeting held on 15th May, 2023 have reconstituted the Nomination and Remuneration Committee as follows:

Name	Designation in Committee	Category of Director
Dr.Suhasini Yatin Shah	Chairman	Independent Non- Executive Director
Mr. Rajendra Kumar Tapadiya	Member	Independent Non- Executive Director
Mr. Amarender Reddy Minupuri	Member	Independent Non- Executive Director

3.3. Stakeholders' Relationship Committee:

The SR Committee was constituted by a Resolution of Board of Directors Meeting held on 1st June 2022. The SR Committee is in compliance with Section 178 of the Companies Act, 2013 and Regulation 20 of the SEBI Listing Regulations. The current constitution of the SR Committee is as follows:

- Suhasini Yatin Shah (Chairman)
- Rajendrakumar Mohanprasad Tapadiya (Member)
- Gaddam Hemanth Reddy (Member)

Scope and terms of reference: The SR Committee shall be responsible for, among other things, the following:

- Redressal of all security holders' and investors' grievances such as complaints related to transfer of shares, including non-receipt of share certificates and review of cases for refusal of transfer/transmission of shares and debentures, non-receipt of balance sheet, non-receipt of declared dividends, non-receipt of annual reports, etc., and assisting with quarterly reporting of such complaints;
- Reviewing of measures taken for effective exercise of voting rights by shareholders;
- Investigating complaints relating to allotment of shares, approval of transfer or transmission of shares, debentures or any other securities;

- (iv) Giving effect to all transfer/ transmission of shares and debentures, dematerialisation of shares and re-materialisation of shares, split and issue of duplicate/ consolidated share certificates, compliance with all the requirements related to shares, debentures and other securities from time to time;
- (v) Reviewing the measures and initiatives taken by the Company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/ annual reports/statutory notices by the shareholders of the Company;
- (vi) Reviewing the adherence to the service standards by the Company with respect to various services rendered by the registrar and transfer agent of the Company and to recommend measures for overall improvement in the quality of investor services;
- (vii) Considering and specifically looking into various aspects of interest of shareholders, debenture holders or holders of any other securities;
- (viii) Formulating the procedures in line with the statutory guidelines to ensure speedy disposal of various requests received from shareholders from time to time;
- (ix) To further delegate all or any of the power to any other employee(s), officer(s), representative(s), consultant(s), professional(s) or agent(s); and
- (x) Carrying out such other functions as may be specified by the Board from time to time or specified/provided under the Companies Act or SEBI Listing Regulations, or by any other regulatory authority."

3.4. Corporate Social Responsibility Committee ("CSR Committee")

The CSR Committee was last re-constituted by a resolution of our Board dated 1st June, 2022. The scope and functions of the CSR Committee are in accordance with Section 135 of the Companies Act.

The constitution of the CSR Committee as on 31st March, 2023 was as follows:

- (a) Rajendrakumar Mohanprasad Tapadiya (Chairman)
- (b) Kashinath Revappa Dhole (Member)
- (c) Ram Reddy Dundurapu (Member)

Scope and terms of reference: The scope and terms of reference of the CSR Committee are set forth below:

- (i) Formulating and recommending 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 and the rules made thereunder, monitor the implementation of the same from time to time and make any revisions therein as and when decided by the Board;
- (ii) Identifying corporate social responsibility policy partners and corporate social responsibility policy programmes;
- (iii) Recommending the amount of expenditure to be incurred for the corporate social responsibility activities and the distribution of the same to various corporate social responsibility programmes undertaken by the Company;
- (iv) Formulating and recommending to the Board, an annual action plan in pursuance to the Corporate Social Responsibility Policy, which shall include the following, namely:
 - (a) the list of Corporate Social Responsibility projects or programmes that are approved to be undertaken in areas or subjects specified in the Schedule VII of the Companies Act, 2013;
 - (b) the manner of execution of such projects or programmes as specified in Rule 4 of the Companies (Corporate Social Responsibility Policy) Rules, 2014;
 - (c) the modalities of utilisation of funds and implementation schedules for the projects or programmes;

- (d) monitoring and reporting mechanism for the projects or programmes; and
- (e) details of need and impact assessment, if any, for the projects undertaken by the company.

Provided that the Board may alter such plan at any time during the financial year, as per the recommendations of the CSR Committee, based on the reasonable justification to that effect.

- (v) Delegate responsibilities to the corporate social responsibility team and supervise proper execution of all delegated responsibilities;
- (vi) Reviewing and monitoring the implementation of corporate social responsibility programmes and issuing necessary directions as required for proper implementation and timely completion of corporate social responsibility programmes; and
- (vii) Performing such other duties and functions as the Board may require the corporate social responsibility committee to undertake to promote the corporate social responsibility activities of the Company and exercise such other powers as may be conferred upon the CSR Committee in terms of the provisions of Section 135 of the Companies Act and the Companies (Corporate Social Responsibility Policy) Rules, 2014 or other applicable law.

Due to resignation of Independent Director Mr. Kashinath Revappa Dhole, Board of Directors of the Company in their meeting held on 15th May, 2023 have reconstituted the CSR Committee as follows:

Name	Designation in Committee	Category of Director
Mr. Rajendrakumar Mohanprasad Tapadiya	Chairman	Independent, Non- Executive Director
Dr. Suhasini Yatin Shah	Member	Independent, Non-Executive Director
Mr. Nomula Rajeshwar Reddy	Member	Executive Director

3.5. Risk Management Committee (“RM Committee”)

The RM Committee was constituted by a resolution of our Board of Directors meeting held on 01st June 2022. The scope and functions of RM Committee are in compliance with the Regulation 21 of the SEBI Listing Regulations. The current constitution of the RM Committee is as follows:

Name	Designation in Committee	Category of Director
Mr. Hemanth Reddy Gaddam	Chairman	Executive Director
Mr. Amarendra Reddy Minupuri	Member	Independent, Non-Executive Director
Dr. Suhasini Yatin Shah	Member	Independent, Non-Executive Director

Scope and terms of reference: The terms of reference of the RM Committee shall include the following:

- (i) Formulating a detailed risk management policy which shall include:
 - A framework for identification of internal and external risks specifically faced by the Company, in particular including financial, operational, sectoral, sustainability (particularly, Environmental, Social and Governance (ESG) related risks), information, cyber security risks or any other risk as may be determined;
 - Measures for risk mitigation including systems and processes for internal control of identified risks; and
 - Business continuity plan.
- (ii) Ensuring that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company;
- (iii) Reviewing and recommending potential risk involved in any new business plans and processes;

- (iv) Reviewing the Company's risk-reward performance to align with the Company's overall policy objectives;
- (v) Monitoring and overseeing implementation of the risk management policy, including evaluating the adequacy of risk management systems;
- (vi) Periodically reviewing the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity;
- (vii) Keeping the board of directors informed about the nature and content of its discussions, recommendations and actions to be taken;
- (viii) Appointment, removal and terms of remuneration of the Chief Risk Officer shall be subject to review by the RM;
- (ix) Coordinating its activities with other committees, in instances where there is any overlap with activities of such committees, as per the framework laid down by the board of directors;
- (x) Seeking information from any employee, obtain outside legal or other professional advice and secure attendance of outsiders with relevant expertise, if it considers necessary;
- (xi) Laying down risk assessment and minimization procedures and the procedures to inform Board of the same;
- (xii) Framing, implementing, reviewing and monitoring the risk management plan for the Company and such other functions, including cyber security, as may be delegated by the Board; and
- (xiii) Performing such other activities as may be delegated by the Board and/or are statutorily prescribed under any law to be attended to by the RM.

3.6. IPO Committee:

The IPO Committee was constituted by a resolution of our Board of Directors meeting held on 01st June 2022. The scope and functions of IPO Committee are in compliance with the Companies Act, 2013 and Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018. The current constitution of the IPO Committee is as follows:

1. Mr. Rajeshwar Reddy Nomula - Chairperson
2. Mr. Hemanth Reddy Gaddam-Member
3. Mr. Ande Prathap Reddy - Member

Scope and terms of reference: The IPO Committee shall be responsible for, among other things, the following:

- (a) To take on record the number of Equity Shares proposed to be offered by the Selling Shareholder(s), and to decide, along with the Selling Shareholder(s), in consultation with the book running lead manager(s) ("BRLMs") appointed in relation to the Offer;
- (b) To decide, negotiate and finalize, in consultation with the BRLMs, on the size, timing (including opening and closing dates), pricing and all the terms and conditions of the Offer and transfer of the Equity Shares pursuant to the Offer, including without limitation the number of the Equity Shares to be issued or offered pursuant to the Offer (including any reservation, green shoe option and any rounding off in the event of any oversubscription), price and any discount as allowed under applicable laws that may be fixed, price band, allocation/allotment to eligible persons pursuant to the Offer, including any anchor investors, any rounding off in the event of any oversubscription, to permit existing shareholders to sell any Equity Shares held by them, determined in accordance with the applicable law, and to accept any amendments, modifications, variations or alterations thereto;
- (c) To invite the existing shareholders of the Company to participate in the Offer by offering for sale the Equity Shares held by them at the same price as in the Offer;
- (d) To appoint, instruct and enter into arrangements with the BRLMs and in consultation with BRLM(s), appoint and enter into agreements with intermediaries, including underwriters to the

Offer, syndicate members to the Offer, brokers, escrow collection banks, bankers to the Offer, sponsor bank, auditors, independent chartered accountants, industry expert, depositories, custodians, registrar(s) to the Offer, legal advisors, advertising agency(ies), printers and any other agencies or persons or intermediaries (including any replacements thereof) to the Offer and to negotiate and finalise the terms of their appointment, including but not limited to execution of the engagement letter with the BRLM(s), negotiation, finalisation and execution of the offer agreement with the BRLM(s) and Selling Shareholders, etc and the underwriting agreement with the underwriters;

- (e) To negotiate, finalise, settle, execute and deliver or arrange the delivery of the offer agreement, syndicate agreement, cash escrow and sponsor bank agreement, underwriting agreement, share escrow agreement, agreements with the registrar to the Offer and the advertising agency(ies) and all other documents, deeds, agreements, memorandum of understanding and other instruments whatsoever with the registrar to the Offer, legal advisors, auditors, stock exchange(s), BRLM(s) and any other agencies/intermediaries in connection with the Offer with the power to authorise one or more officers of the Company to negotiate, execute and deliver all or any of the aforesaid documents;
- (f) To approve the relevant restated financial statements to be issued in connection with the Offer;
- (g) To finalise, settle, approve and adopt the Draft Red Herring Prospectus (“**DRHP**”), the Red Herring Prospectus (“**RHP**”), the Prospectus, the abridged prospectus and application forms, the preliminary and final international wrap and any amendments, supplements, notices or corrigenda thereto, for the issue of Equity Shares and take all such actions in consultation with the BRLM(s) as may be necessary for the submission and filing of these documents including incorporating such alterations/corrections/ modifications as may be required by SEBI, RoC, or any other relevant governmental and statutory authorities;
- (h) To make applications to, seek clarifications and obtain approvals and seek exemptions from, if necessary, the Stock Exchanges, the RBI, the SEBI, the relevant RoC or any other statutory or governmental authorities in connection with the Offer as required by applicable law, and to accept, on behalf of the Board, such conditions and modifications as may be prescribed or imposed by any of them while granting such approvals, exemptions, permissions and sanctions and, wherever necessary, incorporate such modifications / amendments / alterations / corrections as may be required in the DRHP, the RHP and the Prospectus;
- (i) To approve any corporate governance requirements, code of conduct for the Board, officers and other employees of the Company that may be considered necessary by the Board or the IPO Committee or as may be required under the Applicable Laws or the listing agreement to be entered into by the Company with the relevant stock exchanges;
- (j) To undertake as appropriate such communication with the Selling Shareholders as required under applicable law, including inviting the existing shareholders of the Company to participate in the Offer by making an offer for sale in relation to such number of Equity Shares held by them as may be deemed appropriate, and which are eligible for the offer for sale in accordance with the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended (the “**SEBI ICDR Regulations**”), and taking all actions as may be necessary or authorised in connection with any offer for sale including the approve and taking on record the approval of the Selling Shareholder(s) for offering their Equity Shares in the Offer for Sale and the transfer of Equity Shares in the Offer for Sale ;
- (k) To issue advertisements in such newspapers and other media as it may deem fit and proper in accordance with the SEBI ICDR Regulations, Companies Act, 2013, as amended and other applicable law;
- (l) To decide the total number of Equity Shares to be reserved for allocation to eligible categories of investors, if any;

- (m) To seek, if required, the consent and waivers of the lenders to the Company and its subsidiaries, as applicable, parties with whom the Company has entered into various commercial and other agreements including without limitation industry data providers, customers, suppliers, strategic partners of the Company, all concerned government and regulatory authorities in India or outside India, and any other consents that may be required in relation to the Offer or any actions connected therewith;
- (n) To open and operate bank account(s) of the Company in terms of the escrow agreement for handling of refunds for the Offer and to authorise one or more officers of the Company to execute all documents/deeds as may be necessary in this regard;
- (o) To determine and finalise the bid opening and bid closing dates (including bid opening and bid closing dates for anchor investors), the floor price/price band for the Offer (including issue price for anchor investors), approve the basis of allotment and confirm allocation/allotment of the equity shares to various categories of persons as disclosed in the DRHP, the RHP and the Prospectus, in consultation with the BRLM(s) and the Selling Shareholders (to the extent applicable) and do all such acts and things as may be necessary and expedient for, and incidental and ancillary to the Offer including any alteration, addition or making any variation in relation to the Offer;
- (p) To determine the amount, the number of Equity Shares, terms of the issue of the equity shares, the categories of investors for the Pre-IPO Placement, if any including the execution of the relevant documents with the investors, in consultation with the BRLMs, and rounding off, if any, in the event of oversubscription and in accordance with Applicable Laws;
- (q) all actions as may be necessary in connection with the Offer, including extending the Bid/Offer period, revision of the price band, allow revision of the Offer portion in case any Selling Shareholder decides to revise it, in accordance with the Applicable Laws;
- ® To do all such acts, deeds, matters and things and execute all such other documents, etc., as it may, in its absolute discretion, deem necessary or desirable for the Offer, in consultation with the Selling Shareholders and BRLM(s), including without limitation, determining the anchor investor portion and allocation to anchor investors, finalising the basis of allocation and allotment of Equity Shares to the successful allottees and credit of Equity Shares to the demat accounts of the successful allottees in accordance with Applicable Laws;
- (s) To issue receipts/allotment letters/confirmations of allotment notes either in physical or electronic mode representing the underlying Equity Shares and to provide for the tradability and free transferability thereof as per market practices and regulations, including listing on one or more stock exchange(s), with power to authorise one or more officers of the Company to sign all or any of the afore-stated documents;
- (t) To make applications for listing of the Equity Shares on one or more recognised stock exchange(s) and to execute and to deliver or arrange the delivery of necessary documentation to the concerned stock exchange(s) and to take all such other actions as may be necessary in connection with obtaining such listing, including, without limitation, entering into the listing agreements;
- (u) To do all such deeds and acts as may be required to dematerialise the Equity Shares of the Company and to sign and/or modify, as the case may be, agreements and/or such other documents as may be required with National Securities Depository Limited, Central Depository Services (India) Limited, registrar and transfer agents and such other agencies, as may be required in this connection with power to authorise one or more officers of the Company to execute all or any of the afore-stated documents;
- (v) To authorise and approve, in consultation with the BRLM(s), the incurring of expenditure and payment of fees, commissions, brokerage, remuneration and reimbursement of expenses in connection with the Offer;
- (w) To authorise and approve notices, advertisements in relation to the Offer in consultation with the relevant intermediaries appointed for the Offer;

- (x) To settle any question, difficulty or doubt that may arise in connection with the Offer including the issue and allotment of the Equity Shares as aforesaid in consultation with the BRLM(s) and to further delegate the powers conferred hereunder subject to such restrictions and limitations as it may deem fit and in the interest of the Company and to the extent allowed under applicable laws and to do all such acts and deeds in connection therewith and incidental thereto, as the Committee may in its absolute discretion deem fit;
- (y) To execute and deliver and/or to authorise and empower officers of the Company (each, an “**Authorised Officer**”) for and on behalf of the Company to execute and deliver, any and all other documents or instruments and doing or causing to be done any and all acts or things as the IPO Committee and/or Authorised Officer may deem necessary, appropriate or advisable in order to carry out the purposes and intent of the foregoing or in connection with the Offer and any documents or instruments so executed and delivered or acts and things done or caused to be done by the IPO Committee and/or Authorised Officer shall be conclusive evidence of the authority of the IPO Committee and/or Authorised Officer and Company in so doing;
- (z) To withdraw the DRHP or the RHP or not to proceed with the Offer at any stage, if considered necessary and expedient, in accordance with Applicable Laws;
- (aa) To submit undertakings/certificates or provide clarifications to the Securities Exchange Board of India and the stock exchanges where the Equity Shares of the Company are proposed to be listed; and
- (bb) To delegate any of its powers set out hereinabove, as may be deemed necessary and permissible under Applicable Laws to the officials of the Company.”

4. REMUNERATION OF DIRECTORS

a) All pecuniary relationship or transactions of the non-executive directors

There are no pecuniary relationship or transaction with the Non-Executive Directors of the Company including Independent Directors with the Company except payment of sitting fee for the Board meetings attended by them.

b) Criteria of making payments to non-executive directors

The criteria of making payments to the Independent Directors are disclosed in the Policy and the same is available on

<http://www.balajispecialitychemicals.com/pdf/1661491177Criteria%20of%20Making%20Payments%20to%20Non-Executive%20Directors.pdf>

c) Disclosures with respect to remuneration: in addition to disclosures required under the Companies Act, 2013

- i. All elements of remuneration package of individual directors summarized under major groups, such as salary, Commission, bonuses, etc for the FY 2022-23:

Remuneration paid to Executive Directors for the year 2022-23

Particulars	Mr. Ande Prathap Reddy	Mr. Dundurapu Ram Reddy	Mr. Rajeshwar Reddy Nomula	Mr. Hemanth Reddy Gaddam	Total
Salary, Allowances & Perquisites	12,00,000	12,00,000	12,00,000	8,13,000	44,13,000
Benefits	-	-	-	-	-
Commission	-	-	-	-	-
Sitting Fees	-	-	-	-	-
Loans from the Company	-	-	-	-	-

Remuneration paid to Non-Executive Directors for the Year 2022-23

(Amount in Rs.)

Particulars	Mr. Rajendra kumar Mohanprasad Tapadiya	Mr. Amarender Reddy Minupuri	Mr. Kashinath Revappa Dhole	Mrs. Suhasini Yatin Shah	Total
Sitting Fees	48,000	35,000	53,000	35,000	1,71,000

- i. Details of fixed component and performance linked incentives, along with the performance criteria: Not Applicable
- ii. Service contracts, notice period, severance fees: Company does not have any service contract with the Directors of the Company.
- iii. Stock option details, if any and whether issued at a discount as well as the period over which accrued and over which exercisable: Company has not granted any Stock options during the year.

5. GENERAL BODY MEETING

a. Venue and time of the preceding of last three Annual General Meetings held:

Year	AGM	VENUE	Day & Date	Time
2021-22	12 th AGM	At Registered Office of the company	Monday, 30 th May, 2022	11.00 AM
2020-21	11 th AGM	Through Video Conference	Friday, 6 th August, 2021	11.00 AM
2019-20	10 th AGM	Through Video Conference	Friday, 7 th August, 2020	11.00 AM

a. List of Special Resolutions passed during the last three AGMs

i. Special Resolutions passed in 2021-22 AGM

- (a) Appointment of Mr. A. Prathap Reddy (DIN: 00003967) as a Whole-time Director of the Company.
- (b) Appointment of Mr. D. Ram Reddy (DIN: 00003864) as a Whole-time Director of the Company.
- (c) Appointment of Dr. Suhasini Shah (DIN: 02168705) as an Independent Director of the Company.
- (d) Appointment of Mr. M. Amarender Reddy (DIN: 05182741) as an Independent Director of the Company.

ii. No Special Resolutions were passed in 2020-21 AGM

iii. No Special Resolutions were passed in 2019-20 AGM

b. Special Resolutions passed through postal ballot and details of voting pattern

During the previous year, no resolutions were passed by Postal Ballot.

c. Person who conducted the postal ballot exercise – Not Applicable

d. No Special Resolution is proposed to be passed through the postal ballot.

e. Procedure for postal ballot – Not Applicable

6. MEANS OF COMMUNICATION- Not Applicable

7. GENERAL INFORMATION TO SHAREHOLDERS

- | | | |
|----|--|---|
| a. | Annual General Meeting
Date, Time and Venue | Saturday, 24th June at 12.00 Noon through Video Conference ("VC")/ Other Audio Visual Means ("OAVM") |
| b. | Date of Book Closure | NA |
| c. | Financial year | 1st April to 31st March |
| d. | Dividend Payment Date | NA |
| h. | ISIN Code | INE03GT01028 |
| i. | Registrar and Share Transfer Agents | Link Intime India Private Limited
C-101, 1st Floor, 247 Park, L.B.S. Marg, Vikhroli (West),
Mumbai 400 083, Maharashtra, India
Tel.: +91 22 4918 6200, Website: www.linkintime.co.in |
| l. | 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 Company involving mobilization of funds, whether in India or abroad | Not applicable.

However, we have obtained credit rating report from CARE Ratings Limited to share with Company's bankers, who have extended working capital and term loan funding. |
| m. | Plant Locations | Unit :
Plot No. E 8/1, Chincholi, MIDC, Taluka Mohol,
Solapur - 413 255, Maharashtra. |
| n. | Address for the correspondence: | Mr. Srinivas Bodige
Company Secretary and Compliance Officer
BALAJI SPECIALITY CHEMICALS LIMITED.
Balaji Towers No. 9/IA/1, Hotgi Road, Aasara Chowk,
Solapur - 413 224.
Email: cs@balajispecialitychemicals.com |

8. Dematerialization of Shares and Liquidity

As on 31st March, 2023, 100% of Equity shares of the company are in dematerialized form.

9. Commodity price risk or foreign exchange risk and hedging activities

The Company imports its major raw material and hence there is a commodity price risk and also foreign exchange risk. The company imports in bulk quantities against spot prices with the suppliers where the company gets the price advantage on the bulk / contract purchase. Since the company is also having exports the exchange risk is partly covered by natural hedge (by way of exports). The Company also carries hedging activities basing on the market conditions on case to case basis.

10. Other Disclosures:-

- The particulars of transactions between the Company and its related parties are set out at Notes to financial statements. However these transactions are not likely to have any conflict with the Company's interest.
- 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
- The Whistle Blower (Vigil) mechanism provides a channel to the employees to report to the management concerns about unethical behaviour, actual or suspected fraud or violation of the Codes of Conduct or policy and also provides for adequate safeguards against victimization of

employees by giving them direct access to the Chairman of the Audit Committee in exceptional cases. No person has been denied access to the Chairman of the Audit Committee.

The Policy covers malpractices and events which have taken place / suspected to have taken place, issue or abuse of authority, fraud or suspected fraud, violation of Company rules, manipulations, negligence causing danger to public health and safety, misappropriation of monies, and other matters or activity on account of which the interest of the Company is affected and formally reported by whistle blowers concerning its employees. The Whistle Blower Policy of the Company is also posted on the website of the Company <http://www.balajispecialitychemicals.com/investor-relations>

- d) The Company has complied with the mandatory requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The status of compliance with the discretionary requirements under Regulation 27(1) of SEBI Listing Regulations are as under:

Separate posts of chairperson and chief executive officer: The office of Chairman and that of Managing Director of the Company are held by different persons.

- e) web link where policy for determining 'material' subsidiaries is disclosed – Not Applicable.
f) web link where policy on dealing with related party transactions

The Related Party policy is hosted in the website of the Company at the link <http://www.balajispecialitychemicals.com/investor-relations>

g) Commodity price risk and Commodity hedging activities

The Company imports its major raw material and hence there is a commodity price risk. The company imports in bulk quantities against spot prices or annual contracts with the suppliers where the company gets the price advantage on the bulk / contract purchase. The Company also carries hedging activities basing on the market conditions on case to case basis.

- h. Details of utilization of funds raised through preferential allotment or qualified institutions placement as specified under Regulation 32 (7A)- Not Applicable
i. 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 has been enclosed as separately to this report.
j. Where the board had not accepted any recommendation of any committee of the board which is mandatorily required, in the relevant financial year- There are no such instances during the year and the Board considered and accepted the recommendations of all the Committees.
k. Total fees for all services paid by the Company and its subsidiaries, on a consolidated basis, to the statutory auditor and all entities in the network firm/network entity of which the statutory auditor is a part- Not applicable
l. Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

The Company has adopted a Policy on Prevention, Prohibition and Redressal of Sexual Harassment at workplace as per the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules made thereunder. The policy aims to provide protection to Employees at the workplace and prevent and redress complaints of sexual harassment and for matters connected or incidental thereto, with the objective of providing a safe working environment, where Employees feel secure. The Company has formed internal compliance committee to monitor and address any complaints under this provisions.

The Company has not received any complaints on sexual harassment during the year.

- m. Disclosure by the company and its subsidiaries of 'Loans and advances in the nature of loans to firms/companies in which directors are interested by name and amount': Not Applicable
- n. Details of material subsidiaries of the Company; including the date and place of incorporation and the name and date of appointment of the statutory auditors of such subsidiaries.- Not Applicable.
- h) Since the Company is proposed to get listed, the Company has complied with the provisions of Corporate Governance to the extent applicable**
- i) The extent to which the discretionary requirements as specified in Part E of Schedule II have been adopted: Nil**
- j) The Company has complied with all the requirements specified in Regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 of Listing Regulations: to the extent applicable.**
- k) Code of Conduct for the Board & Senior Management Personnel**

Your Company has in place a comprehensive Code of Conduct (the Code), pursuant to Regulation 17(5) of Listing Regulations, applicable to all the senior management personnel and directors including independent directors to such extent as may be applicable to them depending on their roles and responsibilities. The Code covers duties of independent directors and also gives guidance and support needed for ethical conduct of business and compliance of law.

The Company has laid down a Code of Conduct which has been effectively adopted by the Board Members and Senior Management Personnel of the Company.

All the Directors and senior management confirmed the compliance of code of conduct. The Company has posted the Code of Conduct for Directors and Senior Management on the website and the weblink is <http://www.balajispecialitychemicals.com/pdf/1661261733Code%20of%20Conduct%20for%20Directors%20and%20Senior%20Management.pdf>

Declaration on compliance with Code of Conduct is annexed.

11. Compliance Certificate from Practicing Company Secretaries

Certificate from P S Rao & Associates, Company Secretaries., confirming compliance with the conditions of corporate Governance to the extent applicable as stipulated under Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 is annexed herewith.-

l) CEO/CFO Certificate

Mr. Rajeshwar Reddy Nomula, Managing Director and Mr. Pardeepsingh Rameshsingh Watwani, CFO of the Company has issued certificate under Regulation 17(8) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, which is annexed and forms part of this report.

m) Secretarial Standards

The Company has complied with Secretarial Standards issued by the Institute of Company Secretaries of India.

By Order of the Board
For Balaji Speciality Chemicals Limited

Sd/-
Rajeshwar Reddy Nomula
Managing Director
DIN: 00003854
Place: Solapur
Date : 15.05.2023

Sd/-
Hemanth Reddy Gaddam
Whole-time Director
DIN: 00003868
Place: Hyderabad
Date : 15.05.2023

ANNEXURES TO CORPORATE GOVERNANCE REPORT**I. CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS**

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

To
The Members of
BALAJI SPECIALITY CHEMICALS LIMITED
Solapur

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of BALAJI SPECIALITY CHEMICALS LIMITED having CIN: U24299PN2010PLC137162 and having registered office at 2nd Floor, Balaji Towers No. 9/1A/1, Hotgi Road, Aasara Chowk Solapur- 413224 (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 Sub 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 & its officers, We hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March, 2023 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India or Ministry of Corporate Affairs or any other Statutory Authority.

Sr. No.	Name of Director	DIN	Date of appointment in Company
1.	Ande Prahtap Reddy	00003967	14.04.2016
2.	Rajeshwar Reddy Nomula	00003854	14.04.2016
3.	Ram Reddy Dundurapu	00003864	20.08.2010
4.	Hemanth Reddy Gaddam	00003868	14.04.2016
5.	Rajendrakumar Mohanprasad Tapadiya	00103949	09.05.2018
6.	Suhasini Yatin Shah	02168705	18.04.2022
7.	Kashinath Revappa Dhole	01076675	14.04.2016
8.	Amarender Reddy Minupuri	05182741	18.04.2022

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 these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For P S Rao & Associates
Company Secretaries**

**Sd/-
Mohit Gurjar
Partner
M.No. 20557
CP No. 18644**

Place: Hyderabad
Date: 15.05.2023

UDIN: A020557E000311837

II. CEO /CFO CERTIFICATION TO THE BOARD

[Pursuant to Regulation 17 (8) under Chapter IV of Securities Exchange board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015]

We, Rajeshwar Reddy Nomula, Managing Director and Pardeepsingh Rameshsingh Watwani, Chief Financial Officer of the Company responsible for the finance function hereby certify that:

- a) We have reviewed the financial statements and the cash flow statement for the year 2022-23 and that to the best of our knowledge and belief:
 - (i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (ii) 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 regulation.
- b) There are, to the best of our knowledge and belief, no transactions entered into by the company during the year 2022-23, which are fraudulent, illegal or violative of the company's code of conduct.
- c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- d) We have indicated to the auditors and the Audit committee :
 - (i) significant changes in internal control over financial reporting during the year 2022-23;
 - (ii) significant changes in accounting policies during the year 2022-23 and that the same have been disclosed in the notes to the financial statements;

There were no instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

**Sd./-
Rajeshwar Reddy Nomula
Managing Director
DIN: 00003854**

**Sd./-
Pardeep Singh Ramesh Singh Watwani
Chief Financial Officer**

Date:15.05.2023
Place: Solapur

DECLARATION ON CODE OF CONDUCT

This is to confirm that the Board has laid down a Code of Conduct for all Board Members and Senior Management Personnel of the Company. The Code of Conduct has also been posted on the website of the company. It is further confirmed that all directors and senior management personnel of the company have affirmed compliance with the code of conduct of the company for the financial year ended on 31st March, 2023 as envisaged in the Chapter IV of the Securities Exchange board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Date:15.05.2023
Place: Solapur

Sd./-
Rajeshwar Reddy Nomula
Managing Director
DIN: 00003854

**CERTIFICATE FROM COMPANY SECRETARY REGARDING COMPLIANCE OF CONDITIONS OF
CORPORATE GOVERNANCE**

To

The Members,

Balaji Speciality Chemicals Limited

We have examined the compliance of conditions of Corporate Governance by Balaji Speciality Chemicals Limited ('the Company') for the year ended 31st March, 2023 as per the relevant provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') as referred to in Regulation 15 (2) of the Listing Regulations

The compliance of conditions of Corporate Governance as stipulated under the listing regulations is the responsibility of the Company's Management including the preparation and maintenance of all the relevant records and documents. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure the compliance with the conditions of Corporate Governance stipulated in the Listing Regulations

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 Listing Regulations to the extent applicable.

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

**For P.S. Rao & Associates
Company Secretaries**

Sd./-

P S Rao

Partner

M. No. F10322

C P No: 3829

PR: 710/2020

UDIN: F010322E000343182

Place: Hyderabad

Date: 15.05.2023

Note: The Company, as on date of this Certificate is an unlisted Company, proposes to list its shares on the Stock Exchanges upon completion of its IPO, which is under process. In view of the said, this Certificate certifying the compliance of provisions related to Corporate Governance as laid in Listing Regulations be read and inferred accordingly.

Annexure - VI

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

1. A brief outline of the Company's CSR policy:

To operate its business in a sustainable manner respecting the society & the environment, while recognizing the interests of all its stakeholders.

To also take up directly or indirectly programmes that will benefit the communities in and around its factories, which will, over a period of time enhance the quality of life and economic wellbeing of the local residents.

Through assisted programmes, services and through its CSR initiatives, the company will generate community goodwill and create a partnership with all stake holders of the region as socially responsible corporate. The CSR Policy including a brief overview of the projects or programs undertaken can be accessed from time to time at the Company's website through the Web-link:

<http://www.balajispecialitychemicals.com/pdf/1661264351Corporate%20Social%20Responsibility%20Policy.pdf>

2. Composition of the CSR Committee:

Name	Category	Category of Director
Mr. Rajendra Kumar Tapadiya	Chairman	Independent, Non- Executive Director
Mr. Kashinath Revappa Dhole	Member	Independent, Non-Executive Director
Mr Ram Reddy Dundurapu	Member	Executive Director

Due to resignation of Mr. Ram Reddy Dundurapu Whole-time director and Mr. Kashinath Revappa Dhole, Independent Director of the Company, the CSR Committee was reconstituted in the Board meeting held on 15th May, 2023 as follows:

Name	Category	Category of Director
Mr. Rajendrakumar Mohanprasad Tapadiya	Chairman	Independent, Non- Executive Director
Mrs. Suhasini Yatin Shah	Member	Independent, Non-Executive Director
Mr. Rajeshwar Reddy Nomula	Member	Executive Director

3. Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the Board are disclosed on the website of the company: <http://balajispecialitychemicals.com/investor-relations.in>

4. Provide the executive summary along with web-link(s) of Impact Assessment of CSR Projects carried out in pursuance of sub-rule (3) of rule 8, if applicable: Not applicable

5. (a) Average net profit of the Company as per sub-section (5) of section 135: Rs. 49,96,39,635/-
- (b) Two percent of average net profit of the company as per sub-section (5) of section 135: Rs.99,92,793/-
- (c) Surplus arising out of the CSR Projects or programmes or activities of the previous financial years: Nil
- (d) Amount required to be set-off for the financial year, if any: Nil
- (e) Total CSR obligation for the financial year (5b+5c-5d):- Rs. 99,92,793/-
6. a. Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project)
 - (i) Ongoing Project: Nil
 - (ii) Other than Ongoing Project: as below

Sl. No.	CSR project or activity identified	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 Rs.)	Mode of implementation on-Direct (Yes/No)	Mode of Implementation Through Implementing Agency	
				State	District			Name	CSR Registration Number
1.	Financial Assistance for Building Construction to Orphanage	Setting Up Homes For Orphans (iii)	Yes	Maharashtra	Solapur	25,00,000	Yes		
2.	Financial Assistance for Purchase School Bus to Bhairu Ratan Damani Andhshala	Promotion of Education(ii)	Yes	Maharashtra	Solapur	19,06,617	Yes		
3.	Financial Assistance for Purchase School Bus to Bhairu Ratan Damani Andhshala	Eradicating hunger and Poverty (i) and Malnutrition and Empowerment of women(iii)	Yes	Maharashtra	Solapur	1,44,996	Yes		
4.	Providing Computers and other Equipments in Schools	Promotion of Education(ii)	Yes	Maharashtra	Solapur	13,63,330	Yes		
5.	Financial Assistance to Sports	Promotion of Sports(vii)	Yes	Maharashtra	Solapur	35,000	Yes		
6.	Financial Assistance to Sports	Promotion of Education(ii)	Yes	Maharashtra	Solapur	10,00,000	Yes		
7.	Balaji Foundation and Research Centre					30,50,000	No	Balaji Foundation and Research Centre	CSR 00031359
	Total					99,99,943			

- (b) Amount spent in Administrative Overheads: Rs. Nil
- (c) Amount spent on Impact Assessment, if applicable: Not Applicable
- (d) Total amount spent for the Financial Year [(a)+(b)+(c)]: Rs.99,99,943/-
- (e) CSR amount spent or unspent for the Financial Year:
- (f) Excess amount for set-off, if any:

Total Amount Spent for the Financial Year (in Rs.)	Amount Unspent (in Rs.)				
	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
Rs.99,99,943/-	NA	NA	NA	NA	NA

f) Excess amount for set-off, if any:

Sr. No.	Particular	Amount (in Rs.)
1.	Two percent of average net profit of the company as per sub-section (5) of section 135	99,92,793
2.	Total amount spent for the Financial Year	99,99,943
3.	Excess amount spent for the financial year [(ii)-(I)]	7,150
4.	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	0
5.	Amount available for set off in succeeding financial years [(iii)-(iv)]	7,150

7. Details of Unspent Corporate Social Responsibility amount for the preceding three Financial Years:

Sr. No.	Preceding Financial Year	Amount transferred to Unspent CSR Account under sub-section (6) of section 135 (in Rs.)	Balance Amount in Unspent CSR Account under subsection (6) of section 135 (in Rs.)	Amount Spent in the Financial Year (in Rs.)	Amount transferred to a Fund as specified under Schedule VII as per second proviso to sub-section (5) of section 135, if any		Amount remaining to be spent in succeeding Financial Years (in Rs.)	Deficiency, if any
					Amount (in Rs.)	Date of Transfer		
1	2019-20	NA	NA	NA	NA	NA	NA	NA
2	2020-21	NA	NA	NA	NA	NA	NA	NA
3	2021-22	NA	NA	NA	NA	NA	NA	NA

8. Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the Financial Year: No

9. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per sub-section (5) of section 135. Not Applicable

By Order of the Board

For Balaji Speciality Chemicals Limited

Sd/-
Rajendrakumar Mohanprasad Tapadiya
 Chairman - CSR Committee
 DIN: 01076675

Place: Solapur
 Date: 15.05.2023

Sd/-
Ram Reddy Dundurapu
 Member of the committee
 DIN: 00003864

Place: Solapur
 Date: 15.05.2023

Independent Auditor's Report

To the Members of Balaji Speciality Chemicals Limited (formerly known as Balaji Speciality Chemicals Private Limited)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **Balaji Speciality Chemicals Limited** ("the Company"), which comprise the Balance sheet as at March 31, 2023, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and Cash Flow Statement for the year then ended, and notes to the financial statements including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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 accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2023, and its profit (including other comprehensive income), changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Sr. No.	Key Audit Matter	Auditor's Response
1.	<p>Revenue Recognition</p> <p>Revenue from the sale of goods (hereinafter referred to as "Revenue") is recognised when the Company performs its obligation to its customers and the amount of revenue can be measured reliably and recovery of the consideration is probable. The timing of such recognition is when the control over goods is transferred to the customers, which is mainly upon delivery.</p> <p>The timing of revenue recognition is relevant to the reported performance of the Company. The management considers revenue as a key measure for evaluation of performance. There is a risk of revenue being recorded before the control over goods is transferred.</p>	<p>Principal Audit Procedures</p> <p>Our audit approach was a combination of tests of internal controls and substantive procedures including:</p> <p>Assessing the appropriateness of Company's revenue recognition in line with Ind AS 115 - Revenue from Contracts with Customers.</p> <p>Evaluating the design and implementation of Company's controls in respect of revenue recognition.</p> <p>Testing the effectiveness of such controls over revenue cut off at the year end.</p>

Sr. No.	Key Audit Matter	Auditor's Response
	Refer Note 1B to the financial statements - Significant Accounting Policies.	Testing the supporting documentation for sales transactions recorded during the period closer to the year-end and subsequent to the year-end, including examination of credit notes issued after the year end to determine whether revenue was recognised in the correct period.

Other Information

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

Our opinion on the 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the 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 financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors 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 the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 financial statements.

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

Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is

sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.

Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by 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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 financial statements, including the disclosures, and whether the 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 financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other matter

The comparative financial information of the Company for the year ended March 31, 2022 is based on the previously issued statutory financial statements prepared in accordance with the with the Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time, notified under section 133 of the Companies Act, 2013, ("Act") which were audited by the predecessor auditor who expressed an unmodified opinion vide report dated 18th April, 2022.

Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

- b) In our opinion, proper books of account as required by law 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 Changes 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 financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act.
- e) On the basis of the written representations received from the directors as on March 31, 2023 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2023 from being appointed as a director in terms of Section 164 (2) of the Act.
- f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".
- g) In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provision of section 197 of the Act.
- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements (Refer Note 36 of the 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 are no amounts which were required to be transferred to the Investor and Protection Fund by the Company.
 - iv. (a) The Management has represented that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
(b) The Management has represented, that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Company from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
(c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.
 - v. The Company has not declared or paid any dividend during the year in contravention of the provisions of section 123 of the Companies Act, 2013.

- vi. As proviso to rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable for the company only w.e.f. April 1, 2023, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 is not applicable for the financial year ended March 31, 2023.
2. As required by the Companies (Auditor's Report) Order, 2020, ("the Order") issued by the Central Government of India in terms of Section 143 (11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For M. Anandam & Co.,

Chartered accountants

(Firm Registration No.000125S)

Sd/-

B.V. Suresh Kumar

Partner

Membership No.212187

UDIN: 23212187BGWOPL4179

Place: Hyderabad

Date: 15th May, 2023

Annexure “A” to the Independent Auditor's Report

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

We have audited the internal financial controls over financial reporting of **Balaji Speciality Chemicals Limited** (“the Company”) as of March 31, 2023 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143 (10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, 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 Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of 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 financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2023, 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 M. Anandam & Co.,

Chartered accountants

(Firm Registration No.000125S)

Sd/-

B.V. Suresh Kumar

Partner

Membership No.212187

UDIN: 23212187BGWOPL4179

Place: Hyderabad

Date: 15th May, 2023

Annexure - B to the Independent Auditors' Report

With reference to Paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of the Company, we report that

- (i) In respect of the Company's Property, Plant and Equipment and Intangible Assets:
 - (a) A. The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment and relevant details of right-of-use assets.
 - B. The Company does not have intangible assets and hence reporting under the clause 3(i)(b) is not applicable.
 - (b) The Property, Plant and Equipment have been physically verified by the management in a periodical manner, which in our opinion is reasonable, having regard to the size of the Company and the nature of its business. No material discrepancies were noticed on such verification.
 - (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
 - (d) The Company has not revalued any of its Property, Plant and Equipment (including right-of-use assets).
 - (e) No proceedings have been initiated during the year or are pending against the Company as at March 31, 2023 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.
- (ii)
 - (a) The inventory has been physically verified by the management during the year. In our opinion, the coverage, frequency and procedure of such verification is reasonable and adequate in relation to the size of the Company and the nature of its business. The discrepancies noticed on verification between the physical stocks and the book records were not exceeding 10% in the aggregate for each class of inventory
 - (b) The Company is sanctioned working capital limits in excess of Rs.5 Crore during the year from banks on the basis of security of current assets. Further, the quarterly returns or statements filed by the Company with such banks or financial institutions are in agreement with the books of account of the Company.
- (iii)
 - (a) During the year, the Company has made investments but not provided loans or advances in the nature of loans or not stood guarantee or not provided security in/to companies, firms, Limited Liability Partnerships or any other parties. Hence, reporting under clause 3(iii)(c), (d), (e) and (f) is not applicable.
 - (b) In our opinion, the investments made and the terms and conditions of the grant of loans, during the year are, prima facie, not prejudicial to the Company's interest.
- (iv) The Company has not granted loans and hence the provisions of section 185 are not applicable. Further, the Company has complied with the provisions of Section 186 of the Companies Act, 2013 in respect of investments made during the year.
- (v) According to the information and explanations given to us, the Company has not accepted deposits within the meaning of Sections 73 to 76 of the Act and the rules framed there under. Hence, reporting under clause 3(v) of the Order is not applicable.
- (vi) We have broadly reviewed the cost records maintained by the Company as prescribed under subsection (1) of section 148 of the Act, and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

(vii) In respect of statutory dues:

- (a) According to the information and explanations given to us and the records of the Company examined by us, the Company is generally regular in depositing undisputed statutory dues including Provident fund, Employees' state insurance, Income-tax, Goods and Services Tax, Customs duty, cess and any other statutory dues as applicable with the appropriate authorities and there were no arrears of outstanding statutory dues as at the last day of the financial year concerned for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us and records of the Company examined by us, the particulars of Income tax as at March 31, 2023 which have not been deposited on account of any dispute pending are as under:

Name of the statute	Nature of the dues	Amount (Rs. in lakhs)	Amount paid under protest (Rs. In lakhs)	Period to which the amount relates	Forum where the dispute is pending
Income-tax Act, 1961	Income tax	35.05	7.01	AY 2019-20	Commissioner of Income tax (Appeals)
Income-tax Act, 1961	Income tax	21.39	4.28	AY 2018-19	Commissioner of Income tax (Appeals)

- (viii) There were no transactions relating to previously unrecorded income that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961).
- (ix) (a) The Company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender.
- (b) The Company has not been declared wilful defaulter by any bank or financial institution or other lender.
- (c) According to the information and explanations given to us and procedures performed by us, we report that the Company has applied the term loans for the purpose for which the loans were obtained.
- (d) On an overall examination of the financial statements of the Company, funds raised on short-term basis have, prima facie, not been used for long-term purposes by the Company.
- (e) The Company does not have any Subsidiaries, associates or Joint Ventures and hence, reporting under clause 3(ix)(e) and (f) of the Order are not applicable.
- (x) (a) The Company has not raised monies by way of initial public offer or further public offer (including debt instruments) during the year and hence reporting under clause 3 (x)(a) of the Order is not applicable.
- (b) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year and hence reporting under clause (x)(b) of the Order is not applicable.
- (xi) (a) No fraud by the Company and no material fraud on the Company has been noticed or reported during the year.
- (b) No report under sub-section (12) of section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and upto the date of this report.
- (c) As represented to us by the management, there are no whistle blower complaints received by the company during the year.
- (xii) The Company is not a Nidhi Company and hence reporting under clause 3 (xii) of the Order is not applicable.
- (xiii) In our opinion, the Company is in compliance with Section 177 and 188 of the Companies Act, 2013 with respect to applicable transactions with the related parties and the details of related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.

- (xiv) (a) In our opinion the Company has an adequate internal audit system commensurate with the size and the nature of its business.
- (b) We have considered, the internal audit reports for the year under audit, issued to the Company during the year and till date, in determining the nature, timing and extent of our audit procedures.
- (xv) In our opinion, the Company has not entered into any non-cash transactions with its directors or persons connected with its directors. and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the Company.
- (xvi) (a) In our opinion, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence, reporting under clause 3(xvi)(a) of the Order is not applicable.
- (b) The Company is not engaged in any non-banking financial housing finance activities. Accordingly, the requirement to report on clause 3(xvi)(b) of the Order is not applicable to the Company.
- (c) The Company is not a core investment company as defined in the Regulations made by the Reserve Bank of India. Accordingly, the requirement to report on clause 3(xvi)(c) of the Order is not applicable to the Company.
- (d) In our opinion, there is no core investment company within the Group (as defined in the Core Investment Companies (Reserve Bank) Directions, 2016) and accordingly reporting under clause 3(xvi)(d) of the Order is not applicable.
- (xvii) The Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
- (xviii) There has been resignation of the statutory auditors during the year and we have taken into consideration the issues, objections or concerns raised by the outgoing auditors.
- (xix) On the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
- (xx) (a) There are no unspent amounts towards Corporate Social Responsibility (CSR) on other than ongoing projects requiring a transfer to a Fund specified in Schedule VII to the Companies Act in compliance with second proviso to sub-section (5) of Section 135 of the said Act. Accordingly, reporting under clause 3(xx)(a) of the Order is not applicable for the year.
- (b) According to the information and explanations given to us, there are no on-going projects and hence reporting under clause 3(xx)(b) is not applicable.

For M. Anandam & Co.,

Chartered accountants

(Firm Registration No.000125S)

Sd/-

B.V. Suresh Kumar

Partner

Membership No.212187

UDIN: 23212187BGWOPL4179

Place: Hyderabad

Date: 15th May, 2023

BALANCE SHEET AS AT MARCH 31, 2023*(All amounts are in rupees in lakhs, except share data or otherwise stated)*

Particulars	Note	As at March 31, 2023	As at March 31, 2022
I. ASSETS			
Non-current assets			
(a) Property, Plant and Equipment	2.1	17,780.32	18,786.11
(b) Capital work-in-progress	2.2	3,948.95	-
(c) Right-of-use assets	2.3	14.13	1.12
(d) Financial assets			
Other financial assets	3	170.95	190.30
(e) Other non-current assets	4	143.77	11.29
		22,058.12	18,988.82
Current assets			
(a) Inventories	5	3,557.95	1,972.71
(b) Financial assets			
(i) Investments	6	1,033.65	-
(ii) Trade receivables	7	11,759.43	16,185.13
(iii) Cash and cash equivalents	8	5,709.43	341.22
(iv) Bank balances other than (iii) above	9	1,811.70	2.22
(v) Other financial assets	10	4.29	4.29
(c) Other current assets	11	2,163.40	2,941.27
		26,039.85	21,446.84
TOTAL ASSETS		48,097.97	40,435.66
II. EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	12	4,000.00	4,000.00
(b) Other equity	13	32,555.01	15,019.52
		36,555.01	19,019.52
Liabilities			
Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	14	3,030.25	12,357.43
(ii) Lease liabilities	2.4	7.89	0.65
(b) Provisions	15	1.69	-
(c) Deferred tax liabilities (net)	16	2,230.53	1,512.41
(d) Other non-current liabilities	17	-	178.26
		5,270.36	14,048.75
Current Liabilities			
(a) Financial liabilities			
(i) Borrowings	18	2,727.18	4,306.30
(ii) Lease liabilities	2.4	6.76	0.52
(iii) Trade payables	19		
a) Total outstanding dues of micro enterprises and small enterprises		450.65	591.85

Particulars	Note	As at March 31, 2023	As at March 31, 2023
b) Total outstanding dues of creditors other than micro enterprises and small enterprises		2,179.06	1,752.79
(iv) Other financial liabilities	20	171.55	136.63
(b) Other current liabilities	21	11.13	352.72
(c) Provisions	22	6.83	-
(d) Current tax liabilities (net)	23	719.44	226.58
		6,272.60	7,367.39
TOTAL EQUITY AND LIABILITIES		48,097.97	40,435.66
Summary of significant accounting policies	1(B)		

The accompanying notes are an integral part of the financial statements.

As per our report of even date
For M. Anandam & Co.,
Chartered Accountants

Sd/-
B V Suresh Kumar
Partner
Membership Number: 212187

Place: Hyderabad
Date: 15.05.2023

On behalf of Board of Directors

Sd/-
N.Rajeshwar Reddy
Managing Director
DIN : 00003854

Place: Solapur
Date: 15.05.2023

Sd/-
B. Srinivas
Company secretary
PAN: AYTPB0755G

Place: Solapur
Date: 15.05.2023

Sd/-
G.Hemanth Reddy
Wholetime Director
DIN : 00003868

Place: Hyderabad
Date: 15.05.2023

Sd/-
Pardeep Singh Ramesh Singh Watwani
Chief Financial officer
PAN: ABSPW1999F

Place: Solapur
Date: 15.05.2023

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2023*(All amounts are in rupees in lakhs, except share data or otherwise stated)*

Particulars	Note	Year ended March 31, 2023	Year ended March 31, 2022
I. Income			
Revenue from operations	24	79,122.76	51,571.40
Other income	25	750.69	176.16
Total income		79,873.45	51,747.56
II. Expenses			
Cost of materials consumed	26	40,807.14	26,412.97
Changes in inventories of work-in-progress and finished goods	27	(528.84)	(117.29)
Employee benefits expense	28	493.83	315.97
Finance costs	29	1,019.12	1,549.26
Depreciation and amortisation expenses	30	1,436.85	1,283.52
Other expenses	31	10,501.66	6,788.33
Total expenses		53,729.76	36,232.76
III. Profit before tax (I-II)		26,143.69	15,514.80
IV. Tax expense:			
(1) Current tax		7,493.17	2,710.75
(2) Earlier year tax		95.68	153.28
(3) Deferred tax		741.27	1,654.79
Total tax expense		8,330.12	4,518.82
V. Profit for the year (III- IV)		17,813.57	10,995.98
VI. Other comprehensive income			
Items that will not be reclassified to profit or loss			
a) Remeasurement of defined benefit plans		(9.12)	-
b) Income tax relating to item (a) above		2.66	-
Other comprehensive income (net of tax)		(6.46)	-
VII. Total comprehensive income for the year		17,807.11	10,995.98
VIII. Earnings per equity share (Face value of Rs. 2 each)			
(1) Basic (in Rs.)	34	8.91	5.50
(2) Diluted (in Rs.)		8.91	5.50
Summary of significant accounting policies	1(B)		

The accompanying notes are an integral part of the financial statements.

As per our report of even date

On behalf of Board of Directors

For M. Anandam & Co.,
Chartered Accountants**Sd/-**
B V Suresh Kumar
Partner
Membership Number: 212187Place: Hyderabad
Date: 15.05.2023**Sd/-**
N.Rajeshwar Reddy
Managing Director
DIN : 00003854Place: Solapur
Date: 15.05.2023**Sd/-**
B. Srinivas
Company secretary
PAN: AYTPB0755GPlace: Solapur
Date: 15.05.2023**Sd/-**
G.Hemanth Reddy
Wholetime Director
DIN : 00003868Place: Hyderabad
Date: 15.05.2023**Sd/-**
Pardeep Singh Ramesh Singh Watwani
Chief Financial officer
PAN: ABSPW1999FPlace: Solapur
Date: 15.05.2023

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2023*(All amounts are in rupees in lakhs, except share data or otherwise stated)*

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Cash flow from operating activities		
Profit/(Loss) before tax	26,143.69	15,514.80
Adjustments for:		
Depreciation and amortisation expenses	1,436.85	1,283.52
Liabilities no longer required written back	(43.13)	-
Interest on borrowings	867.53	1,469.26
Interest on lease liabilities	1.83	0.12
Fair value gain on investments designated at FVTPL (Net)	(20.86)	-
Interest Income	(73.88)	(12.97)
Operating cash flow before working capital changes	28,312.03	18,254.73
Changes in operating assets and liabilities		
(Increase) / decrease in Inventories	(1,858.56)	(571.49)
(Increase)/ decrease in Trade receivables	4,425.70	(11,867.94)
(Increase) / decrease in Financial assets other than trade receivables	(1,790.13)	1.01
(Increase) / decrease in Other non-financial assets	1,309.62	1,187.42
Increase/ (decrease) in Trade payables	285.07	408.62
Increase / (decrease) in other financial liabilities	46.41	89.11
Increase / (decrease) in provisions	(19.39)	-
Increase / (decrease) in other non-financial liabilities	(543.31)	383.76
Cash generated from operations	30,167.44	7,885.22
Income taxes paid	(7,072.53)	(2,463.88)
Net cash flow from/(used in) operating activities	23,094.91	5,421.34
Cash flows from investing activities		
Purchase of property, plant and equipment	(425.31)	(39.22)
(Increase) / decrease in Capital work-in-progress	(3,948.95)	-
Purchase of Investments designated at FVTPL	(1,012.79)	-
Interest income on deposits and others	117.01	13.45
Net cash flow from/ (used in) investing activities	(5,270.04)	(25.77)
Cash flow from financing activities		
Proceeds from non-current borrowings	-	1,200.00
Repayment from non-current borrowings	(9,327.18)	(5,462.24)
Proceeds/ (repayment) from current borrowings (net)	(1,579.12)	484.60
Interest Paid	(879.03)	(1,471.64)
Expenses in relation to IPO	(664.23)	-
Payment of lease liabilities	(7.10)	(0.60)
Net cash flow from/ (used in) financing activities	(12,456.66)	(5,249.88)
Net increase (decrease) in cash and cash equivalents	5,368.21	145.69
Cash and cash equivalents at the beginning of the year	341.22	195.53
Cash and cash equivalents at the end of the year (Note No.8)	5,709.43	341.22

Note: Cash flow statement has been prepared under the indirect method as set out in Ind AS - 7 specified under Section 133 of the Companies Act, 2013.

As per our report of even date

On behalf of Board of Directors

For M. Anandam & Co.,
Chartered Accountants

Sd/-
B V Suresh Kumar
Partner
Membership Number: 212187

Place: Hyderabad
Date: 15.05.2023

Sd/-
N.Rajeshwar Reddy
Managing Director
DIN : 00003854

Place: Solapur
Date: 15.05.2023

Sd/-
B. Srinivas
Company secretary
PAN: AYTPO755G

Place: Solapur
Date: 15.05.2023

Sd/-
G.Hemanth Reddy
Wholtime Director
DIN : 00003868

Place: Hyderabad
Date: 15.05.2023

Sd/-
Pardeep Singh Ramesh Singh Watwani
Chief Financial officer
PAN: ABSPW1999F

Place: Solapur
Date: 15.05.2023

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2023*(All amounts are in rupees in lakhs, except share data or otherwise stated)***a. Equity share capital**

Particulars	March 31, 2023		March 31, 2022	
	Number of Shares	Amount	Number of Shares	Amount
Balance at the beginning of the reporting year	20,00,00,000	4,000	4,00,00,000	4,000
Add: Changes in equity share capital due to prior period errors	-	-	-	-
Add: Increase in shares on account of sub-division*	-	-	16,00,00,000	-
Balance outstanding at the end of the year	20,00,00,000	4,000	20,00,00,000	4,000

* The Company has only one class of equity shares having a par value of Rs. 2 each.

During the year ended March 31, 2022, pursuant to the special resolution passed in the extra-ordinary general meeting held on February 26, 2022, the equity shares of the Company having face value of ₹10 each were sub-divided into five equity shares having a face value of ₹2 each. Accordingly, 4,00,00,000 equity shares of face value of Rs. 10 each were subdivided into 20,00,00,000 equity shares of face value of Rs.2 each.

b. Other equity

Particulars	Reserves and surplus		
	Securities premium	Retained earnings	Total
Balance as at April 1, 2021	4,400.00	(376.46)	4,023.54
Profit for the year	-	10,995.98	10,995.98
Balance as at April 1, 2022	4,400.00	10,619.52	15,019.52
Changes in retained earnings due to Prior period errors	-	(271.62)	(271.62)
Restated balance as at April 1, 2022	-	10,347.90	-
Profit for the year	-	17,813.57	17,813.57
Other comprehensive income on remeasurement of employee defined benefit obligation (net of tax)	-	(6.46)	(6.46)
Balance as at March 31, 2023	4,400.00	28,155.01	32,555.01

As per our report of even date

For M. Anandam & Co.,
Chartered Accountants

Sd/-
B V Suresh Kumar
Partner
Membership Number: 212187

Place: Hyderabad
Date: 15.05.2023

On behalf of Board of Directors

Sd/-
N.Rajeshwar Reddy
Managing Director
DIN : 00003854

Place: Solapur
Date: 15.05.2023

Sd/-
B. Srinivas
Company secretary
PAN: AYTPB0755G

Place: Solapur
Date: 15.05.2023

Sd/-
G.Hemanth Reddy
Wholtime Director
DIN : 00003868

Place: Hyderabad
Date: 15.05.2023

Sd/-
Pardeep Singh Ramesh Singh Watwani
Chief Financial officer
PAN: ABSPW1999F

Place: Solapur
Date: 15.05.2023

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023**1(A) Corporate information**

Balaji Speciality Chemicals Limited. (BSCL) (Formerly known as Balaji Speciality Chemicals Private Limited), is a Public Limited company incorporated in India under the provisions of the Companies Act, 2013. The Company's registered office is located at 2nd Floor, Balaji Towers, No.9/1A/1, Hotgi Road, Aasara Chowk, Solapur, Maharashtra - 413224. The Company is a subsidiary of Balaji Amines Limited.

1(B) Significant accounting policies**(i) Statement of compliance & Basis of preparation**

The financial statements have been prepared in accordance with the Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time, notified under section 133 of the Companies Act, 2013, ("Act") and other relevant provisions of the Act.

The financial statements have been prepared on a going concern basis. The accounting policies are applied consistently to all the periods presented in the financial statements except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires change in accounting policy hitherto in use.

(ii) Functional and presentation currency

These financial statements are presented in Indian Rupees (INR), which is also the Company's functional currency. All financial information presented in Indian Rupees have been rounded-off to two decimal places to the nearest lakh except share data or as otherwise stated.

(iii) Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following items:

- Certain financial assets and liabilities : Measured at fair value
- Net defined benefit (asset)/ liability : Fair value of plan assets less present value of defined benefit obligations
- Borrowings : Amortised cost using effective interest rate method

(iv) Use of estimates and judgements

In preparation of the financial statements, the Company makes judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and the associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and the underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and future periods affected.

Significant judgements and estimates relating to the carrying values of assets and liabilities include useful lives of property, plant and equipment, impairment of property, plant and equipment, provision for employee benefits and other provisions, recoverability of deferred tax assets, commitments and contingencies.

Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes:

- Determining an asset's expected useful life and the expected residual value at the end of its life;
- Impairment of financial assets;
- Measurement of defined benefit obligations: key actuarial assumptions;
- Recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources;

- Recognition of tax expense including deferred tax

Measurement of fair values

Company accounting policies and disclosures require measurement of fair value for both financial and non-financial assets.

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 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.

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

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the Note 39 - Financial instruments.

(v) Current and non-current classification:

The Schedule III to the Act requires assets and liabilities to be classified as either current or non-current. The Company presents assets and liabilities in the balance sheet based on current/ non-current classification.

Assets

An asset is classified as a current when:

- it is expected to be settled in, or is intended for sale or consumption in, the Company's normal operating cycle;
- it is expected to be realized within twelve months from the reporting date;
- it is held primarily for the purposes of being traded; or
- is cash or cash equivalent unless it is restricted from being exchanged or used to settle A liability for at least twelve months after the reporting date. All other assets are classified as non current.

Liabilities

A liability is classified as a current when:

- it is expected to be realized in, or is intended for sale or consumption in, the Company's normal operating cycle;
- it is due to be settled within twelve months from the reporting date;
- it is held primarily for the purposes of being traded;
- Deferred tax assets/liabilities are classified as non-current.
- the Company does not have an unconditional right to defer settlement of liability for at least twelve months from the reporting date.

All other liabilities are classified as non-current.

Operating Cycle

Operating cycle is the time between the acquisition of assets for processing and realisation in cash or cash equivalents. The Company has ascertained its operating cycle as 12 months for the purpose of current or non-current classification of assets and liabilities.

3 Summary of significant accounting policies

A • Revenue recognition

(i) Revenue from contract with customers

Revenue is recognised when the performance obligations have been satisfied, which is once control of the goods is transferred from the Company to the customer.

Revenue related to the sale of goods is recognised when the product is delivered to the destination specified by the customer, and the customer has gained control through their ability to direct the use of and obtain substantially all the benefits from the asset.

Revenue is measured based on consideration specified in the contract with a customer which is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates and excludes amounts collected on behalf of third parties.

(ii) Recognition of interest income, dividend income and export benefits

Interest income is recognized on accrual basis taking into account the amount outstanding and rate applicable.

Dividend income is recognised when the right to receive the income is established.

Export benefit entitlements are recognized in the statement of profit and loss, when right to receive such entitlement is established as per terms of the relevant scheme in respect of exports made and where there is no significant uncertainty regarding compliance with the terms and conditions of such scheme.

B • Property, plant and equipment (PPE)

Property, plant and equipment acquired by the company are carried at acquisition cost less accumulated depreciation and accumulated impairment losses, if any. The acquisition cost for this purpose includes the purchase price (net of duties and taxes which are recoverable in future) and expenses directly attributable to the asset to bring it to the site and in the working condition for its intended use.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from its use. Difference between the sales proceeds and the carrying amount of the asset is recognized in the statement of profit and loss.

The catalyst is an asset that facilitates the process that increases the future economic benefits and output efficiency expected from the plant.

Land allotted by MIDC on long lease basis is treated as "Lease Hold Land" on the basis of possession leaser from MIDC (the Lessor). The one-time lump sum premium paid at the time of allotment is amortized over the period of the 88 year lease.

C • Capital work-in-progress

Capital work-in-progress is carried at cost less impairment loss, if any. It comprises of property, plant and equipment that are not yet ready for their intended use at the reporting date.

D • Depreciation and amortisation expenses

Depreciation is the systematic allocation of the depreciable amount of PPE over its useful life and is provided on the straight line method over the useful lives as prescribed in Schedule II to the Act.

Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value. Depreciation is recognised so as to write off the cost of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013.

The Company reviews the residual value, useful lives and depreciation method annually and, if expectations differ from previous estimates, the change is accounted for as a change in accounting estimate on a prospective basis. An asset's carrying amount written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Depreciation on Leasehold improvements is provided over the life estimated by the management. Catalyst is depreciated over the useful life estimated by the management.

E • Government grants and subsidies

Grants from the government are recognised when there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions.

F • Leases**As a Lessee:**

The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the company assesses whether:

- (1) The Contract involves the use of an identified asset;
- (2) The Company has substantially all the economic benefits from use of the asset through the period of the lease and
- (3) The Company has the right to direct the use of the asset.

The Company recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease. Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives.

They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the balance lease term of the underlying asset. Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of the leases. Lease liabilities are re-measured with a corresponding adjustment to the related right of use asset if the company changes its assessment if whether it will exercise an extension or a termination option.

Lease liability and ROU asset shall be separately presented in the Balance Sheet and lease payments shall be classified as financing cash flows.

The company has applied Ind AS 116 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under Ind AS 17.

As a Lessor:

Leases for which the Company is a lessor is classified as a finance or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

Operating lease – Rentals payable under operating leases are charged to the statement of profit and loss on a straight line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are utilised.

G • Employee benefits:

Short-term employee benefits

Wages and salaries, including non-monetary benefits that are expected to be settled within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

Long-term employee benefits

Defined benefit plan - Gratuity obligation

The liability or assets recognized in the balance sheet in respect of gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuary using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in the period in which they occur, directly in other comprehensive income. They are included in retained earnings.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognized immediately in profit or loss. The gratuity liability is covered through a recognized Gratuity Fund managed by Life Insurance Corporation of India.

Defined benefit plan - Leave encashment

The liabilities for earned leave is 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 at 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 obligations. Remeasurements as a result of the experience adjustments and changes in actuarial assumptions are recognized in profit or loss.

The obligations are presented as current liabilities in the 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.

Defind contribution plans

Contributions to post employment benefit plans in the form of provident fund, employee state insurance scheme and pension scheme as per regulations are charged as an expense on an accrual basis when employees have rendered the service. The Company has no further payment obligations once the contributions have been paid.

H • Tax expenses

Accounting treatment in respect of deferred tax and current tax is in accordance with Ind AS 12 - "Income Taxes".

Tax expense for the year comprises current and deferred tax.

Current Tax is the amount of tax payable on the taxable income for the year as determined in accordance with the applicable tax rates and the provisions of the Income-tax Act, 1961 and other applicable tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary differences arise from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

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 and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Tax relating to items recognized directly in equity or other comprehensive income is recognised in equity or other comprehensive income and not in the Statement of Profit and Loss.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they are related to income taxes levied by the same tax authority, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

I • Inventories

Raw materials, packing materials, stores and spares, and other consumables are valued at cost or net realizable value, whichever is lower. Cost comprises of basic cost (net of GST, if any) and other costs incurred in bringing them to their respective present location and condition. Cost is determined on a First-in-First Out basis.

Work-in-Progress and finished goods are valued at cost or net realizable value, whichever is lower. Cost includes all direct costs and a proportion of other fixed manufacturing overheads based on normal operating capacity. Cost is determined on a Weighted Average basis.

J • Cash and Cash Equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of not more than three months, which are subject to an insignificant risk of changes in value.

K • Borrowing Costs

Borrowing costs are interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for

the intended use or sale. Investment income earned if any on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing cost eligible for capitalization. Other borrowings costs are expensed in the period in which they are incurred.

Capitalisation of borrowing costs is suspended and charged to the Statement of Profit and Loss during extended periods when active development activity on the qualifying assets is interrupted.

L • Foreign Currency Transactions

Transactions in foreign currencies are recorded at the exchange rates prevailing on the date of transaction. Foreign currency monetary assets and liabilities such as cash, receivables, payables, etc., are translated at year end exchange rates. Exchange differences arising on settlement of transactions and translation of monetary items are recognised as income or expense in the year in which they arise.

M • Impairment of Assets

(i) Impairment of financial instruments

The Company assesses at each reporting date whether a financial asset (or a group of financial assets) such as investments, trade receivables, advances and security deposits held at amortised cost and financial assets that are measured at fair value through other comprehensive income are tested for impairment based on evidence or information that is available without undue cost or effort. Expected credit losses are assessed and loss allowances recognised if the credit quality of the financial asset has deteriorated significantly since initial recognition.

(ii) Impairment of non-financial assets

Impairment loss, if any, is provided to the extent, the carrying amount of assets or cash generating units exceed their recoverable amount. Recoverable amount is higher of an asset's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset or cash generating unit and from its disposal at the end of its useful life. Impairment losses recognised in prior years are reversed when there is an indication that the impairment losses recognised no longer exist or have decreased. Such reversals are recognised as an increase in carrying amounts of assets to the extent that it does not exceed the carrying amounts that would have been determined (net of amortization or depreciation) had no impairment loss been recognised in previous years.

N • Earnings Per Share

Basic Earnings Per Share ('EPS') is computed by dividing the net profit attributable to the equity shareholders by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the net profit by the weighted average number of equity shares considered for deriving basic earnings per share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the year, unless issued at a later date. In computing diluted earnings per share, only potential equity shares that are dilutive and that either reduces earnings per share or increases loss per share are included. The number of shares and potentially dilutive equity shares are adjusted retrospectively for all periods presented for the share splits.

O • Financial instruments

A financial instrument is any contract that gives rise to a Financial Asset of one entity and Financial liability or equity instrument of another entity.

(i) Initial measurement and recognition

Financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument. A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through profit and loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue.

(ii) Classification and subsequent measurement

Financial assets

All financial assets except Trade receivables are initially measured at fair value plus, for an item not at fair

value through profit and loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue.

Subsequent measurement

For the purpose of subsequent measurement, financial assets are categorised as under:

- amortised cost;
- Fair Value through Other Comprehensive Income (FVOCI) – equity investment; or
- Fair Value Through Profit or Loss (FVTPL)

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI (designated as FVOCI – equity investment). This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets at FVTPL: These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial assets at amortised cost : These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Equity investments at FVOCI: These assets are subsequently measured at fair value. Dividends are recognised as income in Statement of profit and loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are not reclassified to profit or loss.

Financial Liabilities:

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in statement of profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in statement of profit or loss.

Derecognition - Financial assets

A Financial asset is primarily derecognised when the right to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Company enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

Derecognition - Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expired.

The Company also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in profit or loss.

Financial Instruments Offsetting

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet if there is a currently and legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

P • Provisions, Contingent liabilities and Contingent assets

The Company recognises provisions when there is present obligation as a result of past event and it is probable that there will be an outflow of resources and reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows to net present value using an appropriate pre-tax discount rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Unwinding of the discount is recognised in the Statement of Profit and Loss as a finance cost. Provisions are reviewed at each reporting date and are adjusted to reflect the current best estimate.

A present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made, is disclosed as a contingent liability. Contingent Liabilities are also disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company.

Contingent assets are not recognized in financial statements since this may result in the recognition of income that may never be realised.

Q • Standards issued but not yet effective

Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 31, 2023, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2023, as below:

Ind AS 1 – Presentation of Financial Statements -This amendment requires the entities to disclose their material accounting policies rather than their significant accounting policies. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2023. The Company has evaluated the amendment and the impact of the amendment is insignificant in the financial statements.

Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors -This amendment has introduced a definition of 'accounting estimates' and included amendments to Ind AS 8 to help entities distinguish changes in accounting policies from changes in accounting estimates. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2023. The Company has evaluated the amendment and there is no impact on its financial statements.

Ind AS 12 – Income Taxes-This amendment has narrowed the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and offsetting temporary differences. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2023. The Company has evaluated the amendment and there is no impact on its financial statements.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023
(All amounts are in rupees in lakhs, except share data or otherwise stated)

2.1(a). Property, Plant and Equipment

Particulars	Gross carrying amount			Accumulated depreciation				Net carrying amount
	As at April 1, 2022	Additions	Deletions	As at March 31, 2023	As at April 1, 2022	For the year	On disposals	As at March 31, 2023
Freehold land	-	411.95	-	411.95	-	-	-	411.95
Leasehold land	84.34	8.66	-	93.00	2.91	1.02	-	89.07
Leasehold land improvements	56.09	-	-	56.09	9.65	3.56	-	42.88
Buildings	2,878.50	-	-	2,878.50	254.70	91.15	-	2,532.65
Plant and equipment	18,883.90	-	-	18,883.90	2,858.36	1,332.78	-	14,692.76
Furniture and fixtures	9.02	-	-	9.02	2.52	0.86	-	5.64
Office equipment	2.59	2.78	-	5.37	1.25	0.85	-	3.27
Computers	4.64	1.92	-	6.56	3.58	0.88	-	2.10
TOTAL	21,919.08	425.31	-	22,344.39	3,132.97	1,431.10	-	17,780.32

2.1 (b) Property, Plant and Equipment

Particulars	Gross carrying amount			Accumulated depreciation				Net carrying amount
	As at April 1, 2021	Additions	Deletions	As at March 31, 2022	As at April 1, 2021	For the year	On disposals	As at March 31, 2022
Leasehold land	84.34	-	-	84.34	1.94	0.97	-	81.43
Leasehold land improvements	54.89	1.20	-	56.09	6.17	3.48	-	46.44
Buildings	2,878.50	-	-	2,878.50	163.55	91.15	-	2,623.80
Plant and equipment	18,846.18	37.72	-	18,883.90	1,673.73	1,184.63	-	16,025.54
Furniture and fixtures	9.02	-	-	9.02	1.54	0.98	-	6.50
Office equipment	2.59	-	-	2.59	0.88	0.37	-	1.34
Computers	4.34	0.30	-	4.64	2.15	1.43	-	1.06
TOTAL	21,879.86	39.22	-	21,919.08	1,849.96	1,283.01	-	18,786.11

2.2 Capital work-in-progress

Particulars	As at March 31, 2023					As at March 31, 2022			
	Less than 1 Year	1-2 Years	2-3 Years	More than 3 years	Total	Less than 1 Year	1-2 Years	2-3 Years	More than 3 years
Projects in progress	3,948.95	-	-	-	3,948.95	-	-	-	-

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

(All amounts are in rupees in lakhs, except share data or otherwise stated)

2.3 Right-of-use assets (ROU)

The Company has lease contracts for its registered office building at Solapur and an office space at Hyderabad used for its operations.

Movement in Right of use assets is given below:

Particulars	As at March 31, 2023	As at March 31, 2022
Opening balance	1.12	1.07
Add: Additions during the year	18.76	1.55
Less: Deletions during the year	-	-
Less: Amortisation during the year	5.75	1.50
Closing balance	14.13	1.12

The aggregate amortisation expense on ROU assets is included under depreciation and amortisation expense in the Statement of Profit and Loss.

2.4 Lease liabilities

The following is the break-up of current and non-current lease liabilities:

Particulars	As at March 31, 2023	As at March 31, 2022
Current lease liabilities	6.76	0.52
Non-current lease liabilities	7.89	0.65
Total	14.65	1.17

Movement in Lease liabilities is given below:

Particulars	As at March 31, 2023	As at March 31, 2022
Balance at the beginning of the year	1.17	0.09
Additions during the year	18.76	1.56
Finance costs accrued during the year	1.83	0.12
Deletions	-	-
Payment of lease liabilities	7.10	0.60
Balance at the end of the year	14.65	1.17

(iii) Contractual maturities of lease liabilities on undiscounted basis

Particulars	As at March 31, 2023	As at March 31, 2022
Less than one year	7.80	0.60
One to three years	8.50	0.70
More than five years	-	-
Total	16.30	1.30

3. Other financial assets (non-current)

Particulars	As at March 31, 2023	As at March 31, 2022
Earmarked balances with banks		
Margin money deposits against bank guarantees (includes interest accrued)	54.52	75.38
Others		
Security deposits with government authorities & others	116.43	114.92
Total	170.95	190.30

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

(All amounts are in rupees in lakhs, except share data or otherwise stated)

4. Other non-current assets

Particulars	As at March 31, 2023	As at March 31, 2022
Unsecured, considered good		
Taxes paid under protest	11.29	11.29
Capital advances	132.48	-
Total	143.77	11.29

5. Inventories (Valued at lower of cost and net realisable value)

Particulars	As at March 31, 2023	As at March 31, 2022
Raw materials (includes materials in transit of Rs. 73.64 lakh; P.Y.2021-22 - Rs. 222.34 lakh)	1,420.51	587.34
Work-in-progress	231.57	312.63
Finished goods (includes goods-in-transit of Rs. 316.42 lakh)	1,544.85	707.32
Stores and spares	249.20	234.56
Packing materials	64.78	100.17
Consumables	47.04	30.69
Total	3,557.95	1,972.71

5.1 For inventories secured against borrowings, refer note no.18 to the financial statements.

6. Investments

Particulars	As at March 31, 2023	As at March 31, 2022
Investments in Mutual Funds - Unquoted Designated at Fair Value Through Profit or Loss (FVTPL)		
Investments - SBI Liquid Fund Direct Growth (29337.395 Units at NAV of Rs. 3,523.30 per unit; P.Y. NIL)	1,033.65	-
Total	1,033.65	-
Aggregate amount of quoted investments		
Aggregate amount of unquoted investments	1,033.65	-
Aggregate amount of impairment in the value of investments	-	-

7. Trade receivables

Particulars	As at March 31, 2023	As at March 31, 2022
Unsecured, considered good	11,759.43	16,185.13
Total	11,759.43	16,185.13

* Includes amount receivable from related parties (refer note 38).

7.1 For Trade receivables secured against borrowings, refer note no. 18 to the financial statements.

7.2 For Company's exposure to the market risk and credit risk, refer note no. 39 to the financial statements.

7.3 Trade receivables are non-interest bearing and generally on credit term of 7 to 120 days.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

(All amounts are in rupees in lakhs, except share data or otherwise stated)

7.4 Trade receivables ageing schedule**As at March 31, 2023**

Particulars	Not Due	Outstanding for following periods from due date of payment					Total
		Less than 6 months	6 months - 1 year	1 - 2 years	2 - 3 years	More than 3 years	
(i) Undisputed Trade receivables - considered good	9,511.86	2,247.57	-	-	-	-	11,759.43
(ii) Undisputed Trade receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
(iii) Undisputed Trade receivables - credit impaired	-	-	-	-	-	-	-
(iv) Disputed Trade receivables - considered good	-	-	-	-	-	-	-
(v) Disputed Trade receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
(vi) Disputed Trade receivables - credit impaired	-	-	-	-	-	-	-
(vii) Expected credit loss rate	-	-	-	-	-	-	-
(viii) Expected credit loss	-	-	-	-	-	-	-
Total	9,511.86	2,247.57	-	-	-	-	11,759.43

The Company has not accounted for expected losses as it has no defaults in payments from the customers in the earlier years.

7.5 Trade Receivables ageing schedule**As at March 31, 2022**

Particulars	Not Due	Outstanding for following periods from due date of payment					Total
		Less than 6 months	6 months - 1 year	1 - 2 years	2 - 3 years	More than 3 years	
(i) Undisputed Trade receivables - considered good	12,660.92	3,524.21	-	-	-	-	16,185.13
(ii) Undisputed Trade receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
(iii) Undisputed Trade receivables - credit impaired	-	-	-	-	-	-	-
(iv) Disputed Trade receivables - considered good	-	-	-	-	-	-	-
(v) Disputed Trade receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
(vi) Disputed Trade receivables - credit impaired	-	-	-	-	-	-	-
(vii) Expected credit loss rate #	-	-	-	-	-	-	-
(viii) Expected credit loss	-	-	-	-	-	-	-
Total	12,660.92	3,524.21	-	-	-	-	16,185.13

The Company has not accounted for expected losses as it has no defaults in payments from the customers in the earlier years.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

(All amounts are in rupees in lakhs, except share data or otherwise stated)

8. Cash and cash equivalents

Particulars	As at March 31, 2023	As at March 31, 2022
a) Balances with banks		
- Current accounts	918.85	250.91
- Debit balance in cash credit accounts	664.87	89.93
- Term deposits with original maturity less than three months (includes interest accrued)	4,125.70	-
b) Cash on hand	0.01	0.38
Total	5,709.43	341.22

9. Other bank balances

Particulars	As at March 31, 2023	As at March 31, 2022
Balances with banks		
Term deposits with original maturity between three to twelve months (includes interest accrued)	1,809.70	-
Earmarked balances with banks		
Margin money deposit accounts	2.00	2.22
Total	1,811.70	2.22

10. Other financial assets (current)

Particulars	As at March 31, 2023	As at March 31, 2022
Interest accrued on other deposits with government authorities	4.29	4.29
Total	4.29	4.29

11. Other current assets

Particulars	As at March 31, 2023	As at March 31, 2022
Prepaid expenses	344.27	29.14
Advances to suppliers	115.58	1,536.83
Incentive receivable from government	327.99	-
GST input tax credit and refund receivable	711.33	1,375.30
Others*	664.23	-
Total	2,163.40	2,941.27

* Represents amount spent towards Initial Public Offer (IPO) pending as at the end of the year.

12. Equity share capital

Particulars	As at March 31, 2023	As at March 31, 2022
AUTHORIZED		
22,50,00,000 equity shares of Rs. 2 each (P.Y - 22,50,00,000 equity shares of Rs. 2 each)	4,500.00	4,500.00
Total	4,500.00	4,500.00
ISSUED, SUBSCRIBED & PAID-UP CAPITAL		
20,00,00,000 equity shares of Rs. 2 each, paidup (P.Y - 20,00,00,000 equity shares of Rs. 2 each, fully paid-up)	4,000.00	4,000.00
Total	4,000.00	4,000.00

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

(All amounts are in rupees in lakhs, except share data or otherwise stated)

(A) Movement in equity share capital:

Particulars	Number of shares	Amount
Balance as at April 1, 2021	4,00,00,000	4,000
Increase on account of sub-division of shares (Refer note below)	16,00,00,000	-
Balance as at March 31, 2022	20,00,00,000	4,000
Movement during the year	-	-
Balance as at March 31, 2023	20,00,00,000	4,000

(B) Details of shareholders holding more than 5% shares in the company

Name of the shareholder	As at March 31, 2023		As at March 31, 2022	
	No. of Shares	% holding	No. of Shares	% holding
Balaji Amines Limited	11,00,00,000	55.00%	11,00,00,000	55.00%
Ande Srinivas Reddy	1,73,48,200	8.67%	1,80,00,000	9.00%
Ande Prathap Reddy	1,25,75,500	6.29%	1,35,00,000	6.75%

(C) Terms/Rights attached to equity shares

The company has only one class of equity shares having a face value of Rs. 2 each (P.Y Rs. 2 each). Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the company, the equity shareholders will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(D) Sub-division of equity shares

The Company has only one class of equity shares having a par value of Rs. 2 each (P.Y Rs.2 each). During the year ended March 31, 2022, pursuant to the special resolution passed in the extra-ordinary general meeting held on February 26, 2022, the equity shares of the Company having face value of ₹10 each were subdivided into five equity shares having a face value of ₹2 each. Accordingly, 4,00,00,000 Equity Shares of Rs. 10 per share were subdivided into 20,00,00,000 Equity Shares of Rs. 2 each.

(E) Shares held by Holding company

Particulars	As at March 31, 2023	As at March 31, 2022
Equity Shares:		
Balaji Amines Limited	11,00,00,000	11,00,00,000

(F) (i) Shareholding of promoters:**As at March 31, 2023 (after sub-division of shares)**

Name of the promoter	No. of shares	% of total shares	% of change during the year
Balaji Amines Limited - Holding company	11,00,00,000	55.00%	-
A Srinivas Reddy	1,73,48,200	8.67%	(3.62%)
N Rajeshwar Reddy	57,55,400	2.88%	(9.79%)
D Ram Reddy	58,09,500	2.90%	(9.65%)
Ande Prathap Reddy	1,25,75,500	6.29%	(6.85%)
G Hemanth Reddy	42,14,495	2.11%	(8.38%)
Total	15,57,03,095	77.85%	

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

(All amounts are in rupees in lakhs, except share data or otherwise stated)

(ii) As at March 31, 2022 (after sub-division of shares)

Name of the promoter	No. of shares	% of total shares	% of change during the year
Balaji Amines Limited - Holding company	11,00,00,000	55.00%	-
A Srinivas Reddy	1,80,00,000	9.00%	-
N Rajeshwar Reddy	63,79,800	3.19%	(0.32%)
D Ram Reddy	64,30,100	3.22%	23.87%
Ande Prathap Reddy	1,35,00,000	6.75%	76.44%
G Hemanth Reddy	45,99,795	2.30%	56.09%
Total	15,89,09,695	79.45%	

13. Other equity

Particulars	As at March 31, 2023	As at March 31, 2022
Reserves and surplus		
Securities premium	4,400.00	4,400.00
Retained earnings	28,155.01	10,619.52
Total	32,555.01	15,019.52

Securities premium

Particulars	As at March 31, 2023	As at March 31, 2022
Opening balance	4,400.00	4,400.00
Add: Movement during the year	-	-
Closing balance	4,400.00	4,400.00

Retained earnings

Particulars	As at March 31, 2023	As at March 31, 2022
Opening balance	10,619.52	(376.46)
Add/(Less): Changes in retained earnings due to Prior period errors*	(271.62)	-
Add: Profit for the period/year	17,813.57	10,995.98
Add: Other comprehensive income - Remeasurement of defined benefit plans (net of tax)	(6.46)	-
Closing balance	28,155.01	10,619.52

* During the year, the Company has made certain Ind AS adjustments to rectify the prior period errors related to Ind AS 115 - Revenue from Contracts with Customers and Ind AS 19 - Employee Benefits. The effect of these adjustments is given to the opening retained earnings since the amount involved is not material as per Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

(All amounts are in rupees in lakhs, except share data or otherwise stated)

Nature and purpose of other reserves**(i) Securities premium**

Securities premium is used to record the premium on issue of shares. The reserve can be utilized in accordance with the provisions of the Companies Act, 2013.

(ii) Retained earnings

Retained earnings represents the cumulative profits of the Company and effects of remeasurement of defined benefit obligations. This reserve can be utilized in accordance with the provisions of the Companies Act, 2013.

14. Borrowings

Particulars	As at March 31, 2023	As at March 31, 2022
Non- current		
a) Secured loans		
Term loans from banks	3,030.25	5,757.43
b) Unsecured loans		
From Holding company	-	6,600.00
Total	3,030.25	12,357.43

i) Term loans from banks:

The company has availed term loans from HDFC Bank Limited and Bank of Baroda. The loan from Bank of Baroda is repayable in 66 equal monthly installments starting from May, 2019, Term loan 1 from HDFC Bank Limited is repayable in 66 equal monthly installments starting from May, 2019 and Term loan 2 from HDFC Bank Limited is repayable in 66 equal monthly installments starting from December, 2020.

ii) Security:

The term loans from HDFC Bank Ltd and Bank of Baroda are secured by first charge on factory land and building located at E-8/1, MIDC, Chincholi, Solapur, Maharashtra. Second pari passu charge on entire current assets of the company present and future.

iii) Repayment schedule with rate of interest:

Financial Year	HDFC Bank Ltd	HDFC Bank Ltd	Bank of Baroda	Total
	ROI 8.50% p.a.	ROI 8.50% p.a.	ROI 8.50% p.a.	
2023-2024	909.09	909.09	909.00	2,727.18
2024-2025	530.30	909.09	530.25	1,969.64
2025-2026	-	909.09	-	909.09
2026-2027	-	151.52	-	151.52
Total	1,439.39	2,878.79	1,439.25	5,757.43

iv) The Company has availed unsecured loans from the holding company at interest rate of 7% p.a.

v) For the Company's exposure to the interest rate risk and liquidity risk, refer note no.39 to the financial statements.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

(All amounts are in rupees in lakhs, except share data or otherwise stated)

15. Provisions (non-current)

Particulars	As at March 31, 2023	As at March 31, 2022
Provision for employee benefits		
Leave encashment	1.69	-
Total	1.69	-

16. Deferred tax liabilities (net)

Particulars	As at March 31, 2023	As at March 31, 2022
(i) Deferred tax liabilities on timing difference due to: Depreciation and amortisation expenses	2,236.35	2,164.12
(ii) Deferred tax assets on account of:		
(a) Carry forward losses under Income Tax Act	5.82	6.34
(b) Unused tax credits	-	645.37
Deferred tax liabilities (net) (i) - (ii)	2,230.53	1,512.41

Movement in deferred tax liabilities (net)

Particulars	Business loss & Unabsorbed depreciation carry forward	WDV of assets	Expenses allowable on payment basis	Unused tax credits	Total
As at April 1, 2021	(2,107.75)	1,965.45	-	(0.08)	(142.38)
Recognition of MAT shown under deferred tax	-	-	-	-	-
Deferred tax impact on restatement adjustments	-	-	-	-	-
(Charged)/Credited					
to Statement of profit and loss	2,107.75	198.68	(6.34)	(645.30)	1,654.79
to Other comprehensive income	-	-	-	-	-
As at March 31, 2022	-	2,164.13	(6.34)	(645.38)	1,512.41
As at April 1, 2022	-	2,164.12	(6.34)	(645.37)	1,512.41
Recognition of MAT shown under deferred tax	-	-	-	-	-
Deferred tax impact on restatement adjustments	-	-	-	(20.49)	(20.49)
(Charged)/Credited					
to Statement of profit and loss	-	72.23	3.18	665.86	741.27
to Other comprehensive income	-	-	(2.66)	-	(2.66)
As at March 31, 2023	-	2,236.35	(5.82)	-	2,230.53

17. Other non-current liabilities

Particulars	As at March 31, 2023	As at March 31, 2022
Deferred revenue export benefits	-	178.26
Total	-	178.26

Represents the amount of obligation to be met by the company in the form of exports.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

(All amounts are in rupees in lakhs, except share data or otherwise stated)

18. Borrowings

Particulars	As at March 31, 2023	As at March 31, 2022
Secured		
Repayable on demand		
Working capital loans from banks	-	1,579.12
Current maturities of long-term debt		
From banks	2,727.18	2,727.18
Total	2,727.18	4,306.30

The cash credit facilities/working capital loans which are obtained from HFDC Bank and SBI, are secured by hypothecation of stocks of raw materials, stock in process, finished goods, spares and book debts and second charge on property, plant and equipment. The above loans carry interest rate ranging from 8.80%p.a to 9.20%p.a.

For the Company's exposure to the interest rate risk and liquidity risk, refer note no.39 to the financial statements.

18.1 Net debt reconciliation

Particulars	As at March 31, 2023	As at March 31, 2022
Opening balance of borrowings	16,663.73	20,441.37
Proceeds from non-current borrowings	-	1,200.00
Repayment from non-current borrowings	(9,327.18)	(5,462.24)
Proceeds/ (repayment) from current borrowings	(1,579.12)	484.60
Closing balance of borrowings	5,757.43	16,663.73

19. Trade payables

Particulars	As at March 31, 2023	As at March 31, 2022
Dues to micro enterprises and small enterprises (Refer Note below)	450.65	591.85
Dues to creditors other than micro enterprises and small enterprises*	2,179.06	1,752.79
Total	2,629.71	2,344.64

*Includes amounts payable to Holding company (refer note 38).

19.1 Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006

Particulars	As at March 31, 2023	As at March 31, 2022
i) Principal amount and the interest due thereon remaining unpaid to each supplier at the end of each accounting year Principal amount due to micro and small enterprises Interest due on above	450.65	591.85
ii) Interest paid by the Company in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along-with the amount of the payment made to the supplier beyond the appointed day during the period.	-	-
iii) Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the period) but without adding interest specified under the Micro, Small and Medium Enterprises Act, 2006.	-	-
iv) The amount of interest accrued and remaining unpaid at the end of each accounting year.	-	-
v) Interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	-	-

Note: Dues to micro enterprises and small enterprises have been determined to the extent such parties have been identified on the basis of information collected by the management.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

(All amounts are in rupees in lakhs, except share data or otherwise stated)

19.2 Trade payables ageing schedule as at March 31, 2023

Particulars	Not Due	Outstanding for following periods from due date of payment				Unbilled	Total
		Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years		
(i) MSME	450.65	-	-	-	-	-	450.65
(ii) Others	1,636.92	365.95	-	-	26.41	149.78	2,179.06
(iii) Disputed Dues - MSME	-	-	-	-	-	-	-
(iv) Disputed Dues - Others	-	-	-	-	-	-	-
Total	2087.57	365.95	-	-	26.41	149.78	2,629.71

19.3 Trade payables ageing schedule as at March 31, 2022

Particulars	Not Due	Outstanding for following periods from due date of payment				Unbilled	Total
		Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years		
(i) MSME	591.85	-	-	-	-	-	591.85
(ii) Others	331.01	1,300.78	-	7.86	18.55	94.59	1,752.79
(iii) Disputed Dues - MSME	-	-	-	-	-	-	-
(iv) Disputed Dues - Others	-	-	-	-	-	-	-
Total	922.86	1,300.78	-	7.86	18.55	94.59	2,344.64

20. Other financial liabilities (current)

Particulars	As at March 31, 2023	As at March 31, 2022
Interest accrued but not due	21.31	32.80
Employee benefits payable	44.95	16.93
Other recoveries payable	2.00	1.11
Security deposits	0.15	0.15
Creditors for capital goods	103.14	85.64
Total	171.55	136.63

21. Other current liabilities

Particulars	As at March 31, 2023	As at March 31, 2022
Advances from customers	1.83	0.03
Statutory liabilities	9.30	352.69
Total	11.13	352.72

22. Provisions (current)

Particulars	As at March 31, 2023	As at March 31, 2022
Provision for employee benefits		
Leave encashment	6.83	-
Total	6.83	-

23. Current tax liabilities (Net)

Particulars	As at March 31, 2023	As at March 31, 2022
Provision for tax (net of advance tax)	719.44	226.58
Total	719.44	226.58

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

(All amounts are in rupees in lakhs, except share data or otherwise stated)

24. Revenue from operations

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Sale of products		
Speciality chemicals	77,999.79	50,971.08
Other operating revenue		
Scrap sales	5.19	2.09
Incentive from Government	327.99	0.00
Export incentives	789.79	598.23
Total	79,122.76	51,571.40

25. Other income

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Interest income on bank deposits and others at amortised cost	73.88	12.97
Liabilities no longer required written back	43.13	0.00
Profit on redemption of Mutual funds designated at FVTPL	12.78	0.00
Fair value gain on investments designated at FVTPL (Net)	20.86	0.00
Foreign exchange gain (net)	599.59	130.89
Miscellaneous income	0.45	32.30
Total	750.69	176.16

26. Cost of materials consumed

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Opening stock	365.00	152.35
Add: Purchases	41,789.00	26,625.62
Sub-total	42,154.00	26,777.97
Less: Closing stock	1,346.86	365.00
Total	40,807.14	26,412.97

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

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Opening inventories		
Finished goods	707.32	902.66
Add: Adjustments on account of Ind AS 115 - Revenue from contracts with customers	227.63	-
Work-in-progress	312.63	-
(A)	1,247.58	902.66
Closing inventories		
Finished goods	1,544.85	707.32
Work-in-progress	231.57	312.63
(B)	1,776.42	1,019.95
Total (A-B)	(528.84)	(117.29)

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

(All amounts are in rupees in lakhs, except share data or otherwise stated)

28. Employee benefits expense

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Salaries, wages and bonus	442.07	242.88
Contribution to provident and other funds	36.27	66.01
Staff welfare expenses	15.49	7.08
Total	493.83	315.97

29. Finance costs

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Interest on borrowings	867.53	1,469.26
Interest on lease liabilities	1.83	0.12
Interest on shortfall in payment of advance tax	36.24	-
Other borrowing costs	113.52	79.88
Total	1,019.12	1,549.26

30. Depreciation and amortization expenses

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Depreciation on property, plant and equipment	1,431.10	1,283.01
Amortisation of Right-of-use assets	5.75	0.51
Total	1,436.85	1,283.52

31. Other expenses

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Consumption of stores and spares	237.90	195.39
Consumption of packing material	634.64	389.78
Power and fuel	7,536.37	4,908.97
Freight charges	990.14	754.06
Effluent treatment expenses	44.80	37.40
Travelling and conveyance	5.05	0.21
Repairs and Maintenance		
Buildings	8.09	2.92
Plant and Equipment	341.07	86.00
Others	0.79	0.27
Printing and stationery	3.00	2.18
Communication expenses	2.85	1.57
Legal and professional charges	15.26	15.39
Insurance	140.59	56.46
Auditor's remuneration (Refer note 31a)	14.68	14.20
Directors sitting fees	1.70	0.50
Rates and taxes	25.26	1.78
Commission and discount	376.16	283.10
Sales promotion and other selling expenses	9.96	2.08
Preliminary expenses	-	32.63
Miscellaneous expenses	11.36	3.44
Donations	2.00	-
Corporate Social Responsibility expenses (Refer Note 31 b)	99.99	-
Total	10,501.66	6,788.33

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

(All amounts are in rupees in lakhs, except share data or otherwise stated)

31 a. Payments to auditors

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Statutory auditors		
Statutory audit	8.50	8.52
Limited review	2.00	0.00
Tax audit fee	3.70	5.68
Out of pocket expenses	0.48	0.00
Total	14.68	14.20

31 b. Corporate Social Responsibility (CSR) expenditure

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Amount required to be spent as per section 135 of the Companies Act, 2013	99.93	
Amount of expenditure incurred	99.93	Not applicable
(a) Construction/acquisition of any asset	57.70	
(b) On purposes other than (a) above	42.23	
Shortfall, if any	-	
Nature of CSR activities	Promoting education, rural sports and setting up home for orphans	Not applicable
Contribution to an enterprise where KMP has Significance Influence/ Control	30.50	-

32. Reconciliation of tax expenses and the accounting profit multiplied by tax rate

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Profit before income tax expense	26,143.69	15,514.80
Tax at the tax rate of 29.12%	7,613.04	2,710.75
Tax neutral adjustments	(119.87)	0.00
Effect of deferred tax	741.27	1,654.79
Effect of earlier year's tax	95.68	0.00
Income-tax recognised in the statement of profit and loss	8,330.12	4,365.54

33. Earnings per share (EPS)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Profit attributable to equity shareholders	17,813.57	10,995.98
Original number of equity shares (post subdivision of shares)*	20,00,00,000	20,00,00,000
Weighted average number of equity shares for basic EPS (Nos.)	20,00,00,000	20,00,00,000
Weighted average number of equity shares for dilutive EPS (Nos.)	20,00,00,000	20,00,00,000
Basic earnings per share (in Rs.)	8.91	5.50
Diluted earning per share (in Rs.)	8.91	5.50
Face value per equity Share (in Rs.)	2.00	2.00

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

(All amounts are in rupees in lakhs, except share data or otherwise stated)

34. Employee benefits**(i) Leave obligations**

The leave obligation covers the company's liability for earned leave which is unfunded.

(ii) Defined contribution plans

The company has defined contribution plans namely provident fund. Contributions are made to provident fund at the rate of 12% of basic salary plus DA as per regulations. The contributions are made to registered provident fund administered by the Government. The obligation of the Company is limited to the amount contributed and it has no further contractual nor any constructive obligation. The expense recognised during the year towards defined contributions plan is as follows:

Particulars	March 31, 2023	March 31, 2022
Company's contribution to provident fund	22.34	18.31

(iii) Post-employment obligations**a) Gratuity**

The company provides for gratuity for employees as per the Payment of Gratuity Act, 1972. The amount of gratuity payable on retirement/termination is the employees last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of years of service. The company operates post retirement gratuity plan with LIC of India. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognises each period of service giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The following table sets out the amounts recognised in the financial statements in respect of gratuity plan

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Change in defined benefit obligations:		
Obligation at the beginning of the year	13.40	7.62
Current service costs	9.41	5.63
Past service costs	0.00	0.00
Interest costs	0.95	0.51
Remeasurement (gains)/losses	6.91	(0.36)
Benefits paid		
Obligation at the end of the year	30.67	13.40
Change in plan assets:		
Fair value of plan assets at the beginning of the year	18.11	9.49
Interest income	2.22	0.64
Remeasurement (gains)/losses	(2.22)	0.39
Employer's contributions	26.13	7.59
Benefits paid		
Fair value of plan assets at the end of the year	44.24	18.11
Expenses recognised in the statement of profit and loss consists of:		
Employee benefits expense:		
Current service costs	9.41	5.63
Net interest expenses	(1.27)	(0.12)
Benefits paid		
	8.14	5.51
Other comprehensive income:		
(Gain)/loss on plan assets	(2.22)	(0.39)
Actuarial (gain)/loss arising from changes in financial assumptions	1.95	-
Actuarial (gain)/loss arising from changes in experience adjustments	4.96	-
(Gain)/loss on obligations	6.91	(0.36)
Total OCI	9.13	(0.75)
Expenses recognised in the statement of profit and loss	17.27	4.76

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

(All amounts are in rupees in lakhs, except share data or otherwise stated)

Amounts recognised in the balance sheet consist of

Particulars	As at March 31, 2023	As at March 31, 2022
Fair value of plan assets at the end of the year	44.24	18.11
Present value of obligation at the end of the year	30.67	13.40
Recognised as		
Retirement benefit liability - Non-current	29.09	13.40
Retirement benefit liability - Current	1.58	0.00

Fair value of plan assets --- 100% with LIC of India

Expected contribution to post-employment benefit plan of gratuity for the year ending March 31, 2024 is Rs. 35 lakhs.

iv) Significant estimates and sensitivity analysis

The sensitivity of the defined benefit obligation to changes in key assumptions is:

Particulars	Key assumptions		Defined benefit obligation					
			Increase in assumption by			Decrease in assumption by		
	March 31,2023	March 31,2022	Rate	March 31,2023	March 31,2022	Rate	March 31,2023	March 31,2022
Discount rate	7.50%	7.11%	1%	27.34	12.80	1%	34.68	14.07
Salary growth rate	5.00%	4.00%	1%	34.82	15.23	1%	27.17	11.78
Attrition rate	4.00%	4.00%	1%	31.40	17.30	1%	29.79	8.10
Mortality Rate	100.00%	100.00%	10%	30.69	13.44	10%	30.65	13.37

The above sensitivity analysis is based on a change in each assumption while holding all other assumptions constant. In practice, this is unlikely to occur and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet.

v) Risk exposure

Through its defined benefit plans, the company is exposed to a number of risks, the most significant of which are detailed below:

Interest rate risk:

The defined benefit obligation calculated uses a discount rate based on government bonds. If bond yields fall, the defined benefit obligation will tend to increase.

Salary inflation risk:

Higher than expected increases in salary will increase the defined benefit obligation.

Demographic risk:

This is the risk of variability of results due to unsystematic nature of decrements that include mortality, withdrawal, disability and retirement. The effect of these decrements on the defined benefit obligation is not straight forward and depends upon the combination of salary increase, discount rate and vesting criteria. It is important not to overstate withdrawals because in the financial analysis the retirement benefit of a short career employee typically costs less per year as compared to a long service employee.

35. Ind AS 115 – Revenue from Contracts with Customers

(A) The Company is primarily in the Business of manufacture and sale of Speciality Chemicals. All sales are made at a point in time and revenue recognised upon satisfaction of the performance obligations which is typically upon dispatch or delivery. The Company has a credit evaluation policy based on which the credit limits for the trade receivables are established, the Company does not give significant credit period resulting in no significant financing component.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

(All amounts are in rupees in lakhs, except share data or otherwise stated)

(B) Reconciliation of revenue recognised from Contract liability (Advance from Customers):

Particulars	As at March 31, 2023	As at March 31, 2022
Opening contract liability	0.03	8.00
Less: Recognised as revenue during the year	(1,988.48)	(1,574.78)
Add: Addition to contract liability during the year	1,990.28	1,566.81
Closing contract liability	1.83	0.03

(C) Reconciliation of revenue as per contract price and as recognised in statement of profit and loss:

Particulars	As at March 31, 2023	As at March 31, 2022
Revenue from contract with customer as per Contract price	78,022.92	51,089.94
Less: Discounts and incentives	(0.82)	(8.23)
Less:- Sales Returns /Credits / Reversals	(17.12)	(108.54)
Revenue from contracts with customers as per the Statement of profit and loss	78,004.98	50,973.17

Disaggregation of Revenue from contracts with customers

Particulars	As at March 31, 2023	As at March 31, 2022
India	51,915.08	38,463.87
China	21,893.62	7,168.54
Malaysia	1,625.99	1,584.87
Turkey	860.95	1,441.35
USA	678.06	488.72
Korea	0.00	817.97
Germany	481.52	146.45
Belgium	92.67	380.00
United Kingdom	233.09	121.90
UAE	120.19	274.11
Italy	-	85.39
Kuwait	-	-
Spain	66.11	-
Singapore	37.70	-
Total	78,004.98	50,973.17

36. Contingent liabilities

Particulars	As at March 31, 2023	As at March 31, 2022
Claims against the company not acknowledged as debts		
Income tax	56.44	56.44

Notes:

- The above claims pertain to Income Tax - TDS on payments made to foreign companies / Non-residents in the FY 2017-18 & 2018-19. The Company has filed appeals with CIT (Appeals) of Income Tax and the same are pending for disposal. The Company has paid an amount of Rs. 11,28,860/- under protest.
- The company based on its legal assessment does not believe that any of the pending claims require a provision as at the balance sheet date, as the likelihood of the probability of an outflow of resources at this point of time is low.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

(All amounts are in rupees in lakhs, except share data or otherwise stated)

37. Commitments**Capital and other commitments**

Particulars	As at March 31, 2023	As at March 31, 2022
Estimated amount of contracts remaining to be executed on capital account not provided for (net of advances)	471.20	-
Other commitments	-	-

38. Related party transactions**a) Details of related parties****Name of the related parties**

Balaji Amines Limited

Description of relationship

Holding Company

Key Management Personnel

Ande Prathap Reddy

Wholetime Director (from April 18, 2022)

Director (upto April 18, 2022)

N Rajeshwar Reddy

Managing Director

D Ram Reddy

Wholetime Director (from April 18, 2022)

Director and Chief Financial Officer (upto April 18, 2022)

G Hemanth Reddy

Wholetime Director

Kashinath Revappa Dhole

Independent Director

Rajendrakumar Mohanprasad Tapadiya

Independent Director

Amarender Reddy Minupuri

Independent Director

Suhasini Shah

Independent Director

PardeepSingh RameshSingh Watwani

Chief Financial Officer (from April 18, 2022)

Soniya Mahajan

Company Secretary (from July 17, 2021 to October 25, 2021)

Lakhan Dargad

Company Secretary (from October, 25, 2021 to May 6, 2022)

B. Srinivas

Company Secretary (from May 6, 2022)

Balaji Foundation and Research Centre

Enterprise where KMP has Significance Influence/ Control

SVS Sourcings Private Limited

Enterprise where KMP has Significance Influence/ Control

b) Details of transactions during the year:

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Balaji Amines Limited		
Purchase of goods & services	15,018.75	9,323.41
Sale of goods & services	1,192.76	2,026.18
Lease of office premises	7.10	0.60
Interest paid	93.46	543.19
Loan taken	-	200.00
Loan repaid	6,600.00	1,334.77
Balaji Foundation and Research Centre		
Contribution towards Corporate Social Responsibility	30.50	-
SVS Sourcings Pvt.Ltd.		
Sale of goods & services	-	90.65
Ande Prathap Reddy		
Loan repaid	-	400.00
Interest paid	-	6.60
Remuneration	12.00	-
N Rajeshwar Reddy		
Remuneration	12.00	-

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

(All amounts are in rupees in lakhs, except share data or otherwise stated)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
D Ram Reddy		
Remuneration	12.00	-
G Hemanth Reddy		
Remuneration	8.13	-
Kashinath Revappa Dhole		
Sitting fee	0.53	0.25
Rajendrakumar Mohanprasad Tapadiya		
Sitting fee	0.48	0.25
Minupuri Amarender Reddy		
Sitting fee	0.35	-
Suhasini Shah		
Sitting fee	0.35	-
Pardeep Singh Ramesh Singh Watwani		
Remuneration	16.00	18.69
B. Srinivas		
Remuneration	7.51	-

c) Details of outstanding balances as at the year end where related party relationship existed:

Names of the related parties	Year ended March 31, 2023	Year ended March 31, 2022
Balaji Amines Limited		
Loan	-	6,600.00
Trade payable	-	983.75
Trade receivable	7.95	-
SVS Sourcings Pvt.Ltd.		
Trade receivable	-	32.63

*Note: Post employment benefits are actuarially determined on overall basis and hence not seperately provided.***39. Financial instruments and risk management****Fair values**

- The carrying amounts of trade payables, other financial liabilities (current), borrowings (current), trade receivables, cash and cash equivalents and other bank balances are considered to be the same as fair value due to their short term nature.
- Borrowings (non-current) consists of loans from banks and related parties.

The fair value of financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

Set out below, is a comparison by class of the carrying amounts and fair value of the Company's financial instruments, other than those with carrying amounts that are reasonable approximation of fair values:

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

(All amounts are in rupees in lakhs, except share data or otherwise stated)

(i) Categories of financial instruments

Particulars	Level	March 31, 2023		March 31, 2022	
		Carrying amount	Fair value*	Carrying amount	Fair value*
Financial assets					
Measured at amortised cost:					
Non-current					
Other financial assets	3	170.95	170.95	190.30	190.30
Current					
Investments	1	1,033.65	1,033.65	0.00	0.00
Trade receivables	3	11,759.43	11,759.43	16,185.13	16,185.13
Cash and cash equivalents	3	5,709.43	5,709.43	341.22	341.22
Other bank balances	3	1,811.70	1,811.70	2.22	2.22
Other financial assets	3	4.29	4.29	4.29	4.29
Total		20,489.45	20,489.45	16,723.16	16,723.16
Financial liabilities					
Measured at amortised cost					
Non-current					
Borrowings	3	3,030.25	3,030.25	12,357.43	12,357.43
Lease liabilities	3	7.89	7.89	0.65	0.65
Current					
Borrowings	3	2,727.18	2,727.18	4,306.30	4,306.30
Trade payables	3	2,629.71	2,629.71	2,344.64	2,344.64
Lease liabilities	3	6.76	6.76	0.52	0.52
Other financial liabilities	3	171.55	171.55	136.63	136.63
Total		8,573.34	8,573.34	19,146.17	19,146.17

*Fair value of instruments is classified in various fair value hierarchies based on the following three levels:

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques, which maximise the use of observable market data and rely as little as possible on entity specific estimates. If significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

Level 3: If one or more of the significant inputs are not based on observable market data, the instruments are included in Level 3.

Management uses its best judgement in estimating the fair value of its financial instruments. However, there are inherent limitations in any estimation technique. Therefore, for substantially all financial instruments, the fair value estimates presented above are not necessarily indicative of the amounts that the Company could have realized or paid in sale transactions as of respective dates. As such, the fair value of financial instruments subsequent to the reporting dates may be different from the amounts reported at each reporting date.

The Company is exposed to market risk (fluctuation in foreign currency exchange rates, price and interest rate), liquidity risk and credit risk, which may adversely impact the fair value of its financial instruments. The Company assesses the unpredictability of the financial environment and seeks to mitigate potential adverse effects on the financial performance of the Company.

(A) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of currency risk, interest rate risk and price risk. Financial instruments affected by market risk include loans and borrowings, trade receivables and trade payables involving foreign currency exposure. The sensitivity analyses in the following sections relate to the position as at March 31, 2023 and March 31, 2022.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

(All amounts are in rupees in lakhs, except share data or otherwise stated)

The analysis exclude the impact of movements in market variables on the carrying values of financial assets and liabilities .

The sensitivity of the relevant profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at March 31, 2023 and March 31, 2022.

(i) Foreign currency exchange rate risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the trade/ other payables, trade/other receivables and derivative assets/liabilities. The risks primarily relate to fluctuations in US Dollar and Euros against the functional currencies of the Company. The Company's exposure to foreign currency changes for all other currencies is not material. The Company evaluates the impact of foreign exchange rate fluctuations by assessing its exposure to exchange rate risks.

The following tables demonstrate the sensitivity to a reasonably possible change in US dollars nad Euros exchange rates, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities.

(ii) Sensitivity

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments and from foreign forward exchange contracts:

Foreign currency exposure

Particulars	March 31, 2023		March 31, 2022	
	EURO	USD	EURO	USD
EEFC account	-	918.85	-	250.57
Trade receivables	133.89	491.03	173.27	1,757.10
Trade payables	-	1,263.46	-	-
Net exposure to foreign currency risk	133.89	146.42	173.27	2,007.67

Particulars	Increase/(decrease) in profit before tax		Increase/(decrease) in other components of equity	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
Change in EURO				
1% increase	1.34	1.73	0.95	1.23
1% decrease	(1.34)	(1.73)	(0.95)	(1.23)
Change in USD				
1% increase	1.46	20.08	1.04	14.23
1% decrease	(1.46)	(20.08)	(1.04)	(14.23)

The movement in the pre-tax effect is a result of a change in the fair value of monetary assets and liabilities denominated in US dollars and Euros, where the functional currency of the entity is a currency other than US dollars and Euros.

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of change in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's debt obligations with floating interest rates. As the Company has certain debt obligations with floating interest rates, exposure to the risk of changes in market interest rates are dependent of changes in market interest rates. As the Company has no significant interest bearing assets, the income and operating cash flows are substantially independent of changes in market interest rates.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans 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:

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

(All amounts are in rupees in lakhs, except share data or otherwise stated)

Particulars	Increase/(decrease) in profit before tax		Increase/(decrease) in other components of equity	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
Change in interest rate				
increase by 100 basis points	954.28	1,616.19	676.40	1,145.55
decrease by 100 basis points	(954.28)	(1,616.19)	(676.40)	(1,145.55)

The assumed increase/decrease in interest rate for sensitivity analysis is based on the currently observable market environment.

(B) Credit risk

Credit risk is the risk arising from credit exposure to customers, cash and cash equivalents held with banks and current and non-current held-to financial assets of the Company include trade receivables, security deposits held with government authorities and bank deposits which represents Company's maximum exposure to the credit risk.

With respect to credit exposure from customers, the Company has a procedure in place aiming to minimise collection losses. Credit Control team assesses the credit quality of the customers, their financial position, past experience in payments and other relevant factors. The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including default risk associate with the industry and country in which customers operate. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. With respect to other financial assets viz., loans & advances, deposits with government and banks, the credit risk is insignificant since the loans & advances are given to employees only and deposits are held with government bodies and reputable banks. The credit quality of the financial assets is satisfactory, taking into account the allowance for credit losses.

Credit risk on trade receivables and other financial assets is evaluated as follows:

(I) Expected credit loss for trade receivables under simplified approach:

Particulars	March 31, 2023	March 31, 2022
Gross carrying amount	11,759.43	16,185.13
Expected credit loss	-	-
Carrying amount of trade receivables	11,759.43	16,185.13

(ii) Significant estimates and judgements**Impairment of financial assets:**

The impairment provisions for financial assets disclosed above are based on assumptions about risk of default and expected loss rates. The company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

(C) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding to meet obligations when due and to close out market positions. Company's treasury maintains flexibility in funding by maintaining availability under deposits in banks. Management monitors cash and cash equivalents on the basis of expected cash flows.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

(All amounts are in rupees in lakhs, except share data or otherwise stated)

(i) Financing arrangements:

The company had access to the following undrawn borrowing facilities at the end of the reporting period

Particulars	As at March 31, 2023	As at March 31, 2022
Expiring within one year (bank overdraft and other facilities)	5,000.00	920.88

(ii) Maturities of financial liabilities**Contractual maturities of financial liabilities as at :**

Particulars	March 31, 2023		March 31, 2022	
	Less than 12 months	More than 12 months	Less than 12 months	More than 12 months
Borrowings	2,727.18	3,030.25	4,306.30	12,357.43
Lease liabilities	6.76	7.89	0.52	0.65
Trade payables	2,629.71	-	2,344.64	-
Other financial liabilities	171.55	-	136.63	-
Total	5,535.20	3,038.14	6,788.09	12,358.08

(iii) Management expects finance costs to be incurred for the year ending March 31, 2024 is Rs. 843.45 Lakhs.

40. Capital management**A. Capital management and gearing ratio**

For the purpose of the Company's capital management, capital includes issued equity capital, share premium and all other equity reserves attributable to the equity holders. The primary objective of the company's capital management is to maximise the shareholder value.

The company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. The company monitors capital using a gearing ratio, which is debt divided by total capital. The company includes within debt, interest bearing loans and borrowings.

Particulars	March 31, 2023	March 31, 2022
Borrowings		
Current	2,727.18	4,306.30
Non current	3,030.25	12,357.43
Debt	5,757.43	16,663.73
Equity		
Equity share capital	4,000.00	4,000.00
Other equity	32,555.01	15,019.52
Total capital	36,555.01	19,019.52
Gearing ratio in % (debt/ equity)	15.75%	87.61%

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.

No changes were made in the objectives, policies or processes for managing capital during the years ended March 31, 2023 and March 31, 2022.

41. Segment information:**a) Description of segments and principal activities**

The Company's primary segment is identified as business segment based on nature of products, risks, returns

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

(All amounts are in rupees in lakhs, except share data or otherwise stated)

and the internal business 'reporting' system. The Company is principally engaged in a single business segment viz. 'Chemicals' only.

b) Information about geographical segments

For the purpose of geographical segments the revenue and assets are divided into two segments, i.e., India and outside India.

Geographical area	March 31, 2023			March 31, 2022		
	India	Outside India	Total	India	Outside India	Total
Revenues	51,909.89	26,089.90	77,999.79	38,461.78	12,509.30	50,971.08
Total non-current assets	21,925.64	132.48	22,058.12	18,988.82	-	18,988.82
Total current assets	25,468.20	571.65	26,039.85	18,705.73	2,741.11	21,446.84

c) Information about products:

Revenue from external customers - Sale of chemicals : Rs. 78,004.98 lakh (P.Y. Rs.50,973.17 lakh).

d) Information about major customers

Sales to two of the customers of the company exceed 10% of the total revenue of company individually, the revenue from each of the customers is disclosed below:

Customer 1 - Rs. 21,021.23 lakh (P.Y. Rs.8,405.54 lakh)

Customer 2 - Rs. 17,248.77 lakh (P.Y. Rs.7,552.87 lakh)

Customer 3 - Rs. 9,837.63 lakh (P.Y. Rs.5,127.7 lakh)

42. Impact assessment of the global health pandemic COVID - 19 and related estimation uncertainty:

The Company has considered the possible effects that may result from the pandemic relating to Covid-19 in the preparation of the financial statements including the recoverability of carrying amounts of financial and non-financial assets. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Company has, at the date of approval of these financial statements, used internal and external sources of information including credit reports and related information and economic forecasts and expects that the carrying amount of these assets will be recovered. The impact of Covid-19 on the Company's financial statements may differ from that estimated as at the date of approval of these financial statements.

43. Code on Social Security

The Indian Parliament has approved the Code on Social Security, 2020 which would impact the contributions by the company towards Provident Fund and Gratuity. The Ministry of Labour and Employment has released draft rules for the Code on Social Security, 2020 on November 13, 2020, and has invited suggestions from stakeholders which are under active consideration by the Ministry. The Company will assess the impact and its evaluation once the subject rules are notified and will give appropriate impact in its financial statements in the period in which, the Code becomes effective and the related rules to determine the financial impact are published.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

(All amounts are in rupees in lakhs, except share data or otherwise stated)

44. Analytical ratios:

Particulars	Numerator	Denominator	March 31, 2023	March 31, 2022	Variance	Reasons for variation in excess of 25%
a) Current ratio	Current assets	Current liabilities	4.15	2.91	42.61%	Increase in Trade receivables due to increase in Sales resulted in improvement in Current ratio.
b) Debt Equity ratio	Total debt	Total equity	0.16	0.88	(82.02%)	Increase in profits has lead to repayment of borrowings and improved Debt Equity ratio.
c) Debt service coverage ratio	Earnings available for debt services	Total interest and principal repayments	1.96	1.97	(0.73%)	Due to increase in earnings of the Company available for debt service on account of increase in profit during the year.
d) Return on Equity ratio / Return on Investment ratio	Net profit after tax	Equity	0.64	0.81	(21.17%)	-
e) Inventory Turnover ratio	Sales	Average inventory	28.61	30.57	(6.40%)	Due to increase in inventory of the Company.
f) Trade receivables turnover ratio	Total sales	Average Trade receivables	5.66	5.03	12.56%	-
g) Trade payables turnover ratio	Total purchases	Average Trade payables	20.63	15.51	32.99%	Due to increase in purchases of the Company.
h) Net capital Turnover ratio	Sales	Working capital	4.00	3.66	9.28%	-
i) Net profit ratio	Net profit after tax	Sales	0.23	0.21	5.59%	Increase in sales and better price realisation has resulted in increase in Net profit after tax.
j) Return on capital employed	Earnings before interest and taxes (EBIT)	Capital employed	0.61	0.46	32.92%	Due to increase in Earnings before interest and taxes (EBIT) & Net worth of the company & decrease in Total Debt.
k) Return on Investment	Realised and Unrealised Gain on investments	Average Investments	0.07	-	6.65%	-

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

(All amounts are in rupees in lakhs, except share data or otherwise stated)

45. Registration of charges or satisfaction with Registrar of Companies (ROC):

The Company is in the process of obtaining satisfaction/modification of charge amounting to Rs.5000 lakhs from one of its financier viz., HDFC Bank Limited.

46. The financial statements were approved for issue by the Board of Directors on May 15, 2023.

47. The figures of previous year have been regrouped/reclassified wherever necessary to conform to current year's presentation.

As per our report of even date

For M. Anandam & Co.,

Chartered Accountants

Sd/-

B V Suresh Kumar

Partner

Membership Number: 212187

Place: Hyderabad

Date: 15.05.2023

On behalf of Board of Directors

Sd/-

N.Rajeshwar Reddy

Managing Director

DIN : 00003854

Place: Solapur

Date: 15.05.2023

Sd/-

B. Srinivas

Company secretary

PAN: AYTPB0755G

Place: Solapur

Date: 15.05.2023

Sd/-

G.Hemanth Reddy

Wholesale Director

DIN : 00003868

Place: Hyderabad

Date: 15.05.2023

Sd/-

Pardeep Singh Ramesh Singh Watwani

Chief Financial officer

PAN: ABSPW1999F

Place: Solapur

Date: 15.05.2023

[illegible]

[illegible]



CSR Initiatives by the Company



Donation of Mahindra Cruzio 32 Seater School Bus to Bhairu Ratan Damani Andh Shala, Solapur under CSR initiative



Financial Assistance to Pakhar Sankul Balgruh Dindur, Solapur for construction of Building for the Orphanage



Financial Assistance to Backward Class Girls Hostel, Solapur to provide grains and necessities for Girls Hostel under CSR Initiative.



Sponsor of Centrifuge Machine 12 Cups Cat No MDIRC 70 With Stabilizer under CSR Initiative to Indian Red Cross Society Solapur Dist. Branch Smt. Gopabai Damani Blood Centre



Balaji

Speciality Chemicals Limited

Registered Office: 2nd Floor, 'Balaji Towers' No. 9/1A/1,
Hotgi Road, Aasara Chowk, Solapur – 413 224, Maharashtra.