



# BUILDING TOMORROW TOGETHER



38<sup>th</sup> INTEGRATED  
ANNUAL REPORT 2020/21



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Learn more about us at  
[www.ghclindia.com](http://www.ghclindia.com)



## BUILDING TOMORROW TOGETHER

The theme for our Integrated Annual Report (IAR) for FY 2020-21, “Building tomorrow together” reflects on our commitment towards achieving long-term and sustainable growth while taking full accountability of our core values - Respect, Trust, Ownership and Integrated Teamwork.

As the challenges in the current business environment are constantly evolving, we at GHCL, are committed to endeavour to grow financially, while creating value for all our stakeholders. Being a purpose-driven organization, wherein, sustainability resides at the core of our vision, values and corporate culture, we have taken a new business approach by incorporating the needs of our employees, communities and the environment by acknowledging the ever-changing scenarios and showing resilience for creating a sustainable future for all. GHCL believe in “माता भूमिः पुत्रोऽस्म पृथिव्याः [अथर्व वेद १२.१.१२१]” which means earth is my mother and we are her sons. It is our endeavour to live with our Indian values system and carry

on the legacy of our heritage “सर्वे भवन्तु सुखिनः सर्वे संतु निरामया” throughout our operational and social activities.

Our commitment towards sustainability encourages every stakeholder in the value chain to think of new ways to be future-ready, focused not only on growth but also on proactively addressing the challenges of tomorrow. We believe that we can create a more resilient tomorrow by acting responsibly, taking accountability for our actions, and responding to the needs of stakeholders connected with the Company such as communities, suppliers, and other stakeholders. Sustainable business growth requires us to make more from less which can be achieved only if

governance, strategy, and sustainability go hand in hand. We aim to prepare future-ready business strategies, remain committed to our stakeholders, enhance health and safety performance, and have a positive impact on the environment and society at large. We have undertaken the best practices of responsibility and transparency as we move forward into the coming decade.



# COMPANY INFORMATION

## Board of Directors

**Mr. Sanjay Dalmia**

Non-Executive Chairman

**Mr. Anurag Dalmia**

Non-Executive Vice Chairman

**Smt. Vijaylaxmi Joshi, IAS**

Independent Director

**Justice Ravindra Singh**

Independent Director

**Mr. Arun Kumar Jain, IRS**

Independent Director

**Dr. Manoj Vaish**

Independent Director

**Dr. Lavanya Rastogi**

Independent Director

**Mr. R S Jalan**

Managing Director

**Mr. Raman Chopra**

CFO & Executive Director (Finance)

**Mr. Neelabh Dalmia**

Executive Director (Textiles)

## Secretary

**Mr. Bhuwleshwar Mishra**

Sr. General Manager - Sustainability & Company Secretary

## Registered Office

**"GHCL HOUSE"**

Opp. Punjabi Hall  
Navrangpura  
Ahmedabad – 380009 (Gujarat)

## Corporate Office

**"GHCL HOUSE"**

B-38, Institutional Area,  
Sector-1, Noida – 201301 (U.P.)  
Email: ghclinfo@ghcl.co.in,  
secretarial@ghcl.co.in  
Website: www.ghcl.co.in

## Subsidiaries

1. Grace Home Fashions LLC
2. Dan River Properties LLC
3. GHCL Textiles Limited

## Company Identification No.

CIN – L24100GJ1983PLC006513

## Statutory Auditors

S.R. Batliboi & Co. LLP  
Chartered Accountants, Gurugram

## Secretarial Auditors

Chandrasekaran Associates,  
Company Secretaries, New Delhi

## Cost Auditors

M/s R J Goel & Co.,  
Cost Accountants, New Delhi

## Plant Locations

### Inorganic Chemical Division:

**Soda Ash Plant:**

Village: Sutrapada Near Veraval,  
Distt.: Gir Somnath, Gujarat – 362275

**Salt works:**

Port Albert Victor, Via Dungar,  
Distt.: Amreli, Gujarat - 364555

**Lignite Mines:**

713/B, Deri Road, Near Diamond Chowk,  
Krishnanagar, Bhavnagar,  
Gujarat - 364001

### Consumer Products Division

**Salt Works & Refinery:**

Kadinal Vayal, Vedaranyam,  
Distt. Nagapattanam,  
Tamil Nadu – 614707 Nemeli Road,  
Thirupurur, Distt. Kancheepuram,  
Tamilnadu – 603110

## Textile Division:

Paravai, Samayanallur P.O,  
Distt. Madurai, Tamil Nadu – 625402

Thiagesar Alai P.O, Manaparai,  
Distt. Trichy, Tamil Nadu – 621312

## Plant - Home Textile Division

S. No. 191 & 192, Mahala Falia,  
Village - Bhilad, Distt. Valsad, Vapi,  
Gujarat - 396191

## Wind Energy Division

Muppandal, Village: Irukkandurai,  
Post: Sankaneri, Taluk: Radhapuram,  
Distt. Tirunelveli, Tamil Nadu

Village: Chinnaputhur,  
Taluk: Dharapuram,  
Distt. Erode, Tamil Nadu

Village: Kayathar, Distt. Tuticorin,  
Tamilnadu.

## Bankers / Financial Institutions

State Bank of India  
Export Import Bank of India  
HDFC Bank  
Union Bank of India  
Bank of Baroda  
IDBI Bank  
Axis Bank  
IDFC First Bank  
Bank of Bahrain & Kuwait

## Details of Registrar and Share Transfer Agent

Link Intime India Private Limited,  
C101, 247 Park, L. B. S. Marg, Vikhroli  
(West), Mumbai 400083.  
Tel No: +91 22 49186270  
Fax: +912249186060  
Email : rnt.helpdesk@linkintime.co.in

## ABOUT THE REPORT

Year after year, GHCL has worked to develop its reporting processes in order to produce more detailed and consistent results. We had earlier taken our step towards transitioning into an Integrated Reporting structure and have thus, come out with our third Integrated Annual Report (IAR). This report has been published with a view of providing all our investors and stakeholders with a balanced and transparent disclosure of all our goals, targets and material issues.

This report has been prepared with the view of illustrating our commitments and focus areas and is in accordance with the International Integrated Reporting <IR> framework published by the International Integrated Reporting Council (IIRC). This edition of our IAR continues to provide a quantitative and qualitative disclosure, in a clear and concise manner, stating how our leadership and business strategy are aligned towards monitoring and mitigating our potential risks to create sustainable growth. This report also includes information on our governance, financial, and non-financial performance.

### Scope and Boundary

This IAR covers the period from 1st April 2020 to 31st March 2021. The report details the information of GHCL's sites that manufacture Soda Ash, Home Textiles, Yarn, and Consumer Products Division. In addition to the manufacturing facilities, the employee data also covers our corporate office and registered office located at Noida and Ahmedabad respectively.



### Suggestions and feedback

We continuously strive to disclose relevant information to our valued stakeholders. We welcome you to share your views, suggestions or feedback on the report at: [corpcommunication@ghcl.co.in](mailto:corpcommunication@ghcl.co.in)

### Assurance for FY 2020-21

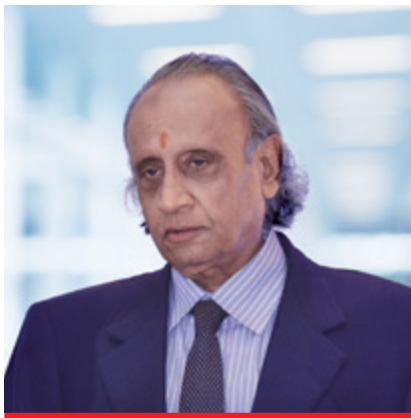
The assurance on financial statements has been provided by independent auditors S. R. Batliboi & Co. LLP and on non-financial statements by Ernst & Young Associates LLP.

In accordance with the Companies Act, 2013 (including the rules made thereunder), the Board of Directors of GHCL approved the appointment of Dr. S Chandrasekaran, representing Chandrasekaran & Associates, Practicing Company Secretaries, New Delhi as the Secretarial Auditor and M/s R J Goel & Co., Cost Accountants, New Delhi as Cost Auditors of the GHCL.

### Forward Looking Statements

*Certain statements in this IAR regarding our business operations may constitute forward-looking statements that pertain to risks and uncertainties. When used in this context, the words "anticipate", "believe", "estimate", "intend", "will", and "expected" and other similar expressions as they relate to the Company or its businesses are intended to identify such forward-looking statements, whether as a result of new information, future events, or otherwise. The actual results, performances or achievements, and risks and opportunities could differ materially from those expressed or implied in such forward-looking statements. The important factors that might make a difference to the Company's operations include economic conditions affecting demand-supply and price conditions in the domestic and overseas markets, raw material prices, changes in governmental regulations, labour negotiations, tax laws, and other statutes, economic development within India and the countries within which the Company conducts its businesses and other incidental factors such as the repercussions of a global pandemic that the world witnessed throughout a major portion of FY 2020-21. The Company undertakes no obligation to publicly amend, modify or revise any forward-looking statements on the basis, of any subsequent developments, information, or events.*

## CHAIRMAN'S MESSAGE



### Dear Shareholders,

FY21 was a completely unprecedented year; a year of a global pandemic followed by global recession and subsequent government actions to reduce uncertainty in the business scenario. It was a year during which many of us faced difficult personal challenges too. In February 2021 it appeared that India may have managed the situation pretty well, but then the numbers increased unprecedentedly. The Indian government stepped up, allowed vaccination for all eligible adults and initiated several measures to reduce the impact of the second wave. This coupled with the support of equipment, medicines and other essentials from the global community has helped India in its fight against the COVID crisis. We hope very soon we shall see a positive outcome.

FY 21 wasn't anything that any of us had planned nonetheless, businesses and individuals around the world learnt to weather the storm and reimagine the future. Today, I am proud of what your company has achieved and learnt during this truly uncommon year. The resilience and the agility with which response was initiated to safeguard employees and partners was praiseworthy. We ensured sanitisation and safety protocols, regular health screening across all plant sites and work from home wherever possible. A vaccination drive was conducted for employees and their families above 45 years of age in phase 1 and we are now looking to vaccinate the remaining

employees too. On the business front, our focus on sustainability, digitisation, automation and creating a process driven organization helped us tide through tough times. We also focused on cost optimisation, growth, the wellbeing of all stakeholders and creating an agile and innovative organisational culture.

As the Chairman of the Board of Directors of GHCL, let me assure you that despite myriad challenges, your company is focused on maintaining the growth momentum and delivering value. In FY 21 due to COVID 19 our sales for the year and PAT declined by 13% and 24% respectively; partially attributable to the lockdown imposed during last week of March 2020. Though top line and profits declined in the first half of FY21, we were able to reverse this trend and achieved healthy growth and margin in the second half. By the fourth quarter, plant utilization was back to pre-COVID levels. Better capacity utilisation supported by a positive demand scenario, favourable recovery trends combined with operational excellence steered recovery in the second half of the year.

As an organisation, we have left no stone unturned to ensure value creation for our stakeholders. While we have more work to do, we are focused on driving positive change and our future growth strategy is based on various initiatives such as green energy, technological upgradation, long term sustainability, environment friendly practices, corporate governance and talent management. We believe that these initiatives are integral for the long term growth of your organisation.

Your company is also focusing on several growth opportunities in both its business segments to improve the bottom line. In inorganic chemicals, we are pursuing product basket expansion, debottlenecking, backward integration capabilities, increasing the sodium bicarbonate capacity and greenfield expansion which once executed, will position your company as the largest domestic soda ash manufacturer. In the textiles business our

growth strategy is around modernization and expansion of spinning business, enlarging our green energy portfolio and creating a strong presence in the value added yarn segment in both cotton and synthetic. In home textiles, our focus will be on cost optimization and improved assets utilization. We have initiated our digital journey and enablers such as AI & IOT will enhance our capacity and capabilities in medium to long term.

In March, FY20, the Board of the company had approved the Scheme of demerger of its Inorganic Chemicals and Textiles businesses which is progressing as per plan. I am proud to share that your company has been Certified as a "Great Place to Work" for the fifth year in a row. This is indeed a commendable achievement. GHCL's Chemical division was also recognised with the Gold Award at the National Award for Manufacturing Competitiveness for the year 2019-20 by the International Research Institute for Manufacturing, India.

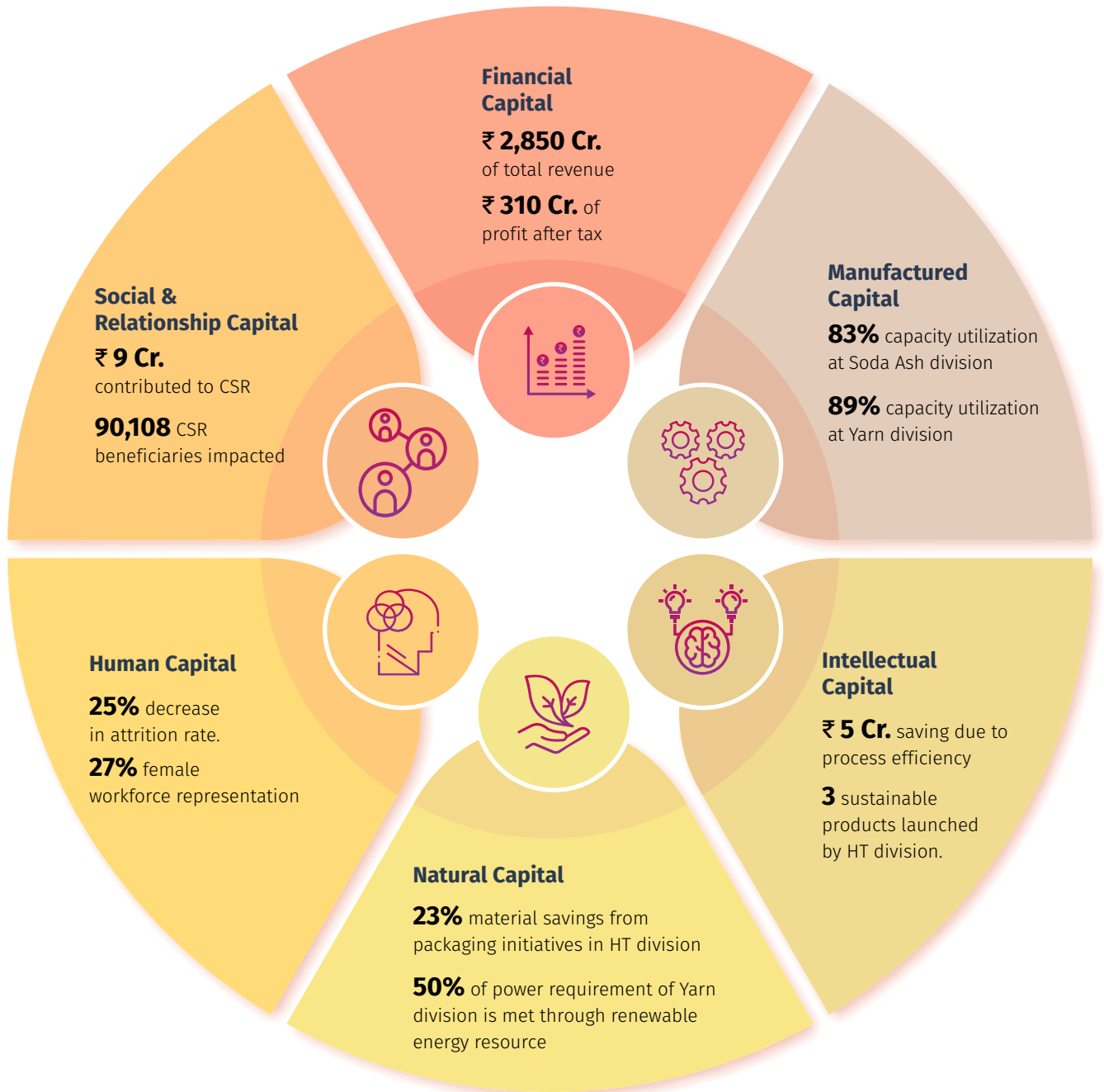
Dear shareholders, over the years, we have been consistent in our pay out and as a token of gratitude for your support this year too, a dividend of INR 5.50 per equity share has been announced.

We are consistent and firm on the basic principles and strategies we use to build this company – from conducting our business responsibly, to better Governance practices with sustainability and core values as our foundation. We shall continue to grow our business and contribute to India's growth story. We are happy to serve our customers, develop our partners and uplift communities in and around our areas of business. I am moved by the challenges we have overcome and proud of our resolve to serve our stakeholders.

With this, I would like to thank all our customers, partners, shareholders and investors for their continued support, partnership and invaluable contribution in these difficult times.

**Sanjay Dalmia**  
Chairman

# PERFORMANCE SNAPSHOT



## OUR RESPONSE TO THE COVID-19 CRISIS

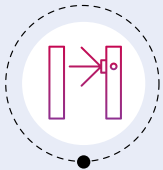
At GHCL, we believe in providing a healthy and safe environment for all our employees, as it is one of the key drivers in ensuring higher productivity across all our plants.

To curb the effects of the COVID-19 pandemic, we have undertaken the strictest measures to operate in the safest ways possible. In this 'new normal', our first and foremost objective has been to ensure that our employees are exposed to a safe working environment when they return to our premises. Keeping this in mind, our admin and HR teams have ensured to fulfil every safety requirement and outlined safety guidelines across all locations and facilities, to create a greater awareness.

### Working in the 'new normal'







### Security Gate

- No entry into the premises without face-mask.
- Compulsory thermal screening for every individual at the entry gate.
- Entry for new employee/person/guest was not allowed without proper health check-up, sanitization and valid gate-pass.



### Usage of Lifts

- Usage of lifts was not recommended in the office premises.
- In case any associate was not able to use the staircase due to health issues, they were requested to take adequate precautions and not touch the switches directly.



### Within the Office

- Employees has to work at their designated seats and unnecessary movements were curbed.
- Meetings were to be attended via conference calls or video-conferencing as far as possible.
- Employees had to strictly adhere to social distancing norms of minimum 1 meter.



### Attendance

- Biometric attendance was suspended till further notice.
- Alternate arrangements were made for making attendance by showing ID cards only.



### Canteens

- Employees were encouraged to bring home cooked food to avoid the danger of contamination.
- At plant locations, strict adherence was given to canteen timings to avoid large gatherings.
- Strict adherence to the allotted food supply spots.



### Travel

- Employees commuting by office conveyance had to strictly follow social distancing norms.
- Any vehicle entering the office/plant premises were readily sanitized.

## OUR RESPONSE TO THE COVID-19 CRISIS

### Soda Ash

Since April 2020, our Soda Ash division resumed operations, with a high priority of extending the best safety arrangements for our employees who had returned to work amidst the crisis.

As we noticed the rapidly rising number of COVID-19 positive cases, we planned various precautionary measures to prevent the spread of the virus amongst our workforce. We prohibited the entry of vendors inside the plant premises, discontinued training programmes for the apprentices, prepared a temporary isolation ward in Anurag Nagar Dispensary and carried out fumigation and disinfection on both the townships on alternate days.

We also ensured that the employees strictly adhered to the social distancing norms within the premises and introduced a 12-hour rotational shift working policy.

We steadily increased the manpower in our operations as the government-imposed lockdown was lifted.

### Yarn

Due to the COVID-19 induced lockdown, the Yarn division at Madurai had to stop its operations till the first week of May 2020. However, during the entire shutdown period, the marketing team of the division constantly maintained contact with their customers via calls and virtual meetings.

Even when the division was under lockdown, the marketing teams were working remotely and were coordinating support to the customers for urgent delivery.

The team continuously relied on the usage of digital platforms to market their products. This helped the division increase its customer base in existing export markets like Italy, Germany, Bangladesh, Mauritius etc. and enter newer markets like Portugal.

### Home Textiles

The Home Textiles division faced a great stress during the lockdown and there was a great uncertainty on how the markets would respond in the times to come.

The division set up a showroom for the clients to give them clear picture of the collections under various brands. The marketing teams connected with the clients via video calls and gave them virtual presentations on the availability of product variants. Furthermore, the marketing team organized conference calls to take queries from the clients on the collections and understand their requirements well. The virtual tour of the showroom also helped in giving a clearer view of the product ranges to the clients.

### Consumer Products Division

During the overall lockdown phase, the division noticed various changes in the purchase preferences of the end consumers. The users preferred ordering all the essential items online. In order to ensure the effective delivery of the product and reach out to the larger consumer base during the pandemic, the division collaborated with various e-commerce platforms for swift delivery of the essentials.

Joining hands with various e-commerce portals gave a competitive edge to i-FLO, as it helped in increasing the visibility of the brand and reach a greater number of households. As per the ongoing trend, the division also ensured its digital presence via various online sessions on immunity, hygiene, wellness etc.



## GHCL AT A GLANCE

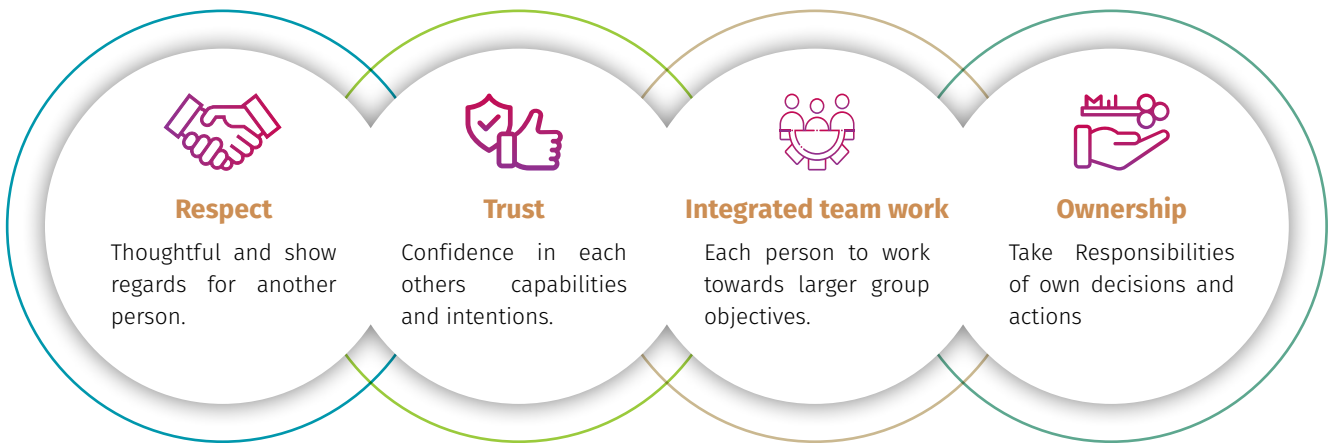
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We have gradually established ourselves into an industrial conglomerate with a market capitalization of almost ₹ 2,200 crores. We have, since 1983, transformed ourselves into a well-diversified group and have ascertained our footprints in chemicals, textiles, and consumer products segments.

We continuously strive to move towards a sustainable future by creating value for all our shareholders and stakeholders in a rapidly changing world. We have made use of scientific and technological innovation to mitigate the ill-effects of climate change, depletion of natural resources, whilst, manufacturing quality products for our valued customers.

We have envisioned ourselves to achieve carbon reduction or neutrality through several innovative solutions as part of our strategy against climate change. We focus on serving the key interests of our stakeholders, aim to strike a balance between all our economic, environmental and social objectives to responsibly conduct our businesses. On the other hand, we also aim to nurture entrepreneurship among our people, protect the environment and give back to society for inclusive growth.

# OUR MISSION, VISION AND CORE VALUES



Driven by visionary leadership, we strategically focus on increasing our capacity, maximizing efficiency, and incorporating sustainability into our day-to-day processes. At GHCL, we uphold the firm belief that businesses have the ability to thrive even during troubled times if we leverage our innovation capabilities, technological leadership, providing sustainable business solutions

and focus on creating long-term value for our stakeholders. As a result, we are taking initiatives to achieve our goal and vision, and in the process, we have attempted to make a positive difference in every life we have reached.

As a responsible organization, we have instilled our core values, namely **Respect**, **Trust**, **Ownership** and **Integrated**

**Teamwork** into each of our employees. This has enabled them to show regards for another person, inspire confidence in each other, take responsibility for their actions and decisions and work towards the larger group objectives.

## OUR MISSION, VISION AND CORE VALUES

### Sustainability Vision 2023

Our mission has always been to grow our company responsibly, with governance, sustainability, and core values as the cornerstones. By pooling all our collective responsibilities, we at GHCL, are striving to build our sustainability performance in fulfilling the societal needs and meeting the expectations of our stakeholders by simultaneously generating economic, social and environmental value. We've long recognised that sustainability is not only a moral imperative, but also a business imperative. This responsibility is inherent not only within our premises but also extends to the communities where we operate in. We are evolving from a commodity-driven chemical business to a solution-driven, customer-

centric, cost-effective, and market-oriented innovator.

We have been meticulously calculating, monitoring, and enhancing our sustainability criteria for the past few years. We created our '**Sustainability Vision 2023**' last year with the aim of navigating through turbulent times. Year after year, we continue on the same course and meet our goals.

Intending to attain our sustainability vision for 2023, we have detailed our sustainability targets and have carved out a detailed roadmap to achieve the same. We have aimed to establish the required strategies for each business

division in line with the sustainability vision and have worked on the required management systems for practical implementation, management and evaluation. The base year for the targets has been set as FY 2018-19.

We have defined four thematic areas for achieving our sustainability vision: - **Zero Harm, Responsible Stewardship, Climate Warrior and Stakeholder Centric**. We have been working hard to meet these goals, and we intend to showcase our progress each year.



# FOUR THEMATIC AREAS OF SUSTAINABILITY VISION 2023



## Zero harm

- Zero reportable injuries
- Zero environmental incidences



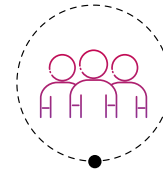
## Responsible steward

- 20% specific freshwater consumption reduction
- 10% specific energy consumption reduction
- Green building certification for Noida office



## Climate warrior

- 20% reduction in GHG emissions.
- Implementation of Internal Carbon Pricing



## Stakeholder centric

- 30% reduction in high-risk suppliers.
- Evolve into a trusted CSR brand.
- Be among the Top 100 Great Places to Work.
- Achieve single-digit attrition rate.
- 25% representation of overall female employees and 10% in executive cadre.
- Increased employment of specially-abled candidates by 50%



# PRODUCT PORTFOLIO



## Soda Ash



### Light Soda Ash

Light Soda Ash is an important basic industrial alkali chemical used in soap and detergents, pulp and paper, iron and steel, aluminium cleaning compounds, water softening and dyeing, in fibre-reactive dyes, effluent treatment and production of chemicals.

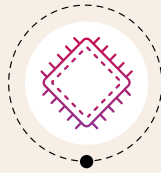
### Dense Soda Ash

Dense Soda Ash is used in Glass manufacturing (Flat Glass, Container Glass, Plate Glass, deep processing to other high grade glass for example automotive glass, curtain wall glass), Silicate, Ultramarine, and other chemical industries.

### Refined Sodium Bicarbonate

Refined Sodium Bicarbonate or baking soda, is available in- Technical grade, Animal Feed grade and Food grade. Manufactured from light Soda Ash, it is used in a variety of industries like food, food dyes, poultry and animal feed, leather tanning, fire extinguisher, vegetable cleaning applications, blasting of metals, manufacture of chemicals, pharma, deodorizers and personal care products.





## Textiles

### Rekoop

Rekoop bedding is made by blending cotton with polyester fiber obtained from recycling PET bottles. It is sustainable, durable and free of any hazardous chemicals. Its products are : sheet sets, duvet cover sets and comforters.

### Cirkularity

Cirkularity is a range of bedding from GHCL that supports the Circular Economy and centers around 'Reduce, Reuse and Recycle'. Its products are : The Sativa, The Naturlig, The Wood Wheel and many more.

### Meditasi

Meditasi, is a collection of health & wellness bedding has nine distinct ranges. Meditasi, means "meditation" in the Malay language. This collection focuses on improving the health and wellness and rejuvenating the user during sleep. Its products are: The Radi-Pure range, The Hydro-Bliss range, The Youth- Renew range and many more.

### REEKOOP 2.0

REEKOOP 2.0 is an evolved and expanded expression of REKOOP, a sustainable bedding concept that was launched in 2018. REKOOP 2.0 comprises of a total of 12 innovative collections, building on GHCL's passion for creating sustainable solutions.



### Earthology

Earthology is a collection that introduces decomposable CVC fabrics made from renewable resources and vegetable dyes. This range is launched in 2021. It includes Eco Cotton, Eco Corn Cotton and Eden Dyes.

# PRODUCT PORTFOLIO



## Consumer Products Division



### Edible Salt

Edible Salt, i-FLO boasts of a range of salts which are pure, white and free-flowing. I-FLO's competitive edge is the cost advantage when it comes to normal salt, and a differential advantage of a unique product in the premium pricing.

### Honey

Honey, the liquid gold which is often called the elixir of life, is a nutritional trove. Also, GHCL has launched **JUJUBE HONEY** with impressive essential nutrients.

### Spices

Spices are the dried form of various seeds, roots, fruits, barks, vegetables, and other plant substances primarily used for colouring, flavouring, and preserving food. An essential culinary practices

across all cultures, the warm smell of spices can make any stomach growl. Besides the appetising aroma, spices are full of remarkable antimicrobial, medicinal and therapeutic values.



# OUR BUSINESSES, STRATEGY AND RESOURCE ALLOCATION

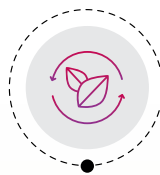
At GHCL, we've envisioned and built long-term strategies to help transform processes, increase efficiencies, and maximise customer satisfaction. We ensure the applicability of our solutions across all the business verticals to create long-term value for our stakeholders. We are strongly poised to tap into our long-term potential, leverage opportunities presented by the external and internal environment while mitigating risks.

Our strategy is designed in such a way that it enables us to deliver value in a fast-changing environment. We anticipate that material demand will continue to rise with our ever-increasing customer base and have, thus, focused on building increasingly sustainable and circular business processes. At GHCL, we believe that the introduction of new and creative products, as well as continued investment in sustainable product growth, will allow a company to continue its journey toward a sustainable future. We have also implemented a de-risking strategy across our value chain, which involves risk management and mitigation while continuing to invest in our development. Moving forward with a strong vision to deliver high value to our stakeholders, GHCL's business strategy stands firm on the essentials of - Robust and profitable growth, sustainable inclusive growth, and focus on value system.



## ROBUST AND PROFITABLE GROWTH

We are working towards enhancing our business performance and improving our marketing and sales capabilities. Our aim is to grow profits at a CAGR of 20% on a long term horizon. Our Soda Ash business is comfortably positioned with a stable profit and we are looking towards brownfield and greenfield expansions to propel further growth. The textile business has been gaining momentum due to the differentiated offerings coupled with the foray into the premium product segments which are likely to act as a key driver for the segment growth.



## SUSTAINABLE INCLUSIVE GROWTH

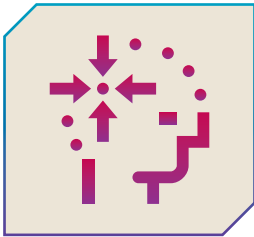
At GHCL, we believe in the principle of wellbeing of all our stakeholders and this forms an integral part of our business sustainability and strategy. We see our enduring efforts in serving the interests of all our stakeholders as an opportunity towards promoting inclusive growth. Our aim is to concentrate on the core relationship between GHCL and its stakeholders with a hawk like focus on strategy, social responsibility and business ethics.



## FOCUS ON VALUE SYSTEM

GHCL is a unique work place and its core values define its culture. We believe that ultimately it is our culture and the way we do things that will determine our long term success. Every employee in the company is expected to imbibe the core values and interact within the business ecosystem with all its stakeholders accordingly.

**Soda Ash**



**Focus Areas**

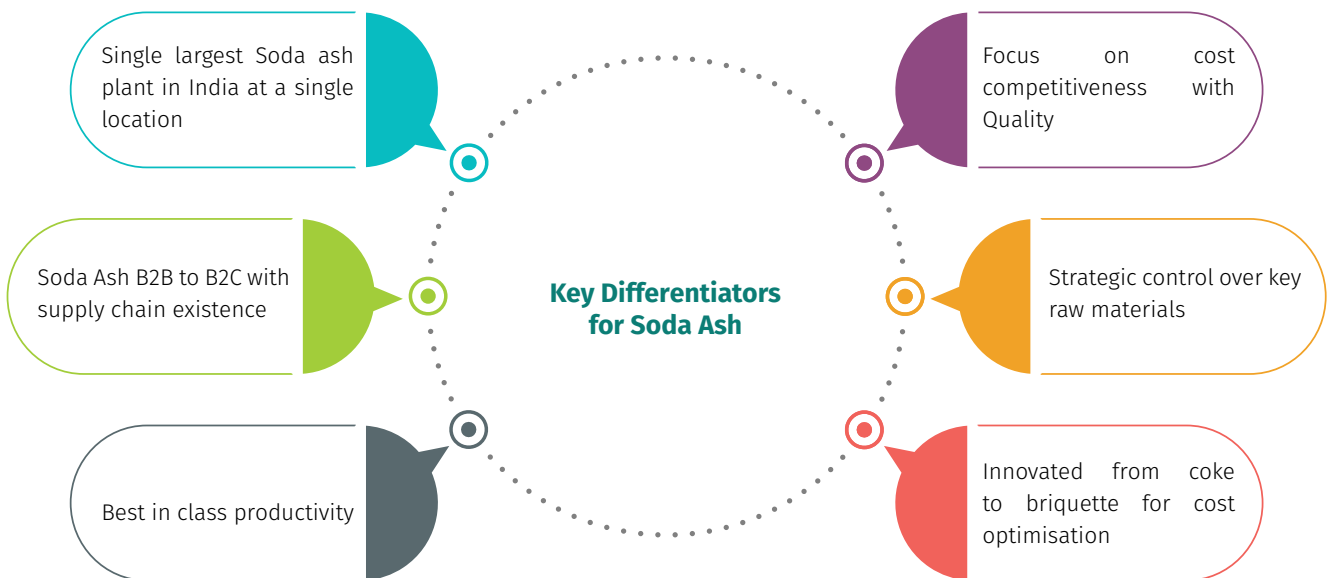
- Modular, phase-wise CAPEX to give sustained volume growth.
- Emphasis on high efficiency in operations.

**GHCL is among one of India’s leading manufacturers of Soda Ash (Anhydrous Sodium Carbonate). We have been growing at a rapid rate over the last few years, and we are focusing to become the country’s largest producer of soda ash in the next five years.**

The lignite mines in Khadsaliya, Gujarat, which supply the raw material for the production of Soda Ash, add to our competitive advantage. Our Soda Ash finds application in a variety of consumer products ranging from soap & detergents, glass, ceramics, textile, pulp & paper, etc.

We also manufacture 60,000 MTPA of refined Sodium bicarbonate or Baking Soda, which is marketed under the brand name – LION. It finds application as a food additive, animal nutritive, plating and dyeing agent.

Also, we have captive limestone mines at Sutrapada, Veraval and Talala Taluka of Gir-Somnath district in Gujarat. These mines produce an average of 45 MTPD to 500 MTPD of chemical grade limestone through semi-mechanized mining technologies.



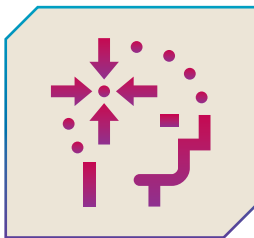
# OUR BUSINESSES, STRATEGY AND RESOURCE ALLOCATION

We are continuously working to reduce our operational costs, improve productivity and have strengthened our sales, marketing strategies to meet increasing demands. We have consolidated our focus and forged a strong relationship with all our major

customers and have endeavoured to enhance our consumers' value proposition responsibly. We have also built a robust feedback mechanism to reach out to our valued customers across multiple platforms and effectively address their concerns.

We have also made use of various innovative marketing initiatives and digital programs to provide a better customer connect and reach. These initiatives have led to the generation of positive cash flows from various operations.

## Consumer Products Division



### Focus Areas

- Expanding product portfolio and geographic footprint.
- Redeployment of cash flow towards gain.

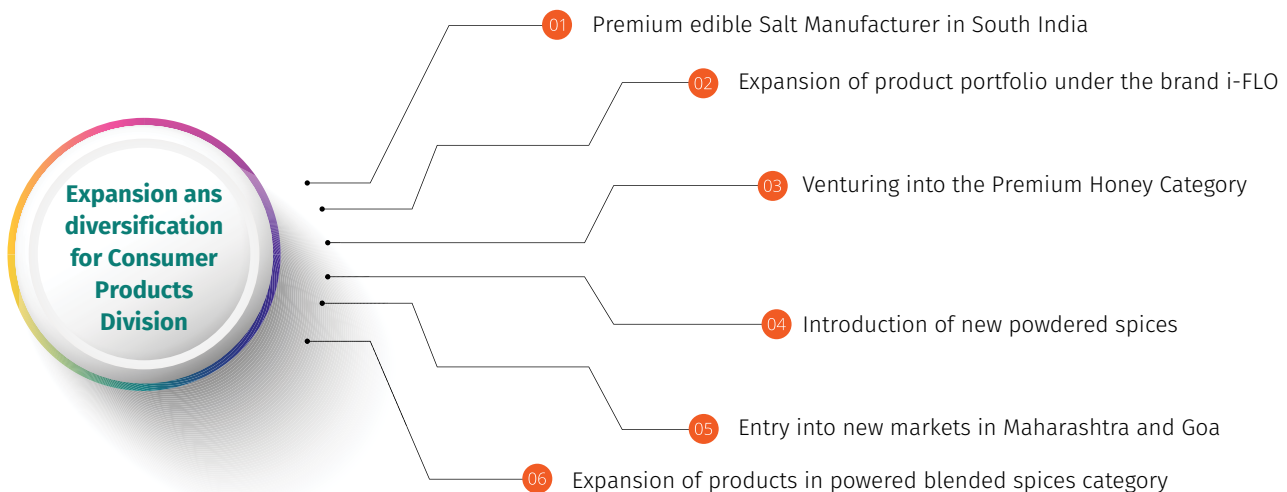
We have used different strategies in our CPD business to capture various regional markets across India in the Spices segment, and we are aiming to become a national player in both Honey and Spices.

We also house a salt refinery for edible salt which produces 100,000 MTPA of edible and industrial-grade salts for institutional sales.

Apart from edible salt, we also market and sell honey, whole spices and

blended spices under the brand name "i-FLO". This has been our recent entrant into the "Health & Wellness" range of products and provides value benefit to the consumers through good quality products coupled with a wonderful brand experience.

In our consumer products business vertical, we have adopted differential strategies to gain a foothold across various regional markets in India.

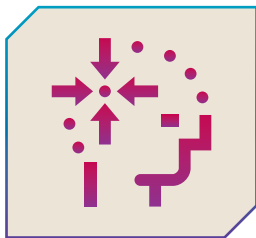


We have created an efficient operating system for healthy and safe packaging of food products to retain their freshness and nutrition for a longer duration. We have been leveraging digital technology to enhance efficiency and to enable business transformation. This renewed

focus on digital marketing will help in promoting the brand to a larger group of audience. We are also in the process of re-engineering our supply chain and procurement processes by making use of digital platforms to cater to the same.

We believe that in this rapidly changing environment, enabling the use of digital technologies would help transform ourselves into a much more agile and efficient organization.

## Textiles



### Focus Areas

- Continuing to drive performance in spinning to manufacture value-added products.
- Sustainability and innovation for expansion.

We have built an integrated plant at GHCL that can handle caters to activities from yarn spinning to weaving, dyeing, printing, sorting, and rolling out finished goods to be exported all over the world.

We are one of India's leading manufacturers of household textiles with an in-house spinning unit at Madurai, Tamil Nadu and a state-of-the-art weaving and processing home textile facility at Vapi, Gujarat. Our plant in Vapi has an annual production capacity of 45 million meters of finished fabric per annum. Our annual weaving capacity of 15 million meters, the processing capacity of 45 million meters and cut & sew capacity of 10 million sheet sets have enabled us to produce finished goods to cater to our ever-increasing customer base across the globe. We are amongst India's leading manufacturers of Home Textiles and export our products predominantly to the USA, Canada, UK, Europe and Australia.

To manufacture our products, we have constantly incorporated solutions that firmly stand upon the four pillars of

strategy, namely, innovation, traceability, sustainability and giving back to society. This has turned out to be one of the biggest differentiators, giving our products an edge over other competitors.

We had rolled out **'REEKOOP'**, a range of sustainable and traceable bedding solutions, made from recycled PET. We had partnered with Applied DNA Sciences (ADNAS), which forensically offers traceability to the REKOOP brand. With this, GHCL leaped forward towards reducing plastic pollution as this has resulted in the reduction of landfill space, crude oil consumption and carbon emissions into the atmosphere. We now have **'REEKOOP 2.0'**, an evolved and expanded expression of its earlier avatar and is based on a truly circular solution. This solution ensures that the used sheets are recollected and depolymerised again into fibre, with rPET

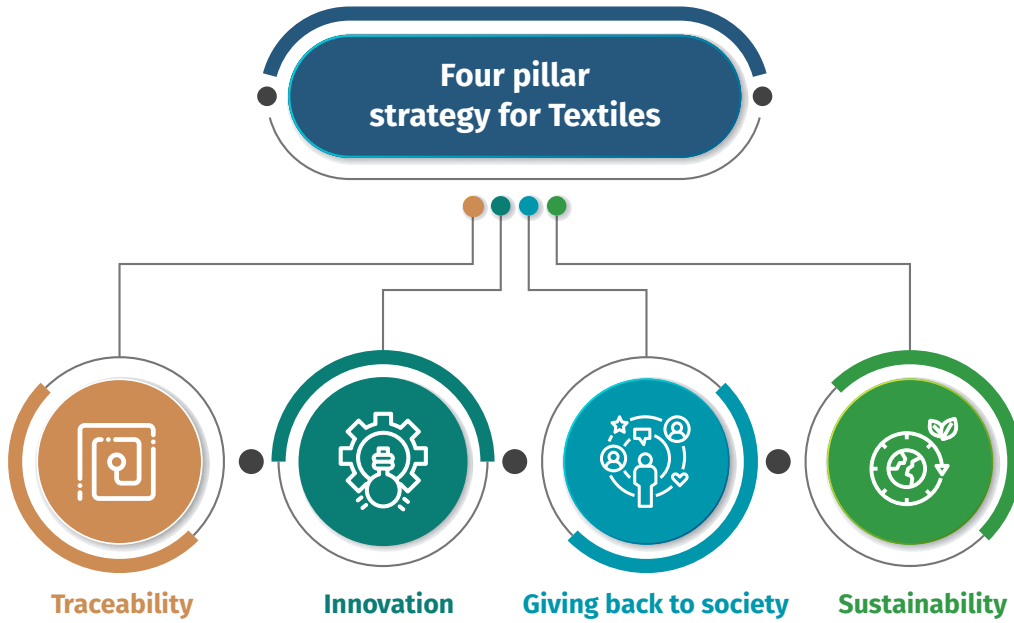
being blended with several sustainable fibres, different weaves and finishes, with performance integration and a wider range in the price.

Our **'CIRKULARITY'** brand of bedding supports circular economy and centres around the principles of 3R – Reduce, Reuse and Recycle, and supports the concept of Circular Economy.

We had also launched a unique brand of bedding solutions with nine distinct ranges, known as **'MEDITASI'** that improves the health and wellbeing of our customers.

As one of our measures to combat climate change, conserve natural resources and fulfil the energy requirements of the textile division, we have installed a 27.3 MW captive wind energy system.

# OUR BUSINESSES, STRATEGY AND RESOURCE ALLOCATION



We have aimed to make digital interventions across the organization, including operations, supply chain management, sales & marketing, etc. We have a dedicated team focused on managing our supply chain, who diligently

work towards diversification in the sourcing of raw materials and expanding our vendor base across geographies. This has also enabled us to effectively manage supply chain disruptions. Our penchant for innovation, as a result of

focused product development efforts and our thought leadership in creating intellectual property, has given us a clear competitive edge over our competitors.



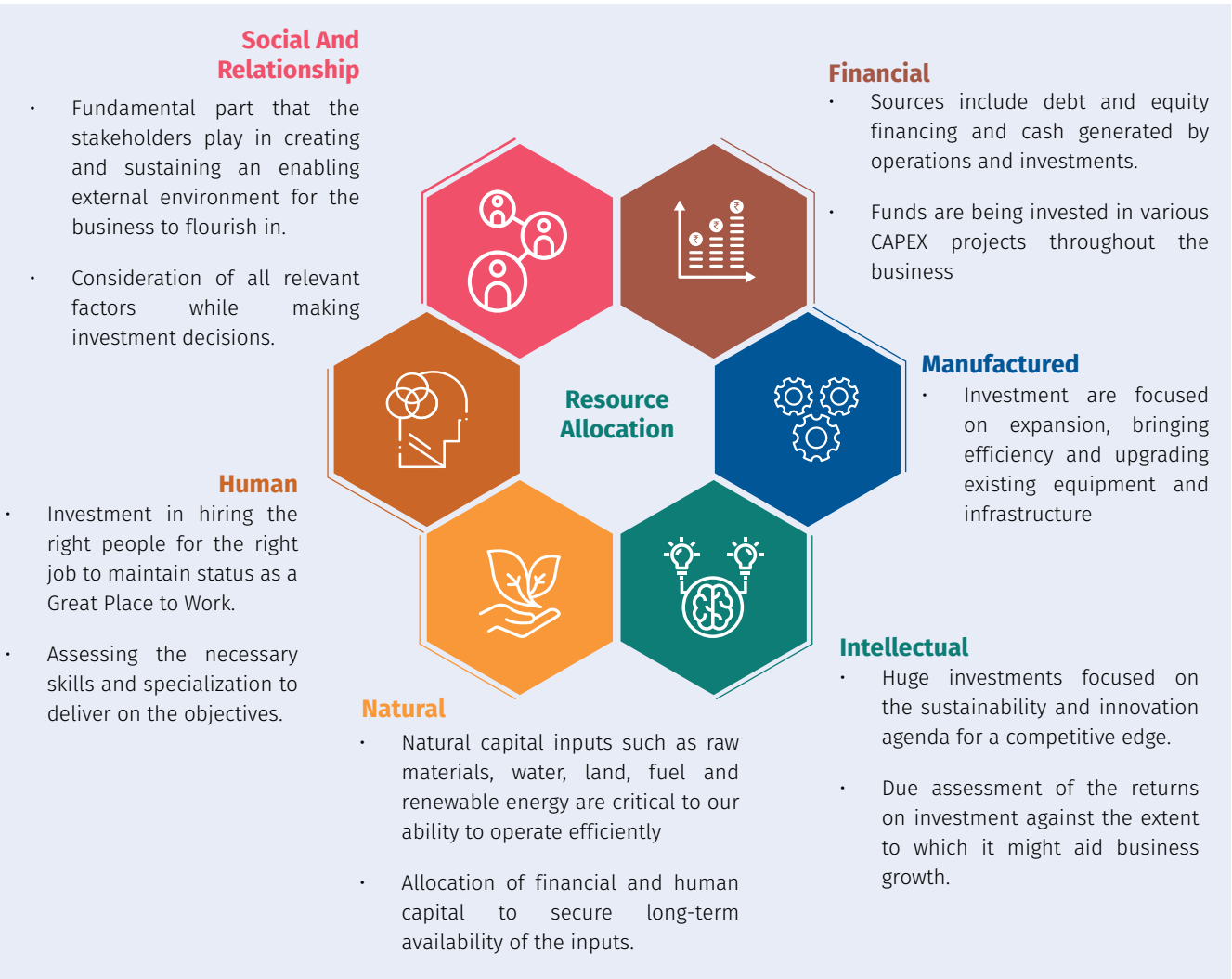


# RESOURCE ALLOCATION

At GHCL, we have strived hard to allocate the right capitals in our thinking and reporting to achieve our strategic objectives through disciplined resource allocation policies. Underpinning our strategy, we have ensured a focused approach towards resource allocation that is critical towards protecting and enhancing the returns for our shareholders' investments.

In order to ensure sustainability, we aim to communicate our business objectives to help our valued stakeholders identify and prioritise the most significant areas for value creation. We also understand that sustained value creation requires us to continually optimize all resources at our disposal and to allocate them appropriately considering the financial, social and environmental perspectives. This has, time and again, helped us minimise our losses and maintain a strong balance sheet.

We at GHCL, have incorporated the following six capitals to focus on our strategic growth and resource optimisation, diversify our product and customer base, maintain raw material security and maintain our robust financial growth.



# OUR GOVERNANCE

## Corporate Governance Structure

A strong corporate governance structure is the hallmark of a sustainable organisation. Our ability to handle risks responsibly is further shown by a clear focus on good governance. We attribute our success to the foundation of our collaborative and ethical leadership. We strongly believe that corporate governance is one of the key enablers in the creation and enhancement of long-term sustainable value for our stakeholders, comprising of our employees, investors, customers, suppliers, vendors and the society at large.

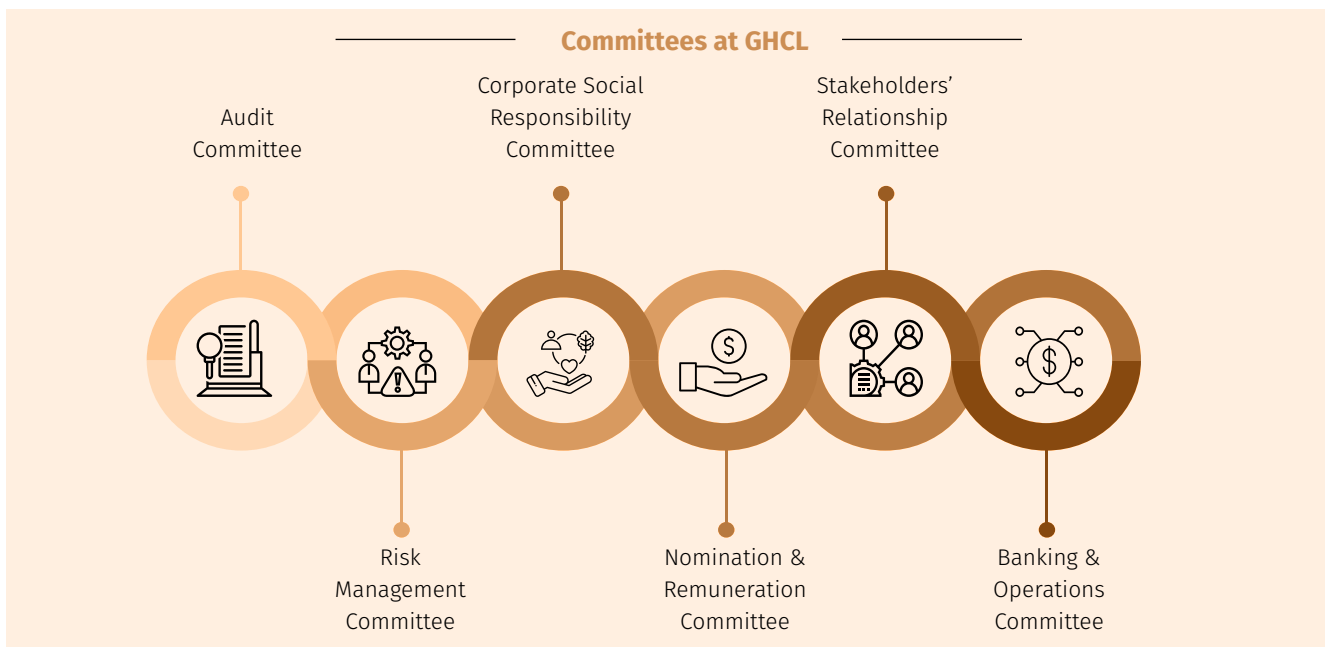
Our Board of Directors and management team are dedicated to maintaining high governance standards while serving the Company’s and shareholders’ interests. Our Board of Directors ensures that our company operates in a fair, transparent, and ethical manner.

We are led by a Board that comprises of 10 individuals. It comprises of qualified members from the industry, with diverse experience and credentials, selected for their acumen and ability to challenge, and add value to the organisation. Our Board members exemplify good governance by following the corporate

governance guidelines, codes of conduct and financial ethics. They bring forward the required skills, competence, depth of experience that allows the Board to take effective decisions and guide the management to achieve the Company’s objectives and enhance stakeholders’ value.

The Board meets regularly to review all aspects related to strategic, operational, and financial matters. The Board of Directors is at the core of our corporate governance practice and oversees that the management serves and protects the long-term interests

of all our stakeholders. If required and appropriate, they delegate their authority to Directors who head various committees. The Board also fosters a great culture in which it evolves and follows not just the stated corporate governance guidelines, but also the global best practices. The high standards of transparent disclosures, individual accountability and ethical behaviour are ingrained in all our business dealings and shared by our Board of Directors, key management and employees.



## Key Management at GHCL



**Mr. R. S. Jalan**  
Managing Director



**Mr. Raman Chopra**  
CFO & Executive Director  
(Finance)



**Mr. Neelabh Dalmia**  
Executive Director (Textiles)



**Mr. N Radia**  
COO - Soda Ash



**Mr. M Sivabalasubramanian**  
COO- Yarn



**Mr. Biswarup Goswami**  
CHRO



**Mr. Bhwneshwar Mishra**  
Sr. GM - Sustainability &  
Company Secretary



**Mr. Sunil Singh**  
VP (Marketing)



**Mr. M V Murali Krishna**  
CEO - CPD

## KEY CODES AND POLICIES

As part of our continued evolution towards becoming a sustainable and responsible organisation, we have come out with the GHCL Policies & Code of Conduct that presents principles governing and guiding GHCL as a business group. Our Code of Conduct is supported by an underlying framework of policies and procedures which provide specific guidance to employees on their behaviour required to uphold our organisation's values.

These policies and the Code of Conduct are important to our progress. They are the foundations upon which we as a company are built. The Code of Conduct outlines the desired behaviour required of GHCL and its employees in all business dealings. The Code directs everyone involved with our Company to act with complete honesty, integrity, and professionalism.



Code of Conduct of Board of Directors and Senior Management Personnel



Code of Practices and Procedures for Fair Disclosures of UPSI



Policy on CSR



GHCL Composition of various Committees of Board of Directors



Terms & Conditions of Appointment of Independent Director



Dividend Distribution Policy



Policy for determining Material subsidiary



Nomination & Remuneration Policy

Familiarization Programme for Independent Directors

Preservation of Documents & Archival Policy

Policy on Succession Plan

Policy on Determination of Materiality

Whistle-blower Policy

Risk Management Policy

Related Party Transactions Policy

Board Diversity Policy

Prevention of Sexual Harassment at Work Place



## SUSTAINABILITY GOVERNANCE

At GHCL, sustainability is a top priority that has been completely integrated into our operations in order to generate long-term value. Our goal is to achieve market excellence while fostering community and industry harmony. We uphold a strong sustainability governance structure with cross-functional representation, wherein, the senior leadership oversees at the board level, facilitating the embodiment of sustainability vision into all facets of our business.

Our established internal sustainability committee is a part of our sustainability governance structure that oversees activities relating to Corporate Social Responsibility (CSR) and Environmental, Health & Safety (EHS) aspects. To help meet our sustainability goals, the primary responsibility of the sustainability governance committee is to implement environmentally friendly interventions across all our operations. The committee believes in a holistic approach as well as responsible and informed choices that lead to sustainable solutions. It works towards achieving environmental stewardship including energy and water efficiency, waste management, renewable energy

and greener manufacturing processes and technologies. Mr. Bhuneshwar Mishra Sr. GM – Sustainability & Company Secretary is heading the sustainability functions of the company under guidance of Mr. Raman Chopra, Executive Director (Finance) & CFO and Mr. R S Jalan, Managing Director of the Company.

The sustainability committee is accountable to the Managing Director. The permanent members of the sustainability committee include the group CEO, CFO, Business Heads, Head of Human Resource, Head of GHCL Foundation, Head of Sustainability & Company Secretary, who review

and approve targets, roadmap, and implement procedures for a sustainable vision. We believe in our Vedic Gyan and attempt to follow the directions given therein with respect to the welfare of people, and take all possible steps to preserve environment and pay respect to the पञ्च तत्व – पृथ्वी, अग्नि, जल, वायु, एवं आकाश, in following words

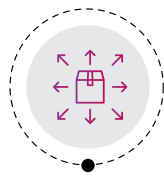
यो देवोद्गमौ, योदुष्णु, यो विश्व भवन माविवेश,  
यो औषधिक्ष, यो वनस्पतीषु, तस्मै देवाय नमो नमः  
(which means we respect the environment which is made of Fire, Water, Sky, Earth, and Air and also the same is present in all herbs and plants which nurture all living being and prevent from the various diseases)



# STAKEHOLDER ENGAGEMENT PROCESS



Investors



Suppliers



Employees



Community



Customers

At GHCL, we consider stakeholders as our invaluable partners as we stride forward on the path towards a sustainable future. We have developed a robust stakeholder engagement process to nurture relationships, which would ultimately improve our strategy and decision-making. We take the utmost pride in including our stakeholders as a central element in determining our material issues.

We conduct an extensive consultation with all concerned stakeholders and work towards finding better ways and means of value creation. Explicit and perceived stakeholder concerns are regularly reported to the executive committee for consideration, while the Company's policies and actions are shared as input for the stakeholders.

We understand that there is a greater risk factor involved when businesses do not examine or consider their long-term effects. By strategically engaging

with their stakeholders, businesses can foresee risks, and, can therefore plan for any disruptions that might occur in the future. Healthy stakeholder relationships also help us communicate how business decisions, activities and performance are likely to be of significant interest. Our robust stakeholder engagement process enables us to map stakeholder expectations reliably.

We engage with our stakeholders to uncover all the aspects of economic, environmental and societal issues.

While we give utmost importance to all our stakeholders, we have detailed the modes of engagement and key issues of five key stakeholder groups.

The concerns identified during stakeholder engagements are viewed as both risks and opportunities for the Company. We identify strategies to mitigate the risks and capitalize on the opportunities that follow.



	Investors	Suppliers	Employees	Community	Customers
Key stakeholder Expectations	<ul style="list-style-type: none"> <li>• Growth of the Company</li> <li>• Reward to shareholders</li> <li>• Return on capital employed (ROCE)</li> <li>• Governance and risk management</li> </ul>	<ul style="list-style-type: none"> <li>• Payment terms</li> <li>• Growth of suppliers</li> <li>• Fair and transparent dealing</li> <li>• Loading/ unloading infrastructure</li> <li>• Hygiene and sanitation infrastructure</li> <li>• Safety system and performance</li> </ul>	<ul style="list-style-type: none"> <li>• Growth opportunities</li> <li>• Safe working environment</li> <li>• Hygiene and sanitation</li> <li>• Talent attraction and retention</li> <li>• Training and development</li> <li>• Employees and contractor grievance</li> <li>• Employee related policies</li> </ul>	<ul style="list-style-type: none"> <li>• Livelihood support</li> <li>• Hygiene and sanitation facilities</li> <li>• Healthcare facilities</li> <li>• Education</li> <li>• Local employment</li> <li>• Infrastructure development</li> <li>• Air and water pollution</li> <li>• Resources optimization</li> </ul>	<ul style="list-style-type: none"> <li>• Product quality</li> <li>• Delivery</li> <li>• Customer connect</li> <li>• Credit period and transparent payment terms</li> <li>• Packaging</li> <li>• Health and safety aspects</li> <li>• Innovation</li> </ul>
Frequency and Engagement Platform	<ul style="list-style-type: none"> <li>• Annual General Meeting</li> <li>• Quarterly earning calls and presentation</li> <li>• Investor conferences</li> <li>• Press releases and newsletters</li> <li>• Regular disclosures to stock Exchange</li> <li>• Updates on website of the Company</li> </ul>	<ul style="list-style-type: none"> <li>• Suppliers / Vendors meet</li> <li>• Suppliers feedback and periodic site visits</li> <li>• VENDX portal</li> </ul>	<ul style="list-style-type: none"> <li>• GHCL TEA (Think, Experiment and Adopt)</li> <li>• MILAP (Medium for interactive, Lateral and Actionable Partnership)</li> <li>• DISHA meeting</li> <li>• Engagement survey</li> <li>• Monthly and quarterly publications and newsletter</li> </ul>	<ul style="list-style-type: none"> <li>• Community meetings and visits</li> <li>• Participatory rural appraisals including focus group discussion, awareness camps, exposure and training visits for beneficiaries</li> <li>• Interaction for local bodies</li> </ul>	<ul style="list-style-type: none"> <li>• Customer satisfaction surveys</li> <li>• Direct customer relationship management satisfaction initiatives</li> <li>• Regular customer / distributor notes</li> </ul>
Functions	<ul style="list-style-type: none"> <li>• Investor Relations</li> </ul>	<ul style="list-style-type: none"> <li>• Procurement</li> </ul>	<ul style="list-style-type: none"> <li>• Human Resources</li> </ul>	<ul style="list-style-type: none"> <li>• GHCL Foundation and CSR Team</li> </ul>	<ul style="list-style-type: none"> <li>• Branding and Marketing Teams</li> </ul>

# MATERIALITY ASSESSMENT

Materiality assessment enables us to identify, prioritise and report the important issues affecting our businesses in the environmental, social and governance sectors. We identify, assess and manage risks and one of the prominent aspects of our sustainability strategy is to identify and prioritize issues for different stakeholder groups.

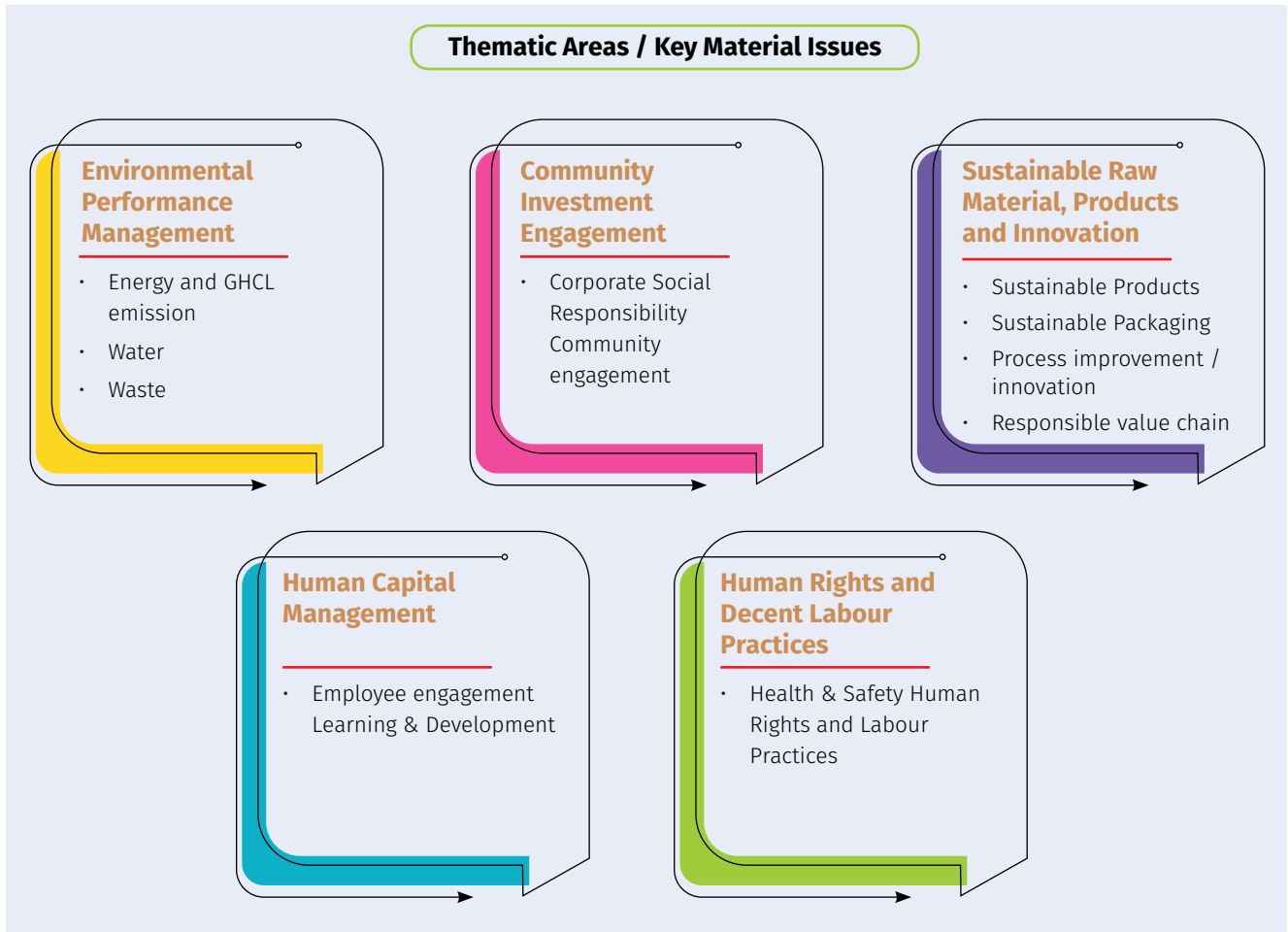
We consider sustainability as an integral part of our core business objectives. To embed sustainability into our business operations, we have always focused on addressing our key material issues like environment management, community and employee welfare & engagement, in order to ensure sustained growth.

At GHCL, we had envisioned ourselves as company is committed to the fight

against climate change, we are aiming for carbon reduction through the use of various innovative solutions. We had also embarked on our journey in developing a supply chain sustainability model to mitigate risks from suppliers. Through a formal materiality assessment process, we have identified top sustainability issues and have developed a roadmap to achieve the same. We continue to evaluate our progress on current

sustainability issues and also identify any new material topic that may require our attention.

During the uncertain times that the world witnessed for a major part of the fiscal year, it has become imperative that we make periodic re-assessments of each of our material topics as well as regularly analyse initiatives to manage them.

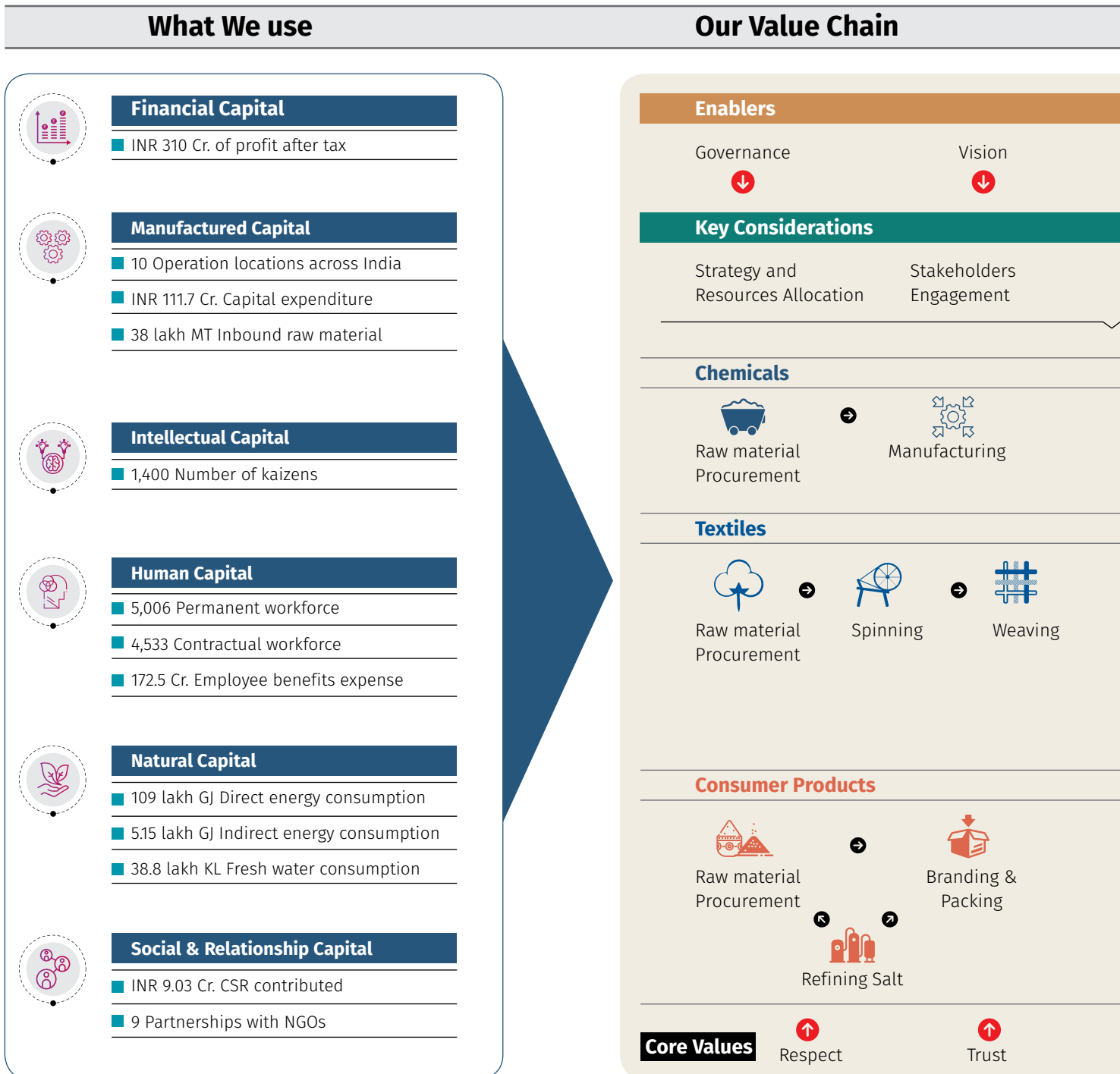






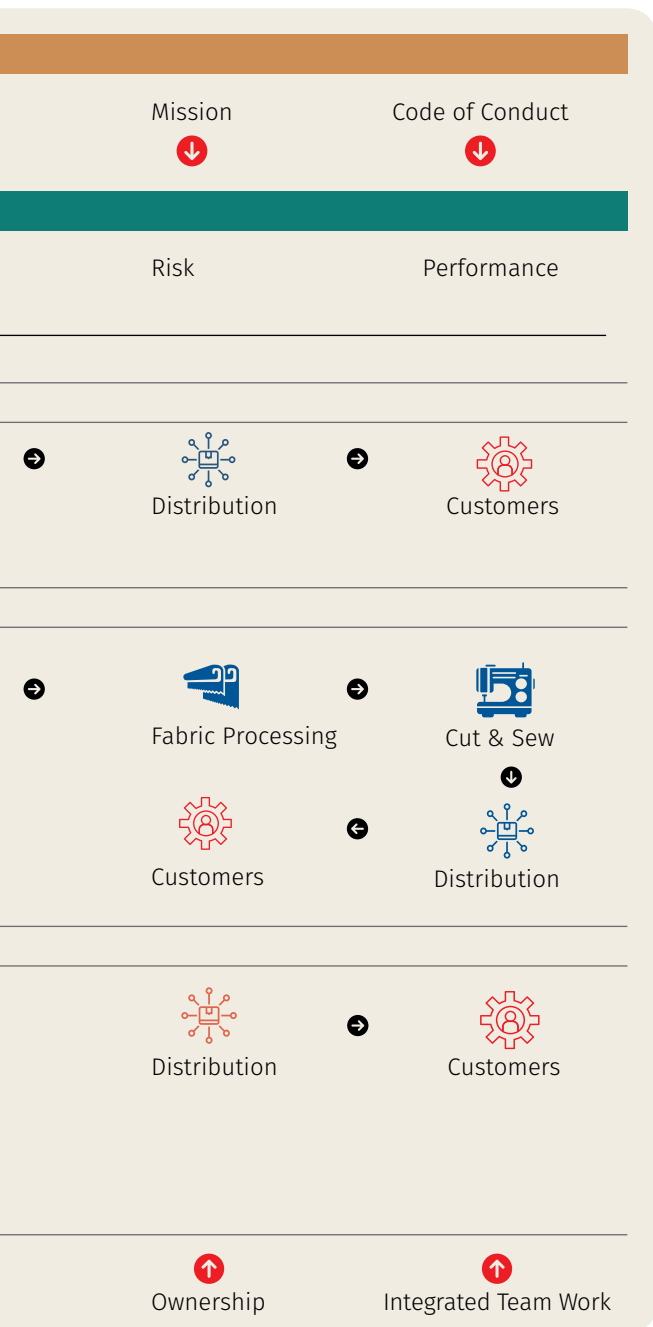
# OUR VALUE CREATION PROCESS

At GHCL, it is a continuous endeavour to integrate sustainability into our everyday decision-making process and create long-term value for all our stakeholders.



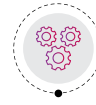
We cater to two businesses broadly categorized as Inorganic Chemicals (Soda Ash and Consumer Products) and Textiles. Operating in a volatile and complex external environment, we create value by utilizing resources and fostering key relationships. In alignment with our Sustainability Vision 2023, our business model describes what we use, how we manage the process, how we create value, and what value we create.

## What we create



### Financial Capital

- INR 2,850 Cr. Revenue generated



### Manufactured Capital

- 83% capacity utilization of Soda Ash division
- 89% capacity utilization of Yarn division
- 82% capacity utilization of HT division



### Intellectual Capital

- 3 Number of new sustainable products



### Human Capital

- 26,280 Man-hours of formal training



### Natural Capital

- 10.52 lakh tCo2 Scope 1 emission
- 0.75 lakh tCo2 Scope 2 emission
- 1.07 lakh MT Waste disposal



### Social & Relationship Capital

- 80 Employees trust Index in GPTW
- INR 19.09 Cr. worth CSR projects implemented
- 90,108 CSR beneficiaries

# MANAGING RISK, MAXIMISING RETURN



**Identify**



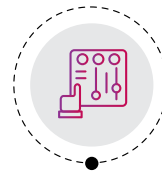
**Analyse**



**Action**



**Monitor**



**Control**

Risk management is an integral part of the Company's plans and operations. We have, time and again, proven our ability to take on challenges. However, through a prudent and organized risk management framework, we have also been able to exert ample caution in mitigating those risks.

GHCL recognizes risk management as an integral component of good corporate governance. Our risk management framework has been designed in such a way that it ensures awareness of the risks that threaten the achievement of objectives.

At GHCL, through our Board of Directors, we have constituted a Risk Management Committee, that constitutes with the

members of the Board. The Board defines the roles and responsibilities of the Risk Management Committee and may delegate monitoring and reviewing of the risk management plan to the Committee.

The risk management procedure is applied in a well-defined, integrated framework, which promotes awareness of risks and an understanding of the

Company's risk tolerances. We regularly engage with our strategic stakeholders and domain experts to identify and understand global risk trends and their impacts. Consequently, we also update our business models, execution strategies and risk profiles in a periodic manner. GHCL's Risk Management Policy and Risk Management Framework have been developed to include the following key categories:

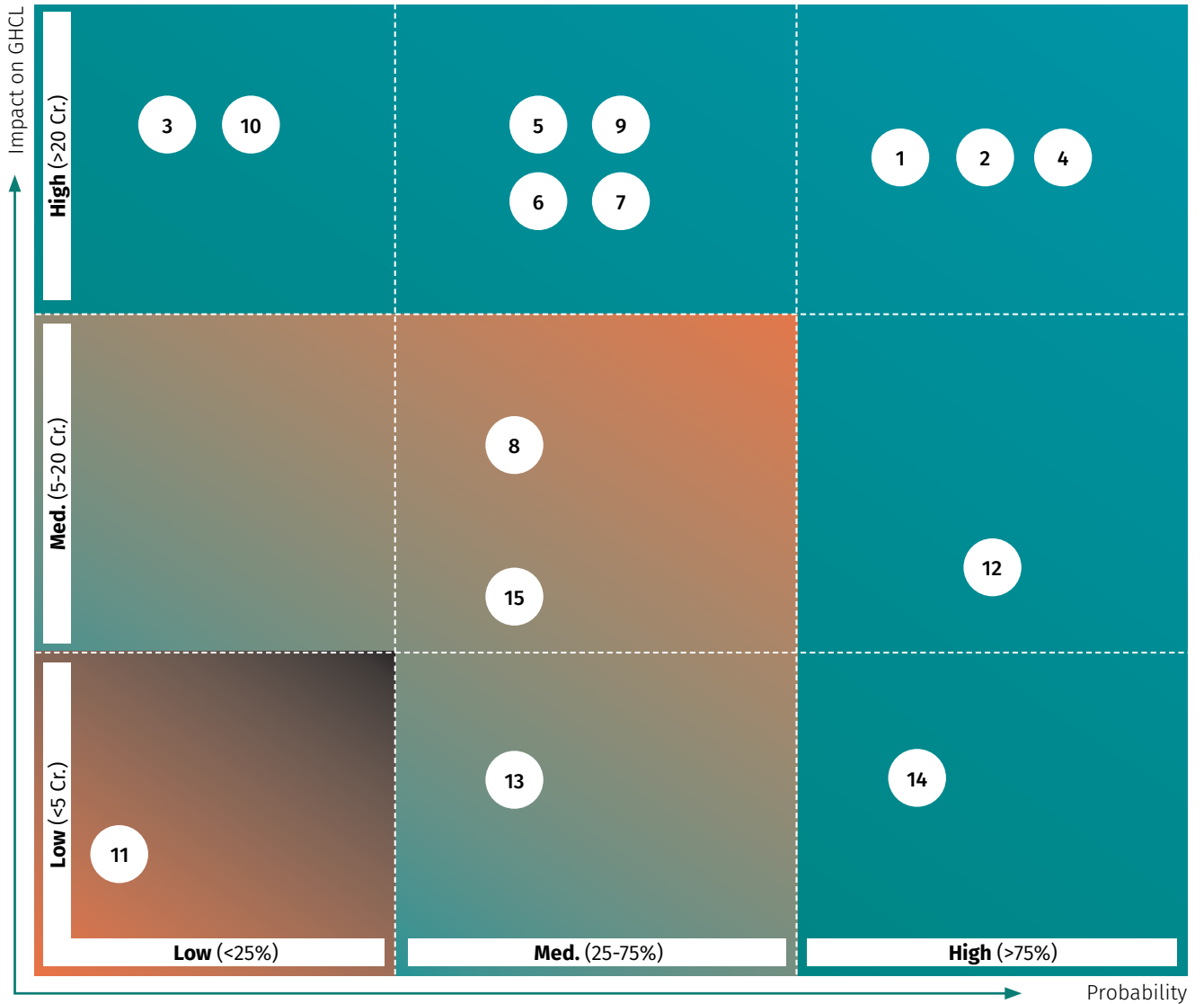


We have been able to analyse shifts in the market environment and test assumptions that underpin the current business model owing to regular monitoring and analysis of these risks. This has enabled us to improve the efficacy of our strategy and identify potential scenarios. The Board is ultimately responsible for identifying and assessing the nature of internal and



external risks that may impact achieving our strategic objectives.









The Board is also responsible for determining the Company's risk appetite, overseeing the development, implementing the Risk Management Framework and maintaining an adequate monitoring and reporting mechanism.

Our Internal Audit program is also aligned with the Company's risk profile and is responsible for providing independent assurance and also manage particular areas of the risk. The Risk Management Committee periodically reviews the various risks associated with the Company and reports the same to the Audit Committee and the Board of Directors, from time to time.




# MANAGING RISK, MAXIMISING RETURN

S.No	Risk Name	Capitals Linked	Mitigation Strategy
<b>Cost Competitiveness</b>			
1.	Raw Material availability & Volatility		<ol style="list-style-type: none"> <li>1. Focus on efficient use and re-use of raw material as well as captive raw material (Backward Integration)</li> <li>2. Long term supply contracts and vendor diversification for commodity supplies</li> <li>3. Due Diligence &amp; effective management for optimized settlements with raw material suppliers</li> </ol>
2.	Margin Pressure – Low cost competitors & Oversupply		<ol style="list-style-type: none"> <li>1. Update &amp; Implement sales and marketing strategies to deal with Margin Pressure</li> <li>2. Introducing differentiated &amp; Innovative products</li> </ol>
3.	Financial Cost & disciplined Capital cost Allocation		<ol style="list-style-type: none"> <li>1. Targeted deployment of financial funds, meticulous allocation of capital, and making future ready investments</li> <li>2. Efficient capital management thereby deriving the maximum output for each unit of capital disbursed</li> </ol>
4.	Currency Fluctuation		<ol style="list-style-type: none"> <li>1. Monitoring the foreign exchange market closely and taking hedging measures, principally for terms shorter than one year and generally not exceeding 18 months</li> <li>2. Management of exchange rate exposures by utilising forward foreign exchange contracts</li> <li>3. Engagement with multiple rating agencies on our financial processes</li> </ol>
<b>Sustainability</b>			
5.	Social Licence to Operate		<ol style="list-style-type: none"> <li>1. Regular engagement with the local communities to understand and address their issues</li> </ol>
6.	Climate Change & Natural Calamity		<ol style="list-style-type: none"> <li>1. Investment in upgrading existing technology to minimise our GHG footprint</li> <li>2. Internal carbon price (the project is underway) is used to manage carbon risks and opportunities. Through ICP we aim to prepare ourselves for future regulatory changes including Emission Trading Scheme (ETS) and Carbon Tax (CT)</li> <li>3. Continued focus on understanding the broader implications of climate change on GHCL's operations and supply chain and exploring climate change mitigation and adaptation solutions</li> </ol>
7.	EHS Performance		<ol style="list-style-type: none"> <li>1. EHS policies are in place, and there is continuous monitoring of environmental and health &amp; safety KPIs</li> <li>2. Improvement areas are identified on a periodic basis, and EHS targets are also included in the sustainability roadmap that are regularly monitored</li> <li>3. Compliance with applicable legal norms is a priority</li> <li>4. Environmental Management Plan (EMP) is in place to mitigate any further risks</li> </ol>

S.No	Risk Name	Capitals Linked	Mitigation Strategy
8.	Succession Planning: Right People at Right Place		<ol style="list-style-type: none"> <li>1. Identifying potential candidates for future leadership</li> <li>2. Investing in training, mentorship, and development of these candidates.</li> </ol>
<b>Governance</b>			
9.	Governance, Compliance & Regulatory Changes		<ol style="list-style-type: none"> <li>1. Dedicated Compliance department with a compliance management framework in place to ensure highest standards</li> <li>2. Keeping track of changes in the regulatory landscape, coupled with systems and processes to ensure compliance with applicable laws with and other legal standards.</li> <li>3. Single point accountability with appropriate responsibility cascading down the organisation</li> </ol>
10.	Ethical Business Practices		<ol style="list-style-type: none"> <li>1. Ensuring that all employees, including long-term contractors, are trained on GHCL's Code of Conduct. Compliance with the Code of Conduct is a requirement in employment contracts for new hires.</li> <li>2. Mechanism of reporting and Investigation of the breaches of the Code of Conduct in place</li> </ol>
11.	Cyber Security		<ol style="list-style-type: none"> <li>1. Systems are upgraded regularly with the latest security standards. For critical applications, security policies and procedures are updated on a periodic basis</li> <li>2. Periodic security compliance check, firewalls up-gradation, installation of threat monitoring systems, and regular patch updates</li> </ol>
12.	Capex & Non-Capex Growth		<ol style="list-style-type: none"> <li>1. Efficient capital allocation to enhance business and ensure optimal shareholder growth while taking financial and funding risks into consideration.</li> <li>2. Continuously review of assets to ensure continuous gain in the return on invested capital</li> </ol>
<b>Business Growth and Innovation</b>			
13.	New Product & Process Enhancement		<ol style="list-style-type: none"> <li>1. Focus on developing new, innovative, customer-centric and differentiated products catering to stakeholder expectations</li> <li>2. Building brands and increasing customer reach</li> </ol>
14.	Digitization/ Automation		<ol style="list-style-type: none"> <li>1. Strategic focus on technology to make processes simpler for all stakeholders</li> <li>2. Uptake of new-age technology to increase operational efficiency, improve processes and provide enhanced customer engagement</li> <li>3. Engaging with reputed partners for automation</li> </ol>
15.	Superior Customer Serviceability		<ol style="list-style-type: none"> <li>1. Empowering the staff, the employees, the customer-facing people to make customer success the company culture.</li> <li>2. Collaborating with the customers to understand their needs and help them achieve the desired outcome</li> </ol>

## OUR PERFORMANCE

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A photograph of an industrial facility, likely a cement plant, featuring several large, cylindrical silos and a complex network of metal walkways and pipes. In the foreground, a red truck is partially visible, parked on a paved area. The sky is blue with scattered white clouds.

Despite the challenges induced due to the COVID-19 lockdowns imposed during the first quarter of the fiscal year, we held a steady approach and worked to strengthen our way forward in a holistic manner. We were able to manage the crisis effectively by ensuring that the impact on our supply chain system was minimum. We continue to focus on our long-term growth areas coupled with the right investments to achieve them.

In continuation, we have enhanced and refined the reporting of our value creation initiatives in the third edition of our Integrated Annual Report. We bring forward to you a dedicated section on capital management and performance, wherein, the capital reviews are presented in the ensuing sections to establish how we interact with the capitals and build on our Sustainability Vision 2023.







## FINANCIAL CAPITAL

At GHCL, we fully understand that incorporating operational excellence coupled with judicious allocation of financial resources is fundamental in creating and managing our stakeholders' value in the long run. We have the appropriate tools at our disposal for critical assessment of our financial capital.

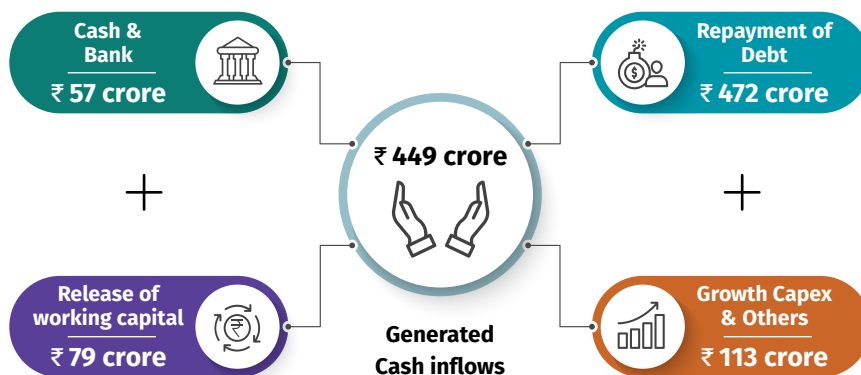
We strive to optimise returns for all stakeholders who have invested in our continued growth. This section provides a glimpse into how our management understands and responds to the broader aspects of our business and bring in the necessary financial resources to enable and sustain our value creation process.

Our robust financial management process helps us assess the requirement of funds for sustainable business operations. It also helps us make investments to tackle any untoward situation that may arise in today's

highly dynamic and volatile market. Our positive performance during an uncertain year reflects upon the resilience of our business model. While managing material changes that might adversely affect our financial position, we constantly work towards delivering attractive returns to our shareholders.

We are pleased to announce that we disclose our financial parameters in a straightforward and transparent manner, including total income, profit after tax, borrowings, return on invested capital, and share price, among others.

### Efficient Capital Allocation



### Performance Highlights

# 2,850

Total Revenue (₹ Cr.)

# 23%

EBIDTA

# 12.58%

Return on Invested capital (ROIC)

# 310

Profit After Tax (₹ Cr.)

# 2,502

Net worth (Equity) (₹ Cr.)

# 0.31

Debt to equity ratio

# 768

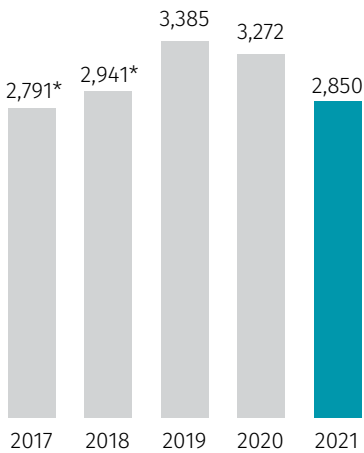
Borrowings (₹ Cr.)

# Below 1.0

Debt to equity ratio maintained over the last 3 years

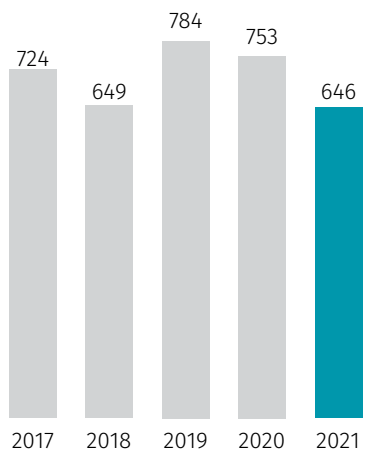
**Total Revenue**

(₹ Cr.)



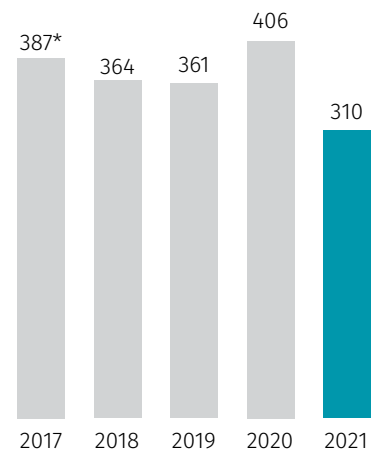
**EBIDTA**

(₹ Cr.)



**Profit After Tax**

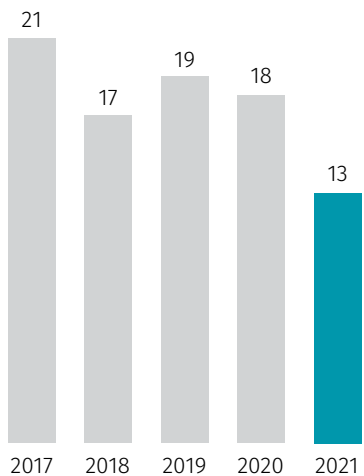
(₹ Cr.)



\*Figure changed for FY'18 due to re-calculation

**Return on Capital Employed (ROCE)**

(in %)

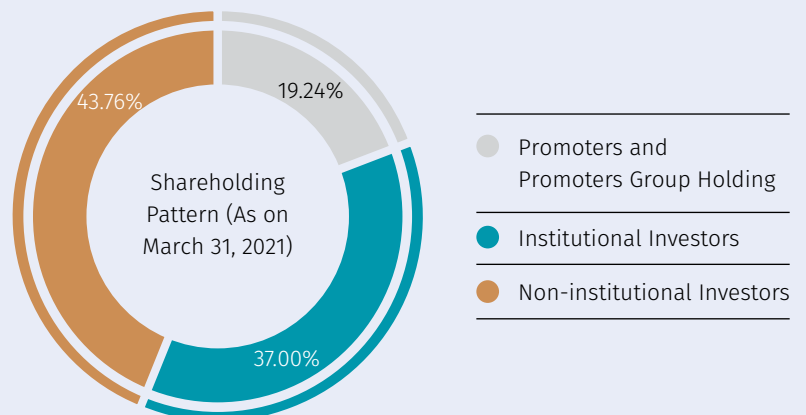


**Shareholding Pattern**

GHCL is a professionally managed organisation and its shares are listed at the BSE Limited (BSE) and National Stock Exchange of India Limited (NSE).

We are actively working to develop our structures and procedures, as well as our corporate governance.

The shareholding pattern below shows the distribution of our total shares amongst various individuals and institutions as on March 31, 2021.





## FINANCIAL CAPITAL

### Capital Inter-dependencies

**Financial capital** is critical to our development and, as a result, has a positive influence on our manufactured, human, and intellectual capitals. This leads to improvement on our **social and relationship capital** as a result of

the sustained trust we have cultivated amongst all our stakeholders.

However, we recognise that an excessive usage of financial resources for continued development has a detrimental effect on our **natural capital**.

Therefore, we have put in place a number of steps to counteract this impact, focusing instead on spending assets and resources that are not harmful to the environment.

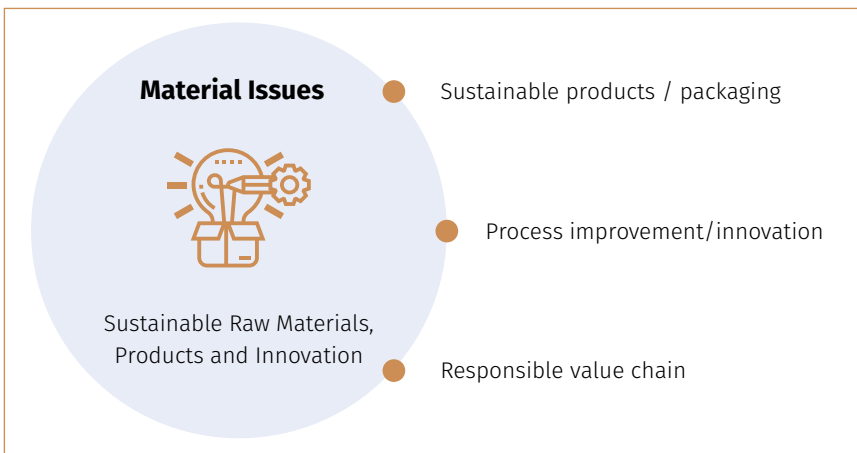






## MANUFACTURED CAPITAL

Our manufactured capital, which comprises of plants, machinery, equipment and other physical assets, enable us to deliver innovative and value-added products that cater to the needs and requirements of our ever-growing customer base, both within the country as well as globally. We are proud of our world-class facilities.



We aim to make significant investments in our manufacturing plants and equipment to deliver the best-in-class products to our customers. These thoughtful investments have also enabled us to make the least impact possible on our environmental footprint. We have strived to expand our customer base, introduce innovative products and improve on our resource efficiency in compliance with the environmental and regulatory guidelines. This has enabled us to create value for all our stakeholders and also generate reserve cash flow that could come in handy during troubled times. We have, thus, envisioned value addition, quality enhancement and lower production costs as part of our journey towards a sustainable growth.

At GHCL, we have made investments to direct our strategy towards the proper management of our manufactured capital that are well-suited to this dynamic

world that we live in. Our annual capital is allocated based on multiple factors such as technology upgradation, market competitiveness, customer requirements and cost factors. The outcomes from our manufactured capital permit us to leverage on delivering value-added products to our customers. We have also set precedence in maintaining and upgrading our equipment within the

plants so as to bring in an edge over our competitors and have also ensured that all our manufacturing facilities abide by our climate change, deforestation and procurement policies.

With the Sustainability Vision 2023 in mind, GHCL has also set a target to achieve Green Building certification for its Noida office that would help us take a step closer towards conserving our natural resources and tackling climate change.



### Sustainability Vision 2023

#### Responsible steward

- Green building certification for Noida office



## Performance Highlights

**10**

Operating locations across India

**111.7**

Capital Expenditure (₹ Cr.)

**38 lakh**

Raw material handled (MT)

**83%**

Capacity utilization of Soda Ash division

**89%**

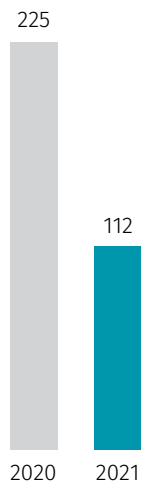
Capacity utilization of Yarn division

**82%**

Capacity utilization of HT division

## Payment for Capital Expenditure

(₹ Cr.)





## MANUFACTURED CAPITAL

### Soda Ash

We take pride to announce that our Soda Ash operations cater to large portion of India's annual domestic demand. The vicinity of our limestone and salt mines, which are located within a distance of 40 km from our plant, help us source the raw materials in a cost-effective manner and add to our competitive advantage. We also have a capacity utilization of more than 90%, which is the highest in this industry.

GHCL is committed to ensure best-in-class productivity with a robust Soda Ash B2B and B2C supply chain. We have innovated from coke to briquette coke for cost optimisation, and our wholly owned

lignite mines also provide us a strategic control over our fuel requirements. With expertise and specialisation of over 30 years, we are focused on cost competitiveness, quality and ensure timely delivery of raw materials and products through an extensive logistics and supply chain network. Our outbound logistics network for Soda Ash division consists of 16 warehouses including one dispatch hub covering the whole country.

At GHCL, Soda Ash is managed unlike any other commodity. We have a balanced demand & supply scenario and sustain high utilization rates while maintaining periodic enhancement in capacities. This has led this arm of our business to consistently perform well and realize steady margins.

### Textiles

We at GHCL, boast of an integrated set-up that houses various divisions ranging from spinning of yarn to weaving, dyeing, printing and processing till the finished products take shape. We are one of India's leading manufacturers of Home Textiles with an in-house spinning unit at Madurai, Tamil Nadu and a state-of-the-art home textile facility at Vapi, Gujarat with a weaving and processing capacity of 45 million metres of fabric up to made ups. This facility houses the best equipment sourced from Germany and Japan, with the ability to process both cotton and blended fabrics.

Our Home Textiles products are predominantly exported worldwide to countries like the UK, USA, Australia, Canada, Germany and as well as to other European Union countries.

Maintaining symphony with the belief of achieving excellence in our manufacturing divisions, we have always strived to maintain the brand reputation among our loyal customers through our persistent focus on customer delight and rolling out high-quality products to meet their expectations. We have also taken steps to integrate customer feedback into our product design and planning to measure and improve our customer satisfaction index. Over the years, we have also included integrated thinking into our value creation and product development process by taking various initiatives on sustainability and innovation in developing new products.



### Consumer Products Division

We embarked on our journey of manufacturing consumer products with the production and trading of edible salt in 1999. Our consumer products division spread across 3,500 acres of Veda salt work at Vedaranyam, Tamil Nadu, making us one of the largest manufacturers of raw salt, with a production of 150,000 MTPA. We have an edible salt refinery at Chennai, which produces approximately 100,000 MTPA of salt and industrial

grade salts for Institutional sales. Under the brand name of 'i-FLO', we package edible salt, honey, whole spices and blended spices.

Our consumable products bear testimony to food safety, are accredited with HALAL certification and our edible salt refinery conform to the ISO 22000:2005, ISO 14001 and ISO 9001:2008 standards. Currently, it serves 8 markets through over 40,000 outlets, thereby catering to diverse consumer segments.





## Capital Inter-dependencies

By expanding our operations across the globe, we aim to increase the stock of our **manufactured capital** and reduce our **financial capital** in the short-term. However, we are optimistic that this expansion would reap higher profits in the longer run and increase our **financial capital** as well. We are also aware that rapid expansion results in the depletion of our **natural capital** and have put stringent measures in place for resource efficiency and utilization to mitigate these impacts.

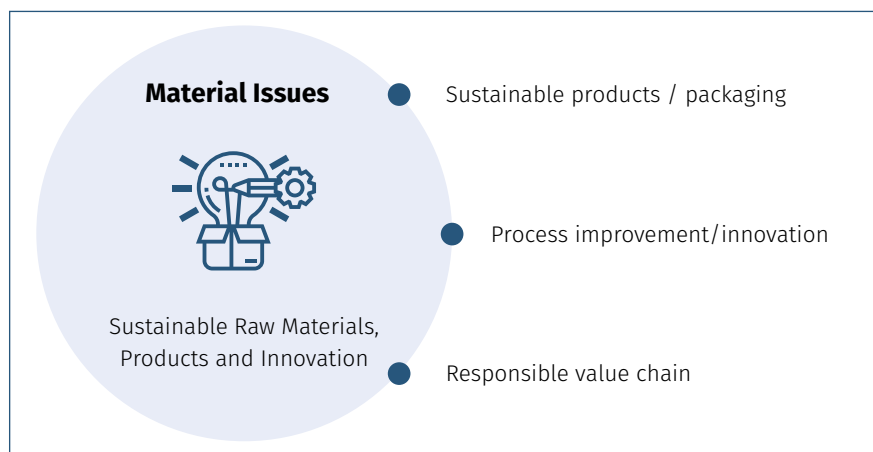


## INTELLECTUAL CAPITAL

Day-to-day’s technological advancements have dramatically reshaped the world that we live in. The manufacturing industry has witnessed a major shift towards technology adoption driven by automation, process innovation and Internet of Things (IoT). This has resulted in attaining higher efficiency and production levels across industries.

We at GHCL, have been consistent in our approach to respond to the ever-changing processes we have been witnessing in recent years. However, we have quickly adapted ourselves by enhancing our research and development capabilities, flexibly responding to the evolving policies and energy landscape, capitalizing on the most viable solutions and by investing in innovative technologies and human resources. We believe that cutting-edge technology plays an important role in achieving sustainability, creating innovative businesses and long-term value for our stakeholders.

At GHCL, we recognize the need and urgency to stay well ahead on the technology curve in order to maintain our standing as one of the powerhouses of the Indian industrial landscape. Upgrading our technological infrastructure and existing practices would help us to lower our carbon emissions and contribute towards building a low-carbon economy. We are keen to rely on our intellectual capital as we move forward to adopt efficient processes, set specific, measurable and timely goals to mitigate emissions, improve specific energy intensity and



increase the usage of renewable sources of energy. With our expertise in managed processing and sustainable systems products, we have focused on nurturing our assets and leveraging them to gain a competitive advantage to support our Sustainability Vision 2023.

Our unique intellectual capital sets us apart from our competitors and is a key driver in our continued success and sustainable growth. It encompasses the knowledge base of our organisation including the systems, processes and new value-added products developed through rigorous research and development. The value generated

through our wide-ranging products have enabled the growth of the domestic market and has reduced the import dependencies.

The Intellectual Capital also includes our organizational governance, knowledge, culture and leadership structures. It encompasses our processes, risk management system, our ability to deliver on our business strategy and our relationships. We have a firm belief that leveraging on our intellectual capital would allow us to implement the most effective and efficient ways possible for an integrated thought process.

### Performance Highlights

**5.01**

Saving due to process efficiency (₹ Cr.)

**4%**

Revenue share of Yarn division from new products

**1,400**

Kaizens implemented

**3**

Sustainable products launched by the HT division

## Product Innovation

### Earthology

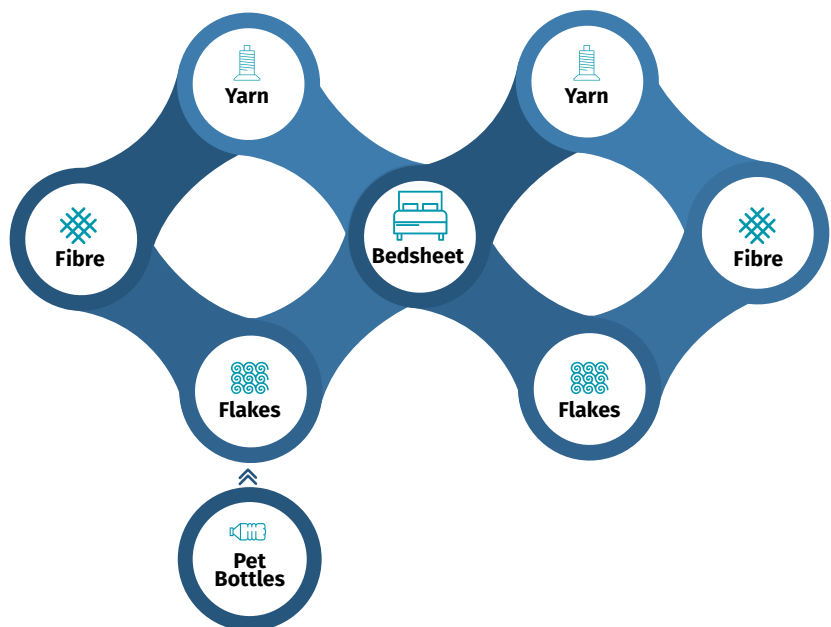
At GHCL, being responsible is fundamental to GHCL’s mission statement and is the foundation for all product and process innovations. Keeping this view, we have launched our latest collections which are a reflection of our perseverance and promise towards better products and practices. Under the sustainability umbrella, we launch GHCL’s Earthology that introduces decomposable CVC fabrics made from renewable resources and vegetable dyes. This range includes Eco Cotton, Eco Corn Cotton and Eden Dyes.



### REKOOP 2.0

**REKOOP 2.0** is an evolved and upgraded version of our sustainable bedding concept - REKOOP, that was launched in 2018. Comprising a total of twelve innovative collections, it helps in furthering our passion for creating sustainable bedding solutions. REKOOP 2.0 comprises a total of 12 innovative collections, building on GHCL’s passion for creating sustainable and truly circular solutions. The used sheets can be recycled and depolymerised again into fibre. This polyester fibre can be used as a raw material for re-manufacturing and cotton can further be used as a biofuel.

The bedding is made by recycling PET bottles into the most eco-friendly polyester fibre in the world. This fibre is blended with cotton, spun into a Chief Value Cotton yarn, woven and then processed into an ultra-soft fabric. The bedding made from this fabric is truly sustainable and free from any hazardous chemicals. Molecular tagging of the recycled fibre through the ‘Certain’ platform of Applied DNA Sciences, helps in securing source



verification and complete traceability of the materials. This provides a sense of transparency and trust throughout the textile supply chain.

REKOOP as a concept aims at using recycling as a means to make the world a healthier place to live in. Recycling

lowers the demand for petroleum extraction, reduces the GHG emissions and decreases the overall carbon footprint. It further aids in the reduction of landfill wastes and helps conserve water, energy and the environment.



# INTELLECTUAL CAPITAL

Here's what we do with some of them

**drpe dyed**  
100% COTTON, RECYCLED POLYESTER

Viscose - made from wood based cellulose | Look and feel of cotton  
Some properties of comfort, breathability, absorbency  
Sustainable, fully biodegradable  
Dyeing of Viscose - Truly sustainable  
Colorants added in spinning - no dyeing or washing needed  
Reduction in water, chemicals, energy and carbon emissions

**eco-soft**  
80 COTTON, RECYCLED POLYESTER  
80 COTTON, RECYCLED POLYESTER

No treatment with natural enzymes  
Superior, long lasting softness  
Improved fabric quality | amenity wear resistant

**classic**  
80 COTTON, RECYCLED POLYESTER-60 LINEN

Differential eyed shirtings | Patterned and textured dobby | Fusion of weaves with dyeing techniques gives a classic appeal

**modal**  
80 COTTON, MODAL, RECYCLED POLYESTER

Modal - Most pulp based cellulose fiber from the beech tree - Manufactured in a closed loop process  
Raw material considered carbon neutral  
Biodegradable | Luxurious - stay soft, stay

**printed charm**  
80 COTTON, RECYCLED POLYESTER

Innovative techniques - discharge printing and textured printing inspired by forest fabric  
Softly draped, draping appeal  
Printed on 100% eco-soft fabric

**flannel**  
80 COTTON, RECYCLED POLYESTER

Uniquely, polyester polyester treated cotton flannel  
130 gsm all season flannel sheet  
170 gsm cold weather sheet | Soft, cozy, lasting

**tencel**  
80 COTTON, RECYCLED POLYESTER

TENCEL™ Lyocell - Truly sustainable, biobased fiber from Lenzing AG, Austria  
Completely biodegradable and compostable  
Super absorbent | Ultra soft  
Made using water spin yarn

**polo**  
80 COTTON, RECYCLED POLYESTER

Performance - shock zone / Resistor / colors inspired by men's fashion | Sporty, vibrant colors  
Washed, faded aesthetic

**ultra soft**  
80 COTTON, DUPON, RECYCLED POLYESTER

Dupon - Superclean cellulose fiber made from cotton waste | Biodegradable and easily recyclable  
Processed in a closed loop system  
Smooth and stay against the skin  
Drapes excellently | Unlikely to cause allergies

**kooltex**  
80 COTTON, RECYCLED POLYESTER-KOOLTEX

Knitted - Eco friendly fiber from Refibra  
Performance at its best  
Expedient moisture quickly  
Fabric stays dry, fresh and comfortable

**Liva**  
80 COTTON, 10% VISCOSE, RECYCLED POLYESTER

Viscose from the pulp of eucalyptus trees  
100% natural and eco-friendly  
Has great breathability and absorption feels great on the skin  
Drapes well | Has a natural sheen

**linen**  
80 COTTON, LINEN, RECYCLED POLYESTER

Linen - Cellulose fiber derived from the flax plant  
Completely natural | Totally biodegradable  
Strong, absorbent, dries faster than cotton  
Exceptional drapes and freshness

## Process Innovation

We continue to put prime focus on improving our processes and products to stay ahead of the curve in a competitive environment that consists of evolving customer needs, peer performance and dynamic regulations. We are constantly on the lookout to integrate innovative and futuristic solutions that would help remove inefficiency, improve productivity and deliver sustainable value. Since, Soda Ash manufacturing is an energy and power intensive process, we use AKZO Nobel “Dry-limiting” to decrease our steam consumption for the ammonia recovery. The use of coke briquettes in place of coke fines have also improved our process of calcination.

This culture of continuous process improvement has ensured that our

capacity utilization is at 90%, which is one of the highest in the industry. The implementation of latest technologies and designing solutions have also enhanced our customers’ experience, as in addition to accelerating development,

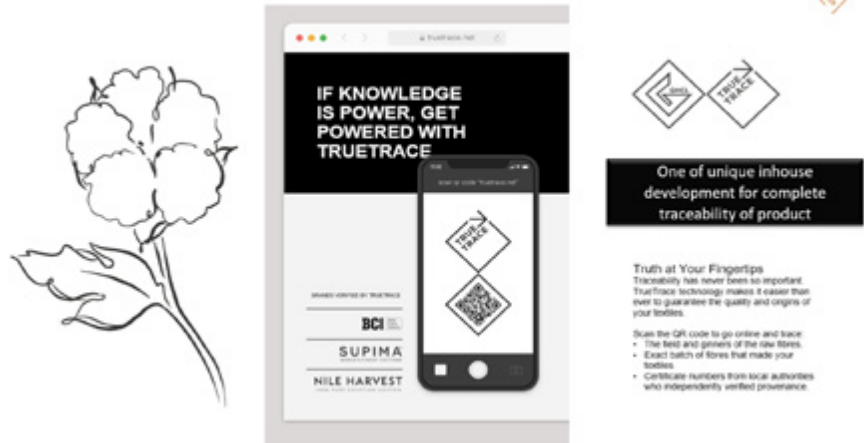
they lead to a higher product quality. We also maintain a competitive edge in the domestic market and make it a regular practice to benchmark ourselves against the costs of our competitors so as to retain our edge.



## Application Technology

We developed 'True Trace,' a framework focused on QR code technology that has been completely implemented and audited by third party accreditations, since traceability is a powerful “pillar of practice” at GHCL. The 'True Trace' platform provides a comprehensive Business to Business and Business to Consumer level of assurance for special cottons (such as Egyptian cotton and other similar cottons) that are being bought – spun – woven – processed and made into bedlinen at GHCL.

### Leveraging technology for end to end traceability – “True trace”



## Internet of Things (IoT)

In this dynamic world, businesses are continuously evolving and are ready to deploy advanced analytics and digital transformation to change their functionalities. With the advancement of new technologies, we have been a front runner in making significant investments in areas related to digitalization to upgrade our capabilities as well as our infrastructure. We believe that adopting new and efficient technologies would be an important tool for increasing overall transparency and efficiency across our operations.

We are working towards achieving operational excellence through our renewed focus on resource optimization and manufacturing quality and sustainable products. We aim to optimize our operations by enabling automated data collection and end-to-end visibility around our supply chain system as well.

GHCL had been using SAP ECC for more than a decade, with semi-manual processes for some of its business functions. To accelerate growth and modernize our enterprise IT landscape

and stay competitive in the evolving digital business world, we had made investment for a futuristic and scalable digital platform to initiate enterprise transformation through process digitization, analytics, automation and cloud product suites with seamless integration.

We collaborated with a leading technology services provider to evaluate our key drivers, processes and landscape during an initial assessment and begin the SAP S/4HANA-led transformation for system optimization and subsequent process improvement. In the second phase, transformation of our core business processes with HANA-enabled latest business solutions – Embedded Transportation Management and Embedded Business Planning, took place. With analytics on a mobility platform, our users were able to get business information on-the-go through SAP Fiori applications. With the SAP S/4HANA Conversion Factory, we have significantly improved our system performance, user experience and laid the foundation to transform inherent processes.

**150%**

Performance improvement for 20 business critical reports

**500%**

Improvement in average system response time

**90%**

Reduction in system backup time

**59%**

Reduction in database footprint



# INTELLECTUAL CAPITAL

## Branding and Marketing

We believe that branding and marketing of our products is a critical aspect of our continued growth. Marketing involves the underlying sales strategies and the research that would aid in the sale of our products. On the other hand, we understand that branding is an application of marketing that refers to specific products pertaining to a particular brand. Branding our products go a long way in changing how

our customers view our products, thus increasing awareness.

We, at GHCL, are guided by our transparent, accurate and ethical principles that serve the purpose of our branding and marketing communications portfolio. We aim to build a relationship of trust among our customers, protect our brand value and draw guidance from the best practices that are being followed across the industries.

We have renewed our focus in establishing a strong brand and professional appearance to build a relationship of trust among our consumers, potential clients, employees and communities. We have also leveraged to enhance our brand image and increase our brand recognition through various social media platforms. This has also helped us reach a wider section of the population and create a sense of awareness amongst them.

## Certifications Dashboard\*

 OEKO-TEX	 BSCI	 GOTS	 COTTON LEADS	 SUPIMA	
 USTERIZED	 OHSAS 18001:2007	 EGYPTIAN COTTON	 ISO 14001:2015	 ORGANIC 100	 ISO 9001:2015
 STeP	 BCI	 COTTON AFRICA	 SMETA	 FLOCERT	 GRS

\*These certifications are applicable to one or more divisions of GHCL.

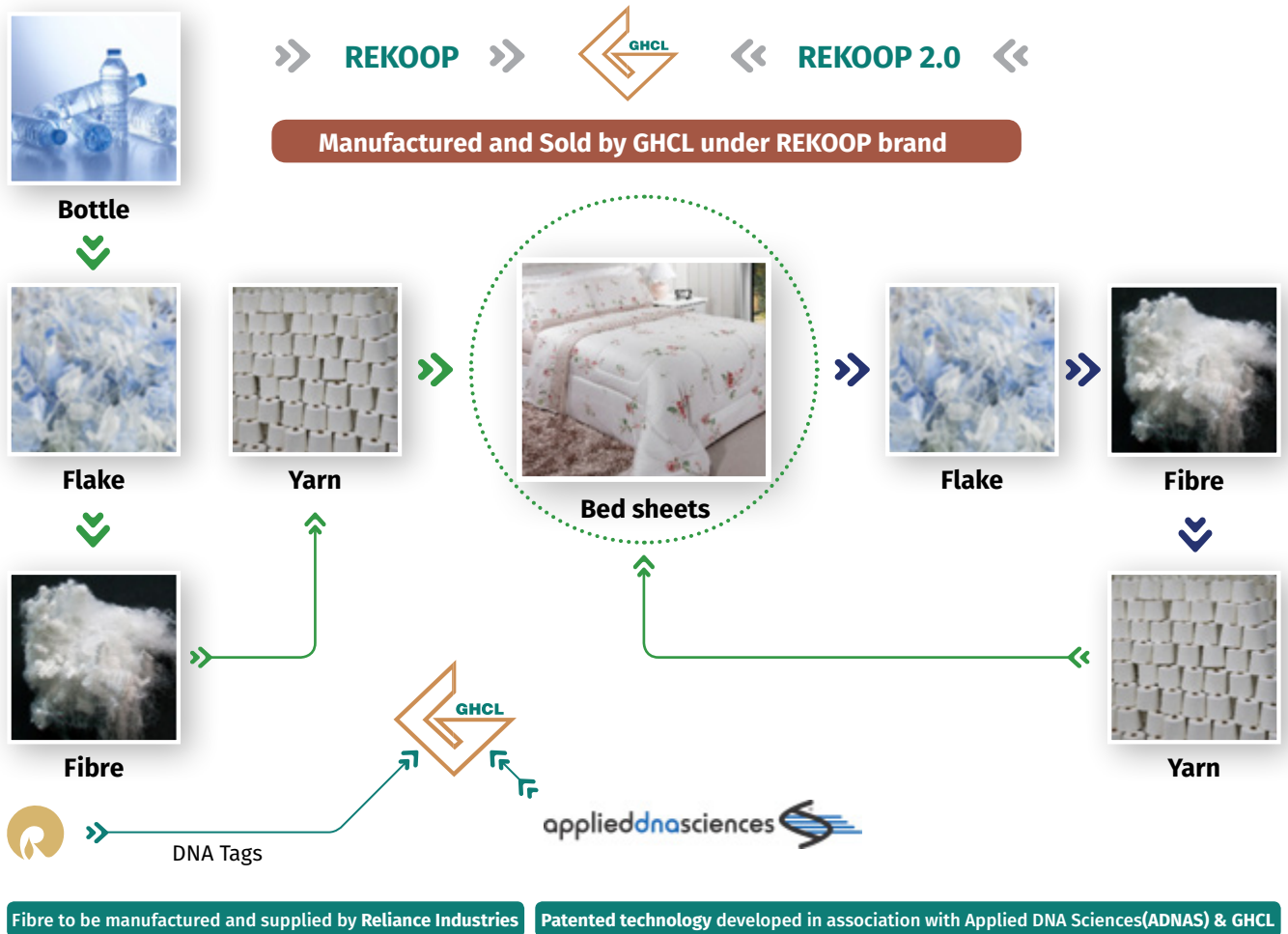
## Capital Inter-dependencies

To meet growing customer expectations in this ever-changing world, we at GHCL are making continuous efforts to direct and implement our strategy in

developing new and innovative products that are attractive, ergonomic, safe and convenient. We understand that investing in our **intellectual capital**

would go a long way in boosting our **human, financial and social and relationship capitals** as well.

## Reinventing the REKOOP to REKOOP 2.0





# HUMAN CAPITAL

We employ the best talents in the country and consider it our privilege to work with them. Our people are the greatest contributors in our continued success, and we are committed to their overall well-being. They have been instrumental in making our organisation a **‘Great Place to Work’** for the fourth consecutive time. We believe that an inclusive work environment inspires employees to perform better, thus driving business growth.



**Material Issues**

**Human Capital Management**

- Employee engagement
- Learning and development

**Human Rights and Decent Labour Practices**


- Health and safety
- Human rights and labour practices

We at GHCL, have successfully created an attractive work environment for all our employees and they have excelled on the five dimensions that are the hallmark of a **‘High-Trust, High-Performance Culture’** – Credibility, Respect, Fairness, Pride and Camaraderie. In the rigorous assessment process that was conducted by the Great Place to Work Institute, we participated in the **Trust Index Employee Survey**, on the consistency of experience across all demographics and on the **Culture Audit People Practices Framework**.

We have a firm belief that a high-quality and motivated workforce can be the key to achieve our strategic objectives. We offer innovative people practices in a manufacturing set-up with opportunities for employees across all levels. We specifically focus on talent management, employee management, employee communication and learning

& development. We also provide the right platform for our employees to hone their skills, competence levels and experience to help enrich our strength as an organisation. The on-the-job learning modules also help our employees to deliver higher performance and make them ready as leaders of tomorrow.

Our employment practices are laid on attracting and retaining the best talents based purely on their performance and potential. We regularly play an important role in harbouring and nurturing our knowledge pool. It is our prime objective to ensure that our people feel motivated, safe and secure to carry out their work in an effective and efficient manner. Employee competencies are developed through capability development programme and succession planning for critical positions, including assessment centres, gap analysis, customised



**Sustainability Vision 2023**

**Zero harm**

- Zero reportable injuries

**Stakeholder centric**

- To be among Top 100 Great Places To Work (GPTW)
- Single digit overall attrition rate
- 25% female employee’s representation in overall headcount & 10% in executive cadre
- To increase employment of specially-abled candidates number by 50% than last year

classroom, project-based training and other development programmes. During such training, the Company also assesses the current skill-level, motivation and personality of the employees and takes adequate measures to enhance them.



## Performance Highlights

# 26,280

Training man-hours

# 1.61

LTIFR

# 178

People identified for building leadership capacity

# 27%

Female workforce

# 55

HSE Stewards

# 6.4%

Employee attrition rate

# 25%

Decrease in attrition rate

## HR Strategy and Initiatives

The HR policies and practices that we have adopted are aimed at providing a sense of caring, commitment and harmony across our workforce. We employ a huge workforce across our value chain and have ensured inclusion of an engaging and digitalised work environment to mitigate any challenges that may arise.

To create a safe and engaging workplace, we have adopted a **“Participatory Style Management”** that further encourages our people to learn more about the organisation and to get actively involved in the decision-making process. This also enables our people to have a sense of ownership. At GHCL, we also train our people for downstream activities along with the upstream tasks. Our HR team facilitates a culture, wherein, every employee is imparted with the core business and cross-function knowledge, so that they understand the needs of our customers in a better way and come up with the best solutions for implementation.

## GHCL TEA

To create a culture of continuous creativity and innovation and nurture their raw creative ideas by providing them a platform to present, develop and test their ideas in organization context and create a framework to predict its validity and subsequent impact in the company, GHCL has come up with this initiative named as GHCL TEA.

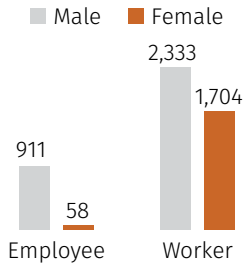
We believe that this would promote employees to think and work on different aspects of our Vision & Mission viz., product & process innovation along with nurturing entrepreneurship by building competencies that defines an entrepreneur – risk-taking, decision-making & decision-taking initiative. The ideas are clubbed into three categories, namely, **Strategy, Innovation and Research**, and employees can submit their ideas accordingly.



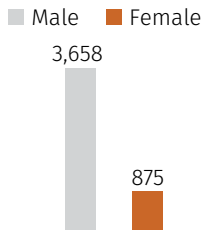


# HUMAN CAPITAL

## Total permanent workforce FY'21



## Total contractual workforce FY'21



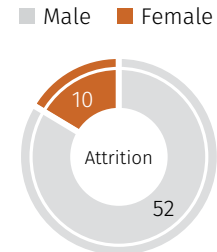
## DISHA

DISHA is the organisation's apex planning body. The strategic approach, business decisions, planning of revenue and profit targets, core human resource policies, broad policies on branding, CSR, major financial/technical/project issues etc., are deliberated and decided by the senior management on a quarterly basis, at the DISHA Forum.

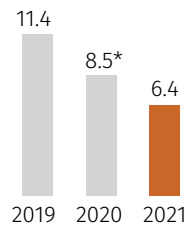
Additionally, for building leadership competencies & channelizing thought process for effective dissemination of business decisions and their implementation, the probable second line from different divisions/functions are also represented in M-DISHA, also known as making of DISHA.

For effective integration and open communication, DISHA and M-DISHA are organized together once in a year so that there is a collaboration and constructive discussions that happen on the strategic direction of the company.

## Total permanent turnover and new hires FY'21

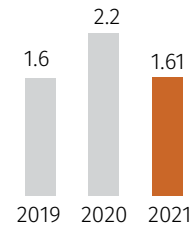


## Employee attribution (%)



\*Figure changed for FY'20 due to re-calculation

## LTIFR



## MILAP (Medium for Interactive, Lateral and Actionable Partnership)

To provide a platform for all employees to interact informally, share their thoughts and to come out with relevant suggestions which can add value to existing work environment and eventually help in building organizational excellence, we at GHCL, have initiated a platform that is irrespective of any hierarchical structure. Here, employees are encouraged to brainstorm on various aspects like people development, cost consciousness, administrative issues, strategic issues, etc. Post the discussion, committees are formed that are given the task of achieving the action points of the discussion during MILAP.

This, in turn, helps develop the managerial capabilities of employees and each and every employee takes the onus of bringing about a change in the company and add value to the organization. MILAP has been restructured in such a way that it encourages discussions on specific issues by formation of teams who brainstorm and share the solutions. The HR also takes the initiative of talking to employees and sharing views on their behalf to facilitate an open discussion.

## VIKAS (Vying for individual knowledge, attitude and skill initiative)

The objective is to build a culture of learning and development in the organisation, wherein, our employees are encouraged to plan their personal learning and developmental needs according to their respective individual career aspirations.

We at GHCL, offer our employees various opportunities which help in their overall grooming and development. The employees have the onus and freedom of choosing the training program of their choice to develop their skill and knowledge, which in turn, increases their engagement with the organization as well.

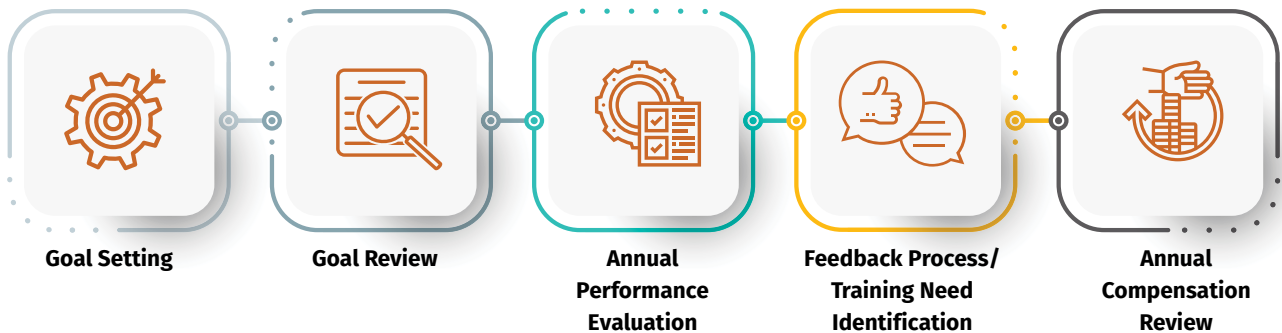
### Talent Attraction and Performance Management

We at GHCL, have a streamlined process of talent acquisition and performance management. We have bolstered our efforts towards fostering an inclusive and diversified work culture. We strive to attract, engage, develop and retain talented employees who would be our most valuable assets in the future. Our talent attraction methodology focuses

on assessing an individual based on their calibre and their potential to perform and grow within the organisation.

Our process of on-boarding and welcoming begins from the day a candidate accepts the offer letter and continues till the next six months. At the time of onboarding, we share

knowledge about our businesses, explain the key success factors for each business, familiarise the individual with our work environment, educate them on operational challenges that each businesses face, along with a brief of each business vertical. We ensure that the entire recruitment process in non-discriminatory in nature.



The induction process is divided into 3 parts: pre-joining, joining and post-joining-onboarding. The first communication goes from the Managing Director to the offered candidate with a personally signed welcome letter followed by a letter from the Head of HR elaborating GHCL's value system and culture giving a broader view of GHCL's identity. We also

engage the candidate by sharing GHCL Digest, our monthly newsletter, and a regular interaction is established with the candidate for acclimatization to the new system. An HR representative ensures that all arrangements are made for the new employees for their smooth onboarding & induction process to make it a productive day for the new joiner.

We routinely monitor the performance of our employees at all levels and provide incentives, rewards and recognition based on the deserving performances and contributions. We have also set targets for a single-digit attrition rate, increased female representation and escalated employment opportunities for all.

### Succession Planning

Our succession planning process essentially involves planning and execution of a smooth transition of deserving candidates to mould them into leaders of the future. It is a strategic

program that involves identification of key roles and traits in the employees best suited to fill these roles in the future. Trajectory of each role is established highlighting the skills needed for optimal

performance in each role and finding the right and adequate skills acquired to excel in these roles. We have, thus, developed a seven-step succession plan process for our employees.





# HUMAN CAPITAL

## Employee Health and Safety

We at GHCL, are committed to be known as an organisation who places the utmost priority on the health, safety and overall well-being of our employees. Our Environment, Health & Safety (EHS) policy, objectives, standards and working procedures are designed to make GHCL a very safe and healthy place to work at. Through a formal materiality assessment process, we have identified business level sustainability material issues and developed a time-bound roadmap for each business to leapfrog our overall performance which shall be made part of public disclosures in the future.

We are also focused on creating a safe and ethical working environment across all our manufacturing facilities. We have been working towards achieving **'Zero Harm'** and have set a target of achieving zero reportable injuries, under the Sustainability Vision 2023 across all our operations. Our goal of **'Zero Harm'** implies to **"Zero Accident and Zero Incident"** for all the people working at GHCL. We have long supported the

overall well-being of our employees to improve their work-life balance and morale to boost their productivity.

We have put a number of measures in place for ensuring better workplace environment for our people.

For the year 2019-20, we had set the target for 33% reduction in injuries and frequency rate. However, in this fiscal year, we have targeted a 50% reduction in injuries as well as the frequency rates.

To achieve further success in building a safe environment and inducting the culture of safety amongst our people, we have put stress on the following:

- Identifying, understanding, controlling and eliminating the risk associate with hazards at workplace, including man-machine interaction, process safety and fire hazards.
- Structures for skill improvement/ competency enhancement of employee and contractual workers.

- Implementation of new measures to reduce manual interventions.
- Monitoring exposures for better and timely controls.

We understand that the nature of work we perform makes safety a top priority and a core value. For our safety management, we strictly adhere to the international standards of safety and upgrade our systems in a proactive manner.

As a responsible organisation, we consider health and safety parameters as critical aspects of our progress and have also established a robust approach to manage safety risks to eliminate occupational hazards and workplace injuries for our employees and contractors working within our premises. Over the years, we have put great efforts on strengthening our safety management system on the basis of the globally recognised OHSAS 18001:2007 standard.

## Safety Management System

To enhance the safety performance, the management undertook an assessment of past years' incident history and its root causes that led to those incidents.

GHCL's Safety Management System have set up requirements under Safety Policies for OHS improvements, SOPs, work instructions, daily record-keeping and reporting in place to ensure daily routine operations are carried out in compliance with the Company's HSE policy. Moving a step ahead, we now

focus more on employee participation in incident reporting, safety observations and near-miss report. We have also placed measures such 'HSE scorecard system' and a custom-made app reporting system 'G-SOS' for our employees that are currently in the system. We are also working on making 'G-SOS' reporting app feasible for our contractual workers as well, so that the concerned people have updated information of closure of observations.

But, despite our continuous efforts to promote a culture of safety and well-being among our employee, there were case of LTIs in this reporting year. Through detailed investigation of the incident, we have identified the reasons and have implemented corrective steps to prevent their recurrence.

### Senior Executive Round

The top management participates with the HODs on a fortnightly basis for Plant Audit, recording the observations and taking view of the progress of safety measures.

### Focus on avoiding repetition of injuries and accidents

Ensuring all the designed preventive actions are adequate and proper barrier of safety system is in place without any loophole.

### Safety Interaction Program

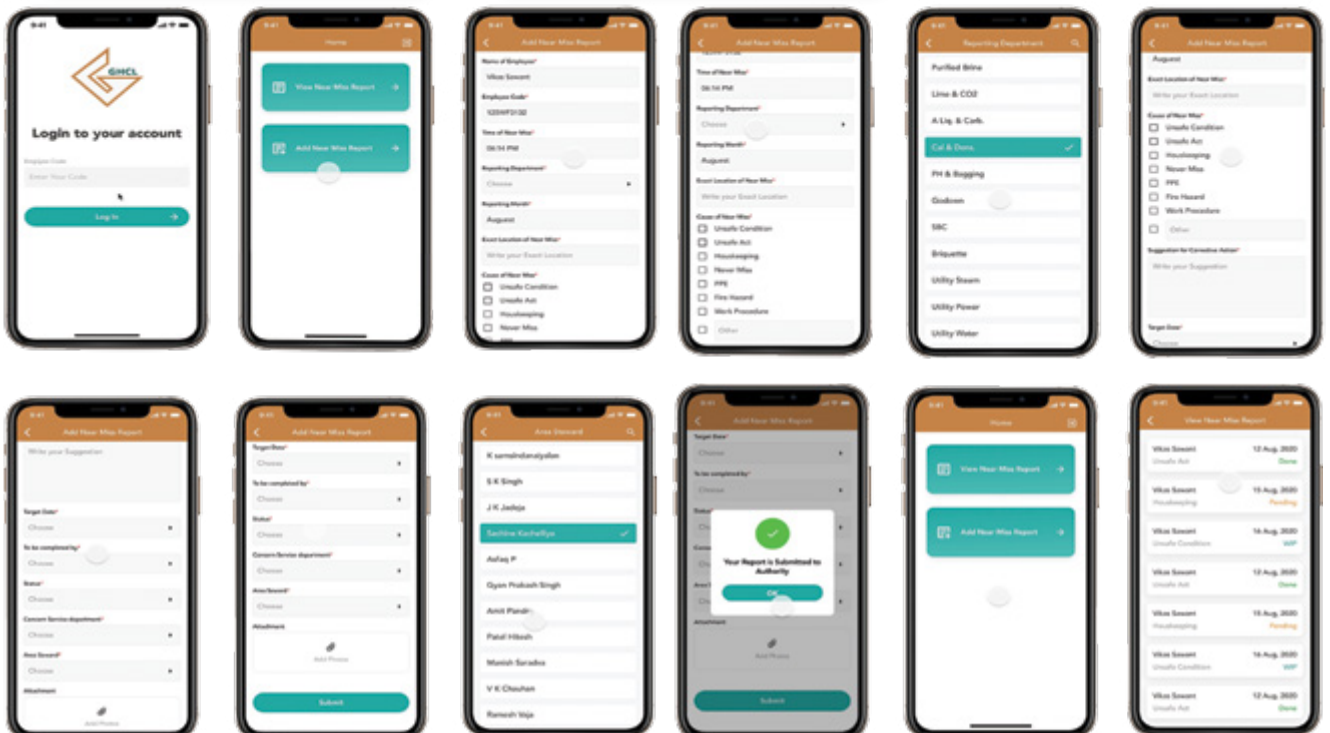
It is a well-defined approach of making provision for the safety team to develop a safe working environment. It is carried out on a quarterly basis.

### OSH Improvement Initiatives

For the overall OSH improvement, a designated team of HSE committee members are involved in the system development, based on their previous learning experiences to develop an action plan for the same.

### Awards

To provide motivation to both our permanent and contractual employees, awards such as 'Best Safety Champion' and 'Best Contractor safety Performance' are awarded on a periodic basis.



Training on Safety Observations Reporting in the customized app 'G-SOS' developed for GHCL



# HUMAN CAPITAL

## Safety Practices during COVID-19

Since the onset of COVID-19 pandemic, preventive measures were already taken across our facilities to train our permanent and contractual employees. It also included developing a control and preventive plan on ways to respond to any suspected patient and producing a communication channel with local health administration.

A detailed policy of handling the COVID-19 virus was also released which provided guidelines and instructions to be followed, ways of handling a suspected patient and also defined roles and responsibilities for the concerned team members. It was followed up with the Procedure for Control and Prevention of COVID-19 at our workplaces. The following measures were undertaken for the prevention and control of COVID-19:

- Pamphlets of information and precaution guidelines in local language regarding COVID-19 was printed and circulated at each location of the plant and at both our GHCL townships.
- Hand sanitizers were provided at all entry points.
- Thermal scanning of all employees and workers who entered the plant premises was carried out for quick measurement of the body temperature.
- Screening, general check-up and laboratory investigation of people or visitors who visited from the virus-affected zones was carried out and a record was maintained of visitors along with their travel history.
- Preparation of isolation ward for temporary isolation of suspected patients with COVID-19 symptoms.
- Regular fogging and spraying of disinfectant were carried out at the healthcare centres, townships and schools.
- People visiting hospitals were advised to follow and comply with our COVID-19 policy with mandatory completion of quarantine period mandated for individuals who travelled outside the district or to restricted zones etc.
- Provision for Coverall (Personal Protective Body Suit kit) were meted out for handling of COVID-19 affected people.
- Supply and distribution of Homeopathic Medicine Arsenic Album 200 AS prophylaxis against COVID-19 infections to people of GHCL Sutrapada and their family members at various places with the help of HR, IR and Admin team.
- Regular health screening through Pulse Oximeters.
- Procedure for resumption of work after completion of lockdown period due to COVID-19 (u/n IMS-EHS-14) was initiated.

### Thermal screening of employees and visitor with hand sanitization measures at workplace



### Measures for Social Distancing at gathering places and areas of plant premise



Work Place Monitoring

Communication with Maintenance Team

Post Mock Drill Meet

**COVID-19 control and preventive measures at the GHCL units**



New Taps were installed for Hand Wash liquid provision during entry and exit process of plant employees and visitors @ GHCL Madurai Unit



Daily Scrutinizing and Thermal Scanning of Plant Employee and recording and restricting entry of those arriving from restricted zones/containment zones



Employee Consultation by Resident Doctor for contact of any infection of suspected patients through analysis of blood samples



Mandatory wearing of face mask for plant employee with distribution of washable type respiratory mask at entry gate



Employee Consultation by Resident Doctor for Contact of any infection or suspected patients through analysis of blood samples.



New Taps were installed with hand sanitizers at entry and exit gate @ GHCL Manaparai. Unit



Employee Orientation for personal hygiene and upkeep of hygiene at workplace.



# HUMAN CAPITAL

## Training and Mock-drills

GHCL has set up a detailed training calendar and have included relevant topics which are mandatory for all the employees. As an integral part of our culture, we cover them with workshops, mock exercises and through some set of questionnaires as per the safety procedures. Overall training compliance in the recent years have been in the

excess of 0.020 million man-hours with respect to safety. We always thrive to bring in new ideas to achieve training compliance, 100% participation and suggestions in designing effective training modules to meet the on-the-job requirements. The new training methods that have been implemented are:

- Training Calendar.
- Training Need Identification for Company Employees and Contractor Workers – work in progress.
- Virtual Training Virtual Sessions.
- Shop floor Training.
- SME Training.
- Moc Exercise

### Training on Personal Protective Equipment Usage and Workshop Trial for Efficiency and Level of Protection Assessment



### Training on HAZOP - Process Hazard Analysis to Plant In-charges and Executives





**Best Safety Champion Award for Contractor Employee for their effort and continued participation**



**Breathing Apparatus Training to Employee & Workers in Process and Maintenance**



**Capital Inter-dependencies**

We have invested significant amount of **financial capital** in our workforce and that has helped us in reaping rich dividends with respect to our **human capital and social & relationship**

**capital**. The continuous learning and development opportunities along with healthy and safe environment provided to all employees have enhanced our

**intellectual capital** and **social & relationship capital** in the short-term and is expected to give a boost to our **financial capital** in the long-term.



## SOCIAL & RELATIONSHIP CAPITAL

Since our inception, we have been focussed on enhancing our social capital, as it is one of the key elements for sustainable business growth. Our close engagement with our stakeholders and communities around our manufacturing facilities have helped create opportunities for them to become self-reliant and, in turn, has fuelled our drive for continued exceptional performance. We are keenly focussed on minimizing the use of natural resources and creating value for the society. We value our relationships to the utmost and protect the needs and interests of all our key stakeholders.




**Sustainability Vision 2023**

**Stakeholder centric**

- 30% reduction of high-risk suppliers in supply chain
- Trusted CSR brand
- SA8000 certification ready operation at HT division

As an organisation with diverse operations and a wide geographical footprint, maintaining social harmony forms an integral component of our value creation process and our Vision Sustainability 2023. We regularly undertake community needs assessment, periodically engage with our stakeholders, implement community development initiatives to strengthen relations, build trust with the local communities and strive to create a positive change in the society to address its concerns in a fair and appropriate manner.

We have paved our approach in a pragmatic and socially responsible manner to become a socially responsible organisation by complying with existing laws and regulations and integrating a

zero-tolerance policy into our systems against any non-compliance. Significant investments have been made in systems and processes to instil compliance measures among our stakeholders. We are mindful of our commitments and work to adhere to the highest ethical standards to make a positive impact on the communities we engage with.

By 2023, we want to be able to certify our textile units according to the SA 8000 Standard. This credential will allow us to track our social accountability success across eight strategic areas. As a result, we have imagined maintaining the highest level of social compliance in our supply chain while not compromising our business interests.



## Performance Highlights

**19.09**

Worth CSR projects implemented (₹ Cr.)

**9.03**

Contribution to CSR (₹ Cr.)

**9**

Partnerships with NGOs, trusts and government agencies

**67%**

Local Vendors  
(Located within state of operation)

**72%**

Small vendors  
(With turnover less than ₹ 1 Cr.)

**90,108**

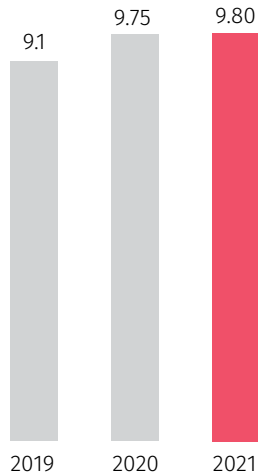
CSR Beneficiaries impacted

## Community

Our commitment towards the development of the weaker sections of society through our Corporate Social Responsibility (CSR) initiatives have been ingrained into our very fabric. To tackle the menace of social inequality, providing support to the downtrodden,

## CSR Expenditure

(₹ Cr.)

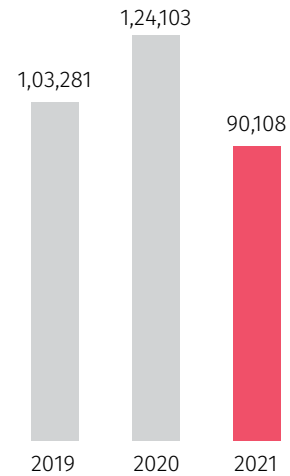


needy and marginalized citizens, and creating a social infrastructure for their sustenance, our business model has been aligned accordingly. We have identified community investment and engagement as one of our material issues and we have planned to tackle it through the implementation of good practices for community welfare throughout our value chain.

At GHCL, we carry out various activities through our CSR arm – ‘GHCL Foundation Trust’. The trust has been instrumental in supporting our efforts that go beyond the areas of business interest and positively impact the society and environment.

During the year under review, we have spent ₹ 9.03 Cr. towards CSR activities against our CSR obligation of ₹ 9.74 Cr. The approved CSR budget is ₹ 9.80 wherein balance unspent CSR amount of ₹ 0.77 Cr. is under process of deposit in a separate bank account in accordance with the amended provisions..

## Beneficiaries of CSR Projects



### Project Jal Jivan Mission:

The project village of Pipalva is economically backward. Approximate **30+ projects** were approved by WASMO – Gir Somnath covering more than **40 villages**.

### Project Vidhya Jyot:

Students were selected for NMMS (National Means cum Merit Scholarship Scheme Exam) and for Jawahar Navodaya Vidyalaya entrance examination.



## SOCIAL & RELATIONSHIP CAPITAL



Implement initiatives through Multistakeholder approach that imparts “Inclusive Growth” in and around GHCL’s areas of operations, over a period of time.



Ensure an increased commitment at all levels in the organization, to operate its business in an economically, socially & environmentally sustainable manner, while recognizing the interests of all its stakeholders



Generate, through its CSR initiatives, a community goodwill for GHCL and help reinforce a positive & socially responsible image of GHCL as a corporate entity and uphold its ‘Social License to Operate’.

We have a CSR Committee at the Board level to strengthen and monitor the activities under the aegis of Corporate Social Responsibility. Through our CSR initiatives, we continue to enhance value creation in the society and the community in which we operate through our services, and conduct initiatives so as to promote sustained growth for the society in fulfilment of our role as a socially responsible corporate with concerns for the environment.

The CSR Committee lives up to its expectation to ensure an increased commitment at all levels in the organisation, to operate the businesses in an economically, socially and environmentally sustainable manner. It has taken various initiatives, directly or in association with other organisations, and organize programs that benefit the communities and enhance the quality of life and economic well-being

of the locals. Through the community engagement programs, we understand the community’s expectations of having better health and hygiene facilities, higher employment opportunities, better educational and infrastructural amenities, etc. With the help of our CSR arm, we aim to generate a community goodwill and help reinforce a positive and socially responsible image.

### Focused Group Discussion:

A focused group discussion was conducted among women about their empowerment on various activities and make them aware about the available schemes in government departments.



## Agriculture and Animal Husbandry

Our CSR arm has taken up various interventions directed towards improving farmers' income and resource efficiency. The essence is to reduce farmers' input costs, magnify productivity, adopt environment-friendly solutions and generate a supplementary income to improve and sustain their livelihood. We have helped implement various initiatives such as animal husbandry, zero-budget farming and organic farming to help benefit the society at large.

We have worked on promoting new agricultural methods, carrying out

capacity building programmes on the latest farming techniques, provisioning of high-quality seeds and manure, implementing better irrigation facilities, disseminating knowledge and training the farmers through structured programmes.

Apart from implementing the latest agricultural practices, we have also directed our efforts in the field of animal husbandry by directing our efforts towards improving the yield of milk through better cattle-rearing practices. We also regularly organise animal

treatment camps, provide treatment for deworming and organise vaccination drives for the treatment of foot-and-mouth disease among the livestock.

### Cattle Feed Centre:

GHCL has opened cattle feed centres to strengthen nutrition management. The newly opened centres is likely to benefit villages around the area of operations.

## Educational and Vocational Training

To improve employment opportunities and obtain a source of livelihood, we encourage the youth of the communities to participate in education and training programs organised by GHCL. We give precedence to youth programs, providing them with vocational training and raising awareness about current socioeconomic issues.

Our interventions are directed at two levels, namely, school and skill-building, to improve employment

opportunities. At the school level, we intend to promote quality education and learning opportunities amongst the rural children. Under vocational training, we impart the necessary skill sets among the rural population to reduce the possibility of migration and make the youth employable in areas closer to their homes. The Foundation also plays a vital role in working with the Anganwadi workers, parents, expecting and nursing mothers. We also engage students in extra-curricular activities like story-

telling sessions, tree-plantation drives, art and craft competitions for their all-round development.

### Bal Vibhushit Scholarship Project:

This scholarship scheme caters to meritorious students. More than **6,600** students have benefited from it and a total scholarship amount of **₹ 26,08,500** have been rolled out for them.





## SOCIAL & RELATIONSHIP CAPITAL

### Healthcare

In alignment to SDG3, we extend primary healthcare services in the communities that we operate in. The scope of our healthcare program covers aspects related to preventive healthcare and ensuring the overall wellbeing of the resident communities around our plants. The initiatives under this program include health check-ups, medical services, eye camps and specialised cancer check-up camps for females in the nearby villages. We have extended the necessary help and support for the advanced diagnosis and treatment of diseases. These initiatives have wholeheartedly been appreciated by the local communities.

The Foundation also organizes permanent mobile camps in primary schools and nearby villages to screen the children for various waterborne diseases, tuberculosis, etc.

### Employees

We at GHCL, consider our employees to be a core part of our organisation and have significantly invested in improving their welfare and happiness index, in a bid to drive performance excellence. We are committed to provide our employees with a stable work environment that includes equal opportunities for learning and development. We have also ensured various aspects related to safety, enhancement of competency levels and overall well-being of our workforce. Our Human Resources team is tasked with establishing, administering and effectively communicating corporate values, policies and practices to our employees and treat them with dignity and equality, in compliance with the employment and labour laws, corporate

#### Decoction Awareness Program:

Decoction was distributed to communities to increase immunity among the villagers and awareness programmes were conducted on the importance of wearing face masks, washing hands and maintaining social distance to mitigate and prevent the spread of COVID-19.

The program was conducted across **40+** villages

#### National Deworming Week:

The Deworming Awareness programme was conducted to improve the health of children.

This programme was conducted in villages and tablets and syrups were distributed

directives and labour agreements. Employees are regularly updated on their need to fulfil their compliance requirements related to various aspects of their job roles.

We understand that our employees contribute significantly to the success of our business and we wholeheartedly recognise their efforts that are instrumental in our continued success. As an employee-centric organisation, we focus on enhancing their learning and development, ensuring proper talent management and succession planning. We take pride in announcing that we are an equal-opportunity employer, and our philosophy of inclusivity and empowerment reiterates that our

people are given ample opportunities to showcase their talents, bring out innovative solutions, take risks and make decisions that would enable them to learn, grow and thrive in this competitive world.

It is our endeavour to make sure that our employees have understanding and knowledge of our sustainability agenda and adequate encouragement is provided to the employees to drive more ownership towards its implementation. We strive to maintain the overall work-life balance of our employees, which in turn, has provided a boost to their productivity and has contributed to their overall employability quotient.

## Investors

At GHCL, serving the interests of our investors always takes a prime seat. As part of our responsible business functionality, we aim to keep our valued investors informed about the Company's strategies, plans and performance on a regular basis. We update our investors through our Annual General Meetings, Financial results, Investor updates and meets, Annual Integrated Reports, press conferences, media releases etc.

We are focussed on driving efficiency in our operations and share our profits

with our investors from time to time. As a part of our good governance strategy, we have assigned dedicated resources and have also provide our investors with a platform to address their grievances.

At GHCL, responsible corporate leadership, continuous improvements in operational performance and sustainable value creation is in line with the Sustainable Development Goals. This is exemplified by a simple and transparent structure driven solely by business needs. Our policies promote

fairness, transparency, accountability and responsiveness among our investors and we continually seek to focus on enhancing the long-term value of our investors with integrity, social responsibility and in compliance with the rules and regulations.

## Customers

We have always prioritised upon delivering superior products and services to our customers and enable ourselves to build a more sustainable business. We are a customer-centric organisation and take pride in collaborating with all our customers and place strategic emphasis on persistently enhancing their value proposition.

We aim to create value for our customers and consumers in a responsible manner by taking into consideration their overall well-being and educating them on safe and responsible practices of using our products and services. We continually reach out to our existing and potential customers across multiple platforms and conduct regular customer satisfaction

surveys which allow them to share their valuable feedback. In the coming years, we would be focussing more on customer-centric innovations and contribute to build a circular economy.

In view of the COVID-19 pandemic, the survey related to customer satisfaction has been delayed during this financial year.





## SOCIAL & RELATIONSHIP CAPITAL

### Suppliers

At GHCL, we consider the role of suppliers and contractors to be very crucial and consider them as partners in our journey of growth. Proper identification of an adequate supplier base is critical to our business needs and, therefore, we strive to maintain a relationship based on trust and strong ties among our suppliers. We periodically communicate with our suppliers and share our aspirations and challenges. We at GHCL, have considered our supply chains as part of our sustainability agenda and we continually work with partners who share the same values. We maintain a fair process of selecting suppliers, contractors and service providers without any external or internal influence and have adequate systems and processes in place to assess and manage risks across the supply chain.

We continuously strive to strengthen our commitment to have sustainable practices and processes across our value chain and therefore encourage our partners, suppliers and vendors to adopt sustainable business practices and adhere to GHCL's Code of Conduct. We understand that our suppliers and vendors are instrumental in granting us the social license to operate across geographies. A belief of building a long-term, transparent and trustworthy relationship through continuous interaction is one of our key focus areas. In this financial year, we have committed to reduce the impact of high-risk suppliers across our supply chain by 30%. In order to achieve this target, we assessed the Environment, Social and Governance (ESG) parameters of our suppliers through the **VendX** portal and identified the critical suppliers.

We have a dedicated team to manage our supply chain operations, who work continuously to expand our customer base across different locations and also manage supply chain disruptions.

We at GHCL, are committed to limit the impacts that our products might have on the environment and ensure that only the best of products are delivered to our customers. We have made the best use of various resource-efficient and sustainable manufacturing processes and technologies and continually emphasize on sourcing our raw materials only from reputed suppliers. This has enabled us to have the minimum impact on the environmental footprint as well. Periodic supplier satisfaction surveys are also carried out by our Human Resources Department to understand the needs, requirements and expectations of our suppliers.

### Green Procurement Policy

We work hard to maintain our commitment to incorporating sustainable practices through our entire value chain. We have a 'Green Procurement Policy' at Soda Ash division that details on environmental conservation. We have made it a requirement that our suppliers and contractors adopt suitable and robust management practices for environmental protection. We have laid out various principles and recommend our suppliers to adhere to them.

- Product stewardship
- Respecting the environment
- Biodiversity

This has ensured responsible sourcing and manufacturing of materials and maintain a long-term and healthy relationship with our responsible suppliers.

- Management systems
- Continuous improvement
- Climate change
- Responsible use of resources





### CSR Initiatives during COVID-19

During the tough times, when the entire world was trying to cope up with the deadly outbreak of COVID-19, GHCL contributed immensely to help the marginalised sections of the society.

The GHCL Foundation Trust came ahead to help people residing in the village



areas near our plants to distribute essential items and kits in collaboration with local administration. During the lockdown, when the villagers were finding it difficult to fulfil their requirements, the GHCL Foundation Trust distributed kits (with one-month ration of food grain) in the Gir Somnath and Amreli districts of Gujarat.



#### Yarn Division – Madurai

COVID-19 relief materials were donated to the District Collector, Madurai and District Tehsildar, Manaparai, to be distributed amongst the families residing in the vicinity.



#### Home Textiles - Vapi

Skilled candidates were placed within the textile industries around Bhilad. These candidates were trained within the GHCL Vocational Training Institute.



#### Home Textiles - Vapi

GHCL Foundation Trust distributed Agro input kits to poor tribal farmer across seven villages near the Home Textiles division on 2 July 2020, in the presence of the State Minister Mr. Ramanbhai Patkar. The Kit contained two bags of organic manure and five types of vegetable seeds.



## SOCIAL & RELATIONSHIP CAPITAL



### Salt Marine and Chemical Division

Poor migrant families were given Agro input kits by GHCL Foundation Trust across eight villages in Rajula and Jafrabad blocks. The kit included of two bags of organic manure, seeds of Bajra and vegetables.



### SMCD and Lignite Division

- Distributed bags of organic fertilizers and seeds to farmers in the villages around SMCD and Lignite division.



### Ambulance Service

Ambulance service extended for patients in need from Khadsaliya and Hathab village. These ambulances are primarily used to carry patients to the nearest hospital if they are ill and require immediate consultation.



Interaction programs were organised for students, parents and anganwadi workers via telephonic calls through which they were briefed on the preventive measures they can adopt to prevent infection of COVID 19.



Webinar was organised for 8 Balwadi workers to give them the exposure of virtual meeting. These sessions are planned to give the exposure of IT to the rural women. This also helped them to take advantage of various online training and education programs.

### Nurturing Kids

The outbreak of COVID-19 pandemic forced people under strict lockdown. The primary concern was to protect our children and elderly from being exposed to the virus, as they were the most vulnerable ones.

While we were strictly following the norms and guidelines of the government, children were confined within the four walls of their houses. The children from some of the interior villages did not have access to various interactive learning sessions as the schools remained closed.

Continuing these activities was a challenge for the members of the Foundation Trust as there was the issue of internet connectivity within these villages. The members of the Foundation Trust along with Swadeep - NGO Partner and Project Vidyajyot came out with a great solution. The team listed out the contacts of every student and Anganwadi workers and reached out to the parents through the phone. The team designed various assignments for students based

on their grades and they were asked to submit the assignment by either clicking a picture of the same or creating a small video and sharing it via phone.

The team reached out to more than 2,000 children with this initiative, which was appreciated both by the students as well

as their parents. The activities helped these children to continue with their learning even when they were confined to their homes. The activities were also designed in such a manner such that the required materials were easily available at home.



### Helping Migrants

People from the salt yards near the coastline of Rajula and Jafrabad blocks of Gujarat often move as seasonal migrants with their children for earning a livelihood.

Due to the COVID-19 pandemic, many of these villagers were not able to move out. The GHCL Foundation Trust, thus, ensured a continuous supply of food kits to fulfil their basic requirements.

After analysing various facts, the GHCL Foundation Trust decided to help these people to be productive. Many of these migrants owned small pieces of land that was unused. The Foundation Trust conducted surveys of these lands

and called everyone to discuss the opportunities in the presence of the village Sarpanch, Mantri and other leaders. The migrants were initially hesitant to start cultivations on their land, as they did not have adequate

money to buy the required seeds and fertilizers. The GHCL Foundation Trust supported them and distributed organic manure, Bajra seeds and vegetable seeds to around 125 families across 8 villages.





## SOCIAL & RELATIONSHIP CAPITAL

### “Today, we have a webinar”

The COVID-19 pandemic forced everyone across the country to remain indoors. Confined to the four walls along with their family, only source of information for them was the television and it particularly hampered the all-round development of children.

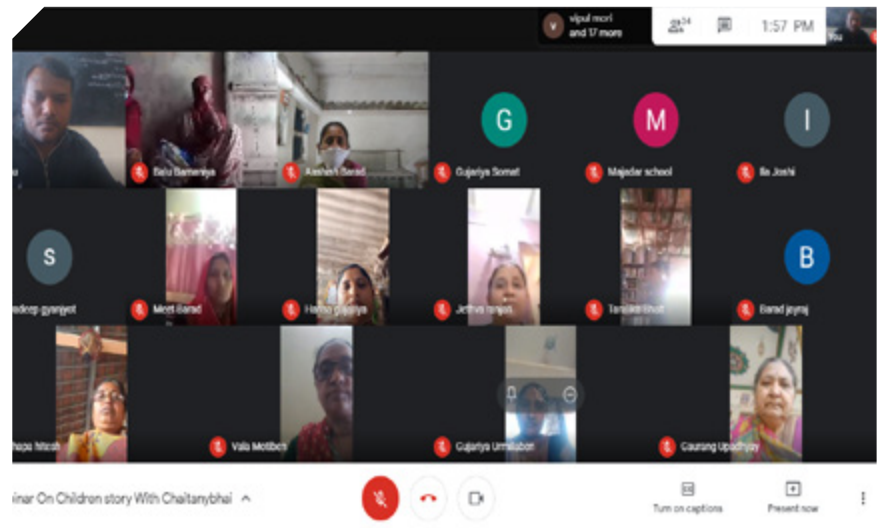
The GHCL Foundation Trust, which has always supported education for children, collaborated with Swadeep NGO, and supported more than 2,000 children along with 60 Anganwadi workers within 20 villages in the Gir-Somnath district of Gujarat.

The Foundation Trust identified the need for online education for children. With this thought, they approached the parents in the villages and were surprised to know that no one had even heard about webinar, microphones and how to connect online. The members from the Trust worked hard to convince them that having such a session was

very important for the learning activities of the children.

To take this forward, the members from the Trust formed an online group, outlined a plan and informed parents on how to connect on social platforms.

They gave individual training to the parents and Anganwadi workers on how to use the online digital platforms and the sessions played a vital role in engaging children, their parents and the Anganwadi workers.



### Capital Inter-dependencies

We understand that huge investments made in lieu of the **social and relationship capital** reduces our **financial capital** in the short-term. However, with time, we are confident that the healthy relationship nurtured with all our stakeholders would give a boost to our businesses and, therefore, would propel our **social, human, intellectual, financial and natural capital**.







# NATURAL CAPITAL


To build a sustainable future, we need to strike a balance between progressive industrial growth and conserve natural resources along with environmental assets. We are deeply committed to protecting the environment in which we operate, minimize the negative impacts of rapid expansion and urbanization, creating a sustainable supply chain and make meaningful use of the wastes generated during the manufacturing of our products.

With regards to the protection of natural resources, we have not restricted ourselves within our organisational boundary, but significant measures have

been taken to implement clean energy and converting waste to energy. These measures have helped us to excel in our environmental performance and


resource efficiency to mitigate our ecological footprint.

It is our constant endeavour and pursuit to establish the best-in-class infrastructure and invest to upgrade our existing operational facilities to improve our environmental performance. We are making informed choices when it comes to integrating sustainability into our business operations and work responsibly and efficiently to create value for all our stakeholders. We have set targets to reduce our freshwater consumption, energy consumption and waste generation and work relentlessly towards reducing our environmental footprint. To assess our environmental monitoring and management strategies, the processes are periodically reviewed and updated.



**Material Issues**

- Environmental Performance Management
  - Energy and GHG emissions
  - Water
  - Waste
- Sustainable Raw Material, Products and Innovation
  - Sustainable product/packaging
  - Process improvement/innovation
  - Responsible value chain



**Sustainability Vision 2023**

<p><b>Zero harm</b></p> <ul style="list-style-type: none"> <li>• Zero environment incidences</li> </ul>	<p><b>Responsible steward</b></p> <ul style="list-style-type: none"> <li>• 20% specific freshwater consumption reduction</li> <li>• 10% specific energy consumption reduction</li> </ul>	<p><b>Climate warrior</b></p> <ul style="list-style-type: none"> <li>• 20% GHG emission reduction</li> <li>• Implement ICP</li> </ul>
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We recognise our obligation to work towards mitigating the risks of climate change and have been addressing various challenges that have arisen. We are compliant with ISO 14001 international standard at sites - Soda Ash and Consumer Products Division (Veda). In addition, we are aiming to become ISO 14001 compliant across all our sites. This alignment has helped us manage our environmental performance and make improvements on the most pressing issues. We are committed to addressing climate risks and have taken adequate measures to transition into a low-carbon organisation.

## Performance Highlights

**38 lakh**

Inbound raw material  
(MT)

**109 lakh**

Direct energy consumption  
(GJ)

**12.30 lakh**

Savings through energy initiatives  
(kWh)

**5.15 lakh**

Indirect energy consumption  
(GJ)

**38.83 lakh**

Freshwater consumption  
(KL)

**3.33 lakh**

Water recycled/reused  
(KL)

**10**

Solar energy generation  
expansion (MW)

**1,07,237**

Disposal of non-hazardous waste  
(MT)

**156**

Disposal of hazardous  
(MT)

**27.3**

Wind energy generation capacity  
(MW)

**11,640**

Rainwater harvested (KL)

**10.52 lakh**

Scope 1 emissions (t-CO<sub>2</sub>)

**0.75 lakh**

Scope 2 emissions (t-CO<sub>2</sub>)

**23%**

Material savings from packaging  
initiatives in HT divisions

**50%**

Power requirement of Yarn division  
is met through renewable energy

\*Disposal of hazardous waste for Soda Ash division in FY'20 is 10.32 MT according to re-calculation

\*Disposal of other waste for Soda Ash division in FY'20 is 271.24 MT according to re-calculation



## NATURAL CAPITAL



### Energy efficiency and carbon footprint reduction

Being a resource-intensive industry, we have placed a strong emphasis on conserving our natural capital. We have maintained a continued focus on the sustainable sourcing of raw materials and resource conservation. As a responsible organisation, we are mindful of the environmental impacts that the manufacturing of our products has on the environment, and have thus, strived to minimise our environmental footprint across all our operations. Energy efficiency is a key issue within our organisation, as we have been growing at a rapid pace for the last few years. We have adopted various practices and procedures to reduce energy consumption, maximize our energy efficiency and recover waste heat for use in our processes. Under our Sustainability Vision 2023, we have taken a target to reduce our specific energy consumption by 10%.

We are equally mindful of our carbon footprint and have taken measures to reduce CO2 emissions by deploying the state-of-the-art technologies, improving the performance of the existing equipment and installing energy-efficient lighting systems across all our plants and facilities. We also regularly conduct awareness sessions to imbibe energy-saving practices among our employees across all business units.

In a bid to achieve our Sustainability Vision 2023, we have continuously expanded our renewable energy portfolio through a mix of wind and solar power to fulfil a part of our energy demands, whilst reducing our carbon emissions. Our Consumer Products Division is the least energy intensive among all our business units and a large part of the energy requirement in salt pans are met through solar energy.

Our manufacturing processes are energy intensive and require essential





amounts of natural resources. The continuous expansion of our businesses has also resulted in huge amounts of GHG emissions. Even as we continue to increase our production footprint, we continually monitor and manage emissions to reduce our carbon footprint. With a strong global commitment to limit global warming in accordance with the Paris Agreement, we understand the urgency and challenge of addressing the menace of climate change and have put in place an internal carbon price for relevant business operations. This pricing technique will help us drive decarbonization and provide financial incentives to transition to low-carbon alternatives. In this fiscal year, we have taken up a target of reducing our GHG emissions by 20%.



### Resource Management

With a view to optimize resource management, we monitor material consumption, waste reduction and increase the use of recycled material.

We identify the key issues that shape the current market scenario and the potential challenges that might affect our businesses in the long run. We clearly understand that the price and availability of raw materials depend on several factors, such as low stocks with the suppliers, demand, transportation costs, etc. To mitigate and counter these bottlenecks, we maintain a steady supply of the key raw materials through local procurement and captive mining sources. At GHCL, we have undertaken various initiatives to ensure the best possible management of our material resources through the principle of '3R' – Reduce, Reuse and Recycle. The various initiatives that we have implemented include reusing almost half of our cotton

waste into our operations, recovering more than 90% of Caustic Soda by volume with the help of a recovery plant, usage of bio-degradable fabric bags, using briquettes and utilising the fly-ash generated by boilers to manufacture bricks.

At GHCL, we promote sustainable procurement of materials across all our business operations and have been certified by Sustainable Textile Production (STeP) due to our extensive product portfolio that leverages sustainable fibres.

Business	Major Raw Material (MT)	Quantity
Inorganic Chemicals	Salt*	16.55 lakh
	Limestone	19.35 lakh
	Briquette & Coke	1.27 lakh
	Anthracite	0.07 lakh
	Yarn	0.05 lakh
Home Textiles	Cotton & Man-made fibre	0.27 lakh

\*Salt consumption considered for Soda Ash (Captive and Purchased)



## NATURAL CAPITAL

### Water Conservation

Water is one of the most critical natural resources for our industry, as we are heavily dependent on it. As a strong supporter of the UN Sustainable Development Goals, we recognise access to clean water as a basic human right, have undertaken strict measures to conserve water and ensure the availability of clean or treated water for

our businesses and have also ensured the provision of safe drinking water for the communities that thrive around our operational premises.

We have put measures in place to identify the risks associated with the unavailability of water and have been continuously working towards conserving water and reducing water consumption across all our operations.

A well-structured water management system is in place to monitor the adequate consumption of freshwater, conservation of freshwater and enhancing the efficiency of our plants and manufacturing processes.

At GHCL, we have undertaken various water-saving initiatives across our operations. This has led to a significant reduction in the intake of raw water. Reverse osmosis and nanotechnology in the Soda Ash division have led to the generation of good quality permeate from seawater to fulfil the freshwater requirement. Recycling our on-site water has enabled us to meet the stringent environmental discharge standards and have helped improve our environmental performance as well.

We strive to be an industry leader in water conservation and stewardship. To improve our performance and meet our Sustainability Vision 2023, we have set a target of reducing our specific freshwater consumption by 20%.

### Wastewater disposal and reuse

We have installed wastewater purification systems at all our manufacturing locations and ensure that the quality of wastewater generated is within the permissible limits as prescribed by CPCB or the SPCBs. We fully understand the impacts of untreated wastewater on the environment and have thus, taken measures to minimize its impact on our surroundings. At GHCL, we have been consistently working on limiting our raw water withdrawal and have re-utilised treated wastewater for humidification and the development of green-belt areas.



## Solid waste management

As a resource intensive and diversified industry, we seek to integrate material efficiency into our working process, to utilize all our raw materials to their fullest extent and ensure the generation of minimal waste. This approach has guaranteed the proper and efficient usage of the by-products and has increased our material efficiency rate as well. At GHCL, we envisage the concept of creating wealth from waste.

Hazardous and non-hazardous wastes generated from our facilities are efficiently disposed to mitigate any negative impacts on the environment. Our environmental strategy, policies, systematic waste segregation and treatment measures and waste disposal procedures are aligned in accordance with strict environmental regulatory guidelines.

## Capital Inter-dependencies

We fully understand, that in the short-term, our **natural capital** would be negatively impacted due to the rapid expansion of our **manufactured capital**. However, we have significantly contributed to reducing the impacts on our **natural capital** by employing various initiatives. These, in turn, have benefited our **human and social & relationship capital** as well.

## Biodiversity conservation and restoration

At GHCL, we continuously seek to integrate biodiversity management into our business functionalities. As part of our commitment to conserve natural resources, reduce GHG and other hazardous emissions into the environment and conserve our biodiversity, we have undertaken several measures to mitigate these impacts to the largest extent possible. We place a high priority on restoring biodiversity

and creating long-term value for our stakeholders, especially the communities that thrive in the vicinity of our plants.

Our approach and measures to significantly reduce carbon emissions, conserve water, minimize and recycle waste and enhance local biodiversity have helped create the right habitat for life to flourish in.





**Ernst & Young Associates LLP**  
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Sector - 42, Sector Road,  
Gurugram - 122002  
Haryana, India

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ey.com

## **The Management and Board of Directors**

**GHCL Limited**  
**GHCL House, B-38,**  
**Institutional Area, Sector - 1,**  
**Noida - 201301**  
**Uttar Pradesh, India**

## **Independent Assurance Statement**

Ernst & Young Associates LLP (EY) was engaged by GHCL Limited (the 'Company') to provide independent assurance on its Integrated Report FY 2020-21 (the 'Report') covering the Company's sustainability performance during the period 1<sup>st</sup> April 2020 to 31<sup>st</sup> March 2021.

The development of the Report based on the Integrated Reporting Framework by International Integrated Reporting Council (IIRC), its content, and presentation is the sole responsibility of the management of the Company. EY's responsibility, as agreed with the management of the Company, is to provide independent assurance on the report content as described in the scope of assurance. Our responsibility in performing our assurance activities is to the management of the Company only and in accordance with the terms of reference agreed with the Company. We do not therefore accept or assume any responsibility for any other purpose or to any other person or organization. Any dependence that any such third party may place on the Report is entirely at its own risk. The assurance report should not be taken as a basis for interpreting the Company's overall performance, except for the aspects mentioned in the scope below.

### **Assurance standard**

Our assurance is in accordance with International Federation of Accountants' International Standard for Assurance Engagements Other than Audits or Reviews of Historical Financial Information (ISAE 3000), and our conclusions are for 'limited' assurance as set out in ISAE 3000.

### **Scope of assurance and methodology**

The scope of our work for this assurance engagement was limited to review of information pertaining to environmental and social performance for the period 1<sup>st</sup> April 2020 to 31<sup>st</sup> March 2021. We conducted, on a sample basis, review and verification of data collection / calculation methodology and general review of the logic of inclusion/ omission of necessary relevant information/ data and this was limited to:

- Remote verification of data, on a selective test basis, for the following units/ locations, through consultations with the Site Team and Sustainability team;
  - Soda Ash (Gujrat)
  - Yarn - Madurai and Manaparai (Tamil Nadu)
  - Corporate Office - Noida (Uttar Pradesh)
- Execution of an audit trail of claims and data streams, on a selective test basis, to determine the level of accuracy in collection, transcription and aggregation processes followed;
- Review of the Company's plans, policies and practices, pertaining to their social, environment and sustainable development, so as to be able to make comments on the fairness of sustainability reporting.
- Review of the Company's approach towards materiality assessment disclosed in the Report to identify relevant issues.



### Limitations of our review;

The assurance scope excludes:

- Data and information outside the defined reporting period (1<sup>st</sup> April 2020 to 31<sup>st</sup> March 2021);
- Data and information on economic and financial performance of the Company;
- Data, statements and claims already available in the public domain through Annual Report, Corporate Social Responsibility Reports, or other sources available in the public domain;
- The Company's statements that describe expression of opinion, belief, inference, aspiration, expectation, aim or future intention provided by the Company;
- The Company's compliance with regulations, acts, guidelines with respect to various regulatory agencies and other legal matters.

### Our assurance team and independence

Our assurance team, comprising of multidisciplinary professionals, was drawn from our Climate Change and Sustainability network, and undertakes similar engagements with various companies. As an assurance provider, EY is required to comply with the independence requirements set out in International Federation of Accountants (IFAC) Code of Ethics for Professional Accountants. EY's independence policies and procedures ensure compliance with the Code.

### Observations and opportunities for improvement

During the review process, we observed that:

- The Company upholds its commitment on transparently communicating its sustainability performance through its Integrated Report as per the IIRC's Integrated Reporting framework.
- The Company may further strengthen its data management systems and internal review mechanism for improving the accuracy of compilation of the data pertaining to indicators related to corporate social responsibility.

### Conclusion

On the basis of our procedures for this limited assurance, nothing has come to our attention that causes us not to believe that the Company has reported on material sustainability issues relevant to its business.

Ernst & Young Associates LLP

Chaitanya Kalia  
Partner

Dated: May 20, 2021

Place: Mumbai, India

# Notice

## GHCL Limited

(CIN: L24100GJ1983PLC006513)

Registered Office: GHCL House, Opp. Punjabi Hall,  
Navrangpura, Ahmedabad – 380009 (Gujarat)

Email: ghclinfo@ghcl.co.in, secretarial@ghcl.co.in

Website: www.ghcl.co.in

Phone: 079- 26434100, Fax: 079-26423623

NOTICE is hereby given that 38th Annual General Meeting of the members of GHCL Limited (CIN: L24100GJ1983PLC006513) will be held on Saturday, June 19, 2021 ( शनिवार, ज्येष्ठ शुक्ल पक्ष नवमी, विक्रम संवत् २०७८) at 10.00 a.m. through Video Conferencing (VC) or Other Audio Visual Means (OAVM), as per the framework issued by the Ministry of Corporate Affairs (MCA) vide General Circular No. 14 of 2020 dated April 08, 2020, Circular No. 17 of 2020 dated April 13, 2020, Circular No. 20 of 2020 dated May 05, 2020, and Circular no. 02/2021 dated January 13, 2021 and also SEBI Circular dated 12th May, 2020 and SEBI Circular dated January 15, 2021 (collectively referred to as “Circulars” to transact the following businesses:

## ORDINARY BUSINESS:

### Item no. 1: Adoption of audited financial statements (including consolidated financial statements) of the Company for the financial year ended March 31, 2021

To consider and if thought fit, to pass, with or without modification, the following resolution as an **Ordinary Resolution**:

“RESOLVED THAT the audited Financial Statements and audited Consolidated Financial Statements of the Company for the financial year ended 31st March 2021 along with Board’s Report, Independent Auditors’ Report thereon, Integrated Report, Corporate Governance Report, Secretarial Auditor’s Report and other annexure and attachment therewith, be and are hereby received, considered, approved and adopted.”

### Item no. 2: Declaration of dividend for the financial year ended on March 31, 2021

To consider and if thought fit, to pass, with or without modification, the following resolution as an **Ordinary Resolution**:

“RESOLVED THAT dividend of ₹ 5.50 per equity share, aggregating to ₹ 52,25,73,073/- (i.e. 55% on the paid-up equity share capital of the Company) for the financial year ended on 31st March 2021, as recommended by the Board of Directors of the Company, be and is hereby declared.”

### Item no. 3: Re-appointment of Mr. Sanjay Dalmia as a Director of the Company, liable to retire by rotation

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

“RESOLVED THAT pursuant to the provisions of Article 155 of the Articles of Association of the Company and Section 152 of the Companies Act, 2013 read with the Companies (Appointment and Qualification of Directors) Rules, 2014 and Regulation 17 (1A) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other applicable provisions, if any, (including any statutory modification or re-enactment thereof for the time being in force), Mr. Sanjay Dalmia (DIN 00206992), who retires by rotation and being eligible, offers himself for re-appointment, be and is hereby re-appointed as Director of the Company, liable to retire by rotation.”

### Item no. 4: Re-appointment of Mr. Ravi Shanker Jalan as a Director of the Company, liable to retire by rotation

To consider and if thought fit, to pass, with or without modification, the following resolution as an **Ordinary Resolution**:

“RESOLVED THAT Mr. Ravi Shanker Jalan (DIN 00121260) who retires by rotation and being eligible offers himself for re-appointment, be and is hereby re-appointed as Director of the Company liable to retire by rotation.”

### Item no. 5: Re-appointment of M/s S. R. Batliboi & Co. LLP, Chartered Accountants

To consider and if thought fit, to pass, with or without modification, the following resolution as an **Ordinary Resolution**:

“RESOLVED that based on the recommendation by the Audit Committee and also by the Board of Directors and pursuant to the provisions of Section 139 and 142 of the Companies Act, 2013 read with the rules made thereunder and other applicable provisions, if any, M/s S. R. Batliboi & Co. LLP, Chartered Accountants (Firm Reg. No. 30100CE / E300005), be and is hereby reappointed as Statutory Auditors of the Company for

a period of five years i.e. to hold office from the conclusion of this Annual General Meeting of the Company (i.e. 38th AGM) till the conclusion of 43rd Annual General Meeting of the Company, on annual remuneration of ₹ 1.20 Crores (Rupees One Crore and Twenty Lacs) for the first financial year 2021-22 and reimbursement of out of pocket expenses on actual basis.

“RESOLVED FURTHER that the Audit Committee and / or Board of Directors of the Company be and is hereby authorized to increase remuneration of the statutory auditor depending upon the change of scope of their works, time spent on audit and other factors as and when required but such annual increase in their remuneration for a particular financial year does not exceed 10% of their previous remuneration and in aggregate shall not exceed INR 2.00 Cr during entire tenure of their audit engagement with the company”.

### SPECIAL BUSINESS:

#### Item No. 6: Approval for conversion of loan into equity shares in case company is in default of terms of loan agreement.

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

“RESOLVED THAT pursuant to Section 62(3) and other applicable provisions, if any, of the Companies Act, 2013 and subject to all such approvals, permissions or sanctions as may be necessary, approval of members be and is hereby accorded in respect of the financial assistance extended / to be extended by the Financial Institutions/Banks (including working capital, Term Loan Facility etc.), that in the event of default by the Company under the lending arrangements or upon exercise of an option provided under the lending arrangements, Bank / Financial Institution at its option may be able to convert the outstanding facility or part thereof into Equity Shares of the Company upon such terms and conditions of such lending arrangements and / or as deemed appropriate by the Board (including Committee thereof) at a price to be determined in accordance with the applicable SEBI regulations and /or other provisions, at the time of conversion.”

“RESOLVED FURTHER THAT on receipt of the notice of conversion, the Board /(including Committee) be and is hereby authorized to do all such acts, deeds and things as the Board may deem necessary and shall allot and issue the requisite number of fully paid-up Equity Shares of the Company to such Bank / Financial Institution.”

“RESOLVED FURTHER THAT the Equity Shares to be so allotted and issued to the lenders pursuant to its exercising the right

of conversion shall rank pari-passu in all respects with the then Equity Shares in the Company and be listed on the Stock Exchanges where the existing shares of the Company are listed.”

“RESOLVED FURTHER that for the purpose of giving effect to the above resolution, the Board of Directors (including the committee thereof), be and is hereby authorized and empowered to do all such acts, deeds, matters and things, as it may in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in regard to offer / issue, allotment and utilization of the proceeds and execute all documents and writings as may be necessary, proper, desirable or expedient as it may deem fit.”

Registered Office:  
GHCL HOUSE  
Opp. Punjabi Hall  
Navrangpura, Ahmedabad - 380009  
Dated: April 28, 2021

By Order of the Board  
For **GHCL LIMITED**  
**Bhuvneshwar Mishra**  
Sr. GM-Sustainability &  
Company Secretary  
Membership No.: FCS 5330

### NOTES:

1. In view of the spread of COVID-19 pandemic, the movement is restricted and considering the urgency of the matter, the board of directors of the company are convening this Annual General Meeting (AGM) through Video Conferencing (VC) or Other Audio Visual Means (OAVM) in terms of the framework prescribed by the General Circular No. 14 of 2020 dated April 08, 2020, Circular No. 17 of 2020 dated April 13, 2020, Circular No. 20 of 2020 dated May 05, 2020, and Circular no. 02/2021 dated January 13, 2021 and also SEBI Circular dated 12th May, 2020 and SEBI Circular dated January 15, 2021 issued by Ministry of Corporate Affairs (MCA) (hereinafter referred as “MCA Circulars”). The facility of VC or OAVM and also casting votes by a member using remote e-voting as well as venue voting system on the date of the AGM will be provided by CDSL. The framework prescribed by MCA in said circulars would be available to the members for effective participation in following manner:
  - a. Company is convening 38th Annual General Meeting (AGM) through VC / OAVM and no physical presence of members, directors, auditors and other eligible persons shall be required for this annual general meeting.

# Notice

- b. VC / OAVM facility provided by the Company, is having a capacity to allow at least 1000 members to participate the meeting on a first-come-first-served basis. However, the large Members (i.e. Members holding 2% or more shareholding), promoters, institutional investors, directors, KMPs, the Chairperson of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, auditors etc. may be allowed to attend the meeting without restriction on account of first-come-first-served principle.
  - c. Notice of 38th AGM and financial statements (including Board's report, Auditor's report or other documents required to be attached therewith) for FY 2020-21, are being sent only through email to all members as on May 7, 2021 (i.e. based on Benepose report after the Board Meeting in which notice is approved) on their registered email id with the company and no physical copy of the same would be dispatched. 38th Integrated Annual Report containing Notice, financial statements and other documents are available on the website of BSE Limited ([www.bseindia.com](http://www.bseindia.com)) and National Stock Exchange of India Limited ([www.nseindia.com](http://www.nseindia.com)) where the Company's shares are listed and is also available on the website of the Company ([www.ghcl.co.in](http://www.ghcl.co.in)).
  - d. Company is providing two way teleconferencing facility or webex for the ease of participation of the members.
  - e. Recorded transcript of the meeting shall be uploaded on the website of the Company and the same shall also be maintained in safe custody of the Company.
  - f. Pursuant to the Circular No. 14/2021 dated April 08, 2020, issued by the Ministry of Corporate Affairs, the facility to appoint proxy to attend and cast vote for the members is not available for this AGM. However, the Body Corporates are entitled to appoint authorised representatives to attend the AGM through VC/OAVM and participate thereat and cast their votes through e-voting.
  - g. Participants i.e. members, directors, auditors and other eligible persons to whom this notice is being circulated are allowed to submit their queries / questions etc. before the general meeting in advance on the e-mail address of the company at [secretarial@ghcl.co.in](mailto:secretarial@ghcl.co.in). Further, queries / questions may also be posed concurrently during the general meeting at given email id.
  - h. Members, directors, auditors and other eligible persons to whom this notice is being circulated can attend this annual general meeting through video conferencing at least 15 minutes before the schedule time and shall be closed after expiry of 15 minutes from the scheduled time.
  - i. The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013.
- 2. Process for those Members whose email ids addresses are not registered with the depositories for obtaining login credentials for e-voting for the resolutions proposed in this notice:**
- a) **For Physical Members** - please provide necessary details like Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) by email to Company ([secretarial@ghcl.co.in](mailto:secretarial@ghcl.co.in)) / RTA ([rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in)).
  - b) **For Demat Members** -, please provide Demat account details (CDSL-16 digit beneficiary ID or NSDL-16 digit DPID + CLID), Name, client master or copy of Consolidated Account statement, PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) to Company ([secretarial@ghcl.co.in](mailto:secretarial@ghcl.co.in)) / RTA ([rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in)).
- 3. The relevant Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, in respect of Special Business in the notice is annexed hereto.
  - 4. The Register of Members and Share Transfer Books of the Company will remain closed from Sunday, June 13, 2021 to Saturday, June 19, 2021 (both days inclusive).
  - 5. The dividend as recommended by the Board of Directors will be paid to the members on or before 30th day from the date of declaration:



- **For equity shares held in physical form** - those Members whose names will appear in the Register of Members on the close of the day on Saturday, June 12, 2021
- **For equity shares held in dematerialized form** - those beneficiaries, whose names are furnished by the National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) as beneficial owner on close of day on Saturday, June 12, 2021.

6. The relevant details of directors seeking re-appointment under Items No. 3 & 4, as required under Regulation 36(3) of the Listing Regulations read with applicable provisions of the Companies Act, 2013 and relevant Secretarial Standards are given herein below.

- a. Mr. Sanjay Dalmia (DOB - March 17, 1944) is Non-executive Chairman of the Company. Mr. Sanjay Dalmia is an eminent Industrialist and is an Ex-member of Rajya Sabha (Upper house of Parliament). He is also a Member of Nomination & Remuneration Committee of the Company. He is neither a member of more than 10 Committee nor a Chairman of more than 5 Committees. The details of number of Meetings of the Board attended during the year and other Directorships, Membership/ Chairmanship of Committees of other Boards are available in Corporate Governance report of company annexed to Annual Report. Except Mr. Anurag Dalmia and Mr. Neelabh Dalmia, he is not related to any other director or key managerial personal of the Company. He does not hold any shares in the Company.

Members are requested to note that Mr. Sanjay Dalmia has exceeded the age of 75 years. In the past, in view of Regulation 17(1A) of the SEBI Listing Regulations, the members of the Company have already approved his continuation as Non-executive Director of the Company by way of Special Resolution passed by way of Postal Ballot. However, as the matter is placed for his re-appointment, it is thought prudent to once again seek approval of the members by way of a Special Resolution for his re-appointment/continuation as a Non-executive Director of the Company.

Mr. Sanjay Dalmia is a Non-executive Director of the Company since inception of the Company and he was first appointed as Director of the Company on October 20, 1983. Mr. Dalmia is graduate and

having vast knowledge and experience in the field of entrepreneurship, leadership and business. He is Promoter of the Company and under his guidance, the Company has achieved a new heights in terms of excellent growth in business and profitability, return on the equity shares and serving the interests of all the stakeholders. Mr. Dalmia also guides the Board members for creating a balance between the economic, environmental and social objectives of the Company. The Company is currently implementing expansion project in various divisions and also demerger scheme is going on. In the last couple of years, the Company had also successfully completed buyback of equity shares. Hence, at this crucial juncture, the strategic leadership, vision and guidance of Mr. Sanjay Dalmia as Non-executive Director and Chairman of the Company is considered essential for successful completion of the project and smooth business operations thereafter. It is also essential for the Company to have his continued services and able leadership for future growth of the Company.

- b. Mr. Ravi Shanker Jalan (DOB - October 10, 1957) is Managing Director of the Company. He is a graduate in Commerce and Fellow member of Institute of Chartered Accountants of India and having a very wide experience in Corporate Finance and Textiles. Mr. R S Jalan has more than three decades of Industrial experience. Mr. Jalan is a Director on the Board of GHCL Textiles Limited, Sumedha Worldwide LLP (formerly known as Sumedha Investments Pvt. Ltd.), Sachin Tradex Pvt. Ltd. (formerly known as Sachin Holdings Pvt. Ltd.), India Hostels Pvt. Ltd and Federation of Indian Mineral Industries. He is a member of Stakeholders Relationship Committee, Banking & Operations Committee, CSR Committee and Risk Management Committee of the Company. He is neither a member of 10 Committees nor the Chairman of more than 5 Committees. The details of number of Meetings of the Board attended during the year and other Directorships, Membership/ Chairmanship of Committees of other Boards are available in Corporate Governance report of company annexed to Annual Report. Mr. Jalan is not related to any other director or key managerial personal of the Company. Mr. Jalan holds 3,00,000 equity shares of the Company in his individual name and 100 equity shares in HUF. Mr. Jalan is also having Employees Stock Options of the Company as per the policy of the Company.

# Notice

7. Members are requested to notify immediately any change of address to their Depositories Participants (DPs) in respect of their electronic share accounts and to the Registrar and Share Transfer Agent of the Company in respect of their physical share folios, if any.
  8. Members holding shares in electronic form may please note that their bank details as furnished by the respective Depositories to the Company will be printed on their dividend warrants as per the applicable regulations of the Depositories and the Company will not entertain any direct request from such members for deletion or / change in such bank details. Further instruction, if any, already given by them in respect of shares held in physical form will not be automatically applicable to the dividend paid on shares in electronic form. Members may, therefore, give instructions regarding bank accounts in which they wish to receive dividend, directly to their Depositories Participants.
  9. Members are requested to send their queries, if any, at least seven (7) days in advance of the meeting so that the information can be made available at the meeting.
- 10. Voting through electronic means:**
- (a) In compliance with provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014, Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements), 2015 ("Listing Regulations") and any other applicable provisions, the Company is pleased to provide members the facility to exercise their right to vote at the 38th Annual General Meeting (AGM) by electronic means and the business may be transacted through Remote e-Voting Services provided by Central Depository Services (India) Limited (CDSL).
  - (b) A member may exercise his vote at any general meeting by electronic means and Company may pass any resolution by electronic voting system in accordance with the Rule 20 of the Companies (Management and Administration) Rules, 2014 and Regulation 44 of the Listing Regulation read with the MCA circulars.
  - (c) During the remote e-voting period, members of the Company, holding shares either in physical form or dematerialized form, as on the cut-off date i.e. Saturday, June 12, 2021 may cast their vote electronically. The voting rights of Members shall be in proportion to their shares in the paid up equity share capital of the Company as on the cut-off date. As per Explanation (ii) of Rule 20 of the Companies (Management and Administration) Rules, 2014, cut-off date means a date not earlier than 7 days before the date of general meeting.
- (d) The remote e-voting period commences at 9:00 a.m. (IST) on Tuesday, June 15, 2021 and ends at 5:00 p.m. (IST) on Friday, June 18, 2021. The e-voting module shall be disabled by CDSL for voting thereafter.
  - (e) Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.
  - (f) The facility for voting, through electronic voting system, shall also be made available during the meeting and members attending the meeting who have not already cast their vote by remote e-voting shall be able to exercise their right at the meeting. The members who have cast their vote by remote e-voting prior to the meeting may also attend the meeting but shall not be entitled to cast their vote again.
- (g) **Instructions for members for remote e-voting are as under:**
- (i) Pursuant to SEBI Circular no. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual Members holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Members are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.
- In order to increase the efficiency of the voting process, all the Demat account holders, by way of a single login credential, through their Demat accounts/ websites of Depositories/ Depository Participants, able to cast their vote without having to register again with the e-voting service providers (ESPs), thereby, not only facilitating seamless authentication but also enhancing ease and convenience of participating in e-voting process.

Pursuant to said SEBI Circular, login method for e-Voting and joining virtual meetings for Individual Members holding securities in Demat mode is given below:

<b>Type of Members</b>	<b>Login Method</b>
Individual Members holding securities in Demat mode with <b>CDSL</b>	<ol style="list-style-type: none"> <li>1) Users who have opted for CDSL Easi / Easiest facility, can login through their existing user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are <a href="https://web.cdslindia.com/myeasi/home/login">https://web.cdslindia.com/myeasi/home/login</a> or <a href="http://www.cdslindia.com">www.cdslindia.com</a> and click on Login icon and select New System Myeasi.</li> <li>2) After successful login the Easi / Easiest user will be able to see the e-Voting Menu. On clicking the E voting menu, the user will be able to see his/her holdings along with links of the respective e-Voting service provider i.e. CDSL/NSDL/KARVY/LINK INTIME as per information provided by Issuer / Company. Additionally, we are providing links to e-Voting Service Providers, so that the user can visit the e-Voting service providers' site directly.</li> <li>3) If the user is not registered for Easi/Easiest, option to register is available at <a href="https://web.cdslindia.com/myeasi/Registration/EasiRegistration">https://web.cdslindia.com/myeasi/Registration/EasiRegistration</a></li> <li>4) Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from a link in <a href="http://www.cdslindia.com">www.cdslindia.com</a> home page. The system will authenticate the user by sending OTP on registered Mobile &amp; Email as recorded in the Demat Account. After successful authentication, user will be provided links for the respective ESP where the E Voting is in progress.</li> </ol>
Individual Members holding securities in demat mode with <b>NSDL</b>	<ol style="list-style-type: none"> <li>1) If you are already registered for NSDL IDeAS facility, please visit the e-Services website of NSDL. Open web browser by typing the following URL: <a href="https://eservices.nsd.com">https://eservices.nsd.com</a> either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the "Beneficial Owner" icon under "Login" which is available under 'IDeAS' section. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-Voting services. Click on "Access to e-Voting" under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider name and you will be re-directed to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</li> <li>2) If the user is not registered for IDeAS e-Services, option to register is available at <a href="https://eservices.nsd.com">https://eservices.nsd.com</a>. Select "Register Online for IDeAS "Portal or click at <a href="https://eservices.nsd.com/SecureWeb/IdeasDirectReg.jsp">https://eservices.nsd.com/SecureWeb/IdeasDirectReg.jsp</a></li> <li>3) Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <a href="https://www.evoting.nsd.com/">https://www.evoting.nsd.com/</a> either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting</li> </ol>

# Notice

Type of Members	Login Method
Individual Members (holding securities in demat mode) login through their <b>Depository Participants</b>	You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. After Successful login, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.

- (ii) Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at above mentioned website.
- (h) Login method of e-Voting for Members other than individual Members & physical Members.
- (i) Log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com)
- (ii) Click on “Members” tab.
- (iii) Now Enter your User ID
- For CDSL: 16 digits beneficiary ID,
  - For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (iv) Next enter the Image Verification as displayed and Click on Login.
- (v) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.
- (vi) If you are a first time user follow the steps given below:

<b>For Members holding shares in Demat Form and Physical Form</b>	
PAN*	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat Members as well as physical Members)
DOB#	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.
Dividend Bank Details#	Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio.
	<ul style="list-style-type: none"> <li>Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the Client id/Folio number in the dividend Bank details field.</li> </ul>

- (vii) After entering these details appropriately, click on "SUBMIT" tab.
- (viii) Members holding shares in physical form will then reach directly the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (ix) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (x) Click on the EVSN for the relevant <Company Name> on which you choose to vote.
- (xi) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xiii) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xiv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xv) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.

- (xvi) If Demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

#### Note for Non – Individual Members and Custodians

**Step 1:** Non-Individual Members (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporates.

**Step 2:** A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).

**Step 3:** After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.

**Step 4:** The list of accounts linked in the login should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.

**Step 5:** A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

**Step 6:** Alternatively, Non Individual Members are required to send the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, at least 48 hours before the meeting to the Company at [secretarial@ghcl.co.in](mailto:secretarial@ghcl.co.in), if voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.

#### 11. The instructions for Members voting on the day of the AGM on e-voting system are as under: -

- i. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for Remote e-voting.

# Notice

- ii. Only those Members/ Members, who will be present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system available in the AGM.
- iii. If any Votes are cast by the members through the e-voting available during the AGM and if the same members have not participated in the meeting through VC/OAVM facility , then the votes cast by such members shall be considered invalid as the facility of e-voting during the meeting is available only to the members participating in the meeting.
- iv. Members who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.
- (ii) Members are encouraged to join the Meeting through Laptops/Personal Computers for better experience.
- (iii) Further, Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the Meeting.
- (iv) Please note that Participants connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network.  
  
It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
- (v) Members who would like to express their views/ask questions during the Meeting may register themselves as a speaker by sending their request 7 days prior to Meeting mentioning their name, demat account number/folio number, email id, mobile number at [secretarial@ghcl.co.in](mailto:secretarial@ghcl.co.in) and register themselves as speaker. Only those who have registered themselves as a speaker will be allowed to express their views/ask questions during the meeting.

## 12. Instructions for members for attending the AGM through VC / OAVM are as under:

- (i) Member will be provided with a facility to attend the AGM through VC/OAVM through the CDSL e-voting system. Members may access the same at <https://www.evotingindia.com> under Members / members login by using the remote e-voting credentials. The link for VC/OAVM will be available in shareholder/members login where the EVSN of Company will be displayed.
- (vi) Company is providing two way teleconferencing facility or webex for the ease of participation of the members. Recorded transcript of the meeting shall be uploaded on the website of the Company and the same shall also be maintained in safe custody of the Company

## 13. For Assistance / Queries for e-voting etc.

Login type	Helpdesk details
(i) Individual Members holding securities in Demat mode with <b>CDSL</b>	<p>(a) If you have any queries or issues regarding attending e-voting from the e-voting system, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at <a href="http://www.evotingindia.com">www.evotingindia.com</a> under help section or write an email to <a href="mailto:helpdesk.evoting@cdslindia.com">helpdesk.evoting@cdslindia.com</a> or contact Mr. Nitin Kunder (022- 23058738) or Mr. Mehboob Lakhani (022-23058543) or Mr. Rakesh Dalvi (022-23058542).</p> <p>(b) All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Manager, (CDSL) Central Depository Services (India) Limited, A Wing, 25th Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to <a href="mailto:helpdesk.evoting@cdslindia.com">helpdesk.evoting@cdslindia.com</a> or call on 022-23058542/43.</p>
(ii) Individual Members holding securities in Demat mode with <b>NSDL</b>	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at <a href="mailto:evoting@nsdl.co.in">evoting@nsdl.co.in</a> or call at toll free no.: 1800 1020 990 and 1800 22 44 30

14. Members holding shares in physical form are requested to intimate Registrar and Transfer Agents of the Company viz., M/s. Link Intime India Private Limited, Unit: GHCL Limited, Mr. Ganapati Haligouda, C-101, 247 Park, L.B.S Marg, Vikhroli (West), Mumbai-400083, changes, if any, in their Bank details, registered address, Email ID, etc. along with their Pin Code. Members holding shares in electronic form may update such details with their respective Depository Participant.
15. Mr. Manoj R. Hurkat, Practicing Company Secretary holding Certificate of Practice No. 2574 has been appointed as the Scrutinizer to scrutinize the voting and remote e-voting process in a fair and transparent manner. The Board has also authorised Chairman to appoint one or more scrutinizers in addition to and/or in place of Mr. Hurkat.
16. The Scrutinizer shall, immediately after the conclusion of voting at the general meeting, first count the votes cast at the meeting, thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in employment of the Company and make, not later than 48 hours from the conclusion of meeting, a consolidated scrutiniser's report of the total votes cast in favour or against, if any to the Chairman or a person authorised by him in writing who shall countersign the same. Thereafter, the Chairman or the person authorised by him in writing shall declare the result of the voting forthwith.
17. The Results declared along with the Scrutinizer's Report shall be placed on the Company's website [www.ghcl.co.in](http://www.ghcl.co.in) and on the website of CDSL immediately after the result is declared by the Chairman; and results shall also be communicated to the Stock Exchanges.
18. The Register of Directors and Key Managerial Personnel and their shareholding, Register of Contracts or Arrangements in which Directors are interested, Certificate from the Auditors of the Company under SEBI (Share Based Employee Benefits) Regulations, 2014 and all documents referred to in the Notice and Explanatory Statement are available at the Registered Office of the Company.

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

### Item no. 6

In order to meet working capital and capex requirement of the Company in the ordinary course of its business, management of the company used to approach banks / financial institutions / lending institutions and avail loans (short terms or long term) or corporate purposes loan etc. on mutually agreed terms and conditions.

In last couple of years, various incidents took place in the banking finance sectors that has depleted the trust between lending institutions and borrowers and also to some extent regulators which has resulted the introduction of the strict / stringent lending norms / compliances. The whole objective of these regulatory interventions / changes in conditions of loan agreement is to ensure protection of funds as well as the lending institutions without compromising the economic value additions in the business growth of the company. In this background, the standards terms and conditions of lending, has been revised and inserted a clause "for conversion of loan into equity shares on the option of the lending institutions/ banks / financial institutions, in case of default made by the borrowers".

In order to implement such conditions, it is necessary to obtain approval from the Members of the company, pursuant to requirement of Section 62(3) of the Companies Act, 2013 by way of passing Special Resolution.

The proposed resolution is an enabling resolution under the provisions of the Section 62(3) and other applicable provisions of the Companies Act, 2013 in view of the fact that under the lending arrangements, the Bank(s) / Financial Institution(s) or lenders (for working capital, Term Loan Facility etc.) insist for inclusion of an option to convert the outstanding facility into Equity in the event of default or upon exercise of an option provided under the lending arrangements / facility agreements, then with the proposed approval of the members by way of Special Resolution, the Company may issue equity shares for conversion of loan as per the terms agreed upon between the Company and the Bank/Lenders.

# Notice

In terms of Section 62(3) of the Companies Act, 2013, the approval of the members is required before raising of loan containing such terms/option for conversion, Hence, by this enabling resolution, the approval of the members has been obtained in this regard

It is informed that the allotment of shares pursuant to such exercise of terms of conversion of loan by the Bank/Lenders shall be subject to all other requisite approvals, permission, sanction and other compliances including under Listing Regulations from time to time.

None of the Directors, Key Managerial Personnel of the company or their relatives are interested in the proposed resolution.

Registered Office:  
GHCL HOUSE  
Opp. Punjabi Hall  
Navrangpura, Ahmedabad - 380009  
Dated: April 28, 2021

By Order of the Board  
For **GHCL LIMITED**  
**Bhwneshwar Mishra**  
Sr. GM-Sustainability &  
Company Secretary  
Membership No.: FCS 5330



# Board's Report

To the Members of  
GHCL Limited,

Your directors take pleasure in presenting the 3rd Integrated Report, prepared as per the framework set forth by the International Integrated Reporting Council, and the 38th Annual Accounts on the business and operations of your Company, along with the summary of standalone and consolidated financial statements for the year ended March 31, 2021. The economic contraction in first half of FY 2020-21 was very challenging due to Covid – 19 lockdown; however, business activities returned to normalcy due to its zeal and commitment. The Company has witnessed gradual recovery in the domestic demand back to pre-COVID level in all the business segments. The financial highlights of the Company for FY 2020-21 are given below:

## A: Financial Results

(₹ in Crores)

Particulars	Standalone		Consolidated	
	Year ended March 31, 2021	Year ended March 31, 2020	Year ended March 31, 2021	Year ended March 31, 2020
Net Sales /Income	2,849.71	3,272.44	2,927.12	3,322.72
Gross profit before interest and depreciation	645.80	753.16	663.16	745.60
Finance Cost	90.21	118.18	91.18	119.79
Profit before depreciation and amortisation - (Cash Profit)	555.59	634.98	571.98	625.81
Depreciation and Amortisation	133.19	130.51	133.41	131.21
PBT before exceptional items	422.40	504.47	438.57	494.60
Profit before Tax (PBT)	422.40	504.47	438.57	494.60
Provision for Tax – Current	105.86	143.38	105.89	143.39
Tax adjustment for earlier years	-0.93	-2.48	-0.93	-2.48
Provision for Tax – Deferred	7.49	-42.93	7.49	-42.93
Profit after Tax	309.98	406.50	326.12	396.62
Other comprehensive income (OCI)	4.73	-5.53	7.60	-5.79
Total Comprehensive income for the period	314.71	400.97	333.72	390.83
Balance brought forward from last year	1,971.08	1,672.61	1,937.83	1,649.25
<b>Appropriations</b>				
FVTOCI Reserve	5.95	-3.44	-5.95	-3.44
Final Dividend	0.00	77.52	0.00	77.52
Tax on Dividend and Tax paid on Buy back of share	0.00	28.42	0.00	28.42
Balance carried to Balance Sheet	2,279.83	1,971.08	2,262.73	1,937.83

### 1. Dividend Distribution Policy

In terms of Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosures Requirements) Regulations, 2015 ("Listing Regulations") the Board of Directors of the Company has formulated and adopted the Dividend Distribution Policy ("DDP"). As per the DDP, the Board's endeavours is to ensure transparency in deciding the quantum of dividend and commit a dividend pay-out ratio including the dividend tax, in the range of 15% to 20% of profits after tax (PAT) on standalone financials of the Company. The Board of Directors while taking decision for recommendation of the dividend will take guidance

from this policy and would ensure to maintain a consistent approach to dividend pay-out plans.

The Dividend Distribution Policy is annexed to this report as **Annexure I** and is also available on the Company's website [www.ghcl.co.in](http://www.ghcl.co.in)

As per section 194 of Income Tax Act, a company is required to deduct TDS @ 10% on dividend payment if it exceed ₹ 5000/-. However, no TDS shall be deducted in the case of any dividend payment to, Life Insurance Corporation, General Insurance Corporation of India, any other insurer and Mutual Funds specified u/s 10(23D) of Income Tax Act.

Moreover, as per section 195 of the Act TDS is required to deduct @ 20% plus surcharge on payment of Dividend to Non Resident.

## 2. Dividend

Your Directors are pleased to inform that your Company has a consistent track-record of dividend payment for last 27 years. The Board of Directors in its meeting held on May 19, 2016, had approved a Dividend Distribution Policy of the Company. As per said policy, dividend pay-out (including tax, if any) will be 15 to 20 % of net profit of the Company.

In line with the Dividend Distribution Policy, the Board of Directors of the Company ('the Board') has recommended a dividend of ₹ 5.50 per fully paid up equity share on 9,50,13,286 equity shares of face value ₹ 10 each for the year ended March 31, 2021 (Previous year ₹ 3.00 per equity share as an Interim Dividend).

The dividend on equity shares is subject to the approval of the Shareholders at the ensuing Annual General Meeting of the Company scheduled to be held on Saturday, June 19, 2021. The dividend once approved by Shareholders will be paid on and from Wednesday June 23, 2021. The total dividend payout for the financial year 2020-21 shall be approx. ₹ 52.26 crores.

The Register of Members and Share Transfer Books of the Company will remain closed from June 13, 2021 to June 19, 2021 (both days inclusive) for the purpose of payment of dividend for the financial year ended March 31, 2021 and the Annual General Meeting.

## 3. Transfer to Reserves:

The Board of Directors has decided to retain the entire amount of profits in the profit and loss account.

## 4. Share Capital

The paid up Equity Share Capital of the Company as on March 31, 2021 is ₹ 95,01,32,860/- comprising of 9,50,13,286 equity shares of ₹ 10/- each. We would like to inform to our shareholders that there is no change in the paid up equity capital of the Company during FY 2020-21.

## 5. Employees Stock Options Scheme

Your company has Employees Stock Options Scheme for its permanent employees as per the scheme approved by

shareholders in their Annual General Meeting held on July 23, 2015. The Company had obtained in-principle approvals from the Stock Exchanges for issue of 50 lakh equity shares through Employees Stock Option Scheme.

The details of the Employee Stock Options plan form part of the Notes to accounts of the financial statements in this Annual Report and is also annexed herewith as **Annexure II** and forming part of this Report.

## 6. Finance

### 6.1. Resource Mobilization

#### Short Term

During the year your company arranged / renewed working capital facilities of ₹ 1065 Crs (both fund based and non-fund based limit) and completed documentation formalities with participation from State Bank of India, Bank of Baroda, Union Bank of India, IDBI Bank Ltd, HDFC Bank Ltd and Axis Bank Limited. During the year, your company also arranged / renewed unsecured working capital facilities of ₹ 140 Crores (both fund based and non fund based limit) from HDFC Bank Ltd., IDFC First Bank Ltd. and Bank of Bahrain and Kuwait.

#### Long Term

Since your company has maintained excellent relationship with the lenders and also taking into consideration of timely repayment of principal and interest, your company approached various lenders of Long Term loans and requested for reduction in interest rate by 1%.

Accordingly, lenders have reduced the interest rate from 8.75% to 7.70% resulted interest cost reduction by approx. ₹ 9 Crs (Long Term).

The details of rate of interest are as under:

Borrowing	Outstanding as on 31.03.2021 (₹ in Crs)	ROI P.A.
Long Term Borrowing	726.75	7.70%
Short Term Borrowing (including Supplier's Credit)*	161.85	1.77%
<b>Total Borrowing</b>	<b>888.60</b>	<b>6.62%</b>

\* Without considering forward premium.

# Board's Report

## 6.2. Reaffirmation of Credit Rating

- (i) Due to timely repayment of interest and principal to lenders, CARE (Credit Analysis & Research Ltd) has reaffirmed rating of CARE A+ with Stable Outlook for Long Term facilities and CARE A1+ with Stable Outlook for short term facilities of the Company.
- (ii) Further, India Rating has affirmed Credit Rating for Issuance of Commercial Paper program as under:
 

Instrument Type	: Commercial Paper
Size of Issue	: ₹ 100 Crores
Rating Assigned by the Agency	: IND A+ (Highest)
- (iii) India Rating has also affirmed Issuer Rating as A+ with outlook revised from Stable to Positive.

## 6.3. Investors Education and Protection Fund

During the financial year, your Company has transferred to investors' education and protection fund account (IEPF) a sum of ₹ 41.37 lacs towards unclaimed dividend.

## 7. Management Discussion & Analysis

In terms of Regulation 34 (2) (e) of the Listing Regulations, 2015 read with other applicable provisions, the detailed review of the operations, performance and future outlook of the Company and its business is given in the Management's Discussion and Analysis Report (MDA) which forms part of this Annual Report and is incorporated herein by reference and forms an integral part of this report.

## B. Integrated Report

Your company believes that sustainable development calls for concerted efforts towards building an inclusive, sustainable and resilient future for people and planet through harmonising economic growth, social inclusion and environment protection. In furtherance to this commitment, your company had taken paradigm shift from compliance based reporting to governance based reporting and adopted the Integrated Report (IR) framework developed by the International Integrated Reporting Council. Your Company create long-term value for all stakeholders through its strategy, activities, and commitments. The Integrated Report is a part of this Annual Report, which provides a clear, concise, and comprehensive vision of business model.

## C. Performance Highlights and State of Company's Affairs

The detail of business performance and state of company's affairs are given in MDA (from Page No. 155 to Page No. 161) and Integrated Report (from Page No. 1 to Page No. 81).

COVID -19 pandemic has affected operations of the company and management took all possible steps to safeguard the health and safety of its employees and other stakeholders. The detailed write up on the Covid -19 and steps taken by the company is given in its integrated report on page no 6 to 9

### 1. Demerger of the Textiles Business of the Company

The Board of Directors of the company in their meeting held on March 16, 2020, had approved the Scheme of Arrangement between GHCL Limited ('Demerged Company' or 'GHCL') and GHCL Textiles Limited ('Resulting Company') and their respective shareholders and creditors pursuant to the provisions of Sections 230 to 232 of the Companies Act, 2013 and other applicable provisions thereof, in respect of demerger of the Textiles Business of GHCL Limited into its wholly owned subsidiary, GHCL Textiles Limited (Resulting Company). As per the Scheme, the equity shares held by GHCL Limited in GHCL Textiles Limited shall be cancelled. Further, the Resulting Company's shareholding pattern will mirror the shareholding pattern of the Demerged Company post Scheme. Also, shares of the Resulting Company shall be listed on the Stock Exchanges.

Pursuant to the Order dated January 22, 2021 passed by the Hon'ble National Company Law Tribunal ('NCLT'), Ahmedabad Bench, and in terms of Sections 230 to 232 of the Companies Act, 2013 read with the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016, the Members and the Unsecured Creditors of the Company at their separate meetings held on April 8, 2021 approved the Scheme by the requisite majority.

However, in the Secured Creditor's meeting held on April 8, 2021, based on the request received from State Bank of India (lead banker), the proposal was placed for adjournment of the Secured Creditors' Meeting for a period of three months, due to the reason that member banks in consortium are required to scrutinize the data/report received by them and obtain approval from competent authorities of the respective banks.

Keeping in view of the adjournment request from the Lead bankers, and pursuant to power conferred on the chairman of the meeting in paragraph no. 14(xii) of the order dated 22.01.2021 passed in CA (CAA) 1 of 2021 by Hon'ble NCLT, Mr. Jaimin Dave, the Chairman of the Meeting of Secured Creditors, accepted the adjournment request of the Lead bankers. Accordingly, Mr. Jaimin Dave announced in the meeting of secured creditors that adjourned meeting of the Secured Creditors shall be held on Thursday, July 8, 2021 at 11.30 a.m. and requested the Company Secretary to issue fresh notice for the meeting of the Secured Creditors. On April 16, 2021, the Company has completed dispatch of the Notice of the adjourned meeting of secured creditors scheduled to be held on July 8, 2021.

Hence, the Company has not filed second motion application before NCLT, Ahmedabad Bench as Secured Creditors Meeting is yet to be held. It is important to note that the Scheme shall become effective upon filing of the certified copy of the Order of NCLT sanctioning the Scheme with the Registrar of Companies.

## **2. Awards and Recognition:**

Your Directors are pleased to inform that despite of unprecedented problems faced due to COVID – 19 and lockdown, your Company has received various awards and recognition during the financial year 2020-21. The details of the awards and recognition are given in the Integrated Report.

## **3. Subsidiaries:**

Grace Home Fashion, LLC, a subsidiary of the Company in USA engaged in Home Textile segment. It caters to some of the major Home Textile retailers like Bed Bath & Beyond, Dillards, TJ Max group, Burlington, Macy's, Amazon, Walmart, Kohl's, Overstock and various other retailers. As reported in the previous year, Rosebys Interiors India Limited (RIIL) an Indian subsidiary, is under liquidation with effect from 15th July 2014.

The Board of Directors of the Company at their meeting held on March 16, 2020 had approved a Scheme of Arrangement u/s 230-232 of the Companies Act 2013, involving demerger of Textiles Businesses of the Company into a separate company (i.e. Resulting Company). Accordingly, the Resulting Company has been incorporated on June 17, 2020 with name of GHCL Textiles Limited as a wholly owned subsidiary of the company. This Company has not carried

any manufacturing, trading, or service activities during the financial year ended on 31st March 2021 due to pendency of Scheme. As per the Scheme, the equity shares held by GHCL Limited in GHCL Textiles Limited shall be cancelled. Further, the Resulting Company's shareholding pattern will be the mirror image of the shareholding pattern of the Demerged Company post Scheme. Also, shares of the Resulting Company shall be listed on the Stock Exchanges.

Pursuant to requirement of Section 136 of the Companies Act, 2013, which has exempted companies from attaching the financial statements of the subsidiary companies along with the Annual Report of the Company. The Company will make available the annual financial statements of the subsidiary company and the related detailed information to any members of the company on receipt of a written request from them at the Registered Office of the Company. The annual financial statements of the subsidiary company will also be kept open for inspection at the Registered Office of the Company on any working day during business hours. The Consolidated Financial Statements presented by the Company include financial results of its subsidiary companies, associates etc. Details regarding subsidiaries (including name of companies which have become or ceased to be its subsidiaries, joint ventures or associate companies during the year) have been provided in note no. 47 (refer page no. 390 of Annual Report) and also in the statement u/s 129(3) of the Companies Act, 2013 (refer page no. 297). The statements are also available on the website of the Company [www.ghcl.co.in](http://www.ghcl.co.in)

## **4. Consolidated Financial Statements:**

Your Directors have pleasure in attaching the Consolidated Financial Statements pursuant to the requirement of Regulation 33 & Regulation 34 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 (hereinafter referred as Listing Regulations) read with other applicable provisions and prepared in accordance with applicable IND AS, for financial year ended March 31, 2021.

## **5. Corporate Governance:**

The Company is committed to maintain the highest standards of Corporate Governance and adhere to the Corporate Governance requirement set out by the SEBI. The Company has also implemented several best governance practices. The report on Corporate Governance under

# Board's Report

Regulation 34 of the SEBI Listing Regulations read with Schedule V of the said Regulations forms an integral part of the Annual Report. The requisite certificate from the auditors of the Company confirming compliance with the conditions of the Corporate Governance is attached to the Report on Corporate Governance.

## 6. Board Meetings:

The Board meetings of your company are planned in advance in consultation with the Board Members. During the financial year ended March 31, 2021, the Board of Directors met four times to review strategic, operational and financial performance of the company. The details of the board's meetings are given in the Corporate Governance Report. The intervening gap between the meetings was within the period prescribed under the Companies Act, 2013 and the SEBI Listing Regulations, 2015.

## 7. Directors:

Your directors are pleased to inform that Mr. Sanjay Dalmia, Non-Executive Chairman of the Board and Mr. Ravi Shanker Jalan, Managing Director of the company are directors retiring by rotation and being eligible, offer themselves for re-appointment. The Board recommends their appointments at the ensuing Annual General Meeting.

Your directors would like to confirm that the Company has received declaration from all the Independent Directors confirming their independence as well as confirmation that "he / she is not aware of any circumstance or situation, which exist or may be reasonably anticipated, that could impair or impact his / her ability to discharge his / her duties with an objective independent judgement and without any external influence". Accordingly requirement of Section 149(6) of the Companies Act, 2013 and Regulation 16(1) (b) & Regulation 25 (8) of the Listing Regulations are duly complied with. Pursuant to the circular relating to the "enforcement of SEBI Order regarding appointment of directors by listed companies" dated June 20, 2018, any director of the Company, is not debarred from holding the office of director pursuant to any SEBI order.

Your directors would like to confirm that as per opinion of the Board of Directors, all the Independent Directors of the Company meet the requirement of integrity, expertise and experience (including the proficiency) required for their appointment.

## 8. Key Managerial Personnel:

Pursuant to Section 203 read with Section 2(51) of the Companies Act, 2013, the Key Managerial Personnel of the Company are Mr. R S Jalan, Managing Director, Mr. Raman Chopra, CFO & Executive Director (Finance) and Mr. Bhuvneshwar Mishra, Sr. General Manager – Sustainability & Company Secretary. During the year, there has been no change in the Key Managerial Personnel.

## 9. Familiarization program for Independent Directors:

All new Independent Directors ('IDs') inducted on the Board go through a structured orientation program. Executive Directors and Company Secretary makes presentations giving an overview of operations, to familiarize the new IDs with the Company's business operations. The new IDs are given an orientation on Company's product, corporate structure and subsidiaries, Board constitution and procedures, matters reserved for the Board, role responsibilities, code of conduct of IDs and measure risk and risk management strategy. Visits to Plant and locations where company does its CSR activities are organized on the request of the IDs with an objective to enable them to understand the business better. Details of the same are given in Corporate Governance section of the Annual Report.

## 10. Board Evaluation

In line with the provisions of the Companies Act, 2013 and SEBI Guidance Note on Board evaluation issued on January 5, 2017 read with relevant provisions of the SEBI Listing Regulations, 2015, the Board has carried out an annual evaluation of its own performance and that of its Committees and individual Directors through the separate meeting of independent directors and the Board as a whole. The Board evaluated the effectiveness of its functioning, that of the Committees and of individual directors, after taking feedback from the directors and committee members. The performance of the independent directors was evaluated by the entire Board except the person being evaluated, in their meeting held on January 28, 2021.

A separate meeting of Independent Directors was held on January 15, 2021, to review the performance of Non-Independent Directors', performance of the Board and Committee as a whole and performance of the Chairman

of the Company, taking into account the views of Executive Directors and the Non-Executive Directors.

The performance evaluation of the Board and its constituents was conducted on the basis of functions, responsibilities, competencies, strategy, tone at the top, risk identification and its control, diversity, and nature of business. A structured questionnaire was circulated to the members of the Board covering various aspects of the Board's functioning, Board culture, execution and performance of specific duties, professional obligations and governance. The questionnaire is designed to judge knowledge of directors, their independence while taking business decisions; their participation in formulation of business plans; their constructive engagement with colleagues and understanding the risk profile of the company etc. In addition to the above, the Chairman of the Board and / or committee is evaluated on the basis of his leadership, coordination and steering skills.

The Nomination and Remuneration Committee reviews the performance of individual Directors on the basis of their contribution as a member of the board or committee. The quantum of profit based commission, payable to directors is decided by the Nomination and Remuneration Committee on the basis of overall performance of individual directors.

#### 11. Nomination and Remuneration Policy

Based on the recommendation of the Nomination & Remuneration Committee, the Board has approved the Nomination and Remuneration Policy for Directors, Key Managerial Personnel ('KMP') and all other employees of the Company. The Company's Nomination and Remuneration Policy and Practices have been formulated and maintained to meet the following objectives:

1. To attract, retain and motivate qualified and competent individuals at Director, Key Managerial and other employee levels to carry out company's business operations as assigned to them.
2. To ensure payment of salaries and perks that are comparable to market salary levels so as to remain competitive in the industry.
3. To revise the remuneration of its employees periodically for their performance, potential and value addition after systematic assessment of such performance and potential.

4. To ensure disbursement of salary and perks in total compliance to the applicable statutory provisions and prevailing tax laws of the Country.

The Nomination and Remuneration Policy is annexed to this report as **Annexure III** and is available on website [www.ghcl.co.in](http://www.ghcl.co.in) of the company.

#### 12. Managerial Remuneration & Particulars of employees:

Disclosures pertaining to remuneration and other details as required under Section 197(12) of the Companies Act, 2013, read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are annexed to this report.

In terms of the provisions of Section 197(12) of the Companies Act, 2013, read with Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, a statement showing the names and other particulars of employees drawing remuneration in excess of the limits set out in the said Rules forms part of the report as **Annexure IV**.

#### 13. Secretarial Audit Report

Section 204 of the Companies Act, 2013 inter-alia requires every listed company to undertake Secretarial Audit and shall annex with its Board's Report a Secretarial Audit Report given by a Company Secretary in practice, in the prescribed form.

In line with the requirement of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 read with Regulation 24A of the Listing Regulations and other applicable provisions, if any, the Board of Directors of the Company had appointed Mr. S Chandrasekaran, representing Chandrasekaran & Associates, Practicing Company Secretaries, New Delhi, to conduct Secretarial Audit of the Company for the financial year 2020-21.

The Secretarial Audit Report for the financial year ended March 31, 2021 are annexed with the Board's report and formed as part of the Annual Report. This report is unqualified and self-explanatory and does not call for any further comments.

# Board's Report

## 14. Listing of the Equity Shares

The equity shares of your Company are listed at BSE Limited, Mumbai and National Stock Exchange of India Limited, Mumbai (NSE). The annual listing fees for the year 2020-21 have been paid to all these Stock Exchanges.

## 15. Web address for annual return and other policies / documents

As required under Section 134(3)(a) of the Companies Act, 2013, the Annual Return is put up on the Company's website [www.ghcl.co.in](http://www.ghcl.co.in) and can be accessed at <https://www.ghcl.co.in/performance-reports>. In addition, other policies / document of the Company are placed on the Company's website [www.ghcl.co.in](http://www.ghcl.co.in) as per the statutory requirement.

## 16. Extracts of Annual Return

The extract of annual return as on the financial year ended March 31, 2021 in Form MGT – 9 is annexed herewith as **Annexure-V** and forming part of this Report.

## 17. Corporate Social Responsibility (CSR)

Your Company has been one of the foremost proponents of inclusive growth and since inception, has been continuing to undertake projects for overall development and welfare of the society. GHCL's commitment to the development of weaker sections of society is continuing since more than two decades. GHCL through its "GHCL Foundation Trust" has upgraded its CSR activities to cover a larger section of the society and included to provide support to the downtrodden, needy and marginalized citizens and also to create social infrastructure for their sustenance.

The Company has in place a CSR Policy which provides guidelines to conduct its CSR activities. The CSR Policy and other necessary details related to CSR activities are available on the website of the Company [www.ghcl.co.in](http://www.ghcl.co.in). During the year, the Company spent ₹ 9.03 Crs. against statutory minimum of ₹ 9.74 Crs. (i.e. 2.00% of the average net profits of last three financial years) on CSR activities, whereas CSR budget for 2020-21 was ₹ 9.80 Cr. Accordingly, your Company shall deposit ₹ 0.77 Crs. in a separate bank account opened in compliance of Section 135 of the Companies Act, 2013 and the same shall be used for the planned CSR activities.

The Annual Report on CSR activities, in terms of Section 135 of the Companies Act, 2013 is annexed to this Report as **Annexure VI**.

Your company under its CSR initiatives covers Agriculture & Animal Husbandry, Healthcare, Education & Vocational Training, Women Empowerment and other miscellaneous projects on need basis that are important to maintain social licence to operate the business. These projects are covered under **Schedule VII** of the Companies Act, 2013.

Pursuant to the provisions of Section 135 of the Companies Act, 2013 and Rules thereto, a Corporate Social Responsibility (CSR) Committee of the Board had been constituted to monitor CSR related activities, comprising of Mr. Anurag Dalmia as the Chairman of the Committee and Mrs. Vijaylaxmi Joshi, Mr. Neelabh Dalmia, Mr. R S Jalan and Mr. Raman Chopra as members of the Committee. Mr. Bhuneshwar Mishra, Sr. General Manager – Sustainability & Company Secretary is the secretary of the CSR committee.

## 18. Business Responsibility Report

The Securities and Exchange Board of India ('SEBI') under Regulation 34(2)(f) of Listing Regulations, 2015 read with National Guidelines on Responsible Business Conduct issued by Ministry of Corporate Affairs Government of India on March 13, 2019, requires top one thousand listed companies to prepare and present a Business Responsibility Report ('BRR') to its stakeholders in the prescribed format describing the initiatives taken by the Company on Environmental, Social and Governance perspective. As on March 31, 2021, GHCL Limited is mentioned on 548th position on the basis of capitalization at NSE and on 566th position at BSE.

In the interest of its stakeholders, your company, on voluntary basis adopted the Integrated Reporting (IR) framework of the International Integrated Reporting Council to report on all the six capital that your company uses to create long term stakeholder value.

Your company's Integrated Report has been assessed and E&Y has provided the required assurance. Your company also provided the requisite mapping of principles between the Integrated Report, and the Business Responsibility Report as prescribed by SEBI. The same is available on Company website [www.ghcl.co.in](http://www.ghcl.co.in) and is annexed herewith as an integral part of this report and also forms part of this Annual Report.

## 19. Composition of Audit Committee

Audit Committee of the Board has been constituted as per Section 177 of the Companies Act, 2013 and rule 6 of the Companies (Meetings of Board and its Powers) Rules, 2014 and read with Regulation 18 of the Listing Regulations. The primary objective of the audit committee is to monitor and provide effective supervision of the Management's financial reporting process, with the highest levels of transparency, integrity and quality of financial reporting.

The Committee met four times during the year, the details of which are given in the Corporate Governance Report. As on date of this report, the committee comprises of Dr. Manoj Vaish as Chairman of the Committee and Mrs. Vijaylaxmi Joshi IAS, Mr. Arun Kumar Jain, IRS and Justice Ravindra Singh as members of the Committee, who are experts in finance, accounts, strategy, tax, law and general administration.

## 20. Composition of Stakeholders Relationship Committee

The Stakeholders Relationship Committee has been constituted as per section 178 (5) of the Companies Act, 2013 read with Regulation 20 of the Listing Regulations. The Stakeholders Relationship Committee shall consider and resolve the grievances of the security holders of the company including complaints related to transfer of shares, non-receipt of annual report and non-receipt of dividend etc. The Stakeholders Relationship committee consists of Executive and Non-Executive directors comprising of Mr. Arun Kumar Jain, IRS as Chairman of the Committee and Justice Ravindra Singh, Mr. R S Jalan, Mr. Raman Chopra and Mr. Neelabh Dalmia as members of the Committee. The Committee details are given in the Corporate Governance Report.

## 21. Composition of Nomination and Remuneration Committee

Nomination and Remuneration Committee of the Board has been constituted as per Section 178 of the Companies Act, 2013 and rule 6 of the Companies (Meetings of Board and its Powers) Rules, 2014 and read with Regulation 19 of the Listing Regulations. The Nomination and Remuneration Committee shall determine 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.

The Nomination and Remuneration Committee consists of four Non-Executive directors comprising of Mrs. Vijaylaxmi Joshi, IAS as Chairperson of the Committee, Mr. Sanjay Dalmia, Justice Ravindra Singh and Dr. Manoj Vaish as members of the Committee. The Committee details are given in the Corporate Governance Report.

## 22. Vigil Mechanism / Whistle Blower Policy

As a conscious and vigilant organization, GHCL Limited believes in the conduct of the affairs of its constituents in a fair and transparent manner, by adopting the highest standards of professionalism, honesty, integrity and ethical behaviour. In its endeavour to provide its employee a secure and fearless working environment, GHCL Limited has established the "Whistle Blower Policy". The Board of Directors in its meeting held on May 28, 2014, had approved the Whistle Blower Policy, which is effective from October 1, 2014 & the same has been duly amended from time to time. Mr. Arun Kumar Jain (IRS), Independent Director of the Company is Ombudsperson.

The purpose of the policy is to create a fearless environment for the directors and employees to report any instance of unethical behaviour, actual or suspected fraud or violation of GHCL's code of conduct or Ethics Policy to the Ombudsperson. Details regarding Whistle Blower Policy are also stated in the Corporate Governance Report. The Whistle Blower Policy is posted on the website of the Company [www.ghcl.co.in](http://www.ghcl.co.in). During the year, the Company received one complaint under Vigil Mechanism against an employee of yarn division of the Company. The Whistle Blower Committee was formed to conduct the investigation. The said committee conducted details investigation and had one to one discussion with the complainant and the defendant along with such other employees who were reasonably be expected to provide information about the complaint. The committee did not find any merit in the complaint and disposed the matter. The copy of the investigation report was provided to the complainant. The complainant was also advised that the appeal against the finding of the committee could be filed before the Chairman of the Audit committee.

During the reporting year, your company has successfully launched online platform for reporting grievances under vigil mechanism.



# Board's Report

## 23. Related Party Transactions

There are no material related party transactions made by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons, which may have a potential conflict with the interest of the Company at large. Accordingly, the disclosure of related party transactions, as required under Section 134(3)(h) of the Companies Act, 2013 in Form AOC-2 is not applicable to the Company. All transactions with related parties were reviewed and approved by the Audit Committee. Prior omnibus approval of the Audit Committee is obtained for related party transactions which are of repetitive nature and entered in the ordinary course of business and on an arm's length basis. A statement giving details of all related party transactions is placed before the Audit Committee and the Board of Directors on a quarterly basis. The statement is supported by a Certificate from the CFO. All Related Party Transactions are placed before the Audit Committee and also before the Board.

The policy on Related Party Transactions as approved by the Board is uploaded on the website of the Company [www.ghcl.co.in](http://www.ghcl.co.in). None of the Directors has any material pecuniary relationships or transactions vis-a-vis the Company.

## 24. Particulars of Loans, Guarantees or Investments

Details of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Companies Act, 2013 are given in the notes to the Financial Statements.

## 25. Risk Management

Risk Management Committee has been constituted as per the requirement of Regulation 21 of the Listing Regulations. The Risk Management Committee consists of four Executive and Non-Executive directors comprising of Mr. Arun Kumar Jain, IRS as Chairman of the Committee and Mr. R S Jalan, Mr. Raman Chopra and Mr. Neelabh Dalmia, as members of the Committee. The details of Committee and other details are also set out in the Corporate Governance Report forming part of the Board's Report. The policy on Risk Management as approved by the Board is uploaded on the Company's website [www.ghcl.co.in](http://www.ghcl.co.in).

Your company believes that several factors such as advancements in technology, prevalent geo-political environment and stringent regulatory and environmental requirements have consequential impacts across the

value chain of a business. These impacts are likely to continue and intensify over time and for a business to be sustainable, it needs to adapt to the environment by managing risks and opportunities in a systematic manner.

The Board of Directors of the Company are responsible for risk oversight functions. Risk Management Committee provide guidance for implementing the risk management policy across the organisation. The operation heads of each business units are primarily responsible for implementing the risk management policy of the company and achieving the stated objective of developing a risk intelligent culture that helps to improve the company's performance.

The responsibility of tacking and monitoring the key risks of the division / business unit periodically and implementing suitable mitigation plans proactively is with the senior executives of various functional units. These risk owners are expected to avoid any undue deviations or adverse events and ultimately help in creating value for the business.

## 26. Conservation of Energy, Technology absorption, Foreign Exchange Earning and outgo

The information on conservation of energy, technology absorption and foreign exchange earnings and outgo stipulated under Section 134 (3) (m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014 are given in **Annexure -VII** forming part of this Report.

## 27. Disclosures as per the Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013

Your Company is committed to creating and maintaining a secure work environment where its employees, agents, vendors and partners can work and pursue business together in an atmosphere free of harassment, exploitation and intimidation. To empower women and protect women against sexual harassment, and as per the requirement of the Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013 ("POSH Act") and Rules made thereunder, a policy for prevention of sexual harassment had been made and Internal Complaints Committee had been set up at all major locations of the Company. This policy allows employees to report sexual harassment at the workplace. The Internal Committee is empowered to look into all complaints of sexual harassment and facilitate free and fair enquiry process

with clear timelines. To build awareness in this regard, the Company has been conducting various programme on a continuous basis.

During the year, the Company received one complaint under POSH against an employee of the Company. The Internal Committee was constituted with majority being women and independent lady member and did detailed investigation. The committee concluded that there was no merit into the complaint with respect to sexual harassment at workplace is concerned; however, it was found that the respondent was tough and demanding with his team members due to implementation of project in a scheduled period.

## 28. Statutory Auditors

Your directors would like to inform that in the 33rd AGM held on July 19, 2016, M/s S. R. Batliboi & Co. LLP, Chartered Accountants (Firm Reg. No. 30100CE / E300005), was appointed as statutory auditors of the Company for a period of five consecutive years i.e. from the conclusion 33rd AGM till the conclusion of 38th AGM.

Hence, in line with the requirement of Section 139 and Section 142 of the Companies Act, 2013 read with rules made thereunder and other applicable provisions, if any, and based on the recommendation of the Audit Committee, the Board of Directors has decided to place the proposal for re-appointment of M/s S. R. Batliboi & Co. LLP, Chartered Accountants (Firm Reg. No. 30100CE / E300005), as the auditors of the Company, for a period of five years i.e. from the conclusion 38th Annual General Meeting (AGM) till the conclusion of 43rd AGM. They have confirmed their eligibility under Section 141 of the Companies Act, 2013 and the Rules framed thereunder for appointment as Auditors of the Company. As required under Regulation 33 (1) (d) of the Listing Regulations, they have also confirmed that they hold a valid certificate issued by the Peer Review Board of the Institute of Chartered Accountants of India.

Your directors would like to inform that re-appointment of Auditors shall be for a period of five years with initial annual remuneration of ₹ 1.20 Crs. plus applicable taxes and the increment of Auditors' remuneration shall be in line with the Company's policy and also as per directions of Audit Committee / Board in line with the overall approval given by members of the Company. The Board recommends re-appointment of the Auditors.

M/s S. R. Batliboi & Co. LLP has audited the books of accounts of the Company for the financial year ended March 31, 2021 and has issued the Auditors' Report thereon. There are no qualifications or reservations on adverse remarks or disclaimers in the said report.

## 29. Auditor's Report

There is no qualification, reservation, adverse remark or disclaimer made by the Statutory Auditors and/or Secretarial Auditors of the Company in their report for the financial year ended March 31, 2021. Hence, they do not call for any further explanation or comment u/s 134 (3) (f) of the Companies Act, 2013.

## 30. Cost Auditors

In terms of Section 148 of the Companies Act, 2013, the Company maintains cost records as per the requirement and a Cost Accountant conducts audit of said cost records. In this connection, the Board of Directors of the Company has on the recommendation of the Audit Committee, approved the appointment of M/s R J Goel & Company, Cost Accountants, New Delhi as Cost Auditors of the Company for all its divisions (i.e. Soda Ash, Yarn and Home Textile) for the financial year ending March 31, 2022.

## 31. Directors' Responsibility Statement

Based on the framework of internal financial controls established and maintained by the company, work performed by the internal, statutory, secretarial and cost auditors and external agencies including audit of internal financial controls over financial reporting by the statutory auditors and reviews performed by the management and relevant Board Committees, including the Audit Committee, the Board is of the opinion that the Company's internal financial controls were adequate and effective during financial year 2020-21. Accordingly, pursuant to Section 134(5) of the Companies Act, 2013, the Board of Directors, to the best of their knowledge and ability confirm that:

- a. in the preparation of the annual accounts for the financial year ended March 31, 2021, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- b. such accounting policies as mentioned in the Notes to the Financial Statements have been selected and applied them consistently and made judgments and

# Board's Report

estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2021 and of the profit and loss of the Company for the financial year ended March 31, 2021;

- c. the proper and sufficient care has been taken by them for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d. the annual accounts for the financial year ended March 31, 2021 have been prepared by them on a going concern basis;
- e. proper Internal financial controls have been followed by the company and that such internal financial controls are adequate and were operating effectively; and
- f. proper systems to ensure compliance with the provisions of all applicable laws were in place and that such systems were adequate and operating effectively.

## 32. General Disclosures

Your Directors state that no disclosure or reporting is required in respect of the following matters as there is no transaction on these items during the year under review:

- (i) Details relating to deposits covered under Chapter V of the Act.
- (ii) Issue of equity shares with differential rights as to dividend, voting or otherwise.
- (iii) Issue of shares (including sweat equity shares) to employees of the Company under any scheme save and except Employees' Stock Options Schemes referred to in this Report.

- (iv) The Company does not have any scheme of provision of money for the purchase of its own shares by employees or by trustees for the benefit of employees.
- (v) No significant or material orders were passed by the Regulators or Courts or Tribunals, which impact the going concern status and Company's operations in future.
- (vi) No fraud has been reported by the Auditors to the Audit Committee or the Board.
- (vii) There is no Corporate Insolvency Resolution Process initiated under the Insolvency and Bankruptcy Code, 2016.

## 33. Acknowledgement

The directors express their gratitude to customers, vendors, dealers, investors, business associates and bankers for their continued support during the year. We place on record our appreciation of the commitment and contribution made by the employees at all levels. Our resilience to meet challenges was made possible by their hard work, solidarity, cooperation and support.

We thank the Government of India, the State Governments and statutory authorities and other government agencies for their support and look forward to their continued support in the future.

For and on behalf of the  
**Board of Directors of GHCL LIMITED**

**Sanjay Dalmia**

Chairman

DIN: 00206992

Date: April 28, 2021

Place: Noida

# Anexure-I

## DIVIDEND DISTRIBUTION POLICY

[Regulation 43A of SEBI Listing Regulations, 2015]

### 1. Dividend Distribution Policy

This Policy will regulate the process of dividend declaration and its pay-out by the Company in accordance with the provisions of Companies Act, read with the applicable Rules framed thereunder, as may be in force for the time being ("Companies Act").

### 2. Preamble:

Dividend is the payment made by a Company to its shareholders, usually in the form of distribution of its profits. The profits earned by the Company can either be retained in business and / or used for acquisitions, expansion or diversification, or it can be distributed to the shareholders. The Company may choose to retain a part of its profits and distribute the balance among its shareholders as dividend. This Policy aims to reconcile between all these needs.

The dividend pay-out of a Company is driven by several factors. Some Companies pay a lower dividend. The idea behind paying of lower dividend is to retain profits and invest it for further expansion and modernization of the business. On the other hand, there are Companies which prefer to pay higher dividend. These Companies may not necessarily be growth oriented companies with greater emphasis on retaining their shareholder base.

The objective of this policy is to

- ❖ Ensure transparency in deciding the quantum of dividend and
- ❖ Commit a *dividend pay-out ratio including the dividend tax, in the range of 15% to 20% of profits after tax (PAT) on standalone financials*

The Company would ensure to strike the right balance between the quantum of dividend paid and amount of profits retained in the business for various purposes. The Board of Directors will refer to the policy while declaring/recommending dividends on behalf of the Company. Through this policy, the Company would endeavour to maintain a consistent approach to dividend pay-out plans.

The Company believes that it operates in the high potential but stable growing soda ash and textiles segments. Modernisation and setting up any green filed project

would require huge investment opportunities. Therefore, the retention of surplus funds for future growth will override considerations of returning cash to the shareholders. However, considering the consistent and impressive generation of profits year on year, there is a need to provide greater clarity on the dividend pay-out philosophy of the Company.

### 3. Category of Dividends:

The Companies Act provides for two forms of Dividend-Final & Interim. The Board of Directors shall have the power to recommend final dividend to the shareholders for their approval in the general meeting of the Company. The Board of Directors shall have the absolute power to declare interim dividend during the financial year, as and when they consider it fit.

#### 3.1 Final Dividend

The Final dividend is paid once for the financial year after the annual accounts are prepared. The Board of Directors of the Company has the power to recommend the payment of Final Dividend to the shareholders in a general meeting. The declaration of Final dividend shall be included in the ordinary business items that are required to be transacted at the Annual General Meeting.

Process for approval of Payment of Final Dividend:

- (a) Board to recommend quantum of final dividend payable to shareholders in its meeting in line with this Policy;
- (b) Based on the profits arrived at as per the audited financial statements;
- (c) Shareholders to approve in Annual General Meeting;
- (d) Once in a financial year;

#### 3.2 Interim Dividend:

This form of dividend can be declared by the Board of Directors one or more times in a financial year as may be deemed fit by it. The Board of Directors of the Company would declare an interim dividend, as and when considered appropriate, in line with this policy. Normally, the Board could consider declaring an interim dividend after finalization of quarterly (or half yearly) financial

accounts. This would be in order to supplement the annual dividend or in exceptional circumstances.

Process for approval of Payment of Interim Dividend:

- i. Board may declare Interim Dividend at its complete discretion in line with this Policy;
- ii. Based on profits arrived at as per quarterly (or half-yearly) financial statements including exceptional items;
- iii. One or more times in a financial year.

#### 4. Declaration of Dividend

Subject to the provisions of the Companies Act, Dividend shall be declared or paid only out of :-

##### I. Current financial year's profit:

- (a) after providing for depreciation in accordance with law;
- (b) after transferring to reserves such amount as may be prescribed or as may be otherwise considered appropriate by the Board at its discretion.

##### II. The profits for any previous financial year(s):

- (i) after providing for depreciation in accordance with law;
- (ii) remaining undistributed; or

##### III. Out of (I) & (II) both.

In computing the above, the Board may at its discretion, subject to provisions of the law, exclude any or all of

- (i) extraordinary charges
- (ii) exceptional charges
- (iii) one off charges on account of change in law or rules or accounting policies or accounting standards
- (iv) provisions or write offs on account of impairment in investments (long term or short term)

- (v) non-cash charges pertaining to amortisation or ESoP or resulting from change in accounting policies or accounting standards.

The Board may, at its discretion, declare a Special Dividend under certain circumstances such as extraordinary profits from sale of investments.

#### 5. Factors to be considered while declaring Dividend

The decision regarding dividend pay-out is a crucial decision as it determines the amount of profit to be distributed among shareholders and amount of profit to be retained in business. The Board of Directors will endeavour to take a decision with an objective to enhance shareholders wealth and market value of the shares. However, the decision regarding pay-out is subject to several factors and hence, any optimal policy in this regard may be far from obvious.

The Dividend pay-out decision of any company depends upon certain external and internal factors-

##### 5.1 External Factors:-

State of Economy- in case of uncertain or recessionary economic and business conditions, Board will endeavour to retain larger part of profits to build up reserves to absorb future shocks.

Capital Markets- when the markets are favourable, dividend pay-out can be liberal. However, in case of unfavourable market conditions, Board may resort to a conservative dividend pay-out in order to conserve cash outflows.

Statutory Restrictions- The Board will keep in mind the restrictions imposed by Companies Act with regard to declaration of dividend.

##### 5.2 Internal Factors:-

Apart from the various external factors aforementioned, the Board will take into account various internal factors while declaring Dividend, which inter alia will include

- i. Profits earned during the year;
- ii. Present & future Capital requirements of the existing businesses;
- iii. Brand/ Business Acquisitions;

## Anexure-I

- iv. Expansion/ Modernization of existing businesses;
- v. Additional investments in subsidiaries/associates of the Company;
- vi. Fresh investments into external businesses;
- vii. Any other factor as deemed fit by the Board.

### 6. Dividend Range

The Company stands committed to deliver sustainable value to all its stakeholders. The Company will strive to distribute an optimal and appropriate level of the profits earned by it in its business and investing activity, with the shareholders, in the form of dividend. As explained in the earlier part of this Policy, determining the dividend pay-out is dependent upon several factors, both internal to a business and external to it. Taking into consideration the aforementioned factors, the Board will endeavour to maintain a Dividend pay-out ratio including the dividend tax, in the range of 15% to 20% of profits after tax (PAT) on standalone financials.

As mentioned above, for computing the PAT for purposes of determining the Dividend, the Board may at its discretion, subject to provisions of the law, exclude any or all of (i) extraordinary charges (ii) exceptional charges (iii) one off charges on account of change in law or rules or accounting policies or accounting standards (iv) provisions or write offs on account of impairment in investments (long term or short term) (v) non-cash charges pertaining to amortisation or ESOP or resulting from change in accounting policies or accounting standards. Further, the Board may amend the pay-out range, whenever considered appropriate by it, keeping in mind the aforesaid factors having a bearing on the dividend pay-out decision including declaring a Special Dividend under certain circumstances such as extraordinary profits from sale of investments.

### 7. Review

This Policy will be reviewed periodically by the Board and shall include all statutory amendment affecting the policy from time to time.

## Anexure-II

Sl. No.	Particulars	GHCL ESOS 2015	GHCL ESOS 2015	GHCL ESOS 2015	GHCL ESOS 2015	GHCL ESOS 2015
		- Grant 3	- Grant 5	- Grant 6	- Grant 7	- Grant 8
		(Date of grant – October 24, 2017)	(Date of grant – April 25, 2018)	(Date of grant – April 25, 2018)	(Date of grant – April 25, 2018)	(Date of grant – April 25, 2018)
1	Total no. of options in force (as on April 1, 2020)	7,500	635,000	20,000	30,000	135,000
2	Options granted during the year	0	0	0	0	0
3	Options vested during the year	0	0	0	0	0
4	Options exercised during the year	0	0	0	0	0
5	The total number of shares arising as result of exercise of option	0	0	0	0	0
6	Options lapsed during the year	0	85,000	0	0	75,000
7	The exercise price	₹ 170 per share	₹ 150 per share	₹ 150 per share	₹ 150 per share	₹ 150 per share
8	Variation of terms of option	No variation	No variation	No variation	No variation	No variation
9	Money realised by exercise of options (₹ In Crore)	0	0	0	0	0
10	Total number of options in force	7,500	550,000	20,000	30,000	60,000
11	Employee wise details of options granted to:					
	(i) Key Managerial Personnel	Nil	Nil	Nil	Nil	Nil
	(ii) Any other employee who receives a grant of options in any one year of option amounting to 5% or more of options granted during that year	Nil	Nil	Nil	Nil	Nil
	(iii) Employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant.	Nil	Nil	Nil	Nil	Nil
11	Pricing formula	The exercise price may vary for each Grant. Exercise price will be determined by the Committee at the time of each grant, in conformity with the 'Guidance Note on Accounting for employee share-based Payments' or Accounting Standards as may be prescribed by the Institute of Chartered Accountants of India from time to time. Committee may determine exercise price which may be at discount to the market value but shall not be less than the face value of shares.				
12	Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of Option calculated in accordance with Accounting Standard AS-20.	32.54				

Sl. No.	Particulars	GHCL ESOS 2015	GHCL ESOS 2015	GHCL ESOS 2015	GHCL ESOS 2015	GHCL ESOS 2015
		- Grant 3	- Grant 5	- Grant 6	- Grant 7	- Grant 8
		(Date of grant – October 24, 2017)	(Date of grant – April 25, 2018)	(Date of grant – April 25, 2018)	(Date of grant – April 25, 2018)	(Date of grant – April 25, 2018)
13	Difference between the employees compensation cost based intrinsic value of the stock and the fair value of the year and its impact on profits and EPS of the Company	-0.06	-6.47	-0.6	-0.13	0.67
14	a) Weighted average exercise price of options	₹ 170.00	₹ 150.00	₹ 150.00	₹ 150.00	₹ 150.00
	b) Weighted average fair value of options	₹ 114.79	₹ 179.19	₹ 188.05	₹ 188.05	₹ 192.36
15	Method and significant assumptions used to estimate the fair values of options	Black –Scholes model	Black –Scholes model	Black –Scholes model	Black –Scholes model	Black –Scholes model
	(i) Risk free interest rate	6.762%	7.65%	7.65%	7.65%	7.65%
	(ii) Expected life	2 years (for 50% vesting) & 3 years (for balance 50% vesting)	2 years (for 1/3rd vesting), 3 years (for 1/3rd vesting) and 4 years (for balance 1/3rd vesting)	3 years (for 1/3rd vesting), 4 years (for 1/3rd vesting) and 5 years (for balance 1/3rd vesting)	3 years (for 1/3rd vesting), 4 years (for 1/3rd vesting) and 5 years (for balance 1/3rd vesting)	4 years (for 1/3rd vesting), 5 years (for 1/3rd vesting) and 6 years (for balance 1/3rd vesting)
	(iii) Expected volatility	36.77%	39.51%	39.51%	39.51%	39.51%
	(iv) Expected dividend	NIL	NIL	NIL	NIL	NIL
	(v) Market price of the underlying share on grant date*	₹ 251.05	₹ 286.50	₹ 286.50	₹ 286.50	₹ 286.50

\*The closing price of the Company's share on the date previous to the grant on NSE, being Exchange which had higher trading.



## Anexure-III

# GHCL's NOMINATION & REMUNERATION POLICY

[Regulation 19 of SEBI Listing Regulations, 2015 and Section 178(4) of the Companies Act, 2013]

### I. Criteria for determining qualifications, positive attributes and independence of director:

#### A. Qualifications

A director shall possess appropriate knowledge and experience in their domain areas such as chemicals, textiles, mines, windmills, salt industry, law, banking and finance, corporate, governance, risk management, administration, CSR etc. and such other disciplines related to the company's business. In addition to above, at the time of appointment, emphasis will be given on experience, expertise, track record and reputation of the director.

#### B. Positive Attributes

A director shall be a person of integrity, who possesses relevant expertise and experience and who shall uphold ethical standards of integrity and probity. Director shall act objectively and constructively and exercise his/her responsibilities in a bona-fide manner in the interest of the company. A director must devote sufficient time and attention to his/her professional obligations for informed and balanced decision making; and assist the company in implementing the best corporate governance practices for the growth of the Company and its stakeholders. A director should be able to assist the Board, have a good working relationship with other Board members and contribute to the Board's working relationship with the senior management of the Company. The person should be forward looking, ethical and law abiding.

#### C. Independence standards

The candidate shall be evaluated based on the criteria provided under the applicable laws including Companies Act, 2013 read with Rules thereon and the SEBI Listing Regulations, 2015 with the Stock Exchanges. In addition to applying these guidelines, the Board will consider all relevant facts and circumstances in making its determination relative to a Director's independence. Each director has an affirmative obligation to inform the Board of any change in circumstances that may put his/her independence at issue.

The director's independence for the independent director will be determined by the Board on an annual

basis upon the declarations made by such director as per the provisions of the Companies Act, 2013 read with Rules thereon and the SEBI Listing Regulations, 2015.

The Nomination and Remuneration Committee shall have discretion to consider and fix any other criteria or norms for selection of the most suitable candidate.

### II. Compensation Policy: The company's Compensation Policy and Practices have been formulated and maintained to meet the following objectives:

1. To attract, retain and motivate qualified and competent individuals as Director, Key Managerial and other employee levels to carry out company's business operations as assigned to them.
2. To ensure payment of salaries and perks that are comparable to market salary levels so as to remain competitive in the industry.
3. To revise the remuneration of its employees periodically for their performance, potential and value addition after systematic assessment of such performance and potential.
4. To ensure disbursement of salary and perks in total compliance to the applicable statutory provisions and prevailing tax laws of the Country.

In order to meet the above objectives the company undertakes various processes in an ongoing manner such as conducting of salary surveys in every three years, periodic review of its performance appraisal and reward systems, institution of incentive schemes, providing skill and competency development to its manpower on a regular basis, providing fast track career growth paths to high performers, modification of salary structure in line with the changes in the tax laws etc.

With regard to the annual revision of the employees, respective reporting managers assess the performance of employees. However the authority for reviewing the performance and reward rests with the Nomination & Remuneration Committee of the Board of Directors of the company. In this assessment, the performance, potential and value addition to the company are assessed as detailed under:

In accordance with the widely followed practices, broadly, performance is classified in to 4 categories viz. Top, Vital, Average and Below Average (Bottom). Subsequent to completion of the structured review process, each employee is placed in one of these categories to determine the quantum of reward to be given to him/her. As the company takes continuous efforts to maintain its workforce employable, majority of the employees i.e. app. 70% of the population is generally assessed as Vital Contributors and the salary increase to be given to that category of employees is fixed as the bench mark.

Executive cadre employees, depending upon their scope and impact of role are placed in 14 levels which are further grouped in to 5 job bands in line with the prevailing corporate practices. Revision of compensation is based on a Matrix which defines the quantum of increase applicable to an employee in a particular performance class in a particular level.

In the proposed Performance Assessment Model, Performance Class – VITAL has been taken as benchmark as majority of the employees fall in this category. The Top performers in each level would be given 130% of the increment applicable to Vital Class. Employees rated as Average will be given 50% of increment applicable to Vital Class. Employees rated Bottom will not be given any increment.

It is further proposed that an employee in a particular grade would receive 120% of increment applicable for an employee one grade below him for a similar rating. Where there is a change in the band, this increase will be 125%. This will be effected in Band 1 and 2. However, from Level 7A (7.5) and upwards, instead of band, this increase will be 125% in each level as the performance impact and competency requirements are significantly different for each senior and top level positions. Going forward, depending upon the various parameters and need of the organisation to retain high performers and dissuade mediocre performance on the job, the rate or quantum of increase to be given to various categories of performances may vary.

Additionally, in order to get best talent from the market and retain them for longer period, company has a policy to pay compensation better than prevailing market practice to deserving candidates. In any circumstance, remuneration shall not be less than prevailing market trend.

With reference to remuneration payable to the Managing Director and Whole Time Director, the shareholders have passed resolution under Section 196 and 197 of the Companies Act, 2013 and approved the overall remuneration (including the commission) upto 10% of the net profit of the company for the Managing Director and Whole time director. The shareholders have empowered Board of Directors to decide the annual increment and fixed the quantum of commission with respect to each financial year on recommendation of the Nomination and Remuneration Committee.

The Board of Directors, in their meeting held on April 21, 2006, on recommendation of the Nomination and Remuneration Committee, had decided that the commission payable to Managing Director and Whole time director collectively shall not exceed 4% of the net profit of the company for such financial year for which the commission is payable.

The Nomination and Remuneration Committee has recommended to the Board that the variable part of the remuneration which is in the form of commission for the Managing Director and Whole time director, shall be gradually increased upto 4% of the net profit of the company, over of period of three to four years. The Board of Directors accepted the recommendation of the committee in their meeting held on April 25, 2018.

#### **Amendment & Policy Review**

This policy is framed based on the provisions of the Companies Act, 2013 and rules thereunder and the requirements of the SEBI Listing Regulations, 2015 with the Stock Exchanges. Accordingly, any subsequent amendment/modifications in the Companies Act, Listing Regulations and /or other applicable laws in this regard shall automatically apply on this policy.

## Anexure-IV

# DISCLOSURE OF MANAGERIAL REMUNERATION

### A Ratio of remuneration of each Director to the Median remuneration of the employees of the Company for the F Y 2020-21 as well as percentage increase in remuneration of each Director

Name of the Director	Ratio to Median remuneration	% Change in remuneration over previous year
Non Executive Director		
Mr Sanjay Dalmia	28.15	-25.63
Mr. Anurag Dalmia	23.90	-23.85
Mr. Neelabh Dalmia	0.00	-100.00
Dr. Lavanya Rastogi	12.43	-5.68
Mrs. Vijaylaxmi Joshi	14.10	-25.00
Mr. K C Jani	0.00	-100.00
Dr. Manoj Vaish	14.07	-21.67
Mr. Arun Kumar Jain	13.62	-23.66
Justice Ravinder Singh	13.62	-23.66
Executive Directors		
Mr. R S Jalan	367.40	-24.12
Mr. Raman Chopra	213.21	-24.15
Mr. Neelabh Dalmia	84.62	316.38

The Percentage increase in remuneration of Mr. Bhuweshwar Mishra, Sr. General Manager & Company Secretary is -10.13%.

### B Percentage increase in median remuneration in the FY 2020-21: -1.98%

### C Number of Permanent employees on the roll of the Company as on 31/03/2021: 5006

	% Change in remuneration
Average percentile increase in Salary of employees other than managerial	-20.39%
Average percentile increase in remuneration of managerial personnel	-39.04%

### E Affirmation

It is affirmed that the remuneration paid to the Directors, Key Managerial Personnel and other employees is as per the Remuneration Policy of the Company.

**Information as per Rule 5 (2) of the Companies (Appointment and Remuneration of Managerial Personnel ) Rules 2014**
**List of Top Ten Employees and /or other employees who have been paid ₹ 8.5 Lacs or above per month during the year 2020-21**

Sl. No.	Name	Age	Designation	Gross Remuneration * (₹) 20-21	Qualification	Exp. (Years)	Date of commencement of Employment	Previous Employment / Position held
1	R S Jalan	63	Managing Director	61,384,666	B Com, FCA	37	7-Jun-02	Sree Meenakshi Mills / Exec. Director
2	Raman Chopra	55	CFO & Executive Director - Finance	35,789,283	B Com, FCA	32	1-Oct-03	Dalmia Brothers Pvt Ltd / VP-Spl. Proj.
3	Sunil Bhatnagar	62	President - Marketing	14,713,417	B Com , LLB, DIM	37	16-Aug-93	Ballarpur Industries, Dy. Mgr - Mktg
4	Neelabh Dalmia **	37	Executive Director-Textiles	13,979,217	MBA	1.3	1-Feb-20	GHCL Ltd./Non - executive Director
5	N N Radia	65	COO - Soda Ash	13,966,488	BE -Mechanical	38	16-Jan-86	Tata Chemicals Ltd. / Shift In Charge
6	M Sivabalasubramanian	60	Sr Vice President - Oprns.(Yarn Divn)	10,798,977	BE -Textiles	36	17-May-95	Loyal Textile Mills Ltd / Manager-QA
7	V Chandramouli	61	Sr. Vice President - Finance	10,774,744	B Com, CA	33	14-Dec-92	Mafatlal Ind. Ltd / Manager - F&A
8	Biswarup Goswami	56	Chief Human Resource Officer	10,702,918	PG Diploma in Social Service- Personnel Management & IR, LLB	35	3-Feb-20	Pi Industries Limited/ Sr. VP - HR
9	Manu Kapur	56	CEO-Home Textiles	10,505,303	MA ( History) PG Diploma in International Trade -IIFT Delhi	31	10-Jul-17	J C Penny Purchasing India Pvt Ltd/Vice President & Regional Director South Asia
10	Jayesh P Shah	61	Vice President - IR	6,079,212	MSW	36	24-Apr-12	Alembic Ltd/GM-HR
11	Anirudha Singh	46	Chief Human Resource Officer	1,370,609	MASTER OF HR & IR, LLB	25	8-Apr-19	Jsw Steel / Vice President

\*Gross remuneration includes the Commission and / or VPP entitlement for the year 2020-21 paid in 2021-22

\*\* Mr. Neelabh Dalmia is a relative of Mr. Sanjay Dalmia and Mr. Anurag Dalmia, promoter Director of the Company

**Joining during the year**

NIL

**Separation during the year**

Mr Anirudha Singh left on April 30, 2020.

Mr Sunil Bhatnagar retired on September 30, 2020.

Mr Manu Kapur left on October 30, 2020.

# Anexure-V

**FORM NO. MGT - 9**  
**EXTRACTS OF ANNUAL RETURN**  
**as on the financial year ended March 31, 2021**

[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12 (1) of the Companies (Management and Administration) Rules, 2014]

## I. Registration and other details

CIN	L24100GJ1983PLC006513
Registration Date	14-10-1983
Name of the Company	GHCL LIMITED
Category /Sub-Category of the Company	Company Limited by Shares
Address of the Registered Office and contact details	GHCL House Opp. Punjabi Hall, Navrangpura, Ahmedabad -380009 Tel.No. 079-39324100, 079-26427818
Whether listed Company	Yes
Name, Address and contact details of the Registrar and Transfer Agent,if any	Link Intime India Pvt. Ltd. C101, 247 Park, LBS Marg, Vikhroli West, Mumbai 400083. Tel: 022-49186000, 49186270

## II. Principal Business Activities of the Company

All the Business Activities contributing 10% or more of the total turnover of the Company shall be stated:

Name and Description of main products / services	NIC code of the product / service	% of total turnover of the Company
Inorganic Chemicals	201	67%
Cotton Fabrics & Furnishing	139	15%
Cotton Yarn	131	18%

## III. Particulars of holding, subsidiary companies

Name and address of the Company	CIN / GLN	Holding / Subsidiary/ Associate	% of Shares held	Applicable Section
1. Grace Home Fashions LLC – USA	–	Subsidiary	100%	2(87)
2. Dan River Properties, USA	–	Subsidiary	100%	2(87)
3. GHCL Textiles Limited	U18101GJ2020PLC114004	Subsidiary	100%	2(87)

#### IV. SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

##### i) Category -wise shareholding

Category of Shareholders	No. of Shares held at the beginning of the year (i.e. April 1, 2020)				No. of Shares held at the end of the year (i.e. March 31, 2021)				Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
a) Individuals / Hindu Undivided Family	660602	0	660602	0.70%	742274	0	742274	0.78%	0.09%
b) Central Government	0	0	0	0.00%	0	0	0	0.00%	0.00%
c) State Government(s)	0	0	0	0.00%	0	0	0	0.00%	0.00%
d) Bodies Corporate	11887636	0	11887636	12.51%	11887636	0	11887636	12.51%	0.00%
e) Financial Institutions/ Banks	0	0	0	0.00%	0	0	0	0.00%	0.00%
f) Any Other (specify)	0	0	0	0.00%	0	0	0	0.00%	0.00%
Directors & relatives	0	0	0	0.00%	0	0	0	0.00%	0.00%
Trust (i.e. Ram Krishna Dalmia Foundation)	165000	0	165000	0.17%	145000	0	145000	0.15%	-0.02%
<b>Sub- Total (A)(1):-</b>	<b>12713238</b>	<b>0</b>	<b>12713238</b>	<b>13.38%</b>	<b>12774910</b>	<b>0</b>	<b>12774910</b>	<b>13.45%</b>	<b>0.06%</b>
<b>(2) Foreign</b>									
a) Individuals (Non-Resident Individuals/ Foreign Individuals)	0	0	0	0.00%	0	0	0	0.00%	0.00%
b) Other- Individuals	0	0	0	0.00%	0	0	0	0.00%	0.00%
c) Bodies Corporate	5507900	0	5507900	5.80%	5507900	0	5507900	5.80%	0.00%
d) Banks /Institutions	0	0	0	0.00%	0	0	0	0.00%	0.00%
e) Any Other (specify)	0	0	0	0.00%	0	0	0	0.00%	0.00%
<b>Sub-Total (A)(2):</b>	<b>5507900</b>	<b>0</b>	<b>5507900</b>	<b>5.80%</b>	<b>5507900</b>	<b>0</b>	<b>5507900</b>	<b>5.80%</b>	<b>0.00%</b>
<b>Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)</b>	<b>18221138</b>	<b>0</b>	<b>18221138</b>	<b>19.18%</b>	<b>18282810</b>	<b>0</b>	<b>18282810</b>	<b>19.24%</b>	<b>0.06%</b>
<b>B. Public shareholding</b>									
<b>(1) Institutions</b>									
a) Mutual Funds/ UTI	15883596	4100	15887696	16.72%	16309226	4100	16313326	17.17%	0.45%
b) Financial Institutions/ Banks	229426	11204	240630	0.25%	3600	11204	14804	0.02%	-0.24%
c) Central Government/State Government(s)	19	0	19	0.00%	19	0	19	0.00%	0.00%
d) Venture Capital Funds	0	0	0	0.00%	0	0	0	0.00%	0.00%
(e) Alternate Investment Funds	0	0	0	0.00%	137886	0	137886	0.15%	0.15%
f) Insurance Companies (Including LIC)	3366423	0	3366423	3.54%	3523220	0	3523220	3.71%	0.17%
g) Foreign Portfolio Investors (including Foreign Institutional Investors)	13978085	500	13978585	14.71%	15161228	500	15161728	15.96%	1.25%
h) Foreign Venture Capital Investors	0	0	0	0.00%	0	0	0	0.00%	0.00%
i) Any Other (specify)	0	0	0	0.00%	0	0	0	0.00%	0.00%
Foreign Mutual Fund	0	0	0	0.00%	0	0	0	0.00%	0.00%
<b>Sub-Total (B)(1) :-</b>	<b>33457549</b>	<b>15804</b>	<b>33473353</b>	<b>35.23%</b>	<b>35135179</b>	<b>15,804</b>	<b>35150983</b>	<b>37.00%</b>	<b>1.77%</b>

## Anexure-V

Category of Shareholders	No. of Shares held at the beginning of the year (i.e. April 1, 2020)				No. of Shares held at the end of the year (i.e. March 31, 2021)				Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>(2) Non - Institutions</b>									
a) Bodies Corporate	14098301	78170	14176471	14.92%	14773501	75070	14848571	15.63%	0.71%
i) Indian	0	0	0	0.00%	0	0	0	0.00%	0.00%
ii) Overseas	0	0	0	0.00%	0	0	0	0.00%	0.00%
b) Individuals		0		0.00%		0		0.00%	
i. Individual shareholders holding nominal share capital up to ₹ 1 lakh.	14149589	1554977	15704566	16.53%	13707598	1482985	15190583	15.99%	-0.54%
ii. Individual shareholders holding nominal share capital in excess of ₹ 1 lakh.	6339413	0	6339413	6.67%	6619597	0	6619597	6.97%	0.29%
c) NBFCs registered with RBI	104365	0	104365	0.11%	119200	0	119200	0.13%	0.02%
d) Any Other (specify)				0.00%				0.00%	
i) IEPF	884302	0	884302	0.93%	948505	0	948505	1.00%	0.07%
ii) Non Resident Indians(Repat)	1138466	722414	1860880	1.96%	826409	716974	1543383	1.62%	-0.33%
iii) Non Resident Indians (Non Repat)	219963	3849	223812	0.24%	271625	3849	275474	0.29%	0.05%
iv) Foreign Companies	0	500	500	0.00%	0	500	500	0.00%	0.00%
v) Clearing Member	2002797	0	2002797	2.11%	172091	0	172091	0.18%	-1.93%
vi) Directors & relatives	410843	100	410943	0.43%	425000	100	425100	0.45%	0.01%
vii) Trusts	466273	0	466273	0.49%	468785	0	468785	0.49%	0.00%
viii) Hindu Undivided Family	1144473	0	1144473	1.20%	967004	700	967704	1.02%	-0.19%
ix) Market Makers	0	0	0	0.00%	0	0	0	0.00%	0.00%
x) Foreign Nationals	0	0	0	0.00%	0	0	0	0.00%	0.00%
xi) Overseas Bodies Corporate	0	0	0	0.00%	0	0	0	0.00%	0.00%
<b>Sub-Total (B)(2)</b>	<b>40958785</b>	<b>2360010</b>	<b>43318795</b>	<b>45.59%</b>	<b>39299315</b>	<b>2280178</b>	<b>41579493</b>	<b>43.76%</b>	<b>-1.83%</b>
<b>Total Public Shareholding (B)= (B)(1)+(B)(2)</b>	<b>74416334</b>	<b>2375814</b>	<b>76792148</b>	<b>80.82%</b>	<b>74434494</b>	<b>2295982</b>	<b>76730476</b>	<b>80.76%</b>	<b>-0.06%</b>
<b>C. Shares held by Custodians and against which Depository Receipts have been issued</b>								0.00%	
Promoter and Promoter Group	0	0	0	0.00%	0	0	0	0.00%	0.00%
<b>GRAND TOTAL (A)+(B)+(C)</b>	<b>92637472</b>	<b>2375814</b>	<b>95013286</b>	<b>100.00%</b>	<b>92717304</b>	<b>2295982</b>	<b>95013286</b>	<b>100.00%</b>	<b>0.00%</b>

**ii) Shareholding of Promoters and Promoter Group**

Sr. No.	Shareholders Name	Shareholding at the beginning of the year (i.e. April 1, 2020)			Shareholding at the end of the year (i.e. March 31, 2021)			% Change in shareholding during the year
		No. of Shares	% of total shares of the Company	% of Shares pledged/encumbered to total shares	No. of Shares	% of total shares of the Company	% of Shares pledged/encumbered to total shares	
1	Gems Commercial Company Ltd	2940207	3.09%	0	2940207	3.09%	0	0.00%
2	Banjax Limited	2789700	2.94%	0	2789700	2.94%	0	0.00%
3	Hexabond Limited	2718200	2.86%	0	2718200	2.86%	0	0.00%
4	Oval Investment Private Limited	2588848	2.72%	0	2588848	2.72%	0	0.00%
5	Lhonak Enternational Private Limited	1365599	1.44%	0	1365599	1.44%	0	0.00%
6	Hindustan Commercial Company Limited	2333590	2.46%	0	2944737	3.10%	0	0.64%
7	International Resources Limited	611147	0.64%	0	0	0.00%	0	-0.64%
8	Anurag Dalmia (HUF)	549602	0.58%	0	572774	0.60%	0	0.02%
9	Anurag Dalmia	100000	0.11%	0	100000	0.11%	0	0.00%
10	Neelabh Dalmia*	11000	0.01%	0	69500	0.07%	0	0.06%
11	Carissa Investments Pvt Ltd	481752	0.51%	0	481752	0.51%	0	0.00%
12	Golden Tobacco Limited	16578	0.02%	0	16578	0.02%	0	0.00%
13	Harvatex Engineering and Processing Co. Ltd.	415723	0.44%	0	415723	0.44%	0	0.00%
14	Anurag Trading Leasing and Investment Co. Pvt. Ltd.	287200	0.30%	0	287200	0.30%	0	0.00%
15	WGF Financial Services Ltd	378807	0.40%	0	378807	0.40%	0	0.00%
16	Dalmia Finance Ltd	200244	0.21%	200244	200244	0.21%	200244	0.00%
17	Dalmia Housing Finance Ltd	5707	0.01%	0	5707	0.01%	0	0.00%
18	Ram Krishna Dalmia Foundation	165000	0.17%	0	145000	0.15%	0	-0.02%
19	Archana Trading and Investment Co. Pvt. Ltd.	132848	0.14%	0	132848	0.14%	0	0.00%
20	Bharatpur Investment Limited	38842	0.04%	0	38842	0.04%	0	0.00%
21	Sanjay Trading & Investment Co. Pvt. Ltd.	29100	0.03%	0	29100	0.03%	0	0.00%
22	General Exports And Credits Limited	17000	0.02%	0	17000	0.02%	0	0.00%
23	Pashupatinath Commercial Pvt Ltd	15000	0.02%	0	15000	0.02%	0	0.00%
24	Sovereign Commercial Pvt Ltd	6000	0.01%	0	6000	0.01%	0	0.00%
25	Trishul Commercial Pvt Ltd	5100	0.01%	0	5100	0.01%	0	0.00%
26	Swastik Commercial Pvt Ltd	3700	0.00%	0	3700	0.00%	0	0.00%
27	Alankar Commercial Private Limited	2600	0.00%	0	2600	0.00%	0	0.00%
28	Ricklunsford Trade and Industrial Investment Ltd.	1960	0.00%	0	1960	0.00%	0	0.00%
29	Chirawa Investment Limited	1860	0.00%	0	1860	0.00%	0	0.00%
30	Lakshmi Vishnu Investment Limited	1860	0.00%	0	1860	0.00%	0	0.00%
31	Mourya Finance Limited	1860	0.00%	0	1860	0.00%	0	0.00%
32	Sikar Investment Company Limited	1800	0.00%	0	1800	0.00%	0	0.00%
33	Antarctica Investment Pvt Ltd	768	0.00%	0	768	0.00%	0	0.00%
34	Comosum Investment Pvt Ltd	701	0.00%	0	701	0.00%	0	0.00%
35	Lovely Investment Pvt Ltd	645	0.00%	0	645	0.00%	0	0.00%
36	Altar Investment Pvt Ltd	318	0.00%	0	318	0.00%	0	0.00%
37	Ilac Investment Private Limited	217	0.00%	0	217	0.00%	0	0.00%
38	Dear Investment Pvt Ltd	55	0.00%	0	55	0.00%	0	0.00%
<b>Total</b>		<b>18221138</b>	<b>19.18%</b>	<b>200244</b>	<b>18282810</b>	<b>19.24%</b>	<b>200244</b>	<b>0.06%</b>

Mr. Neelabh Dalmia, Executive Directors (Textiles) and promoter's nominee of the Company purchased 20,000 equity shares from the open market on March 30, 2021 but due to settlement restrictions (T2 after trading), his shares were not credited in his demat account. However, necessary disclosure under Insider Trading Regulations & SEBI (SAST) Regulations was filed to Stock Exchanges on March 31, 2021.



## Anexure-V

### iii) Change in Promoters Shareholding

Sr No.	Name & Type Of Transaction	Shareholding at the beginning of the year April 1, 2020		Transactions during the year		Cumulative Shareholding at the end of the year March 31, 2021	
		No. of Shares held	% of total shares of the Company	Date of Transaction	No. of Shares	No. Shares held	% of total shares of the Company
1	Hindustan Commercial Company Limited Transfer	2333590	2.46%	19 Jun 2020	611147	2333590 2944737	2.46% 3.10%
	At the end of the year					2944737	3.10%
2	Gems Commercial Company Limited At the end of the year	2940207	3.09%			2940207	3.09%
3	Banjax Limited At the end of the year	2789700	2.94%			2789700	2.94%
4	Hexabond Limited At the end of the year	2718200	2.86%			2718200	2.86%
5	Oval Investment Pvt.ltd. At the end of the year	2588848	2.72%			2588848	2.72%
6	Lhonak Enternational Private Limited At the end of the year	1365599	1.44%			1365599	1.44%
7	Anurag Dalmia Huf Transfer	549602	0.58%	03 Apr 2020	23172	549602 572774	0.58% 0.60%
	At the end of the year					572774	0.60%
8	Carissa Investment Private Limited At the end of the year	481752	0.51%			481752	0.51%
9	Harvatex Engineering And Processing Company Limited At the end of the year	415723	0.44%			415723	0.44%
10	Wgf Financial Services Ltd At the end of the year	378807	0.40%			378807	0.40%
11	Anurag Trading Leasing And Investment company private Ltd At the end of the year	287200	0.30%			287200	0.30%
12	Dalmia Finance Ltd At the end of the year	200244	0.21%			200244	0.21%
13	Ram Krishna Dalmia Foundation Transfer	165000	0.17%	31 Mar 2021	(20000)	165000 145000	0.17% 0.15%
	At the end of the year					145000	0.15%
14	Archana Trading And Investment Company Private Limited At the end of the year	132848	0.14%			132848	0.14%
15	Anurag Dalmia At the end of the year	100000	0.11%			100000	0.11%
16	Neelabh Dalmia Transfer	11000	0.01%	03 Apr 2020	58500	11000 69500	0.01% 0.07%
	At the end of the year					69500	0.07%
17	Bharatpur Investment Limited At the end of the year	38842	0.04%			38842	0.04%
18	Sanjay Trading Investment Company Private Limited At the end of the year	29100	0.03%			29100	0.03%
19	General Exports And Credits Limited At the end of the year	17000	0.02%			17000	0.02%

Sr No.	Name & Type Of Transaction	Shareholding at the beginning of the year April 1, 2020		Transactions during the year		Cumulative Shareholding at the end of the year March 31, 2021	
		No. of Shares held	% of total shares of the Company	Date of Transaction	No. of Shares	No. Shares held	% of total shares of the Company
20	Golden Tobacco Limited At the end of the year	16578	0.02%			16578	0.02%
21	Pashupatinath Commercial Pvt. Ltd. At the end of the year	15000	0.02%			15000	0.02%
22	Sovereign Commercial Pvt.Ltd. At the end of the year	6000	0.01%			6000	0.01%
23	Dalmia Housing Finance Limited At the end of the year	5707	0.01%			5707	0.01%
24	Trishul Commercial Pvt.ltd. At the end of the year	5100	0.01%			5100	0.01%
25	Swastik Commercial Pvt.ltd. At the end of the year	3700	0.00%			3700	0.00%
26	Alankar Commercial Private Limited At the end of the year	2600	0.00%			2600	0.00%
27	Ricklunsford Trade And Industrial Investment Ltd At the end of the year	1960	0.00%			1960	0.00%
28	Chirawa Investment Limited At the end of the year	1860	0.00%			1860	0.00%
29	Mourya Finance Limited At the end of the year	1860	0.00%			1860	0.00%
30	Lakshmi Vishnu Investment Limited At the end of the year	1860	0.00%			1860	0.00%
31	Sikar Investment Company Limited At the end of the year	1800	0.00%			1800	0.00%
32	Antarctica Investment Pvt Ltd At the end of the year	768	0.00%			768	0.00%
33	Comosum Investment Pvt Ltd At the end of the year	701	0.00%			701	0.00%
34	Lovely Investment Pvt Ltd At the end of the year	645	0.00%			645	0.00%
35	Altar Investment P Ltd At the end of the year	318	0.00%			318	0.00%
36	Ilac Investment Private Limited At the end of the year	217	0.00%			217	0.00%
37	Dear Investment P. Ltd. At the end of the year	55	0.00%			55	0.00%
38	International Resources Limited Transfer At the end of the year	611147	0.64%	12 Jun 2020	(611147)	611147 0 0	0.64% 0.00% 0.00%

**Note:**

- Pursuant to a Scheme of Amalgamation sanctioned by Hon'ble National Company Law Tribunal, Allahabad Bench vide order dated November 20, 2019, five Promoter Companies i.e. Carefree Investment Company Limited, Divine Leasing and Finance Limited, Excellent Commercial Enterprises and Investment Limited, International Resources Limited, Moderate Investment and Commercial Enterprises Limited (Transferor Companies ) have been amalgamated with another Promoter Company i.e. Hindustan Commercial Company Limited (Transferee Company) and ceased to exist after the approval from Registrar of Companies, Kanpur on February 11, 2020.
- Paid up Share Capital of the Company (Face Value ₹ 10 each) at the beginning of year and also at the end of the year is 95013286 Shares
- The details of holding has been clubbed based on PAN.

## Anexure-V

### IV. Shareholding Pattern of Top Ten Shareholders

Sr No.	Name & Type of Transaction	Shareholding at the beginning of the year - April 1, 2020		Transactions during the year 2020-21		Cumulative Shareholding at the end of the year - March 31, 2021	
		No. of Shares held	% of total shares of the Company	Date of Transaction	No. of Shares	No. Shares held	% of total shares of the Company
1	DSP Small Cap Fund	8616678	9.07%			8616678	9.07%
	Transfer			03 Apr 2020	15398	8632076	9.09%
	At the end of the year					8632076	9.09%
2	Ares Diversified	4932182	5.19%			4932182	5.19%
	At the end of the year					4932182	5.19%
3	Franklin India Smaller Companies Fund	3836227	4.04%			3836227	4.04%
	At the end of the year					3836227	4.04%
4	Life Insurance Corporation Of India	3138105	3.30%			3138105	3.30%
	Transfer			19 Feb 2021	53428	3191533	3.36%
	Transfer			26 Feb 2021	147551	3339084	3.51%
	Transfer			05 Mar 2021	184136	3523220	3.71%
	At the end of the year					3523220	3.71%
5	EOS Multi Strategy Fund Ltd	2946484	3.10%			2946484	3.10%
	At the end of the year					2946484	3.10%
6	Hypnos Fund Limited	2100000	2.21%			2100000	2.21%
	At the end of the year					2100000	2.21%
7	UTI - Hybrid Equity Fund	3002097	3.16%			3002097	3.16%
	Transfer			07 Aug 2020	9041	3011138	3.17%
	Transfer			14 Aug 2020	(400000)	2611138	2.75%
	Transfer			21 Aug 2020	(4214)	2606924	2.74%
	Transfer			28 Aug 2020	11710	2618634	2.76%
	Transfer			18 Sep 2020	77318	2695952	2.84%
	Transfer			25 Sep 2020	81835	2777787	2.92%
	Transfer			30 Sep 2020	21502	2799289	2.95%
	Transfer			23 Oct 2020	4463	2803752	2.95%
	Transfer			20 Nov 2020	(57850)	2745902	2.89%
	Transfer			11 Dec 2020	(39192)	2706710	2.85%
	Transfer			18 Dec 2020	(112327)	2594383	2.73%
	Transfer			25 Dec 2020	(40044)	2554339	2.69%
	Transfer			31 Dec 2020	(197458)	2356881	2.48%
	Transfer			08 Jan 2021	(61968)	2294913	2.42%
	Transfer			15 Jan 2021	(28724)	2266189	2.39%
	Transfer			05 Feb 2021	27000	2293189	2.41%
	Transfer			12 Feb 2021	(81036)	2212153	2.33%
	Transfer			05 Mar 2021	(20019)	2192134	2.31%
	Transfer			12 Mar 2021	(40342)	2151792	2.26%
	Transfer			19 Mar 2021	(47056)	2104736	2.22%
	Transfer			31 Mar 2021	(58804)	2045932	2.15%
	At the end of the year					2045932	2.15%
8	Aarkay Investments Pvt. Ltd.	1350000	1.42%			1350000	1.42%
	Transfer			03 Apr 2020	650000	2000000	2.10%
	At the end of the year					2000000	2.10%

Sr No.	Name & Type of Transaction	Shareholding at the beginning of the year - April 1, 2020		Transactions during the year 2020-21		Cumulative Shareholding at the end of the year - March 31, 2021	
		No. of Shares held	% of total shares of the Company	Date of Transaction	No. of Shares	No. Shares held	% of total shares of the Company
9	J.p. Financial Services Pvt Ltd	1996938	2.10%			1996938	2.10%
	Transfer			03 Apr 2020	(393000)	1603938	1.69%
	Transfer			10 Apr 2020	393000	1996938	2.10%
	At the end of the year					1996938	2.10%
10	Noble Communications Pvt Ltd	1793751	1.89%			1793751	1.89%
	Transfer			03 Apr 2020	100000	1893751	1.99%
	Transfer			30 Jun 2020	100000	1993751	2.10%
	At the end of the year					1993751	2.10%
11	Trans Scan Sec Pvt. Ltd.	1481000	1.56%			1481000	1.56%
	Transfer			03 Apr 2020	(577000)	904000	0.95%
	Transfer			10 Apr 2020	(803000)	101000	0.11%
	Transfer			30 Jun 2020	(100000)	1000	0.00%
	Transfer			10 Jul 2020	3200	4200	0.00%
	Transfer			17 Jul 2020	(3200)	1000	0.00%
	Transfer			28 Aug 2020	(500)	500	0.00%
	Transfer			13 Nov 2020	(379)	121	0.00%
	Transfer			04 Dec 2020	279	400	0.00%
	Transfer			12 Feb 2021	(300)	100	0.00%
	Transfer			05 Mar 2021	24900	25000	0.03%
	Transfer			12 Mar 2021	25000	50000	0.05%
	Transfer			19 Mar 2021	(50000)	0	0.00%
	At the end of the year					0	0.00%

- Note: 1. Paid up Share Capital of the Company (Face Value ₹ 10.00) at the end of the year is 95013286 Shares  
2. The details of holding has been clubbed based on PAN.  
3. % of total Shares of the Company is based on the paid up Capital of the Company at the end of the Year.

#### v) Shareholding of Directors and Key Managerial Personnel (KMP):

Sr No.	Name of the Directors / KMP	Shareholding at the beginning of the year April 1, 2020		Cumulative shareholding during the year March 31, 2021	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	<b>Mr. Anurag Dalmia - Non-Executive -Vice Chairman*</b>				
	At the beginning of the year	100000	0.11%	0	0.00%
	Shares purchased during the year	0	0.00%	100000	0.11%
	<b>At the end of the year</b>			<b>100000</b>	<b>0.11%</b>
	*In addition to the above, Mr. Anurag Dalmia is also holding 572774 equity shares in his HUF account.				
2	<b>Mr. Neelabh Dalmia-Executive Director (Textiles)</b>				
	At the beginning of the year	11000	0.01%	11000	0.01%
	Shares purchased during the year	0	0.00%	58500	0.06%
	<b>At the end of the year</b>			<b>69500</b>	<b>0.07%</b>

## Anexure-V

Sr No.	Name of the Directors / KMP	Shareholding at the beginning of the year April 1, 2020		Cumulative shareholding during the year March 31, 2021	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
3	Mr. Ravi Shanker Jalan - Managing Director *				
	At the beginning of the year	300000	0.32%	300000	0.32%
	Shares purchased during the year (Allotment against conversion of Stock Options)	0	0.00%	0	0.00%
	<b>At the end of the year</b>			<b>300000</b>	<b>0.32%</b>
	*In addition to the above, Mr. Jalan is also holding 100 equity shares in his HUF account.				
4	Mr. Raman Chopra - CFO & Executive Director (Finance)**				
	At the beginning of the year	100000	0.11%	100000	0.11%
	Shares purchased during the year (Allotment against conversion of Stock Options)	0	0.00%	0	0.00%
	<b>At the end of the year</b>			<b>100000</b>	<b>0.11%</b>
	**In addition to above, Mrs. Bharti Chopra wife of Mr. Raman Chopra was holding 18000 shares and Mr. Aniket Chopra, son of Mr. Raman Chopra was holding 7000 shares at the beginning of the year as well as at the end of the year 2020-21.				

### V: INDEBTEDNESS

#### Indebtedness of the Company including interest outstanding/accrued but not due for payment

	Secured Loans, excluding deposits	Unsecured Loans	Deposits	Total Indebtedness ₹ in Crores
<b>Indebtedness at the beginning of the financial year</b>				
i) Long Term Debt	970.75	0.00	0.00	970.75
ii) Short Term Debt	109.86	159.02	0.00	268.88
<b>Total (i+ii)</b>	<b>1080.61</b>	<b>159.02</b>	<b>0.00</b>	<b>1239.63</b>
<b>Change in Indebtedness during the financial year</b>				
Addition	2.47	0.00	0.00	2.47
Reduction	314.98	159.02	0.00	474.00
<b>Net Change</b>	<b>(312.51)</b>	<b>(159.02)</b>	<b>0.00</b>	<b>(471.53)</b>
<b>Indebtedness at the end of the financial year</b>				
i) Long Term Debt	726.75	0.00	0.00	726.75
ii) Short Term Debt	41.34	0.00	0.00	41.34
<b>Total (i+ii)</b>	<b>768.09</b>	<b>0.00</b>	<b>0.00</b>	<b>768.09</b>

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

### A. Remuneration to Managing Director, Whole- time Director and /or Manager:

Sr. No.	Particulars of Remuneration	Mr. Ravi Shanker Jalan - Managing Director	Mr. Raman Chopra - CFO & Executive Director (Finance)	Mr. Neelabh Dalmia -Executive Director (Textiles)	Total Amount (₹ Lakhs)
1	Gross Salary				
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	180.64	98.67	99.88	379.19
	(b) Value of perquisites under section 17(2) of the Income Tax Act, 1961	0.40	0.40	0.00	0.79
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	0.00	0.00	0.00	0.00
2	Stock Options	0.00	0.00	0.00	0.00
3	Sweat Equity	0.00	0.00	0.00	0.00
4	Commission (for FY 2020-21, will be paid in FY 2021-22)	393.75	232.50	30.00	656.25
	- as % of profit	0.00	0.00	0.00	0.00
	others, specify	0.00	0.00	0.00	0.00
5	Others:	0.00	0.00	0.00	0.00
	PF	11.56	6.88	5.93	24.37
	Superannuation	0.00	1.50	1.50	3.00
	Gratuity	4.82	2.87	2.48	10.18
	Company provided & maintained car	22.68	15.08	0.00	37.76
	Medical Expenses Reimbursement	0.00	0.00	0.00	0.00
	Leave Travel Expenses Reimbursement	0.00	0.00	0.00	0.00
	<b>Total (A)</b>	<b>613.85</b>	<b>357.90</b>	<b>139.79</b>	<b>1111.53</b>
	Ceiling as per the Act				<b>4334.00</b>

### B Remuneration to other Directors

#### 1 Independent Directors

Sr. No.	Particulars of Remuneration	Name of Directors					Total Amount ₹ Lakhs
		Dr. Manoj Vaish	Mr. Arun Kumar Jain	Justice Ravindra Singh	Mrs. Vijaylaxmi Joshi	Dr. Lavanya Rastogi	
	Fee for attending Board/ Committee Meeting	4.00	4.00	4.00	4.80	2.00	18.80
	Commission	19.50	18.75	18.75	18.75	18.75	94.50
	<b>Total (B)(1)</b>	<b>23.50</b>	<b>22.75</b>	<b>22.75</b>	<b>23.55</b>	<b>20.75</b>	<b>113.30</b>

## Anexure-V

### 2 Other Non-Executive Directors

Sr. No.	Particulars of Remuneration	Name of Directors		Total Amount ₹ Lakhs
		Mr. Sanjay Dalmia	Mr. Anurag Dalmia	
	Fee for attending Board/ Committee Meeting	2.00	2.40	4.40
	Commission	45.00	37.50	82.50
	<b>Total (B)(2)</b>	<b>47.00</b>	<b>39.90</b>	<b>86.90</b>
	Total(B)=(B)(1)+(B)(2)			200.20
	<b>Total Managerial Remuneration (Non - Executive Director)</b>			<b>200.20</b>
	Ceiling as per the Act			<b>433.00</b>

### C. Remuneration to key managerial Personnel other than Managing Director / Whole- time Director and /or Manager:

Sr. No.	Particulars of Remuneration	Key managerial Personnel	
		Mr. Bhuneshwar P. Mishra - Sr. GM - Sustainability & Company Secretary	Total Amount ₹ Lakhs
	Gross Salary		
1	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	41.95	41.95
	(b) Value of perquisites under section 17(2) of the Income Tax Act, 1961	1.57	1.57
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	0.00	0.00
2	Stock Options	0.00	0.00
3	Sweat Equity	0.00	0.00
4	Commission	0.00	0.00
	- as % of profit	0.00	0.00
	others, specify	0.00	0.00
5	Others:	0.00	0.00
	PF	1.95	1.95
	Superannuation	1.50	1.50
	Gratuity	0.90	0.90
	Company provided & maintained car	4.54	4.54
	Medical Expenses Reimbursement	0.00	0.00
	Leave Travel Expenses Reimbursement	0.00	0.00
	<b>Total (C)</b>	<b>52.41</b>	<b>52.41</b>

**VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES:**

<b>Type</b>	<b>Section of the Companies Act</b>	<b>Brief Description</b>	<b>Details of penalty / Punishment / compounding fees imposed</b>	<b>Authority [RD / NCLT / COURT ]</b>	<b>appeal made, if any (give details)</b>
<b>A. COMPANY</b>					
Penalty	Nil				
Punishment	Nil				
Compounding	Nil	Nil	Nil	Nil	N.A
<b>B. DIRECTORS</b>					
Penalty	Nil				
Punishment	Nil				
Compounding	Nil				
<b>C. OTHER OFFICERS</b>					
<b>INDEFAULT</b>					
Penalty	Nil				
Punishment	Nil				
Compounding	Nil				



# Anexure-VI

## ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

CSR Report for the financial year ended March 31, 2021

[Pursuant to Section 135 of the Companies Act, 2013]

- 1 A brief outline of the Company's CSR policy, including overview of projects or programmes proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programmes.** GHCL's commitment to the development of weaker sections of society is continuing since more than two decades. GHCL through its "GHCL Foundation Trust" has upgraded its CSR activities to cover a larger section of the society and included to provide support to the downtrodden, needy and marginalized citizens and also to create social infrastructure for their sustenance. The CSR Policy and CSR projects are posted on the website of the Company. Any body may visit [www.ghcl.co.in](http://www.ghcl.co.in)

**2 Composition of CSR Committee**

Sr. No.	Name of Director	Designation/Nature of Directorship	Number of Meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
i	Mr. Anurag Dalmia	Non-Executive -Vice Chairman	2	2
ii	Mrs. Vijaylaxmi Joshi	Independent Director	2	2
iii	Mr. R S Jalan	Managing Director	2	2
iv	Mr. Raman Chopra	CFO & Executive Director (Finance)	2	2
v	Mr. Neelabh Dalmia	Executive Director (Textiles)	2	2

- 3 Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company.** <https://www.ghcl.co.in/code-of-conduct>
- 4 Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social responsibility Policy) Rules, 2014, if applicable (attach the report).** NA
- 5 Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any** NA

Sr. No.	Financial Year	Amount available for set-off from preceding financial years	Amount required to be setoff for the financial year, if any
i			
ii			
iii			
	<b>Total</b>		

₹ In Cr.

- 6 Average net profit of the company as per section 135(5). (for Immediately preceding three financial years)** 487.02
- 7 (a) Two percent of average net profit of the company as per section 135(5)** 9.74
- (b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years.** 0
- (c) Amount required to be set off for the financial year, if any** 0
- (d) Total CSR obligation for the financial year (7a+7b-7c).** 9.74

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

Total Amount Spent for the Financial Year. (in ₹ Cr.)	Amount Unspent (in ₹)				
	Total Amount transferred to Unspent CSR Account as per section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5).		
	Amount (in ₹ Cr.)	Date of Transfer	Name of Fund	Amount	Date of Transfer
9.03	0.77*	30/04/2021	N. A	N. A	N. A

\*Note: Approved CSR budget for 2020-21 was ₹9.80 Cr. Accordingly, the Company shall deposit ₹ 0.77 Crs. in a separate bank account.

**8 (b) Details of CSR amount spent against ongoing projects for the financial year 2020-21:**

Sr. No.	Name of the Project.	Item from the list of activities in Schedule VII to the Act.		Location of the project		Project duration.	Amount allocated for the project (in ₹).	Amount spent in the current financial year (in ₹).	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in ₹).	Mode of Implementation - Direct (Yes/No).	Mode of Implementation - Through Implementing Agency	
		Local Area (Yes / No)	State	State	District						Agency Name	CSR Registration number
1	Roof Rain Water Harvesting and Village Water-Distribution System	Yes	All	manufacturing site of GHCL Ltd. in the state of Gujarat & Tamilnadu	(1) Sutrapada, Dist. Gir Somnath (2) Rajula, Dist. Amreli (3) Ghogha, Dist. Bhavnagar (4) Bhilad, Dist. Valsad (5) Madurai Dist	Ongoing projects / Multi year	0.54	0.57	-0.03	No	GHCL Foundation Trust - Sutrapada	CSR00002359
2	Drip irrigation, Sprinkler Irrigation, Training and other various activities	Do	Do	Do	Do	Do	4.07	3.82	0.25	No	Do	Do
3	Vocational Training Centre	Do	Do	Do	Do	Do	0.59	0.45	0.14	No	Do	Do
4	Animal Treatment Camp and Artificial Insemination center	Do	Do	Do	Do	Do	0.79	0.70	0.09	No	Do	Do
5	Mobile Dispensary, Health camps, Vaccination and Eye camps;	Do	Do	Do	Do	Do	1.40	1.03	0.37	No	Do	Do
6	Site School near Mining area, Uniform, Scholarship and financial support for higher studies	Do	Do	Do	Do	Do	0.54	0.48	0.06	No	Do	Do
7	Formation of Self Help Group (SHG) and Training Programme	Do	Do	Do	Do	Do	0.12	0.18	-0.06	No	Do	Do
8	Street light, Road repairing, construction of school boundary, Eradication Hunger Peoples	Do	Do	Do	Do	Do	0.15	0.20	-0.05	No	Do	Do
9	Grocery Kits, Mask, Support to Govt Hospital & PM Cares Fund	Do	Do	Do	Do	Do	1.27	1.27	0.00	No	Do	Do
<b>Total</b>							<b>9.47</b>	<b>8.70</b>	<b>0.77</b>			

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

Sr. No.	Name of the Project.	Item from the list of activities in Schedule VII to the Act		Location of the project		Amount spent for the project (in ₹)	Mode of Implementation - Direct (Yes/No)	Mode of Implementation - Through Implementing Agency		
		Local Area (Yes / No)	State	State	District			Agency Name	CSR Registration number	
1										
2										
3										
<b>Total</b>										

## Anexure-VI

<b>8</b>	<b>(d) Amount spent in Administrative Overheads</b>	0.33
	<b>(e) Amount spent on Impact Assessment, if applicable</b>	0
	<b>(f) Total amount spent for the Financial Year (8b+8c+8d+8e)</b>	9.03
	<b>(g) Excess amount for set off, if any</b>	

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

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

Sr. No.	Preceding Financial Year	Amount transferred to Unspent CSR Account under section 135 (6) (in ₹)	Amount spent in the reporting Financial Year (in ₹)	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any.			Amount remaining to be spent in succeeding financial years. (in ₹)
				Name of Fund	Amount (in ₹)	Date of Transfer	
1	NA						
2	NA						
3	NA						
	<b>Total</b>						

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

Sr. No.	Project ID.	Name of the Project	Financial Year in which the project was commenced.	Project duration	Total amount allocated for the project (in ₹)	Amount spent on the project in the reporting Financial Year (in ₹)	Cumulative amount spent at the end of reporting Financial Year. (in ₹)	Status of the project - Completed /Ongoing
1	NA							
2	NA							
3	NA							
	<b>Total</b>							

### 10 In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year (asset-wise details)

<b>(a) Date of creation or acquisition of the capital asset(s).</b>	NIL
<b>(b) Amount of CSR spent for creation or acquisition of capital asset.</b>	NIL
<b>(c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.</b>	NIL
<b>(d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset).</b>	NIL

**11 Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5).** Due to COVID 19 pandemic and lockdown, the activities as planned could not be completed. However, the Company deposited unspent amount of the ongoing project related to CSR, in a separate Bank account.

The CSR Committee hereby confirms that the implementation and monitoring of CSR Policy is in compliance with CSR objectives and Policy of the company.

For **GHCL Limited**

**R S Jalan**  
Managing Director  
DIN: 00121260

**Anurag Dalmia**  
Chairman of CSR Committee  
DIN: 00120710

## Anexure-VII

### A. CONSERVATION OF ENERGY

#### a) Energy Conservation Measure Taken

- 1 Suction optimization in all Ring spinning compact Elite's suction motors for reducing the Energy consumption at Madurai Yarn Unit.
- 2 Pressure optimisation of Water borewell pump motors through pressure Transducer with VFD for optimizing power consumption at Madurai Yarn Unit.
- 3 Installation of high efficiency compressed air dryer at Home Textile Unit.
- 4 Commissioning of 66 KV grid supply to reduce line losses & tripping losses at Home Textile Unit.
- 5 Installation of capacitor panels at load side to improve power factor and reduce line losses at Home Textile Unit.
- 6 Installation of auto level based drain valves in compressed air receivers at Home Textile Unit.
- 7 Energy efficient Nano plant of capacity 100 M3/Hr installed & commissioned at Soda Ash Unit.
- 8 Only energy efficient motors and LED Lights are being purchased for new installation and replacement at all Units.
- 9 Improvement of insulation (silicate based) over hot equipment's/pipes to reduce heat loss to atmosphere at Soda Ash Unit.

- 10 Study by external agency is planned for improvement in belt filters to reduce Bicarb moisture content at Soda Ash Unit.

#### b) Additional Investment & proposals, if any, being implemented for reduction of consumption of energy

- 1 Installation of Energy Efficient Compressor at Madurai and Manaparai Unit.
- 2 Installation of softener based water recycle plant at Effluent Treatment Plant at Home Textile Unit.
- 3 Collection & utilization of hot cooling water from Caustic Recovery Plant to process house at Home Textile Unit.
- 4 Installation of centralize energy management system at Home Textile Unit.
- 5 Installation of variable frequency drive in old CFBC boiler at Soda Ash Unit.
- 6 Condensing cum back pressure turbine TG -V (18.5) MW installation is under progress for better steam power balance at Soda Ash Unit.
- 7 Road map and study for digitalisation of two towers has being initiated on trial basis. Energy will be addressed in digitalisation at Soda Ash Unit.

### B. POWER & FUEL CONSUMED

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
<b>1 Electricity</b>		
(i) Purchased Units (crores kwh)	9.63	10.29
Total amount (₹ crores)	70.01	66.65
Rate per Unit (₹)	7.27	6.48
(ii) Own Generation		
(a) Through DG		
Units (crores kwh)	0.01	0.05
Units per liter of Diesel Oil	2.87	3.20
Cost per Unit (₹)	24.48	21.81
(b) Through GTG		

Particulars	Year ended	Year ended
	March 31, 2021	March 31, 2020
Units (crores kwh)	0.07	1.18
Units per SCM of Gas	5.45	3.83
Cost per Unit (₹)	7.21	9.54
(c) Through TG		
Units (crores kwh)	25.01	27.26
Cost per Unit (₹)	3.17	3.41
(b) Through Windmill		
Units ( crores kwh )	4.16	4.66
Total amount (₹ crores)	15.30	15.42
Rate per Unit (₹)	3.68	3.31
(c) Through Solar		
Units (crores kwh)	0.25	0.25
Total amount (₹ crores)	0.65	0.48
Rate per Unit (₹)	2.57	1.92
<b>2 Coal</b>		
Quantity (MT)	256,433	291,912
Total Cost (₹ crores)	193.15	258.54
Average Rate (₹/MT)	7,532	8,857
<b>3 Lignite</b>		
Quantity (MT)	103,860	171,289
Total Cost (₹ crores)	42.44	65.97
Average Rate (₹/MT)	4,086	3,852
<b>4 Petroleum Coke</b>		
Quantity (MT)	108,599	80,360
Total Cost (₹ crores)	81.04	58.69
Average Rate (₹/MT)	7,462	7,304

**5 Consumption per Unit of Production**

	Electricity ( kwh/MT )	
	Year ended March 31, 2021	Year ended March 31, 2020
Soda Ash	277.59	277.45
Salt	35.61	30.43
Yarn	4.33	4.23
Cloth ( Fabric '000 Meters)	1.00	1.36
Coal -Soda Ash (MT/MT)	0.25	0.27
Lignite - Soda Ash (MT/MT)	0.10	0.16
Petroleum Coke - Soda Ash (MT/MT)	0.12	0.08

## Anexure-VII

### C. TECHNOLOGY ABSORPTION

#### 1 Research & Development

##### a) ALTERNATIVE ROUTE FOR MANUFACTURE OF SODIUM CARBONATE:

We have engaged a professional agency to carry out research work to develop an alternative route for manufacture of soda ash using selective catalytic conversion technology considering scarce availability of quality raw materials.”

##### b) ALTERNATIVE BRINE PURIFICATION METHOD :

Project to develop process for purifying raw brine without use of soda ash is going on .

Hygiene and Comfort wear products are proposed to be developed.

#### 2 Future Action Plan

An advanced Energy Management System is under procurement. This system makes use of various algorithms and analytical tools to further reduce energy specific consumption at Soda ash unit.

#### 3 Technology -Absorption ,Adoption and Innovation

A improvement project is undertaken in co-ordination with overseas expert agency for improvement in carbonation tower efficiency by using pre-heater condensate.

#### 4 Information Regarding Technology imported during last three year

High speed filter technology from M/S Andritz Germany

Know how for 250 MTPD carbonation tower

Know how for improvement in tower efficiency using pre heater condensate

### D. FOREIGN EXCHANGE EARNING AND OUTGO

(₹ in Crores)

Particulars	For the Year ended March 31, 2021	For the Year ended March 31, 2020
Earnings	490.17	528.85
Outgo (Includes CIF value of imports)	507.52	775.33

# Business Responsibility Report

[Regulation 34 (2) (f) of SEBI Listing Regulations, 2015 read with National Guidelines on Responsible Business Conduct issued by Ministry of Corporate Affairs Government of India on March 13, 2019]

## SECTION A: GENERAL DISCLOSURES

### Company details

<b>1. Name of the Company</b>	GHCL Limited
<b>2. Year of Registration</b>	1983
<b>3. Corporate Identity Number (CIN) of the Company</b>	L24100GJ1983PLC006513
<b>4. Corporate Address:</b>	
a. Registered Office Address	'GHCL House' Opp. Punjabi Hall, Navrangpura, Ahmedabad – 380 009 (Gujarat)
b. Corporate Office:	'GHCL House' B-38, Institutional Area, Sector – 1, Noida – 201301 (Uttar Pradesh)
c. Telephone Number:	0120 – 2535335/ 4939900 (Corporate Office) 079 – 2643100 (Registered Office)
d. Email:	ghclinfo@ghcl.co.in, secretarial@ghcl.co.in
e. Website:	www.ghcl.co.in

### Products/ Services

#### 5. Sector(s) that the Company is engaged in (industrial activity code)

Industrial Group	Description
201	Manufacture of Chemicals and Chemicals Products
139	Manufacture of other textiles - Cotton Fabrics and Furnishings
131	Spinning, weaving and finishing of textiles
089	Salt Production by evaporation of sea water.
107	Manufacture of Food Products
463	Wholesale of food, beverages and tobacco
081	Quarrying / Mining of Limestone
052	Mining of Lignite

As per National Industrial Classification – Ministry of Statistics and Programme Implementation.

#### 6. List three key products/ services that the company manufactures / provides (as in the balance sheet)

- In-organic Chemicals: Soda Ash – (Dense grade and Light grade), Sodium Bicarbonate, Industrial and Edible Salt;
- Textiles: Home Textile products like Bed Sheets, Bed Covers, Top of Bed Products, Valance and Yarn Manufacturing.

#### 7. Brands (top five by respective share of market) owned and percentage of revenue contributed

Business segments	Brand Name	Revenue in Cr	%
Soda Ash	Lion Brand	1,670.02	59.16%
Textiles	Rekoop	2.04	0.07
Consumer Product Division	I-Flo	6.88	0.24
	Sapan	6.33	0.22

## Operations

### 8. Total number of locations where business activity is undertaken by the company

#### (a) National –

Business Vertical	Location
Soda Ash	Gir Somnath, Gujarat
Home Textile	District Valsad, Vapi Gujarat
Yarn	District Madurai and Trichy, Tamil Nadu
Consumer Products Division	District Nagapattanam and Kancheepuram, Tamil Nadu

#### (b) International – USA

### 9. Location of major offices (in case of service business)

Not applicable because GHCL is a manufacturing company.

## Employees

**10. Number of Permanent Employees:** 5,006 (Employees – 969; Workers – 4,037)

**11. Contractual employees (seasonal, non-seasonal):** 4,533

**12. Temporary employees:** NA

**13. Percentage of women:**

- On the Governance Structure: 10 %
- In top management, i.e. business and functional heads: 4 %

\*General Manager (GM) and above are considered in top management at GHCL

## Associate entities

### 14. Name of the subsidiary / associate companies:

- Grace Home Fashions LLC, USA
- Dan River Properties LLC, USA
- GHCL Textiles Limited

### 15. Details of Trust / Society/ Section 8 company to further its CSR agenda:

a. Name	GHCL Foundation Trust
b. Organisation form and year of establishment:	Trust established on 20th February 2007
c. Main objects/purpose	GHCL Foundation, through its CSR initiatives, endeavour to become a leader in all its social activities and continue to promote sustained and inclusive growth of the community through its entrepreneurial/business approach, in fulfilment of its role as a socially responsible citizen.
d. Amounts and sources of funds received in the reporting year	GHCL contributed ₹ 9.03 Cr and ₹ 10.05 Cr funds were mobilised from others including various Tata Trusts, Gujarat Green Revolution Company and community contribution.



# Business Responsibility Report

## 16. Contact details of Nodal Officer for this report

a. Name	Bhwneshwar Mishra
b. Designation	Sr. GM – Sustainability & Company Secretary
c. Email id	bmishra@ghcl.co.in
d. Phone Number	0120 – 2535335 / 4939900

## SECTION B: MANAGEMENT AND PROCESS DISCLOSURES

Disclosure Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
<b>Policy and management processes</b>									
1. Names of the policy / policies that covers each principle.	Y	Y	Y	Y	Y	Y	Y	Y	Y
✓ The Board of Directors of GHCL has adopted and approved policies on each principle, which are framed based on nine principles of BRR and in line with the National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of the Business released by the MCA.									
2. Core Elements related to the Principle that the policy / policies cover.	✓								
3. Policy / policies relating to each principle that has been translated into guidelines and procedures.	✓								
4. Extent to which manpower, planning and financial resources have been allocated for the implementation of the policy / policies relating to each Principle.	✓								
5. National and International codes and standards adopted to various Principles.	✓								
<b>Governance, leadership and oversight</b>									
6. Names of the above policies that have been approved by the Board / top management	✓								
✓ The Board of Directors in their meeting held on January 31, 2017, had approved all the BRR policies and the managing director signs the same. The policies are posted on company's website @ <a href="https://www.ghcl.co.in/brr-policies">https://www.ghcl.co.in/brr-policies</a>									

Disclosure Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
7. Name of the specified committee(s) of the Board / Director / Officer and processes to oversee the implementation of the policy / policies	✓								
	✓								
8. The process for board / top management to review performance against the above policies and incorporating inputs.	✓								
	✓								
	✓								
	✓								
	✓								
9. Process for board / top management to review compliance with statutory requirements of relevance to the Principles and rectify any non-compliances.	✓								
	✓								
10. Frequency of the reviews of the business's alignment with the Principles and Core Elements conducted by the Board / top management.									

# Business Responsibility Report

Disclosure Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
<b>Stakeholder Engagement</b>									
11. Description of the process to identify your business's key stakeholders	<p>Company acknowledges the importance of its stakeholders in doing its business responsibly by creating a balance among the economic, social and environmental objectives. Company believes in the concept of inclusive growth, which is guided by its governance policies leading to enhanced transparency, responsiveness and accountability of the organisation in all its business dealings. The Company has identified its five key stakeholders i.e. investors, suppliers, employees, community and customers by way adopting the process of making assessment of stakeholders' interest and making roadmap for meeting their interest without compromising with the vision, mission, value system and compliance of governance related provisions.</p> <p>The approach involved identifying all stakeholders and then prioritizing it based on the power &amp; influence of the stakeholders and their interest. The approach has led us in identifying the five key stakeholder who are highly interested as well as high influence over the business.</p>								
12. Description of the process to engage with your stakeholders on the Principles	<p>GHCL believes that stakeholders' engagement leads to increased transparency, responsiveness, compliance, organisational learning, quality management, accountability and sustainability. Company adopts following mode and frequency of engagement with each category of stakeholders.</p>								
	<b>Stakeholders</b>		<b>Mode and frequency of engagement</b>						
	Investors		Annual general meeting, quarterly earning calls and dissemination of presentation on company website and stock exchanges website, investors' conferences, press releases and newsletters & regular road shows.						
	Suppliers		Periodical meetings of suppliers, vendors, suppliers' feedback form, periodic site visits, Vendx Portal.						
	Employees		Company takes various initiatives like GHCL TEA (Think, Experience & Adopt), MILAP (Medium for Interactive, Lateral and Actionable Partnership) DISHA meeting, Employee Engagement Surveys, monthly and quarterly publications and newsletters.						
	Community		Community meetings and visits, participatory rural appraisals including focus group discussions, awareness camps, exposure and training visits for beneficiaries, interaction with local bodies.						
	Customers		Customer satisfaction surveys, direct customer relationship management satisfaction initiatives, regular customer / distributor meets.						

<b>Disclosure Questions</b>	<b>P 1</b>	<b>P 2</b>	<b>P 3</b>	<b>P 4</b>	<b>P 5</b>	<b>P 6</b>	<b>P 7</b>	<b>P 8</b>	<b>P 9</b>
13. Description of the processes to identify groups that are vulnerable and marginalised stakeholders	GHCL has been working towards upliftment of the communities around its plants in the areas of animal husbandry, agriculture, healthcare and education. To identify the vulnerable and marginalised stakeholders, the Company has adopted various measures including, but not limited to, desktop research, focused group discussions and social need assessment. GHCL engaged PwC to prepare Social Need Assessment Report for taking initiative under its CSR projects in 15 villages located near GHCL soda ash operations in Gujarat. Through the need assessment the Company could identify the status as well as the needs of the communities around our plants.								
14. Description of the processes to identify issues related to inclusion and impact of adopting the Principles on vulnerable and marginalised stakeholders	GHCL believes in the principle of wellbeing of every human being. The Company's CSR policy outlines the commitment towards development of weaker sections of society through GHCL Foundation Trust. GHCL, through its CSR initiatives, has made sustainable intervention and impacted the life of its vulnerable and marginalized stakeholders substantially in the identified areas related to agriculture, animal husbandry, health, education, vocational training centre, women empowerment, water resource development, sanitation etc.								
<b>Communications</b>									
15. Description of process to communicate to stakeholders, the impact of your policies, procedures, decisions and performance that impact them.	GHCL understands the significance of strengthening stakeholder relationships through frequent open and transparent communication. The top management regularly reviews the progress in addressing the key stakeholders' concerns as a part of monthly operational review meetings. The performance of the Company along with the impact of policies, procedures and decisions is regularly communicated to the stakeholders through various engagement channels mentioned in point 12 above.								
16. Description of how the business communicates the results of stakeholder engagement in the public domain	GHCL communicate the result of stakeholders' engagement with each stakeholder's category as mentioned in answer to question no 12 above and also published the same in its annual report. However, company believes that formal system / mechanism / platform is required to be developed which can facilitate the dissemination of results of stakeholders' engagement in the public domain.								
17. Description of the process of communicating performance against these Guidelines to relevant stakeholders.	GHCL voluntarily adopted the publication of Integrated Annual Report based on framework developed by the International Integrated Reporting Council ('IIRC') which includes reporting of financial and non-financial information of the company since FY 2019. The Integrated Annual Report is published on our website as well as shared with our investors.								
18. Note on how disclosures and reporting helped in improving business performance / strategy.	GHCL has initiated the development of Integrated Report voluntarily since last two years and Business Responsibility Report since 2018, which has resulted in transparent communication of the Company's economic, environmental and social performance with all the stakeholders.								

If answer to the question (1) above is "No" i.e. not all Principles are covered by a policy, reasons to be stated:

# Business Responsibility Report

Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
<b>The company has not understood the Principles.</b>	Not Applicable								
The company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles.	Not Applicable								
The company does not have financial or manpower resources available for the task.	Not Applicable								
It is planned to be done within next 6 months.	Not Applicable								
It is planned to be done within the next 12 months.	Not Applicable								
Any other reason (please specify)	GHCL is committed to strengthen the core elements of each Principles shall be implemented in true spirit and to be factored while framing the business strategies.								

## SECTION C: PRINCIPLE-WISE PERFORMANCE DISCLOSURE

### PRINCIPLE 1: ETHICS, TRANSPARENCY AND ACCOUNTABILITY

Essential Indicators		Leadership Indicators	
1.	<p>Month/ Year of last review by Governance Structure / top management of performance of the business across the Principles and Core Elements of the Guidelines</p> <p>✓ <i>The Board of Directors review the statutory compliances every quarter along with the financial performance of the company. Further, company has a practice of having Operational Review meeting (ORM), of all departments / businesses. Managing Director chairs the meeting. In ORM, discussion takes place on core values, compliances with respect to each policies of the company vis-à-vis KPI set for the department.</i></p> <p>✓ <i>However, management feels that formal structure need to be developed to measure or evaluate the performance of business across the Principles and Core Elements of the Guidelines.</i></p>	1.	<p>% coverage of all employees by awareness programmes for the Guidelines:</p> <p>a. In reporting year: <i>100% employees have been made</i></p> <p>b. Total to date : <i>aware of these guidelines and related policies.</i></p>
2.	<p><b>% Coverage of leadership team</b> by awareness programmes on the Guidelines:</p> <p>a. In reporting year: <i>100% employees including the leadership team have been made aware of these guidelines and related policies.</i></p> <p>b. Total to date :</p>	2.	<p><b>% of suppliers and distributors</b> (by value) covered by social and environmental audits:</p> <p>a. In reporting year: <i>Due to Covid-19, site assessments of suppliers were not taken place during 2020-21 However, company has assessed 194 vendors through online portal Vendex on ESG parameters.</i></p> <p>b. Total to date :</p> <p><i>Further phase wise assessments are planned more suppliers going forward. These assessments are designed to align our suppliers with our sustainability philosophy and ensure long term partnerships.</i></p>

Essential Indicators	Leadership Indicators				
<p>3. <b>% of suppliers and distributors</b> (by value), in the year:</p> <p>a. Covered by awareness programmes for the Guidelines?</p> <p>We believe in raising awareness of our suppliers and training them on responsible business conduct. In the near future, we plan to conduct awareness sessions for all our suppliers on various guidelines issued by the Government including the National Guidelines on Responsible Business Conduct.</p> <p>b. Had responsible / sustainable business policies in place?</p> <p>We have a Supplier's Code of Conduct in place that outlines the quality, social and environmental requirements adhering to which is mandatory. Every supplier that is on boarded is required to sign this Code and abide by it.</p>	<p>3. <b>Was report on responsible business conduct</b> made, in the year:</p> <p>a. As per mandatory/global reporting frameworks.</p> <p><i>Yes. The Integrated Report is designed based on GRI framework and IIRC guidelines.</i></p> <p>b. Available in the public domain.</p> <p><i>Yes. www.ghcl.co.in</i></p> <p>c. Assured by a third party</p> <p><i>Yes. Integrated reports is assured by E&amp;Y Associates LLP, Statutory Audit is conducted by S R Bataliboi &amp; Co. LLP, Secretarial Audit is done by Chandrasekaran Associates.</i></p>				
<p>4. <b>Number of meetings / dialogues</b> with minority shareholders that were organized in the year?</p> <p>✓ <i>Company discloses its policies and procedures on its website site and publish policies in annual report to meet the statutory requirement.</i></p> <p>✓ <i>Regular intimation of corporate actions and statutory disclosures / reporting are made on stock exchange website as well as company website for easy access to all our stakeholders including minority shareholders.</i></p>	<p>4. <b>Details of non-disputed fines/penalties</b> imposed on your business by regulatory and judicial institutions in the year available in public domain.</p> <p><i>There is no case of non-disputed fines/penalties imposed on the business by regulatory and judicial institutions during the year under review.</i></p>				
<p>5. <b>Number of complaints</b> received on any aspect of the NGRBC in the year from:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">a. Shareholders/ Investors:</td> <td style="text-align: center;">4</td> </tr> <tr> <td>b. Lenders:</td> <td style="text-align: center;">nil</td> </tr> </table>	a. Shareholders/ Investors:	4	b. Lenders:	nil	<p>5. <b>Provide examples</b> (up to three) of corrective action taken on the above fines/penalties imposed.</p> <p><i>Company has well established system of compliance management tool and continue to monitor compliance requirement on comprehensive manner.</i></p> <p><i>During the financial year no case of non-disputed fines/penalties imposed on the business by regulatory and judicial institutions.</i></p>
a. Shareholders/ Investors:	4				
b. Lenders:	nil				
<p>6. <b>Number of the above complaints</b> pending resolution at close of year?</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">a. Shareholders/ Investors:</td> <td style="text-align: center;">nil</td> </tr> <tr> <td>b. Lenders:</td> <td style="text-align: center;">nil</td> </tr> </table>	a. Shareholders/ Investors:	nil	b. Lenders:	nil	<p>6. Provide examples (up to three) of corrective action taken on the complaints / cases of corruption and conflicts of interest to prevent recurrence.</p> <p>✓ <i>This is no case of conflict of interest/ corruption</i></p> <p>✓ <i>Company has robust system of compliance management.</i></p>
a. Shareholders/ Investors:	nil				
b. Lenders:	nil				
<p>7. <b>Value of non-disputed fines / penalties</b> imposed on your business by regulatory and judicial institutions in the year?</p> <p>No fines have been imposed by regulatory and judicial institutions in the year.</p>					

# Business Responsibility Report

Essential Indicators	Leadership Indicators
<p>8. <b>Number of complaints / cases</b> of corruption and conflicts of interest that were registered in the year?</p> <ul style="list-style-type: none"> <li>✓ The Board of Directors framed various policies and codes and also developed procedures and practices to implement fair and transparent business practices. For example, policy on Ethics, Transparency and Accountability.</li> <li>✓ No case of corruption and conflicts of interest.</li> </ul> <p>9. Details of unmet obligations (fiscal, social, etc.) arising out of any benefits or concessions provided by the central, state, or local governments</p> <ul style="list-style-type: none"> <li>✓ Company is regular in making payment of its taxes, statutory dues, obligations related to employees like PF, Gratuity and superannuation, interest and principal payments to its lenders, payments to SMEs etc.</li> <li>✓ Company spent ₹ 9.03 Cr. towards CSR activities against its CSR obligation of ₹ 9.80 Cr. for the financial year 2020-21 and balance unspent CSR amount of ₹ 0.77 Cr. shall be deposited in a separate bank account in accordance with the amended provisions of the Companies Act, 2013 and accordingly fulfilled the statutory obligations.</li> </ul>	

## PRINCIPLE 2: PRODUCT LIFE CYCLE SUSTAINABILITY

Essential Indicators	Leadership Indicators
<p>1. <b>List top three goods /services</b> (revenue in the year) which incorporate environmental and social concerns, risks, and/or opportunities in their design.</p> <ol style="list-style-type: none"> <li>a. Soda Ash</li> <li>b. Home Textiles</li> <li>c. Yarn</li> </ol> <p><i>GHCL has positioned itself as a well-diversified group in chemicals, textiles and consumer products sectors. The Company combines science and technology to innovate products that addresses challenging environmental concerns. GHCL envisions a positive social impact through its operations. Further details on products and processes that embrace sustainability principles is provided in the sections 'Natural Capital' and 'Intellectual Capital' on Page 76 and Page 48 respectively.</i></p>	<p>1. For <b>goods and services that incorporated environmental and social concerns</b>, give details of:</p> <ol style="list-style-type: none"> <li>a. Resource use (energy, water, raw material) per unit produced in the year. <i>GHCL strives to drive sustainability in its operations by adopting practices and procedures that reduce energy and water consumption. The Company records production, specific energy consumption and specific water consumption annually. Further details is provided in the sections 'Manufactured Capital' and 'Natural Capital' on Page 44 and Page 76 respectively.</i></li> <li>b. Reduction in resource use covering sourcing, production, and distribution in the year. <i>GHCL aims to reduce and optimise the use of limited environmental resources while carrying out its operations. Further details are provided under the section 'Natural Capital' on Page 76 of the report.</i></li> </ol>

Essential Indicators	Leadership Indicators
<p>2. Details of investments in specific technologies to improve the environmental and social impacts (top three by value).</p> <p><i>GHCL invests in technologies that reduce resource consumption and enhance efficiency of operations. In FY 2020-21, the Company invested in improving performance of existing equipment, replacing existing lights with LED lights and procuring energy efficient equipment. In addition, various initiatives are taken to improve environmental and social impact of the Company. Further details are provided in the section 'Natural Capital' on Page 76 of the report.</i></p>	<p>c. Sustainability standards/codes/ labels adhered to.</p> <p><i>GHCL has been awarded several certifications of appreciation for its management systems, sustainable textile production, organic fibre and cotton processing. Details on various certifications is provided in the section 'Intellectual Capital' on Page 48 of the report.</i></p> <p>d. Product life cycle assessment completed.</p> <p><i>We are currently in the process of identifying, through feasibility study, the products for which life cycle assessment may be conducted.</i></p>
<p>3. <b>% of input material and services</b> (by value), in the year, sourced from suppliers adhering to internal or external sustainability standards / codes / policies / labels.</p> <p><i>GHCL has a supplier Code of Conduct which is required to be signed by the suppliers/vendors that are on boarded. This Code of Conduct outlines, along with quality requirements, the environment, health and safety standards that the supplier is required to adhere to. In the reporting year, 25% of input material and services, by value, were sourced from suppliers that signed the Code of Conduct.</i></p>	<p>2. Information on the impacts of your products across the value chain communicated to:</p> <p>a. To which stakeholders' group?</p> <p><i>At present only to customers &amp; distributors.</i></p> <p>b. By which channels for each group?</p> <p><i>Customer Meets/ Distributor Meets/ GHCL Website/ Email/ Phone / Print media / Digital media</i></p> <p>c. At what frequency?</p> <p><i>Communication with our customers is done regularly on providing them with the information on the impacts of our products.</i></p> <p><i>GHCL comes out with an Integrated Report and Business Responsibility Report voluntarily. These reports contain information on performance of the Company across environmental and societal parameters. These reports are available publicly (on website) and are published annually.</i></p> <p>3. <b>Provide example (upto three)</b> on how the feedback received from stakeholders is used for improvements?</p> <p><i>Stakeholder feedback is an important method of self-reflection. We regularly engage with all our stakeholders to understand their concerns and get their feedback on the Company's performance. This feedback is used to make changes in our policies and processes so that we can improve our performance while serving our stakeholders better. For more details please refer to the 'Stakeholder Engagement' section on page 28 of the Integrated Report</i></p>



# Business Responsibility Report

Essential Indicators	Leadership Indicators
<p>4. % of total raw material consumed in the year (by value) that consisted of material that was recycled or reused (provide details in 50 words):</p> <p>a. &lt;5%</p> <p>b. between 5% and 25%</p> <p>c. &gt; 25%</p> <p>GHCL strongly believes in waste minimization and increasing waste utilization as a part of its drive for process efficiency and product stewardship. Further details are provided in the section 'Natural Capital' on Page 76 of the report.</p>	
<p>5. Describe the process in place to safely collect, reuse, recycle and dispose of your products at end-of-life.</p> <p>GHCL has launched REKOOP 2.0 which is a sustainable and circular bedding solution. It is based on the concept of forensically tagged recycled polyester that embarks on re-collecting and de-polymerising the used sheets into fibre again. The manufacturing process starts with the collection of PET bottles, cleaning/sorting the bottles by colour, grinding into small flakes, applying DNA tagging, processing through an extruder and spinning along with cotton to make polyester blends. The polyester fibre can be used as a raw material for re-manufacturing and the cotton can be further used as a biofuel. Further, to make the product truly circular, we take back the bed-sheets, convert it back into flake, fibre and yarn for use.</p> <p>Further details are provided in the section 'REKOOP 2.0' on Page 49 in the report.</p>	

## PRINCIPLE 3: EMPLOYEE WELL BEING

Essential Indicators	Leadership Indicators
<p>1. <b>Complaints</b> received on cases arising out of discrimination:</p> <p><i>No complaints were received on cases arising out of discrimination at GHCL.</i></p> <p><i>GHCL provide and maintain equal opportunities at the time of recruitment as well as during the course of employment irrespective of caste, creed, gender, race, religion, disability or sexual orientation.</i></p>	<p>1. <b>Categories of employees</b> (list up to three) supported by affirmative action, and has there been any change from the previous year?</p> <p><i>At GHCL, across all employee categories, local hiring is given preference provided the basic criteria of qualification and required skillset are met. There has been no change in this criterion since last year.</i></p>
<p>2. Number of the above complaints pending resolution at end of the year?</p> <p><i>Since no complaints received, no cases are pending for resolution at GHCL.</i></p>	<p>2. <b>% of non-permanent employees that are</b> linked to any standing platform / association</p> <p><i>None of the non-permanent employees are linked to any standing platform / association</i></p>

Essential Indicators	Leadership Indicators								
<p>3. <b>% of permanent employees</b> who are members of the employee association(s) recognized by the management?</p> <p><i>The percentage of permanent employees who are members of employee association(s), recognised by management, are represented below:</i></p> <table border="1"> <tr> <td>Soda Ash division</td> <td>100%</td> </tr> <tr> <td>Home Textiles division</td> <td>Nil</td> </tr> <tr> <td>Yarn division</td> <td>Nil</td> </tr> <tr> <td>CPD</td> <td>Nil</td> </tr> </table>	Soda Ash division	100%	Home Textiles division	Nil	Yarn division	Nil	CPD	Nil	<p>3. <b>% of children</b> identified as employed in your establishments / value chain that have been remediated:</p> <p>a. In reporting year</p> <p>b. Total to date</p> <p><i>Not applicable and no child labour identified in our value chain.</i></p>
Soda Ash division	100%								
Home Textiles division	Nil								
Yarn division	Nil								
CPD	Nil								
<p>4. <b>% of your establishments / value chain</b> that has been audited in the year for:</p> <p>a. Child labour</p> <p>b. Forced/involuntary labour</p> <p><i>The percentage of establishments / value chain that has been audited in the year for child labour and forced labour are represented below:</i></p> <table border="1"> <tr> <td>Soda Ash division</td> <td>100%</td> </tr> <tr> <td>Home Textiles division</td> <td>100%</td> </tr> <tr> <td>Yarn division</td> <td>Nil</td> </tr> <tr> <td>CPD</td> <td>Nil</td> </tr> </table>	Soda Ash division	100%	Home Textiles division	100%	Yarn division	Nil	CPD	Nil	<p>3. <b>% of forced / involuntary labour</b> identified in your establishments / supply remediated:</p> <p>a. In reporting year</p> <p>b. Total to date</p> <p><i>No employment case of forced/bonded labour is identified in our establishments / supply chain.</i></p>
Soda Ash division	100%								
Home Textiles division	100%								
Yarn division	Nil								
CPD	Nil								
<p>5. <b>Number of cases of child labour</b> in your establishments/ value chains identified to date:</p> <p>a. Resolved</p> <p>b. Pending resolution</p> <p><i>No case of child labour is identified during the year under review at GHCL.</i></p> <p><i>We have implemented strict policies on prohibition of child labour in all our operating locations as well as value chain.</i></p>	<p>5. <b>% of your suppliers</b> (by value) that paid <b>minimum wages</b> to their employees last year</p> <p><i>GHCL has a Supplier code of conduct in place that is required to be signed and adhered to by every supplier / vendor that GHCL engages with. The code of conduct specially mentions that suppliers are required to pay minimum wages to their employees.</i></p>								
<p>6. <b>Number of cases of forced / involuntary labour</b> identified to date:</p> <p>a. Resolved</p> <p>b. Pending resolution</p> <p><i>GHCL ensures employment is voluntary and not forced / bonded labour. No case of forced / involuntary labour is identified during the year under review at GHCL.</i></p>	<p>6. <b>Examples of steps taken</b> (up to three) to prevent adverse consequences to the complainant in the case of <b>harassment</b> cases.</p> <p><i>GHCL has a robust system of Vigil Mechanism and it is accessible to all employees of the company. We also do awareness program about our policies through our corporate communication channel. During the year one compliant has been received and the same has been resolved. In the investigation process, it was find that complaint has no merit. The findings of the investigation along with all supporting have been provided to the complainant through business head and complainant was also informed that right to appeal against this order can be filed to the Chairman of the Audit Committee. The complainant has not preferred any appeal against the order passed by the Whistle Committee.</i></p>								

# Business Responsibility Report

Essential Indicators	Leadership Indicators
<p>7. <b>% of your employees</b> that were paid above the legal minimum wage in the last year?</p> <p><i>Our 100% employees are drawing wages more than National floor level minimum wages.</i></p>	<p>7. <b>% of supply chain partners</b> (by value) that were assessed for adherence to <b>health and safety</b> practices.</p> <p><i>GHCL is currently following a phase-wise approach to identify the suppliers who may pose risk for GHCL due to their weak sustainability commitments. The approach involves assessment of critical suppliers followed by engagement to build their capacity so that they resonate with GHCL's sustainability commitments. The various aspects involved in the audit and training include health and safety practices as well. Since this is being undertaken in a phase wise manner, during the reporting year, 194 suppliers were covered.</i></p>
<p>8.</p>	<p>8. <b>% of accident-affected</b> persons integrated back into employment.</p> <p><i>100% of the recovered accident-affected persons in the given financial year have been integrated back into employment (direct or indirect).</i></p>
<p>9. Number of cases of delay in payment of wages during the year:</p> <p>a. Resolved</p> <p>b. Pending resolution</p> <p><i>No case of delay in payment of wages is observed and pending during the year under review at GHCL.</i></p>	<p>9. <b>Describe the work-life balance issues</b> (up to three) that were brought up by employees (100 words).</p> <p><i>GHCL conducts various workshops and trainings for employee well-being. Through such events, GHCL acknowledges the work-life balance issues brought up by employees and finds appropriate solutions for them. In the reporting year, no cases related to work-life balance were raised. Nevertheless, the Company is committed to communicating with employees on a regular basis about balanced living. Further details are provided in the section 'Human Capital' on Page 54 of the report.</i></p>
<p>10. <b>Number of complaints</b> related to <b>harassment</b> to date:</p> <p>a. Resolved</p> <p>b. Pending resolution</p> <p><i>There is no complaint pending. During the year one compliant has been received and the same has been resolved. In the investigation process, it was find that complaint has no merit. The findings of the investigation along with all supporting have been provided to the complainant through business head and complainant was also informed that right to appeal against this order can be filed to the Chairman of the Audit Committee. The complainant has not preferred any appeal against the order passed by the Whistle Committee.</i></p>	<p>10. Examples (up to three) of identified work-life balance topics that have been implemented</p> <p><i>In the reporting year, knowledge sharing sessions were conducted to highlight maintaining balance between personal and professional life. Additionally, as part of employee engagement and retention, the following initiatives are in place:</i></p> <ul style="list-style-type: none"> <li>• Leave policy</li> <li>• Holiday and restricted holidays</li> <li>• Company accommodation for families</li> <li>• Recreation policy</li> <li>• Maternity leave</li> <li>• Celebration of festivals</li> <li>• Sports tournaments,</li> <li>• Workplace fun</li> <li>• Out-door picnics and family get together</li> </ul> <p><i>Further details are provided to in the section 'Human Capital' on Page 54 of the report.</i></p>

Essential Indicators	Leadership Indicators																				
<p>11. Number of the following occurred during the year:</p> <p>a. Accidents at the workplace</p> <p>b. Fatalities caused</p> <p>c. Disability caused</p> <p><i>At GHCL, the goal is zero harm. To achieve this goal, the Company tracks all the accidents that take place at the plants and takes suitable corrective measures.</i></p> <table border="1"> <thead> <tr> <th></th> <th style="text-align: center;">Accidents</th> <th style="text-align: center;">Fatalities</th> <th style="text-align: center;">Disability</th> </tr> </thead> <tbody> <tr> <td>Soda Ash division</td> <td style="text-align: center;">15</td> <td style="text-align: center;">Nil</td> <td style="text-align: center;">Nil</td> </tr> <tr> <td>Home Textiles division</td> <td style="text-align: center;">Nil</td> <td style="text-align: center;">Nil</td> <td style="text-align: center;">Nil</td> </tr> <tr> <td>Yarn division</td> <td style="text-align: center;">14</td> <td style="text-align: center;">Nil</td> <td style="text-align: center;">Nil</td> </tr> <tr> <td>CPD</td> <td style="text-align: center;">2</td> <td style="text-align: center;">Nil</td> <td style="text-align: center;">Nil</td> </tr> </tbody> </table>		Accidents	Fatalities	Disability	Soda Ash division	15	Nil	Nil	Home Textiles division	Nil	Nil	Nil	Yarn division	14	Nil	Nil	CPD	2	Nil	Nil	
	Accidents	Fatalities	Disability																		
Soda Ash division	15	Nil	Nil																		
Home Textiles division	Nil	Nil	Nil																		
Yarn division	14	Nil	Nil																		
CPD	2	Nil	Nil																		
<p>12. <b>% of employees</b> (all categories) trained on <b>health and safety</b> issues and measures:</p> <p>a. In the year</p> <p>b. Total to date</p> <p><i>GHCL regularly conducts training sessions on health and safety topics.</i></p> <table border="1"> <tbody> <tr> <td>Soda Ash division</td> <td style="text-align: center;">56%</td> </tr> <tr> <td>Home Textiles division</td> <td style="text-align: center;">10%</td> </tr> <tr> <td>Yarn division</td> <td style="text-align: center;">58%</td> </tr> <tr> <td>CPD</td> <td style="text-align: center;">Nil</td> </tr> </tbody> </table>	Soda Ash division	56%	Home Textiles division	10%	Yarn division	58%	CPD	Nil													
Soda Ash division	56%																				
Home Textiles division	10%																				
Yarn division	58%																				
CPD	Nil																				
<p>13. <b>% of employees</b> provided training and <b>skill upgradation:</b></p> <p>a. In the year</p> <p>b. Total to date</p> <p><i>GHCL believes that its people are the centre of business performance. As a high-performance learning organisation, the Company continuously trains its employees to keep them updated with latest skills.</i></p> <table border="1"> <tbody> <tr> <td>Soda Ash division</td> <td style="text-align: center;">33%</td> </tr> <tr> <td>Home Textiles division</td> <td style="text-align: center;">31%</td> </tr> <tr> <td>Yarn division</td> <td style="text-align: center;">17%</td> </tr> <tr> <td>CPD</td> <td style="text-align: center;">50%</td> </tr> </tbody> </table>	Soda Ash division	33%	Home Textiles division	31%	Yarn division	17%	CPD	50%													
Soda Ash division	33%																				
Home Textiles division	31%																				
Yarn division	17%																				
CPD	50%																				

# Business Responsibility Report

## PRINCIPLE 4: POLICY ON STAKEHOLDERS ENGAGEMENT

Essential Indicators	Leadership Indicators															
<p>1. <b>List stakeholder groups</b> that have been identified as key to your business?</p> <p><i>GHCL strongly believes that stakeholder inclusiveness and effective stakeholder engagement is crucial for understanding the issues of economic, environmental and social importance. The Company has identified suppliers, customers, employees, local community and investors as its key stakeholders and uses multiple channels of communication for periodic engagement with these stakeholders. Further details on the type, mode and frequency of engagement, is provided under 'Stakeholder engagement process' section on Page 28 of the report.</i></p> <p>2. <b>Positions / departments / functions</b> responsible for <b>engagement</b> with each stakeholder category identified above?</p> <p><i>At GHCL, each stakeholder is mapped with specific concerns, engagement platforms and functions enabling a clear demarcation of responsibility and action as deemed. Details on the positions/ departments/ functions responsible for engagement with each stakeholder category is provided in the section 'Stakeholder engagement process' on Page 28 of the report.</i></p> <p>3. <b>Number of stakeholder groups that were formally engaged</b> on environment and social issues in the last year?</p> <p><i>GHCL engages with all its stakeholders, namely investors, suppliers, employees, community and customers, periodically and all the concerns of the respective stakeholders are discussed during these engagements.</i></p> <p>4. <b>% of input material and services</b> (by value), in the year, that were procured from local and small vendors / producers?</p> <p><i>The table below represents the input material and services were procured from local and small vendors in FY 2020-21.</i></p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th></th> <th style="text-align: center;">Local Vendors</th> <th style="text-align: center;">Small Vendors</th> </tr> </thead> <tbody> <tr> <td>Soda Ash division</td> <td style="text-align: center;">73%</td> <td style="text-align: center;">85%</td> </tr> <tr> <td>Home Textiles division</td> <td style="text-align: center;">46%</td> <td style="text-align: center;">90%</td> </tr> <tr> <td>Yarn division</td> <td style="text-align: center;">79%</td> <td style="text-align: center;">22%</td> </tr> <tr> <td>CPD</td> <td style="text-align: center;">87%</td> <td style="text-align: center;">85%</td> </tr> </tbody> </table>		Local Vendors	Small Vendors	Soda Ash division	73%	85%	Home Textiles division	46%	90%	Yarn division	79%	22%	CPD	87%	85%	<p>1. <b>Frequency</b> of engagement with each stakeholder group?</p> <p><i>The key stakeholders at GHCL are engaged with at regular intervals. Further details are provided in the section 'Stakeholder engagement process' section on Page 28 of the report.</i></p> <p>2. <b>Examples</b> (up to three) of how the business has <b>incorporated inputs from stakeholders</b>.</p> <p><i>The concerns raised by stakeholders are considered while identifying material issues of GHCL. Further, these issues are incorporated in the strategy and performance against them is monitored regularly. Further details are provided in the section 'Stakeholder engagement processes on Page 28 of the report and 'Materiality' on Page 30 of the report.</i></p> <p>3. <b>List of the vulnerable and marginalized groups</b> in each stakeholder group.</p> <p><i>We have recognized few Vulnerable groups like children, elderly, persons with disability and those under below poverty line and marginalised groups like tribal located near our areas of operation.</i></p> <p>4. <b>Examples of decisions and actions</b> taken by the business to <b>address the interests of vulnerable/marginalized groups</b>.</p> <p><i>Our CSR activities through GHCL Foundation are focused towards addressing the needs of vulnerable and marginalised groups.</i></p> <p><i>Various activities like grocery kits are made available for the people falling below poverty line and our education related programs are focussed towards providing better education for the children.</i></p> <p><i>We are also running a skill development centre in a tribal area for the tribal youth for increasing their employability.</i></p>
	Local Vendors	Small Vendors														
Soda Ash division	73%	85%														
Home Textiles division	46%	90%														
Yarn division	79%	22%														
CPD	87%	85%														

**PRINCIPLE 5: POLICY ON HUMAN RIGHTS**

Essential Indicators	Leadership Indicators								
<p>1. <b>% of employees</b> that have been provided training on human rights issues:</p> <p>a. In the year</p> <p>b. Total to date</p> <table border="1"> <tr> <td>Soda Ash division</td> <td>Nil</td> </tr> <tr> <td>Home Textiles division</td> <td>67%</td> </tr> <tr> <td>Yarn division</td> <td>Nil</td> </tr> <tr> <td>CPD</td> <td>Nil</td> </tr> </table>	Soda Ash division	Nil	Home Textiles division	67%	Yarn division	Nil	CPD	Nil	<p>1. <b>% of contractual employees and value chain</b> partners that have been <b>made aware / provided training on human rights</b> issues:</p> <p>a. In the year</p> <p>b. Total to date</p> <p><i>We trained 57% of contractual employees and value chain partners, at Home Textiles division, on human rights issue.</i></p>
Soda Ash division	Nil								
Home Textiles division	67%								
Yarn division	Nil								
CPD	Nil								
<p>2. <b>Employee categories</b> that are covered by the <b>human rights policies</b> of the business – Permanent/Contract/Casual.</p> <p><i>GHCL's Human Rights Policy is applicable to all employees working in any business division of the Company and its subsidiary. At GHCL employability of Child labour or forced labour is strictly prohibited.</i></p>	<p>2. <b>External stakeholder groups</b> and representatives that are <b>covered by the human rights policies</b> of the business?</p> <p><i>GHCL motivates its business partners such as suppliers, contractors, NGO and others to follow the policy related to Human Rights in true spirit. GHCL discourages dealing with any business partners who are not serious in protection of Human Rights and have non-compliance at their end.</i></p>								
<p>3. <b>Number of business agreements and contracts</b> with third party partners that were reviewed in the year, to avoid complicity with adverse human rights impacts in the previous year.</p> <p><i>We motivate all our business partners to abide by and respect human rights and the same is reflected in our agreements and contracts. Going forward, we plan to review these agreements on a regular basis to avoid complicity with adverse human rights impacts.</i></p>	<p>3. <b>Stakeholder groups</b> that have been made <b>aware of the grievance mechanisms for human rights</b> issues:</p> <p>a. During the year</p> <p>b. Total to date</p> <p><i>The human rights policy is applicable to all our stakeholders and therefore all our stakeholders can raise grievances w.r.t to the same. Going forward, we plan on providing training and awareness to the stakeholders on the grievance mechanisms for human rights issues.</i></p>								
<p>4. <b>Stakeholders groups</b> governed by the Grievance committee for human rights issues.</p> <p><i>All our stakeholders are governed by the Human rights policy and can raise grievances with the designated committee or person.</i></p>	<p>4. <b>List (up to three) corrective actions</b> taken to eliminate complicity with adverse human rights impacts in the last year.</p> <p><i>The Company ensures that human rights are strictly adhered to and also encourages partners to do the same. In the current year, we did not come across any incidents leading to human rights impacts.</i></p>								
<p>5. <b>Number of stakeholders that reported human rights related</b> grievances and/or complaints:</p> <p>a. Received in the year</p> <p>b. Pending resolution</p> <p><i>At GHCL, we have appointed a designated contact person to address the queries from our various stakeholders. In the year under review, no complaint related to stakeholder grievance was reported during the year under review.</i></p>	<p>5. <b>Provide (up to two) examples of a business process being modified / introduced</b> as a result of addressing human rights grievances / complaints.</p> <p><i>Even though no human rights grievances or complaints were received in the reporting year, we modified our grievance redressal system and three new committees - grievances redressal committee, safety committee and VISAKA committee have been formulated.</i></p>								
	<p>6. <b>Provide details of the scope and coverage of any human rights due diligence</b> conducted during the year.</p> <p><i>Compliance to the human rights policy is of utmost importance at GHCL. Going forward, we plan to conduct human rights due diligence of our operations as well as our partners.</i></p>								

# Business Responsibility Report

## PRINCIPLE 6: PRESERVATION OF ENVIRONMENT

Essential Indicators	Leadership Indicators
<p>1. <b>Material risks</b> of potential or actual <b>adverse impacts upon the environment</b> and communities by the business:</p> <p>a. Identified in the year</p> <p>b. Mitigation and adaptation measures put in place for the above environmental risks?</p> <p>The identified social and environmental risks are as mentioned below.</p> <p><i>Social and Relationship Risk:</i></p> <ul style="list-style-type: none"> <li>• Raw Material availability &amp; Volatility</li> <li>• Social Licence to Operate</li> </ul> <p><i>Natural Risk:</i></p> <ul style="list-style-type: none"> <li>• EHS Performance</li> <li>• Climate Change &amp; Natural Calamity</li> </ul> <p><i>Refer to the section 'Managing risk, maximizing return' on Page 34 of the report to read on what impacts our near-to-mid term strategy, long term aspirations and top priorities. The section also elaborates on mitigation and adaptation measure to manage the above-mentioned risks.</i></p> <p>2. <b>Good practices (up to three) in reduction, recycling, and reuse</b> initiatives that contributed to lowering the adverse environmental footprint of your business activities.</p> <p><i>Efforts to cut consumption include an ongoing programme to replace existing lighting with energy-efficient lighting, improve the performance of existing equipment, carrying-out water saving initiatives, etc. GHCL regularly conduct awareness sessions to imbue the 3-R practice, of Reduce, Reuse and Recycle, in the day-to-day operations at each business unit. Even as we continue to increase our production footprint, we continually monitor and manage emissions to reduce our carbon footprint, the Company has calculated the internal carbon price for relevant business operations.</i></p> <p><i>Details are provided in the section 'Natural Capital' on Page 76 of the report.</i></p> <p>3. <b>Examples of any collective action</b> by your business with other businesses / NGOs / government agencies / international partners / development institutions undertaken to address any of the environmental risks opportunities identified above.</p>	<p>1. <b>Information on environmental impact assessments</b> undertaken in the year:</p> <p>a. Have the results been communicated in the public domain?</p> <p>b. Provide details of any actions taken to mitigate any negative social impacts.</p> <p><i>GHCL regularly monitors the impact of its business operations on the surrounding environment and communities. The Company conducts environmental impact assessments for all greenfield and brownfield projects to understand and mitigate their negative impacts. The concerns of local communities are received through stakeholder engagement exercise and consequently actions are mobilized to safeguard their social and environmental well-being.</i></p> <p>2. Risk management strategies and measures for each material environmental risk identified for the business:</p> <p>a. Details of measures (100 words).</p> <p>b. Targets and achievement values.</p> <p><i>GHCL has two environmental risks out of its identified fifteen potential risks. All these risks are mapped to mitigation strategy. Details are provided in the section 'Managing risk, maximizing return' and 'Natural Capital' on Page 34 and Page 76 respectively of the report.</i></p> <p><i>GHCL has developed a Sustainability Vision 2023 along with associated targets. Further information regarding the same can be found in the section 'Our Mission, Vision and Core Values' on page 11.</i></p> <p>3. <b>Details of your specific contribution to India's Nationally Determined Contributions</b> (submitted at UNFCCC COP21 in 2015)</p> <p><i>GHCL outlines its contribution as:</i></p> <ul style="list-style-type: none"> <li>• GHCL has taken a target of 25% emission reduction by 2022. Currently, the Company is taking appropriate measures for emission reduction and continuously monitoring its progress against the target.</li> </ul>

### Essential Indicators

GHCL periodically engages with businesses, NGOs, international partners and development institutions to drive its business performance. The Company partners with various NGOs to create value for the communities through innovative and inclusive social development models. Further, GHCL, for its unique bedding concept of REKOOP 2.0, indulges in partnerships, such as Applied DNA Sciences (ADNAS), to make the product environment friendly and circular in nature thus providing a competitive edge in the industry.

4. **Details of any adverse orders** in respect of any show cause / legal notices from CPCB / NGT / SPCB received during the year.

No, there is no such notice received either from CPCB or NGT or SPCB during the year.

### Leadership Indicators

- The Company has 27.3 MW wind energy capacity and is planning to expand solar generation capacity to 10MW in the FY 2021-22.
- GHCL under its CSR initiative and also independent of CSR do plantation activities. Under CSR initiative since 2014 till 2021 we have facilitates plantations of 2,50,342 resulting 4273 beneficiaries till March 31, 2021.
- Plantation activities are undertaken regularly across all plants and There are approximately **28905** no. of reclaimed pits across GHCL's mines till FY 2020-21.

Further details are provided in sections 'Our Vision, Mission and Values' and 'Natural Capital' on Page 11 and Page 76 respectively.

4. **New businesses-products-services created** to address the material environmental risks identified:

- a. Information on businesses created
- b. % of revenue contributed by these

GHCL's Home Textile division is leading pioneering innovations in the bed linen category to make products that are truly sustainable and circular. Bedding line 'REKOOP' is made using recycled PET fibre and CIRCULARITY is based on the principles of circular economy and embraces 'Reduce, Reuse and Recycle' throughout the product cycle. This year, GHCL has launched 'REKOOP 2.0'. Further information on the same can be found in the section 'Natural Capital' on Page 76

5. Details of good practices cited in reduction, recycling, and reuse initiatives benchmarked against industry best practice

It is a continuous endeavour at GHCL to uphold sustainability practices and reach industry benchmarks. The Company undertakes various initiatives towards recycling and reuse of resources and waste produced thereby reducing the burden on our ecosystem. With an aim to lighten the burden of waste PET bottles on the environment, and we have launched REKOOP 2.0 which used plastic fibre in addition to cotton yarn to produce bed linen. Our Yarn division re-uses 50% of waste cotton back into the operations. The Chemical division reduces its natural consumption of metallurgical coke by using briquette. Further, fly ash waste generated from boilers is recycled to manufacture bricks and paver blocks.

For more details, refer to 'Natural Capital' section on Page 76 of the report.



# Business Responsibility Report

## PRINCIPLE 7: RESPONSIBLE ADVOCACY

Essential Indicators	Leadership Indicators
<p>1. <b>Review public policy advocacy positions</b> by the governance structure for consistency with Principles of these Guidelines:</p> <p>a. Frequency</p> <p>b. Month/year of last review.</p> <p><i>Yes. During the financial year 2020-21, GHCL has participated in various discussion / initiatives taken by trade associations and chambers on the issues pertaining to Governance and Administration, Economic Reforms and sustainable business principles as and when they are organised.</i></p> <p><i>The participations and discussions is done through associations or groups GHCL is part of which is reviewed by the management during regular review meetings.</i></p> <p>2. <b>Names of trade and industry chambers and associations</b> that you are a member/affiliate of.</p> <p><i>GHCL is a member of Alkali manufacturers Association of India, Indian Chemical Council, The All India Glass Manufacturer's Federation and the Southern India Mills' Association besides other business association like CII, PHD Chambers, and FICCI .</i></p> <p>3. <b>Details of any adverse orders</b> received from regulatory authorities for <b>anti-competitive conduct</b> by your business.</p> <p><i>GHCL has not received any adverse orders from regulatory authorities for anti-competitive conduct.</i></p> <p>4. <b>Monetary contributions</b> (if any) that have been made to <b>political parties</b>.</p> <p><i>During the financial year 2020-21, monetary contributions of ₹ 0.10 Cr. were made by the company to the political parties.</i></p>	<p>1. The <b>public policy positions</b> available in the <b>public domain</b>.</p> <p><i>GHCL operates in various diversified sectors which requires consistent and transparent interactions with various regulatory authorities &amp; stakeholders.</i></p> <p>2. <b>Examples</b> (up to three) of any <b>policy changes</b> in the past year as a <b>result of your advocacy</b> efforts.</p> <p><i>GHCL constantly participates and in the advocacy efforts and will continue to do so.</i></p> <p>3. <b>Details of corrective action for anticompetitive conduct</b>, taken by the business based on adverse orders from regulatory authorities.</p> <p><i>Since no adverse orders have been received, no corrective action undertaken in the given Financial Year.</i></p>

**PRINCIPLE 8: INCLUSIVE GROWTH & EQUITABLE DEVELOPMENT**

Essential Indicators	Leadership Indicators
<p>1. <b>Social impact assessments</b> of your business operations conducted:</p> <p>a. Number completed in the year?</p> <p>b. Number conducted by an independent external agency.</p> <p><i>Social Impact assessments and need assessments are periodic exercise which is conducted to understand the social, environmental and economic value created by investing in our CSR programmes leading to community development. The last impact assessment and need assessment study was conducted in January 2018 by PwC, which gave us an insight on the qualitative and quantitative impacts of our ongoing projects. The study was commissioned to carry out a comprehensive evaluation of CSR programmes implemented by GHCL Foundation Trust across their project locations in the state of Gujarat in order to understand the direct and indirect impacts of CSR interventions on beneficiaries. In addition to documenting the impact on beneficiary and communities, the study also aimed at identifying possible opportunities to better implement and monitor existing projects.</i></p>	<p>1. With respect to these <b>social impact assessments</b>:</p> <p>a. Results made available in the public domain</p> <p>b. Details of any actions taken to mitigate any negative social impacts</p> <p><i>GHCL Foundation engages with the community on a regular basis and all the developments and progress with respect to CSR programs are thoroughly conveyed. Community needs are understood and evaluated and their views taken before project plans are finalised and executed. For the same, foundation engages in regular conversation with community members and other stakeholders prior-to (through need assessment surveys), during and post-project implementation - with a view to ensure that community members are involved in the entire project life cycle (including identification, development, execution and maintenance phases), and are treated as 'co-owners' of the project.</i></p>
<p>2. Examples of <b>products, technologies, processes or programmes</b> (up to three) that contribute to the <b>benefit of the vulnerable and marginalized</b> sections of society</p> <p><i>Refer to the section 'Social and Relationship Capital' on page 64</i></p>	<p>2. <b>Numbers benefiting</b> from such beneficial products, technologies or processes.</p> <p><i>GHCL's wide range of CSR projects have touched and benefitted more than 90,108 lives over the years.</i></p>
<p>3. With respect to <b>projects</b> during the year for which <b>R&amp;R</b> is applicable:</p> <p>a. Number of persons that were affected displaced by these projects?</p> <p>b. Gross amount paid out to project-affected and displaced persons?</p> <p><i>Not applicable</i></p>	<p>3. With respect to <b>projects</b> during the year for which <b>R&amp;R</b> is applicable:</p> <p>a. Was the R&amp;R package developed in consultation with project-affected people?</p> <p>b. Information on gross amounts, made available in the public domain</p> <p><i>Not applicable</i></p>
<p>4. <b>Grievances / complaints</b> received from <b>local community</b>:</p> <p>a. Number received during the year</p> <p>b. Number pending resolution</p> <p><i>In the reporting year, no grievances or complaints have been received from local community.</i></p>	<p>4. <b>Channels/platforms</b> used to communicate <b>information</b> regarding resolution of <b>grievances / complaints from communities</b></p> <p><i>At GHCL, we constantly engage with our communities through various modes like face to face meetings, letters, emails, etc. Same modes of communications are also used to communicate the information regarding any resolution of grievances or complaints (if any). In the given reporting year, no grievances or complaints were received from Community.</i></p>

# Business Responsibility Report

Essential Indicators	Leadership Indicators
<p>5. Details of <b>investments</b> (top three by value) in <b>regions, which are underdeveloped</b>.</p> <p><i>GHCL works constantly for the upliftment of around 30+ underdeveloped villages around its plants. Along with the ongoing initiatives, GHCL has initiatives such as – Project Jal Jivan Mission, Project Bal Vibhushit, Project Vidhya Jyot: for providing better educational facilities and scholarship opportunities for higher studies to the children. Further details can be found in section ‘Social and Relationship Capital’ on page 64</i></p>	<p>5. Examples (up to three) of <b>economic and social value addition in these underdeveloped</b> regions.</p> <p><i>Multiple projects in theme areas like agriculture &amp; animal husbandry, Education &amp; Vocational training as well as healthcare are being implemented in the underdeveloped regions near our areas of operation. Details of the activities can be referred from Social and Relationship Capital’ on page 64</i></p>
<p>6. Examples of <b>goods and services</b> up to 3) that incorporate <b>local traditional knowledge</b>.</p> <p><i>Currently, there are no goods and services of GHCL that incorporate local traditional knowledge.</i></p>	<p>6. Examples where <b>benefits of this local traditional knowledge</b> being used by the business are <b>shared with the community</b>.</p> <p><i>Not applicable.</i></p>
<p>7. Details of <b>adverse orders or judgments</b> in intellectual property rights disputes related to <b>traditional knowledge</b> during the year.</p> <p><i>Not applicable.</i></p>	<p>7. <b>Number of beneficiaries</b> covered under your CSR projects (as per Section 135 of Companies Act 2013), disaggregated by the vulnerable and marginalized group categories.</p> <p><i>In FY2020-21, 90,108 beneficiaries including the vulnerable and marginalised group were touched through the Company’s CSR initiatives. Further information on the programs can be found in section ‘Social and Relationship Capital’.</i></p>
<p>8. Summary of the <b>key themes covered by CSR</b> initiatives (as per Section 135 of Companies Act 2013) or linked to the CSR Policy of the business.</p> <p><i>Through our community engagement programs, we understand the community’s expectations of having better health and hygiene facilities, more local employment opportunities, better educational and infrastructural amenities etc. Hence, we focus on delivering substantial stakeholder value through innovative and inclusive social development models that focus on three key pillars – agriculture &amp; animal husbandry, education &amp; Vocational training, and healthcare.</i></p>	<p>8. Examples of how the impact of your community initiatives contribute to local and national development indicators?</p> <p><i>Our CSR efforts are in line with the global as well as local requirements of communities. Our efforts are aligned with the global Sustainable Development Goals. Also, we conduct need assessment before undertaking any program to understand the local developmental needs and then act accordingly.</i></p>

**PRINCIPLE 9: CUSTOMER VALUE**

Essential Indicators	Leadership Indicators
<p>1. <b>Examples</b> (up to three) where <b>adverse impacts</b> of goods and services of your business have been raised in <b>public domain</b>.</p> <p><i>At GHCL, product quality is of utmost importance. We undertake all possible measures to deliver quality products as per the customer needs and requirements. In the reporting year, no such adverse impacts of our products or services have been raised in the public domain.</i></p> <p>2. <b>% by value</b> of goods and services of the business that carry information about:</p> <p>a. Environmental and social parameters relevant to the product.</p> <p>b. Safe and responsible usage.</p> <p><i>All products of GHCL, display product information on the label as mandated by local laws.</i></p> <p><i>REKOOP 2.0, a product range by Textile division, uses proprietary molecular tagging for complete traceability and is made by using recycled PET fibre.</i></p> <p>3. <b>Number of consumer complaints</b> in respect of <b>data privacy</b>:</p> <p>a. Received during the year.</p> <p>b. Pending resolution.</p> <p><i>No consumer complaints were received in respect of data privacy in the reporting year or are pending for resolution.</i></p>	<p>1. <b>Corrective actions</b> taken on <b>adverse impacts of goods and services</b> of your business:</p> <p>a. Details</p> <p>b. Communicated in the public domain.</p> <p><i>Not Applicable</i></p> <p>2. <b>List of national-international product labels / Certifications</b> being used by the business.</p> <p><i>The list of national-international product labels and certifications used by GHCL is provided in the 'Intellectual Capital' section on page 48</i></p> <p>3. <b>Channels platforms</b> where <b>information on goods and services</b> of the business can be accessed.</p> <p><i>Following are the few channels/ platforms where the information on goods can be accessed:</i></p> <p><i>The various channels are as follows:</i></p> <ol style="list-style-type: none"> <li>1. <i>Face to face communication - Dealer and customer meets; direct interaction with the customer or distributor, participation in various events and exhibitions, participation in various national and international forums</i></li> <li>2. <i>Broadcast &amp; media communications- Press release, interviews of senior officials both print and electronic</i></li> <li>3. <i>Electronic communications- Website, E Brochures, Product films, social media</i></li> <li>4. <i>Internal Communications - Internal newsletter, e-mailers, power point presentations, MD speaks, Town-halls, Intranet.</i></li> </ol>

# Business Responsibility Report

Essential Indicators		Leadership Indicators																	
4.	<p><b>Number of consumer complaints</b> in respect of <b>advertising:</b></p> <p>a. Received during the year.</p> <p>b. Pending resolution.</p> <p><i>No consumer complaints were received in respect of advertising in the reporting year or are pending for resolution.</i></p>	4.	<p><b>Steps</b> taken to inform and <b>educate vulnerable and marginalized consumers</b> about <b>safe and Responsible usage</b> of products.</p> <p><i>The Company is committed towards customer safety and requisite information regarding the safe and responsible usage of products is provided in the product labelling as well as our Material Safety Data Sheets are prominently displayed in our Website <a href="http://www.ghcl.co.in">www.ghcl.co.in</a> and provided to our customers on request.</i></p> <p><i>In addition, with a focus on protection of the environment as well as the society, the Company produces chemicals that are Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH) compliant.</i></p>																
5.	<p>Number of consumer complaints in respect of delivery of essential services:</p> <p>a. Received during the year.</p> <p>b. Pending resolution.</p>	5.	<p>On complaints received in respect of data privacy and advertising, indicate what corrective actions were taken to ensure that these do not get repeated.</p> <p><i>No complaints were received in respect of data privacy and advertising in the reporting year.</i></p>																
	<table border="1"> <thead> <tr> <th></th> <th>Complaints Received</th> <th>Pending Resolution</th> </tr> </thead> <tbody> <tr> <td>SA</td> <td>79</td> <td>NIL</td> </tr> <tr> <td>HT</td> <td>14</td> <td>NIL</td> </tr> <tr> <td>Yarn</td> <td>71</td> <td>7</td> </tr> <tr> <td>CPD</td> <td>9</td> <td>NIL</td> </tr> </tbody> </table>		Complaints Received	Pending Resolution	SA	79	NIL	HT	14	NIL	Yarn	71	7	CPD	9	NIL		6.	<p>Processes in place to inform consumers of any risk of disruption/discontinuation of essential services</p> <p><i>In any unprecedented situation or any risk of disruption or discontinuation of production or services, all the relevant stakeholders are communicated appropriately and timely.</i></p> <p><i>Customers are informed through Email and over phone as per requirement.</i></p>
	Complaints Received	Pending Resolution																	
SA	79	NIL																	
HT	14	NIL																	
Yarn	71	7																	
CPD	9	NIL																	

Signature of the designated official responsible for this report.

Name: Bhuneshwar Mishra  
 Designation: Sr. GM – Sustainability & Company Secretary  
 Address: “GHCL House” B-38, Institutional Area, Sector – 1, Noida – 201301 (Uttar Pradesh)  
 Telephone No. 0120 – 2535335/ 4939900  
 Email Id. [bmishra@ghcl.co.in](mailto:bmishra@ghcl.co.in)

# Management Discussion And Analysis 2021

## DISCLAIMER:

Readers are cautioned that this Management Discussion and Analysis contains forward-looking statements that involve risks and uncertainties. When used in this discussion, the words “anticipate”, “believe”, “estimate”, “intend”, “will”, and “expected” and other similar expressions as they relate to the Company or its business are intended to identify such forward looking statements, whether as a result of new information, future events, or otherwise. Actual results, performances or achievements and risks and opportunities could differ materially from those expressed or implied in such forward-looking statements. The important factors that would make a difference to the Company's operations include economic conditions affecting demand supply and price conditions in the domestic and overseas markets, raw material prices, changes in the Governmental regulations, labour negotiations, tax laws and other statutes, economic development within India and the countries within which the Company conducts business and incidental factors. The Company undertakes no obligation to publicly amend, modify or revise any forward-looking statements on the basis, of any subsequent developments, information or events. This report is prepared on the basis of public information available on website / report / articles etc. of various institutions. The following discussion and analysis should be read in conjunction with the Company's financial statements included herein and the notes thereto.

## MANAGEMENT DISCUSSION AND ANALYSIS

The management of GHCL Limited presents the analysis of division-wise performance of the Company for the financial year ended March 31, 2021 and its outlook for the future. This outlook is based on assessment of the current business environment. It may vary due to future economic and other developments, both in India and abroad.

## REVIEW OF ECONOMY

### Overview of World Economy

The January 2021 edition of the International Monetary Fund's 'World Economic Outlook Update' has projected the global economy to grow at 5.5% in 2021 and at 4.2% in 2022.

The global economy has been showing signs of recovery since the harsh lockdowns imposed across the world to curb the spread of COVID-19. The global trade volumes are forecasted to grow at about 8% in 2021, before moderating down to 6% in 2022. It is expected that the services sector would see a slower recovery than the merchandise volumes due to the subdued footfall in the tourism industry and business travels, until the transmission declines across the globe.

As the global markets slowly start to take an upward trajectory, it is expected that global activity would remain well below the pre-COVID projections of January 2020. The strength of the projected recovery rates would vary across countries, depending on the severity of the health crisis, the extent of the domestic disruptions to activity and the effectiveness of the policy support that the governments have rolled out to stabilize their respective economies.

Diverse recovery paths are projected for the emerging market and developing economies. Due to the effective containment measures, a forceful public investment response, and central bank liquidity support, a stronger recovery rate has been projected for China, in contrast to other economies. Subdued oil prices and cross-border tourism could act as a roadblock in faster economic recovery. The COVID-19 pandemic had taken its toll on each and every segment of the society and is expected to reverse the progress made in the reduction of poverty in the last two decades. It is expected that close to 90 million people are likely to fall below the extreme poverty threshold during 2020-21. Notable revision has also been made for India, by 2.7 percentage points for 2021, due to heightened activities and stronger-than-expected economic recovery in 2020, after the nationwide lockdowns were eased.

### Overview of Indian Economy

In its January 2021 update of World Economic Outlook, the International Monetary Fund (IMF) projected India's growth at 11.5% in 2021, that would moderate down to 6.8% in 2022. The IMF has highlighted that India, along with China are the two major countries from the group of emerging market and developing markets, that would register positive growth in 2021.

The Economic Survey 2020-21, presented by the Union Minister for Finance and Corporate Affairs, highlighted a V-shaped economic

recovery for India due to the mega vaccination drive, robust recovery in the services sector, along with significant growth in consumer spending and investments. The economic recovery is also expected to be boosted by the resurgence in power demand, rail freight, GST collection, steel consumption, etc. As per IMF, India is set to become the fastest-growing economy in the next two years. A positive outlook coupled with the gradual scaling down of the lockdowns, along with an astute support for Atmanirbhar Bharat Mission has placed the economy firmly on the path of recovery.

Real GDP is set to register a growth of 11% in 2021-22 and the nominal GDP is to grow by 15.4%, the highest since independence. The recovery path would entail a growth in real GDP by 2.4% over the absolute 2019-20 levels, implying that the economy would take two years to achieve and go past the pre-pandemic levels.

Due to the implementation of some of the harshest lockdowns amongst all countries, a 23.9% contraction in GDP during Q1 of FY 2020-21 was anticipatory. Since the relaxations, there has been tremendous industrial and commercial activities that has not only reached pre-pandemic levels but has also surpassed previous year levels.

The Economic Survey also highlighted the resilience shown by the manufacturing sector and a shift in consumers' mode of spending that led to a boom in digital transactions. Bank credit remained subdued in FY 2020-21. However, the agricultural sector witnessed a surge in credit growth of 7.4% in October 2020, compared to October 2019. The credit flow also extended to other sectors such as construction, trade and hospitality. The services sector witnessed the highest credit growth of 9.5% in October 2020 from 6.5% in October 2019.

The external debt as a ratio to GDP rose marginally to 21.6% at the end of September 2020 from 20.6% at the end of March 2020. India climbed 14 rungs in the World Bank's Ease of Doing Business 2020 Survey to stand at the 63rd position, among 190 countries. This helped India to remain as one of the preferred investment destinations in FY 2020-21, with FDI pouring in amidst the prospect of a quicker recovery among the emerging economies. Net FPI inflows recorded an all-time monthly high of US\$ 9.8 billion in November 2020, making India the only country among the emerging markets to receive equity FII inflows in 2020.

During FY 2020-21, Standard & Poor's credit rating for India stood at BBB(-) with a stable outlook, Moody's credit rating

stood at Baa3 with a negative outlook, Fitch's credit rating was reported at BBB (-) with a negative outlook, whereas, DBRS's credit rating for India stood at BBB with a negative outlook.

During the unlock phase, there were numerous measures undertaken to ramp up India's fiscal spending. A favourable monetary policy by the Government of India ensured the abundant availability of liquidity and brought immediate relief to debtors.

The COVID-19 pandemic led to a sharp decline in global trade, lower commodity prices and tighter external financing conditions. India's forex reserves reached an all-time high of US\$ 586.1 billion in the first week of January 2021, covering 18 months' worth of imports. With a current account surplus of US\$ 34.7 billion, India is poised to end an Annual Current Account Surplus after a period of 17 years.

India recognised the impacts of the pandemic both on the supply and demand in the economy. The government rolled out a slew of reforms to ensure that the supply-side disruptions, which were inevitable during the lockdown, are minimized to a great extent in the long run. The demand-side policy focused on ensuring that all essential commodities were taken care of, which included direct benefit transfers to the vulnerable segments of the society and the world's largest food subsidy program targeting 80.96 crore beneficiaries. The Government of India also launched Emergency Credit Line Guarantee Scheme to provide much needed relief to stressed sectors by helping entities sustain employment and meet liabilities.

## COMPANY PERFORMANCE- PERFORMANCE HIGHLIGHTS

- Revenue for the financial year ended 31st March 2021 is INR 2,849.71 Crore as against INR 3,272.44 Crore for the previous Financial Year ended 31st March 2020.
- Profit before financial expenses and depreciation for the financial year ended 31st March 2021 is INR 645.80 Crore as compared to INR 753.16 Crore for the previous Financial Year ended 31st March 2020.
- PBT (Profit Before Tax) for the financial year ended 31st March, 2021 is at INR 422.40 Crore against INR 504.47 Crore for the previous Financial Year ended 31st March 2020.

# Management Discussion And Analysis 2021

## DETAILS OF SIGNIFICANT CHANGES IN THE KEY FINANCIAL RATIOS & RETURN ON NET WORTH

As per the Schedule V to the Listing Regulations read with Regulation 34(3) of the Listing Regulations, details of significant changes (i.e. change of 25% or more as compared to the immediately previous financial year) in Key Financial Ratios and any changes in Return on Net Worth of the Company including explanations therefore are given below:

Sl. No.	Particulars	Current FY ended March 31, 2021	Previous FY ended March 31, 2020	Changes between current FY & Previous FY	Explanations for the Changes
1	Debtors Turnover	9.28	8.83	5.13%	
2	Inventory Turnover	1.73	2.04	-15.20%	
3	Interest Coverage Ratio	5.68	5.27	7.83%	
4	Current Ratio	1.70	1.37	25.23%	Reduction in Borrowings
5	Debt Equity Ratio	0.31	0.57	-45.87%	Reduction in Borrowings
6	Operating Profit Margin (%)	18.16%	19.12%	-5.05%	
7	Net Profit Margin (%) or sector-specific equivalent ratios, as applicable	10.98%	12.42%	-11.59%	
8	Return on Net Worth	12.58%	18.35%	-31.43%	Lower Profit due to Covid-19

## INORGANIC CHEMICALS (SODA ASH) GLOBAL SODA ASH INDUSTRY

### DEMAND-SUPPLY SCENARIO

#### DEMAND

As per latest estimates of IHS Chemical (Market Advisory Service), the total Global Soda Ash capacity at the start of 2021 was around 72 million MT and demand was approximately 62 million MT. A 6% drop in overall global demand was witnessed in 2020 due to the pandemic. Soda Ash markets are expected to remain stable in 2021 and a growth estimate of 7% is expected compared to 2020.

The pandemic caused a large scale disruption in 2020 impacting nearly all industries Globally. The Global operating rates are currently around 80-85%. Though the impact of Covid-19 was reduced during the 2nd Half of 2020, the production rates and demand has now started to reach pre-Covid levels. Major dent of around 13% in production output in Indian Soda Ash industry was witnessed compared to speculated dent of only 6%.

#### SUPPLY

US still remains the largest Soda Ash exporter in the world followed by Turkey and then China. China still remains the largest Soda Ash producer in the world with production totalled 28 Million MT in 2020 (down 1.6% Y/Y compared to 2019).

China continues to be the largest Soda Ash producer in the world, having a capacity of around 31 Million MT per annum, which is 43% of the global capacity. Soda Ash production is higher than previous year by 3.7%. As per IHS Chemical report, China's operating rates were around 88% in 2020, reporting a production of around 28 million MT. Domestic consumptions was around 26.6 million MT (up 3.6% against last year), with 1.4 million MT being exported. 46% of the total export done by China in 2020 was to South East Asia. Flat glass sector was the largest Soda Ash consuming sector at 37% of the total demand. The impact of Corona Virus pandemic on demand/supply scenario wasn't as negative speculated.

**EU** - Soda Ash market in Europe is still trying to reach Pre-Covid Levels The average operating rate in 2020 was at 84%,



Spain Export down 10% YoY in 2020 and Bulgaria export up 8% YoY in 2020. Most of the volume lost was to Turkey who have emerged as the major producer /exporter of Soda Ash. Strong economic and industrial output growth is expected in EU 2021. Container glass sector is the largest consumer of Soda Ash at 40% followed by Flat glass at 23% in 2020. GDP is expected to grow at 4% in 2021 compared to 2020. Sodium bicarb production in UK increased 13% in the backdrop of good demand.

US capacity was 13.5 million TPA in 2020, they produced around 10 million MT of soda ash, and their annual production represents an operating rate of 74%. Domestic demand fell by 6.3% & production rate fell by 15% in 2020. South American import demand fell by 10.2% in 2020. US Soda Ash average export prices saw a drop of \$16 per MT in 2020 compared to 2019. Soda Ash prices for 2021 domestic US contracts saw a drop of \$5 per MT. In March 2021, reports are emerging of improved economic activity and attempts to increase pricing on account of increased costs.

## INDUSTRY OUTLOOK

### Global

The world estimated 2020 distribution of soda ash by end use is as under:

Glass	51%
Detergent & Soap formulations	13%
Chemical	18%
Alumina /Metals and mining	5%
Others (Environmental Protection/ Effluent treatment etc.)	13%

It is estimated that globally at the backdrop of pandemic and related lockdowns & restrictions container glass industry (mainly liquor and beer bottle sector) was highly affected in 2020, whilst demand for Soda Ash into inorganic chemicals increased by 1%.

### INDIAN SCENARIO

Indian economy and production remained disturbed considering YoY comparison. After a slow start in H1 of 2020 due to pandemic, H2 was relatively better. A drop in demand in Soda Ash and high ocean freight led to Imports falling by around 23%. Indian manufacturers also increase focus on exports to balance out lower domestic demand. Exports increased 95% in 2020.

A big slump in GDP of Indian subcontinent is witnessed, however 2021 seems positive with demand and supply cycles back to pre-Covid levels.

The Indian Soda Ash market constitutes to be of two varieties – Light grade (majorly used in detergent and other chemical industries) & Dense grade (majorly used in Glass industry), with a share of 55% and 45% respectively in 2020. It is expected that Dense grade Soda Ash will have higher growth rates in 2021 on the back of improved performance by the Glass Industry.

Total installed capacity of Soda Ash in India is 4.2 million tons, with an estimated production of about 3.77 million tons in the financial year 2020-21. The total size of the Indian soda ash market is estimated to be about 3.73 million tons and currently almost 20% of the Indian demand is being met by imports. Almost all the major industry players are located in the state of Gujarat due to the closeness and ready availability of the main raw materials namely limestone and salt.

Sourcing of these key raw materials like Lime Stone & Salt are posing a major challenge to the industry as no fresh Lime Stone mines or Land Bank for Salt Works is being allotted by the Govt. of Gujarat.

### GHCL SODA ASH BUSINESS

GHCL Limited is a leading producer of soda ash in India and is well poised to tap opportunities in both the detergents, glass & chemical Industries. The total soda ash business contributes about 67% of total standalone revenue of the company.

In India, the company has a significant advantage in maintaining tight control on cost of soda ash due to its captive sources of some raw materials i.e. salt, limestone & lignite.

Meanwhile due to uncertainty of demand changes and low sales expectation, few steps were taken well in advance to control costs like: replace pet coke with Coal, plant production ramp up with optimized cost parameters, drop or defer avoidable expenditures, etc.

GHCL shares highly successful client relationships and is the preferred supplier to all major soda ash consumers. Its clients include Hindustan Unilever Limited, P&G, Patanjali Ayurveda Limited, Fena Group, HNG Group, Gujarat Guardian Limited, Gujarat Borosil Limited, Piramal Glass Limited, ST. Gobain & Philips.

# Management Discussion And Analysis 2021

The brownfield capacity addition, which GHCL embarked upon last year had to be partly deferred due to the pandemic and is expected to be fully operational by the end of the current year. Only part benefit of enhanced production was therefore received in the financial year 2020-21.

## **OPPORTUNITY AND CONCERNS**

The slowdown in economy due to weaker demand and fall in production output last year have affected all domestic industries including GHCL. Proper planning with strategic decisions on Supply Chain by holding stocks closer to customers helped GHCL survive tougher times of pandemic.

With promotion of renewable energy sources (solar panels) and electric vehicles (Lithium Carbonate batteries) by government might help give a boost to demand of SA. Also with the economy back on track and production levels operating at pre-Covid levels gives a sign of healthy demand for FY 21 barring any negative impact of the 2nd wave.

Threat of cheaper imports from Iran, Russia, USA & Turkey remains an area of concern, as imposition of Anti-dumping duty on USA and Turkey for SA imports has not been accepted by the finance ministry. Application for imposing ADD on Iran & Russia is filed and the results for the same is awaited.

## **CONSUMER PRODUCTS BUSINESS:**

The Consumer Products Division (CPD) is into production and trading of edible (Branded) & Industrial Salts, mainly used in manufacturing of Caustic Soda, Soda Ash. The division operates through its salt harvesting facility spread over 3,500 acres at Vedaranyam, Tamil Nadu. Company also owns a refinery near Chennai for production of edible salt under the brand name of i-FLO

The edible salt has a range of varieties like i-FLO Free Flow salt, Crystal Salt and the premium Triple refined salt. i-FLO Triple Refined salt is manufactured in the state-of-art facility at Thiruporur, near Chennai. In order to remain compliant with the food safety norms and produce standardized quality of products, the manufacturing facility is accredited with "Halal Certification" and "ISO 22000:2005" for food safety and Quality Management System.

With Covid 19 pandemic dominating major part of the financial year 2020-21, the division had to go through turbulent times. A

major slice of business for consumer product division owes to its sales of Industrial grade salt. Salt production saw a major downfall during last two years due to unseasonal rains as the salt production entirely depends on climatic conditions and it worsened due to Covid 19. The lockdown has caused labour shortages and severely reduced transportation, partly because of inter-district travel restrictions. These issues have combined to reduce production during the peak months. The salt production was delayed because of the extended monsoon, lowering production by 15-20 per cent over the same period of previous year. It is expected that a total salt production of 1.40 - 1.50 lakhs MT for the upcoming financial year 2021-22. Coupling with above issues it was also observed that salt demand took a big hit this year due to frequent lockdowns. Though the trend tends to change in subsequent unlock phase, the business stayed marred by supply chain issues and logistic challenges.

## **CONSUMER BEHAVIOUR TRENDS:**

A consumer behaviour trend in the use for salt in daily life was an indeed a notable trend during these Covid times. A 40% increase in demand was seen for crystal salt for its use as a hygienic agent and its medical benefits was reported in southern parts of India. A post lockdown era is seeing online buying bouncing back to prominence. Consumers will prefer to buy more on online as they would not want to venture out frequently and rely more on door step deliveries. This has also paved way for exploring new digital marketing strategies. GHCL - CPD is observing this shift and is arming itself to bridge the gap between consumers and product by working towards serviceability and availability of its products. This will lead to enhancement of its online presence leading to more visibility and connectivity for the brand. Honey as a product is set to find new customers and will be used as a commodity and health product. It is expected that people will now invest in their health to increase immunity to fight infections during this time of a prolonged pandemic. As hygiene and cleanliness take precedence in consumer's mind our division is taking great precautions in product handling by disinfecting the manufacturing centers and training team on safe food handling practices. Consumers will now be more careful in understanding the food labels like never before. Ingredients used and claims made by products will be scrutinized before they make a choice to buy it. GHCL CPD is taking utmost care and is meticulously working towards proving the end user the best quality and user experience.

### DIGITAL MARKETING INITIATIVES:

Covid-19 has resulted in unprecedented adoption of digitalization and therefore, opened new avenues for marketers to rise above the 'noise' and get their customers tuned in to their products. GHCL CPD left no stone unturned during the Covid times and has made a valuable online presence. An increased budget is also in the pipeline to reach out to our target customers who are spending a lot of their time online. It is also being observed that many users are online on weekdays than weekends. Engaging these audiences through various online activities and bringing communities together on various platforms like Facebook, Instagram and WhatsApp will be a primary factor in digital marketing and GHCL CPD is working towards it effectively for a seamless brand connectivity.

### TEXTILES – OUTLOOK & GROWTH

The start of FY 2020-21 was hit hard with worldwide lockdowns with the pandemic spreading very fast across continents. Majority of the retail stores were closed and only essentials were open. By the second half the largest market USA had opened up and with multi billion dollars in aids. This resulted into a strong growth in demand for textiles products, specifically home textiles as majority of the offices worked from home. The UK and EU has been much slower where vaccinating the population is presiding over opening up the economy. A spurted demand has been created in the home textiles business which can be attributed to the negative sentiments towards China including the restriction of buying products from the Xinjiang region in China. The high demand for ELS cotton (Pima, Giza, etc.) resulted in the cotton price going upto more than 90+ US cents from about 50 US cents in just 8-9 months creating a big strain on the cost for manufactures of made-ups and garments. Looking at the current scenario with the pandemic worldwide it still looks that the WFH culture will continue this coming FY and hence the demand for home textiles shall be strong.

### GHCL - TEXTILES

GHCL textile yarn manufacturing facilities has 1.85 Lakh spindles, 3320 rotors, 24 TFO machines and 5 Airjet Spinning based in Madurai area in Tamil Nadu. It's Home Textiles (Weaving, Processing and Cut & Sew of Bed Textiles) has a state-of-the art facility in Vapi, Gujarat comprising of 190 Air Jet looms, 45 million meter of wide width processing capacity, 12 million meter of weaving capacity and 30 million meter of cut & sew.

GHCL's Home Textiles division continue to build on the 4-pillar strategy of Sustainability, Traceability, Innovation and Excellence. The fourth pillar of Excellence, which has been added this season, is all about "Exceeding Expectations".

Our ongoing allegiance to sustainability, traceability and excellence has helped us to create these innovative ranges which have the potential to reduce our environmental footprint.

Our latest collections during this March market week are a reflection of our perseverance and promise towards better products and practices.

Our mission on sustainability reaches new heights with our "Earthology" collection - Eco Cotton, Eco Corn Cotton and Eden Dyes. These new sustainable ranges offer exciting new concepts of decomposable CVC fabrics – vegetable dyes and products made from renewable resources.

We presented our (patent pending), new fit story called Fab-Fit Luxe for the perfect fit on every bed. Fab- fit Luxe, the true sense of innovation, offers everyday benefits to the end consumer.

Traceability being a strong "pillar of practice" at GHCL, has led us to develop 'TRUE Trace' platform based on QR code technology that has been fully implemented and audited by third party accreditations. 'TRUE TRACE' platform offers a B2B & B2C level of confidence for special cottons (viz. Egyptian cotton, etc.) on its authenticity and source traceability.

Weavestry - the "best of all sheets" is made with a balanced hybrid weave and selected cotton fibres that are carefully woven and processed to perform at their best. The range offers products that can withstand upto 240 washes giving it a life of about 10 years.

The "Lazy Sheet" designed for casual comfort is a part of our Luxe - Lounging bedding concept that provides cozy and comfortable solutions for an all-day bed and work from home themes.

"Inno- Non-Iron" delivers a completely new approach first in the market to the non-iron technology, for a perfect pristine sheet, wash after wash.

Our Beauty Range of sleep kits is a gift for someone you care and offers wellness benefits for a niche segment of customers.

# Management Discussion And Analysis 2021

During the market week we launched our fashion bedding collection and top of the bed (TOB) line. Our 'TOB collections' run very much in sync with our 'Sheet World' themes and fabric substrates and allow us to offer same innovation levels in our Fashion bedding products. Our TOB ranges are scalable and sellable with core sheet lines to coordinate for the end customer.

GHCL's yarn spinning division is producing value added yarn Viz. GIZA, PIMA Australian Yarn for both domestic and international market. Many specialized products are producing against tailor-made application (specialized yarn) which will help to popularize our brand name through customer communication which includes our True Trace technology. Our product basket increased to multifold penetrating to new market for different applications to maintain the sustainability. The yarn division is using sustainable cotton to the extent of 50% during the current year and it is bench marking to use around 90% sustainable cotton over a period.

Covid-19 has disrupted the demand and supply chain across the country and globe and yarn division is not an exception to it. The State/Central Govt. enforced the lockdown on 24th March 2020 to till 17th May 2020. Thereafter subsequent relaxation released by the Govt. of Tamil Nadu on 4th May 2020 and accordingly the manufacturing operations restored by 50% capacity utilisation from 6th May 2020 onwards and 100% of capacity utilisation from July onwards by adhering SOP prescribed by Govt. time to time.

The Indian textile industry has clawed back faster than expected in the second half of year 2020-21 and after the first wave of Covid-19 pandemic, Half year ended march 31st 2021 became remarkable year for Textiles Industry especially the spinning industry. Sudden surge in yarn demand and continuous uptrend in yarn price helped spinning industry to return back to growth. Increase in consumption of apparel in kids, Casual wear, hospitality sector and reshuffling of global market share of Textile industry brings huge opportunity in highly value added product like Supima, Giza, contamination free and organic both in coarser counts for knitting and finer counts weaving.

GHCL Yarn Division has reduced the receivable and stock of finished goods significantly and highly penetrated into the value added and brand established customer segment.

## **OPPORTUNITIES, THREATS AND RISK MITIGANTS:**

At GHCL, our strengths revolve around our penchant for innovation and consistent product development with the aim of creating a clear differentiation from competition, our strong passion for sustainability and the circular economy, our thought leadership in creating intellectual property and our ability to collaborate with multiple agencies to realise our four-pillar strategy.

Our key weakness was our limited product basket and our lack of diversification in the field of Home Textiles, hence this March market week we have launched out TOB collection. This will help us to be considered a 'one stop' solution to our customers.

The fact that retailers continue to explore risk mitigation options pertaining to their country of origin sourcing strategies, is an obvious opportunity for us, especially when it comes to China, with regard to the uncertainty pertaining to trade policies including the negativity related to the Xinjiang cotton region & the current pandemic, and to Pakistan when it comes to unfavourable geo-political conditions. Foreign exchange risks are a reality in this business, but with the robust mechanics of our treasury department, we are able to take proactive measures to mitigate or minimize potential risks. In addition, increase in yarn and fabric prices at current levels does create us in a disadvantage position. But, with close cooperation with spinning division, Home Textiles division should be able to mitigate some of these challenges related to high yarn / fabric prices etc.

In view of the scale of disruption caused by the pandemic, it is evident that the current downturn is fundamentally different from recessions. Possible lock down and impact on its supply chain and end user demand may affect the textile business adversely in the coming year too. Prevailing Covid 19 condition in Western and European countries may temporarily affect the export. Whereas USA looks to be in the track to normalization by this year end. At the same time reshuffle of global business scenario due to Covid 19 brings high opportunities for export to such countries.

In spinning industry, if the current market price of yarn sustains to next financial year, growth for the next financial year will be flourishing.

Adopting principles like cash conservation, supply chain resilience and innovation' will help businesses in treading a new path in this uncertain environment.

### **INTERNAL CONTROLS AND RISK MANAGEMENT**

GHCL Limited has a well-established framework of internal controls across all the businesses and in all the areas of its operations. The Company has adequate monitoring procedures and has appointed competent personnel to safeguard its assets, protect loss from unauthorized use or disposition ensuring reliably authorized, accurately recorded and transparently reported transactions. Establishment of highly efficient management information and reporting systems combined with robust corporate policies form the overall control mechanisms.

The Company conducts its business with integrity, high standards of ethical behaviour and in compliance with all applicable laws and regulations that govern its business. To supplement the internal control mechanism, the Company has appointed an external independent internal audit agency to carry out concurrent internal audit at all its locations. The Audit Committee of the Board of Directors reviews the internal control systems on a regular basis to improve their effectiveness besides verifying statutory compliances. The Audit Committee meets periodically to discuss findings of the internal auditors along with the remedial actions that have been recorded or have been taken by the management to address weaknesses of the system. The statutory audits are conducted by globally recognized 'Big 4' audit agencies to ensure that the company's practices are in line with global best practices. A compliance management tool has also been adopted recently to ensure timely compliance with legal, financial, environmental, labour and other relevant regulations.

At GHCL, Risk Management and Internal Audit functions complement each other to form an elaborate risk management system that evaluates the efficacy of the framework relating to risk identification and mitigation. The Company strives to adopt a de-risking strategy in its operations while making growth investments. This involves setting up and monitoring risks on a regular basis. GHCL has Risk Management Committee in line with the requirement of Regulation 21 of the Listing Regulations.

The Company applies Risk Management in a well-defined, integrated framework, which promotes awareness of risks and an understanding of the Company's risk tolerances. The management monitors the internal control system, designed to identify, assess, monitor and manage risks, associated with the Company. Each risk is provided with different number of control measures depending upon its potential impact and probability of occurrence. The risk management framework incorporates both financial and non-financial risks, as explained in the section on "Risks and Opportunities" on page 34.

### **HUMAN CAPITAL MANAGEMENT**

Human Capital Management has always been a key focus area for GHCL Limited, which is evident from the fact that Employees are one of our key stakeholders. It is our firm belief that nurturing and strengthening the human resource or human capital is of utmost importance. Therefore, the HR function plays a critical role in creating a unique organizational structure and corporate identity for the Company through various initiatives, incentives and learning and development programmes. Good human resource is vital for the success of any business, therefore GHCL regularly revisits its policies and practices to ensure that they comply with the values of the Company and can be benchmarked against the leaders in the industry. For more details on Human Capital Management at GHCL, refer to 'Human Capital' section on page 54 of the report.

### **CSR Initiatives**

GHCL Limited, since beginning, has been determined to focus on the holistic development, including the growth of society as a whole, particularly in the region of its operations. This is done with the aim to establish social license to operate and maintain a harmonious relationship with local stakeholders. For last two years, more focus has been given on expanding the CSR footprint in our operational areas along with meeting the expectations of the people. In doing so, our NGO partners, through GHCL Foundation, play a pivotal role in strategically planning and systematically executing our CSR initiatives. For more details on Corporate Social Responsibility at GHCL Limited, refer to 'Social & Relationship Capital' section on page 64 of the report.

# Corporate Governance

For The Financial Year Ended March 31, 2021

(as required under SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015)

## 1. Company's Philosophy on Code of Corporate Governance

Corporate Governance is based on the principles of integrity, fairness, equity, transparency, accountability and commitment to values. The Company continues to focus on good Corporate Governance, in line with the best practices in the areas of Corporate Governance.

Your Company believes that sustainable and long-term growth of every stakeholder depends upon the judicious and effective use of available resources and consistent endeavour to achieve excellence in business along with active participation in the growth of society, building of environmental balances and significant contribution in economic growth.

The Governance for your Company means being true to own belief and constantly strengthening and increasing stakeholders' value and return on investment by adopting principles of transparency, accountability and adherence of committed value creation principles. We are firm in the belief that Corporate Governance means commitment for achievement of value based growth and meeting the commitment within the predefined time frame without compromising with ethical standards, set paradigms, transparency in transactions and fixing of accountability.

In order to strengthen corporate governance practices, company had adopted a code of conduct for Board of Directors and senior management personnel of the Company, Policy on Board Diversity, Policy for determination of materiality, Policy on succession plan for appointment to the Board and Senior management, Whistle Blower Policy, Risk Management Policy, Policy on preservation of documents and Archival Policy, Policy for determining Material Subsidiary and BRR Policies etc. of the Company. These policies are available on the website of the Company. The Company's corporate governance philosophy has been further strengthened through the code of practices and procedures for fair disclosures of unpublished price sensitive information and code of conduct to regulate, monitor and report trading by insiders pursuant to SEBI (Prohibition of Insiders Trading) Regulations, 2015. The

Company is in compliance with the conditions of corporate governance as required under the SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015.

## 2. Board of Directors

The Company understands that good and quality governance is a powerful competitive differentiator and critical to economic and social progress. The "Board", being the trustee of the Company, responsible for the establishment of cultural, ethical and accountable growth of the Company, is constituted with a high level of integrated, knowledgeable and committed professionals. The Board of the Company is independent in making its decision and also capable and committed to address conflict of interest and impress upon the functionaries of the Company to focus on transparency, accountability, probity, integrity, equity and responsibility. Apart from that the Board also discharges its responsibilities / duties as mentioned under the provisions of Regulation 17 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 (hereinafter referred as Listing Regulations) and other applicable laws.

Role and responsibilities of Board of Directors is also extended towards strengthening of CSR activities and sustainability of the business. In addition to the above, Board is also responsible for the following:

- (i) To play an oversight role with an objective to ensure that companies have systems in place to effectively manage key risks, including the potential for reputational harm and legal liability associated with adverse social and environmental impacts.
- (ii) To establish and reinforce an overarching set of expectations with regard to the short- and long-term management of social and environmental risks.
- (iii) To make strategies on CSR and developing framework for its implantation.
- (iv) To ensure that the executive management has complied with the applicable statutory compliances related to CSR and other applicable laws.

## 2.1 Composition:

The Composition of the Board as on March 31, 2021 is given herein below:

<b>Composition of Board of Directors as on March 31, 2021</b>			
<b>Category</b>	<b>Name of Directors</b>	<b>No. of Directors</b>	<b>% of total number of Directors</b>
Promoter Directors	Mr. Sanjay Dalmia – Non Executive Chairman Mr. Anurag Dalmia – Non Executive Vice – Chairman Mr. Neelabh Dalmia – Executive Director (Textiles)	3	30.00%
Independent Directors	Mrs. Vijaylaxmi Joshi, IAS Dr. Manoj Vaish Justice Ravindra Singh Mr. Arun Kumar Jain, IRS Dr. Lavanya Rastogi	5	50.00%
Managing Director / Executive Director	Mr. R S Jalan – Managing Director Mr. Raman Chopra – CFO & Executive Director (Finance)	2	20.00%
	<b>TOTAL NO. OF DIRECTORS</b>	<b>10</b>	<b>100%</b>

The Board of GHCL Limited is having an optimum combination of executive and non-executive directors and the Board consists of 10 Directors, 7 of whom are Non - Executive Directors including one woman independent director. The Chairman of the Company is a Non -Executive Director and promoter of the Company and hence the requirement that at least one – half of the Board shall consist of Independent Directors is complied with as the Company has 5 Independent Directors. All of the Non-Executive Directors have extensive business experience and are considered by the Board to be independent in character and judgment of the management of the Company and free from any business or other relationship, which could materially interfere with the exercise of their independent judgment.

The Board of Directors meets regularly to review strategic, operational and financial matters and has a formal schedule of matters reserved for its decision. It approves the interim and preliminary financial statements, budget, the annual financial plan, significant contracts and capital investment along with strategic decisions like Restructuring of Business, Debt and Human Resources etc. Wherever appropriate, the Board delegates its authority to Committees of Directors like Banking & Operations Committee, Stakeholders Relationship Committee, Nomination & Remuneration Committee, Audit Committee,

CSR Committee and Risk Management Committee. Information is provided to the Board in advance of every meeting and the Chairman ensures that all Directors are properly briefed on the matters being discussed. The Board reviews compliance reports of applicable laws in the Board meetings and also deliberates the compliance of code of conduct for Board Members and Senior Management.

With an objective to ensure maximum presence of our Independent Directors in the Board Meeting, dates of the Board Meeting are fixed in advance after consultation with individual directors and consideration of their convenience. The agenda and explanatory notes are circulated to the Directors at least seven days before the meeting. Wherever it is not practicable to attach any document to the agenda the same is tabled before the Meeting with specific reference to this effect in the Agenda. In special and exceptional circumstances, additional or supplementary item on the agenda is permitted after obtaining permission of the Chairman of the meeting and with the concurrence of Independent Directors. During the financial year ended March 31, 2021, four Board Meetings were held on May 20, 2020, July 24, 2020, October 26, 2020 and January 28, 2021 through Video Conferencing (VC) or Other Audio Visual Means (OAVM) and in line with the compliance of conditions of COVID 19 / lockdown. The gap between any two Meetings is not more than 120 days, ensuring compliance with the

# Corporate Governance

For The Financial Year Ended March 31, 2021

(as required under SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015)

requirement of Regulation 17 of the Listing Regulations and the Companies Act 2013. The attendance of Directors at the Board Meeting held during the financial year ended March 31, 2021 is given herein below:

Sl. No.	Name	Date of Board Meeting & Attendance				AGM Attendance (July 6, 2020)
		May 20, 2020	July 24, 2020	October 26, 2020	January 28, 2021	
1	Mr. Sanjay Dalmia	☑	☑	☑	☑	☑
2	Mr. Anurag Dalmia	☑	☑	☑	☑	☑
3	Mrs. Vijaylaxmi Joshi, IAS	☑	☑	☑	☑	☑
4	Dr. Manoj Vaish	☑	☑	☑	☑	☑
5	Justice Ravindra Singh	☑	☑	☑	☑	☑
6	Mr. Arun Kumar Jain, IRS	☑	☑	☑	☑	☑
7	Dr. Lavanya Rastogi	☑	☑	☑	☑	☑
8	Mr. R. S. Jalan	☑	☑	☑	☑	☑
9	Mr. Raman Chopra	☑	☑	☑	☑	☑
10	Mr. Neelabh Dalmia	☑	☑	☑	☑	☑

Note:

1. Mr. Sanjay Dalmia and Mr. R. S. Jalan, directors retiring by rotation and are eligible for re-appointment. Necessary information for the above directors as required under Regulation 36 (3) of the Listing Regulations have been provided under the notice of the AGM.

None of the Directors is a Director in more than 10 Public Limited Companies or acts as an Independent Director in more than 7 Listed Companies. Further, none of the Directors on the Board is a Member of more than 10 Committees and Chairman of more than 5 Committees as specified in Regulation 26 (1) of the Listing Regulations across all the listed Companies in which he/she is a Director. The necessary disclosure regarding Directorship and Committee positions have been made by the Directors who are on the Board of the Company as on March 31, 2021 and the same is reproduced herein below:

Sl. No.	Name of the Director	Director Identification Number (DIN)	No. of Directorship in other Indian Public Limited Companies*	No. of committee positions held as Chairman in other Public Companies**	No. of Committee positions held as Member in other Public Companies**
1	Mr. Sanjay Dalmia	00206992	-	-	-
2	Mr. Anurag Dalmia	00120710	-	-	-
3	Dr. Manoj Vaish	00157082	-	-	-
4	Justice Ravindra Singh	08344852	-	-	-
5	Mr. Arun Kumar Jain	07563704	2	-	2
6	Dr. Lavanya Rastogi	01744049	-	-	-
7	Mrs. Vijaylaxmi Joshi	00032055	1	-	1
8	Mr. R S Jalan	00121260	1	-	-
9	Mr. Raman Chopra	00954190	2	-	-
10	Mr. Neelabh Dalmia	00121760	1	-	-

Note:

\*For the purpose of considering the limit of the number of directorship and chairman/member of committees, Private Limited Companies, Foreign Companies and Companies under Section 8 of the Companies Act, 2013 are excluded which is in line with the requirement of relevant conditions of Regulation 26 of the Listing Regulations. Director's shareholding is given in an annexure to the Board's report. Name of the listed companies (including the categories of directorship) in which any of the above directors is director, have been given under the Director's profile.

\*\*For the purpose of determination of limit of committees, only chairmanship / membership of the Audit Committee and the Stakeholders' Relationship Committee have been considered.



During the financial year ended March 31, 2021, the Company has not entered into any material transactions with its Non-Executive Directors except such related party transactions which are reported in annual report and in the ordinary course of business. The Company has also received declaration from Independent Directors confirming their independence as well as confirmation that “he / she is not aware of any circumstance or situation, which exist or may be reasonably anticipated, that could impair or impact his / her ability to discharge his / her duties with an objective independent judgement and without any external influence”. Accordingly, requirement of Section 149(6) of the Companies Act, 2013 read with Regulation 16(1) (b) & 25 (8) of the Listing Regulations are duly complied with.

The Audit Committee of the Board of the Company has reviewed the financial statements of its subsidiary.

At present, Company do not have any operating subsidiary in India hence, provisions related to appointment of an Independent Director of the Company on the Board of the Indian Subsidiaries is not applicable to the Company.

During the year, the Board of Directors accepted all the recommendations of the Committees of the Board, which were statutory in nature and required to be recommended by the Committee and approved by the Board of Directors. Hence, the Company is in compliance of condition of clause 10 (j) of schedule V of the SEBI Listing Regulations.

## 2.2 Independent Directors' Meeting

During the year under review, the Independent Directors met on January 15, 2021, inter alia, to discuss:

- (a) Evaluation of the performance of Non-Independent Directors and the Board of Directors & Committees as a whole;
- (b) Evaluation of the performance of the Chairman of the Company, taking into account the views of the Executive and Non-Executive Directors.

- (c) Evaluation of the quality, quantity and timelines of flow of information between the Management and the Board that is necessary for the Board to effectively and reasonably perform its duties effectively.

All the Independent Directors were present at the Meeting.

## 2.3 Familiarisation Programme for Independent Directors

The Company has a familiarisation programme for its Independent Directors. The objective of the programme is to familiarise the Independent Directors to enable them to understand the Company, its operations, business, industry and environment in which it functions and the regulatory environment applicable to it. At the time of appointment of a Director (including Independent Director), a formal letter of appointment is given to him, which inter alia explains the role, function, duties and responsibilities expected of him as a Director of the Company. The Director is also explained the compliance required from him under the Companies Act, 2013, Listing Regulations and other applicable laws. The Chairman and the Managing Director also has a one to one discussion with the newly appointed Director to familiarize him with the Company's operations. On the request of the individual director, site visits to various plant locations are organized by the company for the directors to enable them to understand the operations of the company. Further, on an ongoing basis as a part of Agenda of Board & Committee meetings, presentation are regularly made on various matters inter alia covering the Company's business and operations, industry and regulatory updates, forex strategy etc. Mr. Bhuvneshwar Mishra, Sr. General Manager – Sustainability & Company Secretary regularly updates the Board on latest changes in regulatory provisions, governance, risk management, CSR and sustainability.

The details of familiarisation programmes for Independent Directors are available on the Company's website: [www.ghcl.co.in/investors/policies & code of conduct/familiarisation programme for Independent Directors](http://www.ghcl.co.in/investors/policies%20&%20code%20of%20conduct/familiarisation%20programme%20for%20Independent%20Directors).

# Corporate Governance

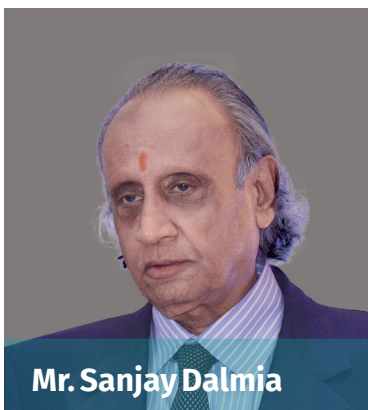
For The Financial Year Ended March 31, 2021

(as required under SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015)

## 2.4 Directors' Profile and disclosures regarding skills / expertise of the directors

Members of the company be and is hereby informed that the Board with the help of Nomination and Remuneration Committee evaluates composition of the Board of Directors to ensure that the Board has the appropriate mix of skills, expertise, experience, professional competencies, independence and knowledge to ensure their continued effectiveness. It is evident from the details given herein below that directors of the Company have expertise in different fields including strategic and business leadership, entrepreneurship, greenfield expansion, finance, accounts, governance, compliance, administrative area, tax, legal, CSR, Risk management etc. Details as mentioned herein above shall be treated as an adequate disclosure regarding skills / expertise of the directors pursuant to Schedule V of SEBI (LODR) Regulations, 2015.

The brief profile of the Directors of the Company in line with the requirement of Listing Regulations and the Companies Act, 2013 is given herein below:



### Date of Birth

March 17, 1944



### Designation

Non-executive Chairman  
(Promoter)



### Education Qualification

B. A. from Delhi University



### Professional experience and achievement

Mr. Sanjay Dalmia is a Non-executive Director of the Company since inception of the Company. Mr. Dalmia is an eminent Industrialist and is an Ex-member of Rajya Sabha (Upper house of Parliament). He has a vast knowledge and experience in field of entrepreneurship, leadership and business. He is Promoter of the Company and under his guidance, the Company has achieved a new heights in terms of excellent growth in business and profitability, return on the equity shares and serving the interests of all the stakeholders. Mr. Dalmia also guides the Board members for creating a balance between the economic, environmental and social objectives of the Company. Mr. Sanjay Dalmia is also a member of Nomination & Remuneration Committee of the Company.



**Mr. Anurag Dalmia**



**Date of Birth**

May 11, 1956



**Designation**

Non-executive Vice Chairman  
(Promoter) of the Company



**Education Qualification**

B. Com. from Delhi  
University



**Professional experience and achievement**

Mr. Anurag Dalmia is an eminent Industrialist and is also representing PHD Chambers of Commerce and Industry. In the past, Mr. Anurag Dalmia had also represented Confederation of Indian Textile Industry. Mr. Anurag Dalmia is Chairperson of the CSR Committee of the Company.

# Corporate Governance

For The Financial Year Ended March 31, 2021

(as required under SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015)



**Mrs. Vijaylaxmi Joshi (IAS)**



**Date of Birth**

August 1, 1958



**Designation**

Non-Executive Independent Director of the Company. (since April 20, 2017)



**Education Qualification**

M. A. (Psychology)



**Professional experience and achievement**

Mrs. Vijaylaxmi Joshi is a 1980 batch IAS officer of the Gujarat cadre, she had served in various posts in the State and in the Centre including Joint and Additional Secretary in the Commerce Ministry; Secretary in the Ministry of Panchayati Raj. She had also been appointed as Officer on Special Duty in the Ministry of Drinking Water and Sanitation. Lastly, she was head of the Swachh Bharat Abhiyan, the Clean India programme. Under State level, she had also been deputed as Managing Director of Government Company such as Gujarat Mineral Development Corporation Ltd. At present, Mrs. Joshi is a Director on the Board and also a member of the Audit Committee of Adani Enterprises Limited. She is a chairperson of the Nomination & Remuneration Committee and also a member of the Audit Committee and CSR Committee. She does not hold any shares in the Company.



Mr Arun Kumar Jain (IRS)



**Date of Birth**

January 4, 1956



**Designation**

Non-Executive Independent  
Director of the Company  
(since April 1, 2019)



**Education Qualification**

Indian Revenue Service (IRS)  
,M. Sc., LL.B



**Professional experience and achievement**

Mr. Arun Kumar Jain belongs to Indian Revenue Service (IRS). He served at various posts under Department of Revenue and retired as Chairman of Central Board of Direct Taxes. He is having a vast knowledge and experience in the field of taxation and administration. Mr. Arun Kumar Jain is a Chairman of the Stakeholders Relationship Committee and also a member of the Audit Committee and the Risk Management Committee of the Company. Mr. Jain is also the Ombudsperson to administer and effectively implement the "Whistle Blower Policy" of the Company.

At present, Mr. Jain is a Director on the Board of West End Housing Finance Ltd., M R Technofin Consultancy Pvt. Ltd., West End Investment And Finance Consultancy Pvt. Ltd. and Sahara India Life Insurance Company Limited. Mr. Jain is neither a member of more than 10 Committees nor a Chairman of more than 5 Committees. He does not hold any shares in the Company.

# Corporate Governance

For The Financial Year Ended March 31, 2021

(as required under SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015)



**Dr. Manoj Vaish**



**Date of Birth**

May 24, 1961



**Designation**

Non-Executive Independent Director of the Company (since April 1, 2019)



**Education Qualification**

B.Com. (Hon.) from S.R.C.C. and M.B.A. (Major-Finance) from F.M.S., Delhi University and also Ph.D.



**Professional experience and achievement**

Dr. Manoj Vaish brings a wealth of experience of more than 30 years in Financial & Capital Markets. He has had a brilliant academic record and was awarded Delhi University Gold Medal for topping the MBA programme. Dr. Vaish has held several prominent positions including Executive Director & CEO of Bombay Stock Exchange, President & CEO of Dun & Bradstreet India, Managing Director & CEO of NSDL Database Management Ltd. and Managing Director & CEO of MCX. Prior to this he has been with leading MNC Banks, Deutsche & ANZ Grindlays, in Treasury & Investment Banking. Currently Dr. Vaish is director on Board of Mirae Asset Trustee Company Private Limited. He is Chairman of Audit Committee of GHCL and a member of its Nomination & Remuneration Committee.

Dr. Manoj Vaish is neither a member of more than 10 Committees nor a Chairman of more than 5 Committees. He is not a member or Chairman of any Board or Committee in any other listed Company. He does not hold any shares in the Company.



**Justice Ravindra Singh**



**Date of Birth**

July 2, 1953



**Designation**

Non-Executive Independent  
Director of the Company  
(since April 1, 2019)



**Education Qualification**

B.Sc. and LL. B



**Professional experience and achievement**

Justice Ravindra Singh is having very rich legal experience and an icon in the legal arena. He was an Advocate in Allahabad and elevated as judge of Allahabad High Court in 2004 and retired on 01.07.2015. Before elevation to the Bench as a judge of Allahabad High Court, he was Additional Advocate General of U.P. Government. He was also Chairman of U.P. State Law Commission. He was designated as Senior Advocate by Supreme Court of India on 31.08.2016. Justice Ravindra Singh is a member of the Audit Committee, Nomination & Remuneration Committee and Stakeholders Relationship Committee of the Company.

Justice Ravindra Singh is neither a member of more than 10 Committees nor a Chairman of more than 5 Committees. He is not a member or Chairman of any Board or Committee in any other Company. He does not hold any shares in the Company.

# Corporate Governance

For The Financial Year Ended March 31, 2021

(as required under SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015)



**Dr. Lavanya Rastogi**



**Date of Birth**

March 8, 1981



**Designation**

Non-Executive Independent Director  
(since November 24, 2014)



**Education Qualification**

A distinguished alumnus of Harvard Business School, and holds a PhD from Salford University



**Professional experience and achievement**

Dr. Lavanya Rastogi, is a thought leader in the field of entrepreneurship, leadership, and global economy. Currently he is President & CEO of Minerva Group - a diversified group with investments in areas of Health Care, IT, Digital Media, Sports, Real Estate and Education, headquartered in USA. In 2009, Academy for Global Business Advancement (AGBA) awarded him the "Distinguished Young Entrepreneur Award". He has been an active face in many trade association and industry chambers including NASSCOM, North Carolina Technology Association (NCTA), FICCI, Austin Technology Council (ATC), Entrepreneurs' Organization (EO), India American Chamber of Commerce (IACCGH), World Affairs Council of Houston, etc. He does not hold any shares in the Company.





**Date of Birth**

October 10, 1957



**Designation**

Managing Director of the Company



**Education Qualification**

He is a graduate in Commerce and Fellow member of Institute of Chartered Accountants of India



**Professional experience and achievement**

He has a very wide experience in Corporate Finance and Textiles business. Mr. R S Jalan has more than three decades of Industrial experience. He is a member of Stakeholders Relationship Committee, Banking & Operations Committee, CSR Committee and Risk Management Committee of the Company.

# Corporate Governance

For The Financial Year Ended March 31, 2021

(as required under SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015)



**Mr. Raman Chopra**



#### **Date of Birth**

November 25, 1965



#### **Designation**

CFO & Executive Director (Finance) of the Company



#### **Education Qualification**

He is a graduate in Commerce and Fellow member of Institute of Chartered Accountants of India.



#### **Professional experience and achievement**

Mr. Chopra is having wide experience in Corporate Finance and Textiles. Presently, he is in charge of Financial & Secretarial functions covering financial accounting, management accounting, taxation, secretarial, legal, IT and corporate finance areas. Mr. Chopra has more than three decades of Management and Industrial experience. Before elevated to Executive Director (Finance) with effect from April 1, 2008, he was CFO of the Company from October 30, 2007. Before taking charge of finance, Mr. Chopra had successfully established the Home Textile plant at Vapi. He is a member CSR Committee, Stakeholders Relationship Committee, Banking & Operations Committee and Risk Management Committee of the Company.



**Mr. Neelabh Dalmia**



**Date of Birth**

August 16, 1983



**Designation**

Executive Director (Textiles)



**Education Qualification**

Master of Business Administration (MBA), Kelley School of Business at Indiana University, USA

Bachelors of Science in Business Administration, Kelley School of Business at Indiana University, USA



**Professional experience and achievement**

Neelabh has been leading and strategically guiding the company's overall growth sustainably.

His experience includes setting up green-field projects from planning, investment to implementation and in mergers & acquisitions. He is today steering the group towards strategic investments in the business that will align with the company's long-term growth plans and create various opportunities for diversification and expansion. He has been a major contributor to initiate the company's move towards investing in captive green wind power in its portfolio and is looking further to enhance its green energy portfolio.

He is a member of Stakeholders Relationship Committee, CSR Committee, Risk Management Committee and Banking and Operations Committee of the Company.

A passionate wildlife photographer, he spends his spare time travelling to India's forests with unique animal and bird habitats. His concern for the environment and the increasing inequity in Indian society led him to mentor and initiate GHCL's extensive corporate social responsibility (CSR) programmes. He thinks this will create immense value in the long run for the company via smoother functioning through local partnerships and generate tremendous economic and social value for the country.

He is a keen investor at the Indian startup and angel ecosystem through the Indian Angel Network (IAN). IAN is a network of Angel investors keen to invest in early stage businesses. IAN in addition to money, provides constant access to high quality mentoring, vast networks and inputs on strategy as well as execution.

Neelabh is a Co-Chairman of the International Affairs Committee for East & South East Asia of the PHD Chamber of Commerce and Industry (PHDCCI). PHDCCI is a leading Industry Chamber of India ever since its inception in 1905 and has been an active participant in the India growth Story through its Advocacy Role for the Policy Makers and Regulators of the Country.

# Corporate Governance

For The Financial Year Ended March 31, 2021

(as required under SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015)

## 3. Committees of the Board

### (i) Audit Committee

The Board of Directors had constituted the Audit Committee as early as in 2000 and as on March 31, 2021, there were four independent directors having expertise in financial and accounting areas, as members of the Committee. Audit Committee of the Board has been constituted as per Section 177 of the Companies Act, 2013 read with Regulation 18 of the Listing Regulations. Mr. Bhuvneshwar Mishra, Secretary of the Company acts as Secretary to the Committee. The Audit Committee acts as a link between the statutory and internal auditors and the Board of Directors. The Audit Committee assists the Board in its responsibility for overseeing the quality and integrity of the accounting, auditing and reporting practices of the Company and its compliance with the legal and regulatory requirements. The Committee's purpose is to oversee the accounting and financial reporting process of the Company, the audits of the Company's financial statements, the appointment, independence and performance of the statutory auditors and the internal auditors.

#### Terms of Reference:

The role of the Audit Committee shall include the following:

- a. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- b. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the Statutory Auditors and the fixation of audit fee and also approval for payment to Statutory Auditors for any other services rendered by the Statutory Auditors.
- c. Reviewing with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to;
  - 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)(c) of the Companies Act, 2013
  - Changes, if any, in accounting policies and practices and reasons for the same.
- d. Reviewing, with the management, the quarterly financial statements before submission to the board for approval.
- e. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, right issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or right issue, and making appropriate recommendations to the Board to take up steps in this matter.
- f. Reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
- g. Approval or any subsequent modification of transactions of the company with related parties;
- h. Scrutiny of inter-corporate loans and investments;
- i. Valuation of undertakings or assets of the company, wherever it is necessary;
- j. Evaluation of internal financial controls and risk management systems;
- k. Reviewing with the management, performance of the statutory and internal auditors' and adequacy of internal control systems.
- l. Reviewing the adequacy of internal audit function, 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.
- m. Discussion with internal auditors any significant findings and follow up there on.
- n. Reviewing the findings of any internal investigations by the internal auditors into matters where there is
  - Major accounting entries involving estimates based on the exercise of judgement by management.
  - Significant adjustments made in the financial statements arising out of audit findings.
  - Compliance with listing and other legal requirements relating to financial statements.
  - Disclosure of any related party transactions.
  - Modified opinion(s) in the draft audit report.

- suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- o. Discussion with statutory auditors before the audit commences about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
  - p. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
  - q. To review the functioning of the Whistle Blower mechanism;
  - r. Approval of appointment of Chief Financial Officer after assessing the qualifications, experience & background, etc. of the candidate.
  - s. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.
  - t. Recommending to the Board, the appointment / re-appointment of the Cost Auditors and Secretarial Auditor.
  - u. Reviewing the utilization of loans and / or advances from / investment by the holding company in the subsidiary exceeding 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments.

- v. Any other activities as per the requirement of Regulation 18 of the Listing Regulations and applicable provisions of the Companies Act, 2013.

Executive summary of the Audit Committee Meetings are placed before the immediate next Board Meeting held after the Audit Committee Meetings for deliberation and the full minutes of the same are placed before the following Board Meeting for record. The Chairman of the Audit Committee apprises the Board on the recommendations made by the Committee. Further, at the beginning of the financial year, the Committee discuss the plan for the internal audit and statutory audit. Dates of the Audit Committee Meetings are fixed in advance and agenda along with explanatory notes are circulated at least seven days before the meeting. Wherever it is not practicable to attach any document to the agenda the same is tabled before the Meeting with specific reference to this effect in the Agenda. In special and exceptional circumstances, additional or supplementary item(s) on the agenda are permitted.

During the financial year ended March 31, 2021, the Audit Committee of the Board met four times and the gap between any two meetings of the Audit Committee is not more than 120 days, ensuring compliance with the requirement of Regulation 18 of the Listing Regulations and the Companies Act 2013.

The adequate quorums were present at every Audit Committee Meeting. The Composition of Audit Committee and attendance of members at the meetings are given herein below:

Category	Name of the Audit Committee members			
	Dr. Manoj Vaish – Chairman Non-Executive -Independent Director (Expertise in Finance, forex and securities market )	Mrs. Vijaylaxmi Joshi Non-Executive- Independent Director - (Ex -IAS)	Justice Ravindra Singh Non-Executive -Independent Director (Expertise in legal)	Mr. Arun Kumar Jain Independent Director (Expertise in Finance & taxation)
Date of the Meeting				
May 20, 2020	☑	☑	☑	☑
July 24, 2020	☑	☑	☑	☑
October 26, 2020	☑	☑	☑	☑
January 28, 2021	☑	☑	☑	☑
Whether attended	☑	☑	☑	☑
Last AGM (Yes/No)				

Note:

1. Managing Director, CFO & Executive Director (Finance), Executive Director (Textiles), Statutory Auditors, Internal Auditors and concerned employees for Internal Audit/ accounts were invitees to the Audit Committee Meetings whenever required.

# Corporate Governance

For The Financial Year Ended March 31, 2021

(as required under SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015)

The Company has complied with the requirements of Regulation 18 of the Listing Regulations as regards composition of the Audit Committee. Dr. Manoj Vaish, Chairman of the Audit Committee is an expert in Finance and Accounting including forex and securities market. He was present in the 37th Annual General Meeting held on July 6, 2020 to answer the queries of shareholders.

As required under Regulation 18 (3) of the Listing Regulations, the Audit Committee had reviewed the following information:

- Management Discussion and Analysis of financial condition and results of operations.
- Statement of significant related party transactions submitted by management, if any.
- Management letter(s)/letters of Internal control, weaknesses issued by the Statutory Auditors.
- Internal Auditor's Reports relating to internal control weaknesses and
- Appointment, removal and terms of remuneration of the Chief internal auditors.
- Statement of deviations:
  - Quarterly statement of deviation(s) including report of monitoring agency, if applicable, in terms of Regulation 32 (1):- **Not applicable**
  - Annual statement of funds utilised for purposes other than those stated in the offer document/ Prospectus/notice in terms of Regulation 32 (7):- **Not applicable**

## (ii) Nomination & Remuneration Committee:

The Company is transparent in compensation policy of Directors. The Nomination & Remuneration Committee of the Company was constituted as early as in 1995. Nomination & Remuneration Committee of the Board is constituted as per Section 178 of the Companies Act, 2013 and Regulation 19 of the Listing Regulations. As on March 31, 2021, Nomination & Remuneration Committee comprises of four non-executive directors including three Independent Directors and also the Chairman of this Committee is an Independent Director. Mr. Bhuneshwar Mishra, Secretary of the Company acts as Secretary to the Committee.

In line with the requirement of Section 178(2) of the Companies Act, 2013 read with Regulation 19(4) of the Listing Regulations, the Nomination and Remuneration Committee shall be responsible for following activities:

1. To identify persons who are qualified:
  - (a) to become directors and
  - (b) who may be appointed in senior management in accordance with the criteria laid down by the company. The expression "senior management" means personnel of the company who are members of its core management team excluding Board of Directors comprising all members of management one level below the executive directors, including the functional heads.
2. To recommend to the Board the appointment and removal of person identified under point (1) above.
3. To formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees.
4. To devise a policy on diversity of Board of Directors.
5. To formulate the criteria for evaluation of performance of Independent Directors and Board of Directors.
6. To decide 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.
7. Recommend to the Board, all remuneration, in whatever form, payable to senior management.
8. Any other activities as per the requirement of Regulation 19 of the Listing Regulations and the Companies Act, 2013.

The Nomination and Remuneration Committee sets the overall policy on remuneration and the other terms of employment of Executive Directors of the Company as well as the sitting fee and commission to the Non- Executive Directors within the overall ceiling fixed by members of the Company and recommends the same for the approval of the Board. The Committee recommends remuneration package

of Executive Directors to the Board by reference to individual performance, experience and market conditions with a view to provide a remuneration package which is appropriate for the responsibilities involved. In reviewing the overall remuneration of the Directors and Senior Management, the Committee ensures that the remuneration is reasonable and sufficient to attract, retain and motivate the best managerial talent, the relationship of remuneration to performance is clear and meets appropriate performance benchmarks and that the remuneration involves a balance between fixed and incentive pay reflecting short term and long term objectives of the Company.

The executive summary of the Nomination and Remuneration Committee Meeting is placed before the immediate Board Meeting held after the Nomination & Remuneration Committee, for deliberation and the full minutes of the same are placed before the following Board Meeting for record. Dates of the Nomination & Remuneration Committee Meeting are fixed in advance and agenda and explanatory notes are circulated to the Directors at least seven days before the meeting.

During the financial year ended March 31, 2021, the Nomination and Remuneration Committee met once on

May 20, 2020. The Nomination and Remuneration Committee of the Board comprises of Non-Executive Directors and the details of meeting attended by the Directors are as follows:

<b>Composition and Attendance of Members at the Nomination &amp; Remuneration Committee Meetings held during the Financial Year ended March 31, 2021</b>				
	<b>Name of the Nomination &amp; Remuneration Committee Members</b>			
	<b>Mrs. Vijaylaxmi Joshi</b> – Chairperson of the Committee	<b>Mr. Sanjay Dalmia</b>	<b>Dr. Manoj Vaish</b>	<b>Justice Ravindra Singh</b>
Category of Director	Non -Executive - Independent Director (Ex -IAS)	Non- Executive Director (Industrialist)	Non -Executive - Independent Director (Expertise in Finance, forex and securities market )	Non-Executive -Independent Director (Expertise in legal)
Date of the Meeting				
May 20, 2020	☑	☑	☑	☑
Whether attended Last AGM (Yes/ No)	☑	☑	☑	☑

### Remuneration Policy:

The Nomination & Remuneration Policy of the Company has been posted on the website of the Company. The Company's Compensation Policy and Practices have been formulated and maintained to meet the following objectives:

1. To attract, retain and motivate qualified and competent individuals at Director, Key Managerial and other employee levels to carry out company's business operations as assigned to them.
2. To ensure payment of salaries and perks that are comparable to market salary levels so as to remain competitive in the industry.

3. To revise the remuneration of its employees periodically for their performance, potential and value addition after systematic assessment of such performance and potential.
4. To ensure disbursement of salary and perks in total compliance to the applicable statutory provisions and prevailing tax laws of the Country.

In order to meet the above objectives the company undertakes various processes in an ongoing manner such as conducting of salary surveys, periodic review of its performance appraisal and reward systems, institution of incentive schemes, providing skill and competency development to its manpower on a regular basis, providing

# Corporate Governance

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(as required under SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015)

fast track career growth paths to high performers, modification of salary structure in line with the changes in the tax laws etc.

With regard to the annual revision of the employees, respective reporting managers assess the performance of employees. However the authority for reviewing the performance and reward rests with the Nomination and Remuneration Committee of the Board of Directors of the company. In this assessment, the performance, potential and value addition to the company are assessed as per the policy of the Company.

Additionally, in order to get best talent from the market and retain them for longer period, company has a policy to pay compensation better than prevailing market practice to deserving candidates. In any circumstance, remuneration shall not be less than prevailing market trend.

In addition to the above, 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. Payment of remuneration to the Managing Director and Whole Time Directors are governed by the policy of the Company and also in line with the approval of the Board and the Shareholders and pursuant to the relevant provisions of the Companies Act, 2013. Their Remuneration structure comprises salary / commission linked to profits, perquisites and allowances, contribution to Provident Fund and Superannuation Fund and premium on Gratuity Policy etc.

The Non - Executive Directors do not draw any remuneration from the Company other than the sitting fee and such commission as may be determined by the Board from time to time within the overall approval given by the shareholders and pursuant to the relevant provisions of the Companies Act, 2013. The commission payable to the Non - Executive Directors is limited to a fixed amount per year as determined and approved by the Board, the sum of which is within the limit of 1% of net profit for the year, calculated as per the provisions of the Companies Act, 2013.

During the financial year 2020-21, the Company paid sitting fees of ₹ 40,000 per meeting to the Non-Executive Directors for attending each meeting of the Board, Audit Committee, Nomination and Remuneration Committee, CSR Committee, Risk Management Committee and Independent Directors meeting.

The actual amount of commission payable to each Non - Executive Director is decided by the Board, upon recommendation of the Nomination & Remuneration Committee, on the following criteria:-

- Attendance and time spent in the board meeting, audit committee meeting, nomination & remuneration committee meeting, project committee meeting, CSR committee meeting and risk management committee meeting during the financial year;
- Outcome of the evaluation process;
- Role and Responsibility as Chairman and /or Member of the Board / Committee;
- Individual contribution at the meetings and contribution made by directors other than in the meetings;

Details of remuneration, commission and sitting fee paid/ payable to the Directors of the Company for the financial year ended March 31, 2021 are given below:

## Non-Whole time Directors

(in Rupees)		
Name	Sitting Fees	Commission
Mr. Sanjay Dalmia	2,00,000	45,00,000
Mr. Anurag Dalmia	2,40,000	37,50,000
Mrs. Vijaylaxmi Joshi, IAS	4,80,000	18,75,000
Dr. Manoj Vaish	4,00,000	19,50,000
Justice Ravindra Singh	4,00,000	18,75,000
Mr. Arun Kumar Jain, IRS	4,00,000	18,75,000
Dr. Lavanya Rastogi	2,00,000	18,75,000
<b>Total</b>	<b>23,20,000</b>	<b>1,77,00,000</b>

*Note: Commission payable to all the Non- Whole Time Directors, shall in aggregate not exceed 1% per annum of the net profit of the Company calculated under the provisions of the Companies Act, 2013.*



**Managing Director / Whole Time Directors**

(in Rupees)

<b>Name</b>	<b>Salary and other perquisites</b>	<b>Commission</b>	<b>Total</b>
Mr. R S Jalan, Managing Director	2,20,09,666	3,93,75,000	6,13,84,666
Mr. Raman Chopra, CFO & Executive Director (Finance)	1,25,39,283	2,32,50,000	3,57,89,283
Mr. Neelabh Dalmia, Executive Director (Textiles)	1,09,79,217	30,00,000	1,39,79,217
<b>Total</b>	<b>4,55,28,166</b>	<b>6,56,25,000</b>	<b>11,11,53,166</b>

- (a) The agreement with the Whole Time Directors is for a period of five years. Either party to the agreement is entitled to terminate the agreement by giving six calendar months prior notice in writing to the other party.
- (b) Salary and perquisites Includes Company's contribution to Provident Fund, Superannuation Fund, LTA paid and premium on Gratuity Policy.
- (c) In addition to the above, Managing Director & Whole Time Director are also entitled for Employees Stock Options as per the Scheme of the Company. However, Mr. Neelabh Dalmia, being promoter director, is not entitled for Employees Stock Options.

**Performance Evaluation:**

In line with the provisions of the Companies Act, 2013 and SEBI Guidance Note on Board evaluation issued on January 5, 2017 read with relevant provisions of the SEBI Listing Regulations, 2015 and other applicable provisions, if any, the Board has carried out an annual evaluation of its own performance and that of its Committees and individual Directors through the separate meeting of independent directors and the Board as a whole.

The performance of the independent directors was evaluated by the entire Board except the person being evaluation in their meeting held on January 28, 2021. The performance of the Committees was evaluated by the Board seeking inputs from the Committee Members.

A separate meeting of Independent Directors was held on January 15, 2021, to review the performance of Non-

Independent Directors', performance of the Board and Committee as a whole and performance of the Chairman of the Company, taking into account the views of Executive Directors and the Non-Executive Directors.

The performance evaluation of the Board and its constituents was conducted on the basis of functions, responsibilities, competencies, strategy, tone at the top, risk identification and its control, diversity, and nature of business. A structured questionnaire was circulated to the members of the Board covering various aspects of the Board's functioning, Board culture, execution and performance of specific duties, professional obligations and governance. The questionnaire was designed to judge knowledge of directors, their independence while taking business decisions; their participation in formulation of business plans; their constructive engagement with colleagues and understanding the risk profile of the company, etc. In addition to the above, the chairman of the Board and / or committee is evaluated on the basis of their leadership, coordination and steering skills.

Thereafter, the Nomination and Remuneration Committee used to review the performance of individual Directors on the basis of their contribution as a member of the board or committee. The quantum of profit based commission, payable to directors is decided by the Nomination and Remuneration Committee on the basis of overall performance of individual directors.

**(iii) Stakeholders Relationship Committee:**

In line with the requirement of Section 178(6) of the Companies Act, 2013 read with Regulation 20(4) of the Listing Regulations, the Nomination and Remuneration Committee shall be responsible for following activities:

1. Resolving the grievances of the security holders of the Company including complaints related to transfer / transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new / duplicate certificates, general meetings etc.
2. Review of measures taken for effective exercise of voting rights by shareholders.
3. Review of adherence to the service standards adopted by the Company in respect of various services being rendered by the Registrar & Share Transfer Agent (RTA).

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(as required under SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015)

- Review of the various measures and initiatives taken by the Company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants / annual reports / statutory notices by the shareholders of the Company.

The Board had constituted the Stakeholders Relationship Committee, which meets the requirement of Section 178(5) of the Companies Act, 2013 read with Regulation 20(2) & (2A) of the Listing Regulations. The Committee look into various aspects of the interest of the shareholders. The committee expedite the process of redressal of complaints like non-transfer of shares, non-receipt of Balance Sheet, non-receipt of declared dividends, etc. The committee regularly viewed the complaints filed online at SEBI Complaints Redressal System (SCORES) and action taken report (ATR) thereon. Generally the Committee meet once in a week to expedite all matters relating to Shareholders / Investors Grievances received and pending during the previous week. Total twenty five meetings of the Stakeholders Relationship Committee were held during the financial year ended March 31, 2021.

The composition of Committee as on March 31, 2021 is as under:

Sl. No.	Name of Directors	Status
1	Mr. Arun Kumar Jain – Independent Director	Chairman
2	Justice Ravindra Singh – Independent Director	Member
3	Mr. R S Jalan – Managing Director	Member
4	Mr. Raman Chopra – CFO & Executive Director (Finance)	Member
5	Mr. Neelabh Dalmia – Executive Director (Textiles)	Member

The Company consider its shareholders as 'owners' and take all effective steps to resolve their complaints as soon as possible. All complaints are resolved within 15 days except those which are of legal nature. The Company received two shareholders complaints from Stock Exchanges and/ or SEBI that inter-alia include non-receipt of dividend, share transfer (including Demat etc.) and non - receipt of annual report. The Complaints were duly attended and the Company has furnished necessary documents / information to the shareholders.

## Status of total complaints received (including two complaints received from Stock Exchanges / SEBI) during the financial year ended March 31, 2021:

Sl. No.	Type of Complaints	No. of Complaints pending as on March 31, 2020	Total No. of Complaints received during the financial year ended March 31, 2021	Total No. of Complaints resolved during the financial year ended March 31, 2021	No. of Complaints pending as on March 31, 2021
1	Non-receipt of dividend	1	3	4	0
2	Share transfer including Demat request	0	1	1	0
3	Non receipt of Annual Report	0	0	0	0
	<b>Total</b>	<b>1</b>	<b>4</b>	<b>5</b>	<b>0</b>

Note: In addition to the above, there might be some complaints pending at court or at the end of shareholders due to non-submission of the information desired by RTA.

The Stakeholders Relationship Committee reviews the summary of the complaints received and appropriate action is taken promptly. No requests for share transfer or payment of dividend are pending apart from those that are disputed or sub-judice.

Mr. Bhuneshwar Mishra, Sr. General Manager – Sustainability & Company Secretary of the Company is the Secretary to the Committee and also the Compliance Officer of the Company.

#### (iv) Banking and Operations Committee

The Board had constituted the Banking and Operations Committee to expedite the day to day functioning and exercise of delegated powers of the Board. This Committee meets as per the requirement of business, to expedite all matters relating to operations and granting authority for various functional requirements such as issue of Power of Attorney, arranging / negotiating of term loans, working capital loan, short term loan, dealings with Central / State Governments including their agents and various statutory / judicial / regulatory / local / commercial / excise / customs / port / sales tax / income tax / electricity board etc. and other authorities on behalf of the Company in line with the delegated authority of Board of Directors from time to time.

The composition of the Banking and Operations Committee as on March 31, 2021 is as under:

Sl. No.	Name	Status
1	Mr. R S Jalan – Managing Director	Member
2.	Mr. Raman Chopra – CFO & Executive Director (Finance)	Member
3	Mr. Neelabh Dalmia – Executive Director (Textiles)	Member

#### (v) Corporate Social Responsibility (CSR) Committee & CSR activities

The Board of Directors had voluntarily constituted the Corporate Social Responsibility (CSR) Committee in their meeting held on January 28, 2013. Subsequently it is made mandatory, pursuant to Section 135 of the Companies Act, 2013. This Committee was constituted to strengthen and monitor CSR policy of the Company. Further, CSR Committee of the Board meets the criteria prescribed by Section 135 of the Companies Act, 2013, which states that every CSR Committee of the Board shall be consisting of three or more

directors, out of which at least one director shall be an Independent Director.

Mr. Bhuneshwar Mishra, Secretary of the Company acts as Secretary to the Committee.

The Board of Directors of GHCL through CSR Committee / GHCL Foundation Trust / management is responsible for following CSR related activities:

- To approve CSR strategies, budgets, plans and corporate policies;
- To approve CSR's risk management strategy and frameworks and monitoring their effectiveness;
- Considering the social, ethical and environmental impact of CSR's activities and monitoring compliance with CSR's sustainability policies and practices;
- To review the CSR activities undertaken during the financial year;
- To review and modify the approved budget based on the progress report of GHCL Foundation Trust as recommended by CSR Committee from time to time;
- Inclusion and modification of CSR activities based on the survey conducted by the independent agency and impact assessment analysis with respect to CSR activities undertaken by the Company;
- To empower CSR committee and managing director for taken appropriate steps with an objective to achieve CSR goal determined by the Board;
- To ensure that company shall respect human rights concern throughout its operations and if required develop a framework for managing, mitigating and preventing adverse human rights impacts;
- Reconstitution of CSR Committee as and when required depending upon the vacancy in CSR Committee;
- To review of the progress report of CSR Activities;
- Giving of directions for effective implementation of CSR projects.

All CSR activities of GHCL Limited are carried out by a dedicated team engaged in our GHCL Foundation Trust and

# Corporate Governance

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(as required under SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015)

progress are monitored by the management every month. The CSR activities are carried out throughout year. The thrust areas are Water Resource, Sanitation, Health & Hygiene, Agro based livelihood, Animal Husbandry, Education, Women Empowerment, Skill development etc.

During the financial year ended March 31, 2021, the CSR Committee met twice on May 19, 2020 and October 23, 2020. The CSR Committee of the Board comprises of following five Directors and the details of meeting attended by the Directors are as follows:

<b>Composition and Attendance of Members at the Corporate Social Responsibility (CSR) Committee Meeting held during the Financial Year ended March 31, 2021</b>					
	<b>Name of the CSR Committee Members</b>				
	<b>Mr. Anurag Dalmia – Chairman of the Committee</b>	<b>Mrs. Vijaylaxmi Joshi (Ex- IAS)</b>	<b>Mr. Neelabh Dalmia</b>	<b>Mr. R S Jalan</b>	<b>Mr. Raman Chopra</b>
Category of Director	Non-Executive Director	Independent Director	Executive Director (Textiles)	Managing Director	CFO & Executive Director (Finance)
Date of the Meeting					
May 19, 2020	☑	☑	☑	☑	☑
October 23, 2020	☑	☑	☑	☑	☑

## (vi) Risk Management Committee

In compliance with the provisions of Regulation 21 of the Listing Regulations and other applicable provisions, if any, the Board of Directors had constituted the Risk Management Committee. The Company satisfies the requirement of Regulation 21 of the Listing Regulations, which states that the majority of Committee shall consist of members of the Board of Directors; senior executives of the Company may be members of the said committee but Chairman of the Risk Committee shall be member of the Board of Directors.

Mr. Bhuneshwar Mishra, Secretary of the Company acts as Secretary to the Committee.

The Company is having well defined Risk Management Policy and Risk Management Framework. Risk Management Policy of the Company has been posted on the website of the Company.

During the financial year ended March 31, 2021, the Risk Management Committee met once on March 4, 2021. The Risk Management Committee of the Board comprises of following four Directors and the details of meeting attended by the Directors are as follows:

<b>Composition and Attendance of Members at the Risk Management Committee Meeting held during the Financial Year ended March 31, 2021</b>				
	<b>Name of the Risk Management Committee Members</b>			
	<b>Mr. Arun Kumar Jain (Ex-IRS)</b>	<b>Mr. Neelabh Dalmia</b>	<b>Mr. R S Jalan</b>	<b>Mr. Raman Chopra</b>
Category of Director	Independent Director	Executive Director (Textiles)	Managing Director	CFO & Executive Director (Finance)
Date of the Meeting				
March 4, 2021	☑	☑	☑	☑

### Risk Management Framework

Details of Risk management framework have been given under the Integrated Report.

## 4. General Body Meeting:

- a) Annual General Meetings: The last three Annual General Meetings (AGM) of the Company were held within the Statutory Time period and the details of the same are reproduced herein below:**

Financial Year	Date	Time	Venue / Mode
2019-20	July 6, 2020	9.30 A.M.	Through Video Conferencing (VC) or Other Audio Visual Means (OVAM)
2018-19	May 30, 2019	9.30 A.M.	The Institution of Engineers (India), Gujarat State Centre, Bhaikaka Bhavan, Law College Road, Ahmedabad-380 006
2017-18	May 31, 2018	9.30 A.M.	The Institution of Engineers (India), Gujarat State Centre, Bhaikaka Bhavan, Law College Road, Ahmedabad-380 006

- (b) Special Resolutions:**

The information regarding Special Resolution passed in the previous three Annual General Meetings are as follows:

AGM	Date of AGM	Information regarding Special Resolutions
37th AGM	July 6, 2020	No Special Resolution
36th AGM	May 30, 2019	No Special Resolution
35th AGM	May 31, 2018	(a) Pursuant to the provisions of Section 180 (1) (c) of the Companies Act, 2013, special resolution was passed for authorisation to borrow money exceeding aggregate of the paid up capital and free reserves of the Company (i.e. not more than ₹ 2500 Crores). (b) Pursuant to the provisions of Section 180 (1) (a) of the Companies Act, 2013, special resolution was passed for creation of charges or mortgages and hypothecations on Company properties in respect of above borrowings.

- (c) Extraordinary General Meeting (EGM) & NCLT convened Meeting**

No Extraordinary General Meeting (EGM) was held during the last three financial years i.e. 2020-21, 2019-20 and 2018-19.

However, subsequent to the year end, in line with direction of Hon'ble NCLT, separate meetings of Equity Shareholders, Secured Creditors and Unsecured Creditors of the Company were held on April 8, 2021 through VC/OAVM, for the purpose of approving the Scheme of Arrangement in the nature of Demerger of Textiles Business Undertaking of GHCL Limited to GHCL Textiles Limited.

- (d) Postal Ballot**

No Special Resolution was passed in the last year through postal ballot and at present no Special Resolution is proposed to be conducted through postal ballot. Hence, the provisions relating to postal ballot are not required to be complied with.

- (e) No Special Resolution was passed in the 37th Annual General Meeting. All the 4 resolutions were passed with the requisite majority by combined result of the Remote e-voting and e-voting during the meeting of the shareholders.**

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(as required under SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015)

## 5. Means of communication:

### PUBLICATION OF UNAUDITED QUARTERLY / HALFYEARLY RESULTS AND RELATED MATTERS

Sl. No.	Particulars	Quarter - I	Quarter - II	Quarter - III	Quarter - IV	Financial Year ended March 31, 2021 (Audited)
1	English Newspapers in which quarterly results were published / to be published	The Economic Times (Ahmedabad edition) The Hindu - Business Line	July 25, 2020 July 25, 2020	October 27, 2020 October 27, 2020	January 29, 2021 January 29, 2021	April 29, 2021 April 29, 2021
2	Vernacular Newspapers in which quarterly results were published / to be published	The Economic Times / Jai Hind – Gujarati	July 25, 2020	October 27, 2020	January 29, 2021	April 29, 2021
3	Website Address of the Company on which financial results are posted	www.ghcl.co.in				
4	Website Address of the Stock Exchange(s) on which financial results are posted.					
	<b>Name of Stock Exchange(s)</b>	<b>Website Address</b>	<b>Date of Filing of Results</b>			
	National Stock Exchange of India Limited (NSE)	www.nseindia.com	July 24, 2020	October 26, 2020	January 28, 2021	April 28, 2021
	BSE Limited (BSE)	www.bseindia.com	July 24, 2020	October 26, 2020	January 28, 2021	April 28, 2021
5	Presentation made to institutional investors or to the analysts	During the year under review, conference call and /or Investors meeting were facilitated on May 21, 2020, July 24, 2020, October 27, 2020 and January 28, 2021, to discuss the financials and / or other business update of the Company, with the investors / analysts.  Copy of the presentation and /or transcripts, wherever available regarding said Investors' conference / meetings held with the management were filed with the Stock Exchanges and the same were also uploaded with the website of the Company.				

## 6. General shareholder's Information:

### General Shareholder Information

Sl. No.	Particulars	Details
1	Annual General Meeting	Saturday, 10.00 AM June 19, 2021 Through Video Conferencing (VC) or Other Audio Visual Means (OAVM), as per the framework issued by the Ministry of Corporate Affairs (MCA) read with applicable circulars
2	Financial Calendar	
	Financial Reporting for - Quarter - I (ending June 30, 2021)	By 2nd week of August 2021
	Financial Reporting for - Quarter - II (ending September 30, 2021)	By 2nd week of November 2021
	Financial Reporting for - Quarter - III (ending December 31, 2021)	By 2nd week of February 2022
	Financial Reporting for - Quarter - IV (ending March 31, 2022)	By 4th week of May 2022
	Financial Year of the Company is for a period of 12 months commencing from 1st April and ending on 31st March.	

## 6. General shareholder's Information: (Contd..)

### General Shareholder Information (Contd..)

Sl. No.	Particulars	Details									
3	Cut-off Date	Saturday, June 12, 2021									
4	Dividend Payment Date	Dividend of ₹ 5.50 per share (i.e. 55%) will be paid on or after Wednesday, June 23, 2021, if approved by the members in the ensuing Annual General Meeting									
5	Listing on Stock Exchanges	<table border="0"> <thead> <tr> <th>Name &amp; Address of Stock Exchanges</th> <th>Stock Code</th> <th>ISIN WITH NSDL &amp; CDSL</th> </tr> </thead> <tbody> <tr> <td>BSE Limited, (BSE) Phiroze Jeejeebhoy, Dalal Street, Mumbai - 400 001</td> <td>500171</td> <td>INE 539 A01019</td> </tr> <tr> <td>National Stock Exchange of India Limited, (NSE) "Exchange Plaza", Bandra - Kurla Complex, Bandra (E), Mumbai - 400 051</td> <td>GHCL</td> <td>INE 539 A01019</td> </tr> </tbody> </table>	Name & Address of Stock Exchanges	Stock Code	ISIN WITH NSDL & CDSL	BSE Limited, (BSE) Phiroze Jeejeebhoy, Dalal Street, Mumbai - 400 001	500171	INE 539 A01019	National Stock Exchange of India Limited, (NSE) "Exchange Plaza", Bandra - Kurla Complex, Bandra (E), Mumbai - 400 051	GHCL	INE 539 A01019
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National Stock Exchange of India Limited, (NSE) "Exchange Plaza", Bandra - Kurla Complex, Bandra (E), Mumbai - 400 051	GHCL	INE 539 A01019									
6	Listing fees:	Listing fee for all the aforesaid Stock Exchanges have been paid for the financial year ended March 31, 2021									
7	Details of Registrar and Share Transfer Agent	Link Intime India Private Limited, C101, 247 Park, L. B. S. Marg, Vikhroli (West), Mumbai 400083. Tel No: +91 22 49186270 Fax: +912249186060 (Email : rnt.helpdesk@linkintime.co.in)									

### 8 Outstanding GDRs / ADRs / Warrants or any convertible instruments:

Not applicable

### 9 Commodity price risk or foreign exchange risk and hedging activities:

As per the SEBI Circular dated November 15, 2018 read with Clauses 9(n) & 9(g) of Part C to Schedule V of the Listing Regulation, disclosure regarding exposure of the Company to various commodities for the financial year ended on March 31, 2021, is as under:

- Total exposure of the Company to commodities in INR: 487.83 Crore
- Exposure of the Company to various commodities:

Commodity Name	Exposure in INR Crore	Exposure in Quantity terms (MT)	% of such exposure hedged through commodity derivatives				Total
			Domestic market		International market		
			OTC	Exchange	OTC	Exchange	
Cotton	337.87	27,180	⊗	⊗	⊗	⊗	⊗
Coal	149.96	2,28,114	⊗	⊗	37%	⊗	37%

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(as required under SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015)

- c. Commodity risks faced by the listed entity during the year and how they have been managed

Senior management monitors commodity price risk and foreign exchange risk and based on the expert advice taken necessary step for its coverage / hedging as given below:

**For Cotton:** Company has a very robust and well proven policies of cotton sourcing. Most of the cotton procurement is done at the beginning of the season which starts from October onwards every year and covers almost 70-80% of its yearly requirement during October – March period where the quality of the cotton is the best and prices are generally on the lower side. The Company has adequate working capital arrangements in place to adhere to the above policy of cotton procurement every year.

**For Coal:** The Company is impacted by the price volatility of coal. Its operating activities require continuous manufacture of soda ash, and therefore require a regular supply of coal. Due to the significant volatility of the price of coal in international market, the company has entered into purchase contract for coal with its designated vendors. The price in the purchase contract is linked to the certain indices. The Company's commercial department has developed and enacted a risk management strategy regarding commodity price risk and its mitigation.

## Foreign Exchange risk & Hedging Activities by the Company for the FY 2020-21:

Company has institutionalized arrangements for Monthly Operational Review / Quarterly review of the Forex Exposures of Import / Export / FTCL by the top management. The Exchange Risk on the above exposures is mitigated / managed by way of Hedging as explained below:

<b>Export Exposures</b>	The Company takes forward cover as follows: (a) 90% for the 1st to 3rd month receivables (b) 85% for the 4th to 6th month receivables and (c) 50% for the 7th to 12th month receivables of its export of Home Textiles Division on a continuous basis. Balance export proceeds are converted on the prevailing exchange rate. PCFC is availed for the export from Soda Ash and Yarn division on a regular basis.
<b>Import Exposures - Raw materials</b>	GHCL follows the strategy for Hedging the Import Exposures. The Company takes the Forward Cover for the payables due in next 2 Months on a regular basis.
<b>Import Exposures – Capital Goods</b>	The company takes 100% Forward cover for the Capital goods import payments after the receipt of import documents and submission of acceptance to the bank.
<b>FTCL / FCNRB Exposures</b>	As a policy, the Company takes forward cover for the repayment of FTCL / FCNRB repayable in next 2 Months.

## 10 Address for Correspondence

Share Transfer System: Company processes the share transfer and other related shareholders services through Registrar & Share Transfer Agent (RTA) on a weekly basis. The share transfer in physical form is registered within 15 days from the date of receipt, provided the documents are complete in all respects. The Company provides facility for simultaneous transfer and dematerialization of equity shares as per the procedures provided by NSDL/CDSL. For any assistance regarding dematerialization of shares, share transfers, transmissions, change of address, non-receipt of dividend or annual report or any other query relating to shares be addressed to Link Intime India Private Limited, C101, 247 Park, L. B. S. Marg, Vikhroli (West), Mumbai 400083. Tel No: : +91 22 49186270 Fax: +91 22 49186060 (Email : [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in))

For General Correspondence: GHCL Limited, "GHCL House" Opp. Punjabi Hall, Navrangpura, Ahmedabad - 380 009. Phone : 079 -26427818/26442677, 079-39324100, Fax: 079-26423623 (Email : [secretarial@ghcl.co.in](mailto:secretarial@ghcl.co.in))



- 11 Dematerialization of Shares and Liquidity:** 97.58% of the Company's total equity shares representing 9,27,17,304 equity shares were held in dematerialized form as on March 31, 2021. Total paid-up capital of the Company as on March 31, 2021, is 9,50,13,286 equity shares of ₹ 10 each. The trading in the Company's shares is permitted only in dematerialized form with effect from October 28, 2000 as per notification issued by SEBI.
- 12** As required under Regulation 36(3) of the Listing Regulations, particulars of Directors seeking appointment/ re-appointment are given in Notice to the ensuing Annual General Meeting.

## 7. Corporate Benefits to Shareholders

### Dividend declared for last 10 years

Financial Year	Dividend	Dividend (₹ per Share)
2010-11	20.00%	2.00
2011-12	20.00%	2.00
2012-13	20.00%	2.00
2013-14	20.00%	2.00
2014-15	22.00%	2.20
2015-16	35.00%	3.50
2016-17	50.00%	5.00*
2017-18	50.00%	5.00
2018-19	50.00%	5.00
2019-20	30.00%	3.00**

\*Interim dividend @ ₹1.50 per share & Final dividend @ ₹ 3.50 per share.

\*\*Interim Dividend @ ₹ 3.00 per share.

Equity share of paid up value of ₹ 10 per share.

## 8. Month-wise stock market data (BSE & NSE) relating to equity shares of the company for the financial year ended March 31, 2021

### Market Price Data

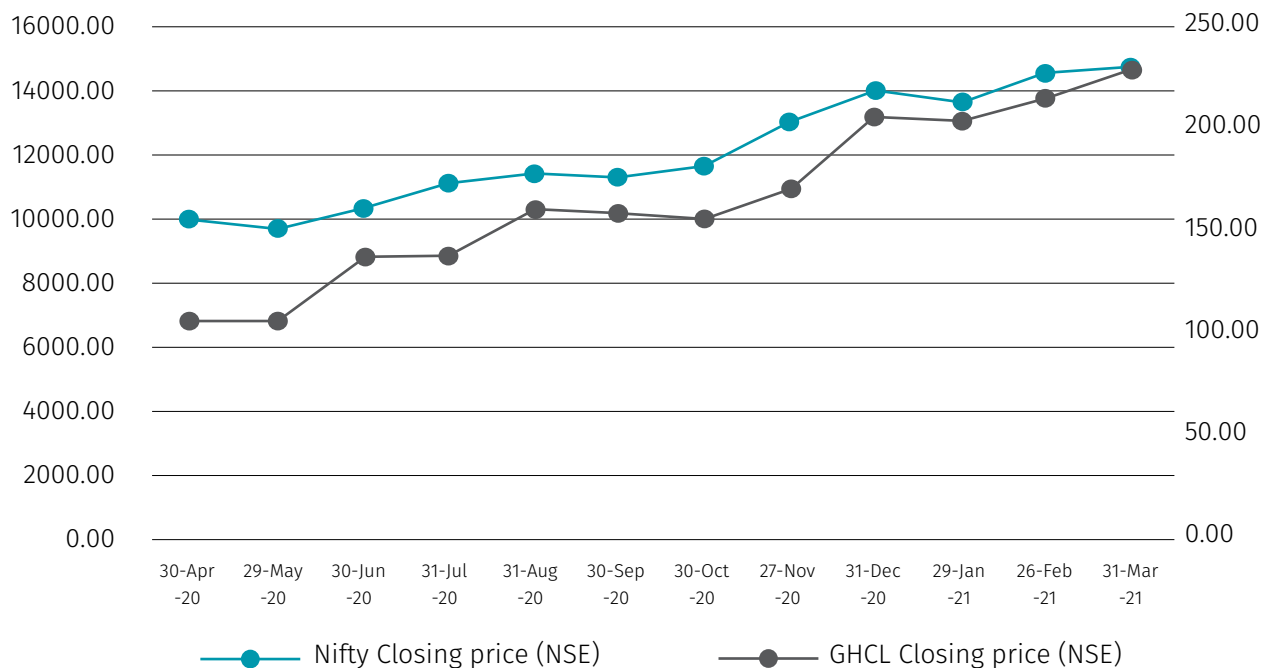
Month of the financial year 2020-21	BSE, MUMBAI			NSE, MUMBAI		
	Share Price		Traded Quantity	Share Price		Traded Quantity
	High	Low		High	Low	
April 2020	117.75	88.75	4,65,482	117.85	85.10	36,23,841
May 2020	109.00	95.15	1,53,340	107.50	95.10	22,74,116
June 2020	154.50	107.85	5,43,436	154.80	107.70	57,85,266
July 2020	180.00	134.10	10,89,228	180.00	134.05	1,18,87,800
August 2020	178.00	135.25	6,29,860	178.80	135.25	79,16,006
September 2020	173.70	145.70	3,77,139	173.75	150.20	36,99,751
October 2020	168.00	141.15	2,88,453	168.20	141.30	38,46,646
November 2020	175.00	147.40	3,41,498	175.25	148.05	48,34,057
December 2020	214.50	170.45	12,33,158	214.40	169.95	1,20,03,429
January 2021	223.50	202.60	14,88,272	224.00	202.45	73,55,388
February 2021	224.00	197.60	3,14,507	222.00	197.55	48,14,477
March 2021	258.00	215.70	5,73,521	258.00	215.55	64,10,714

# Corporate Governance

For The Financial Year Ended March 31, 2021

(as required under SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015)

## 9. Performance in comparison to broad based indices such as NSE



## 10. Shareholders Reference

### Unclaimed Dividend

Pursuant to Section 124 of the Companies Act, 2013 read with provisions of Investors Education & protection Fund Authority (Accounting, Audit, Transfer & Refund) Rules 2016, all shares in respect of which dividend has not been paid or claimed by the shareholders for seven consecutive years or more, already transferred by the Company in favour of Investor Education and Protection Fund (IEPF). The unclaimed dividend for the financial year 2012-13 have also been transferred to the Investors Education and Protection Fund (IEPF) established by the Central Government. No claim shall lie with the Company in respect of the unclaimed dividend and shares transferred to IEPF for the financial year 2012-13. The Company had communicated to all the concerned shareholders individually whose shares were liable to be transferred to IEPF. The Company had also given newspaper advertisements, before such transfer in favour of IEPF. The Company had also uploaded

the details of such shareholders including the shares and unclaimed dividends transferred to IEPF on the website of the Company at [www.ghcl.co.in](http://www.ghcl.co.in)

Shareholders may note that both the unclaimed dividend and corresponding shares transferred to the IEPF Authority including all benefits accruing on such shares, if any, can be claimed back by them from IEPF Authority after following the procedure (i.e. an application in E-form No. IEPF-5) prescribed in the Rules. Shareholders may refer Rule 7 of the said Rules for Refund of shares / dividend etc.

The dividend for the following years remaining unclaimed for seven years, will be transferred by the Company to IEPF according to the schedule given below. Shareholders who have not so far encashed their dividend warrant or have not received the same are requested to seek issue of duplicate warrant by writing to Link Intime India Private Limited confirming non – encashment / non - receipt of dividend warrant.

Financial Year	Date of Meeting	Due for Transfer to IEPF
2013-14	21-08-2014	August 2021
2014-15	23-07-2015	July 2022
2015-16	19-07-2016	July 2023
2016-17 (Interim Dividend)	31-01-2017	January 2024
2016-17 (Final Dividend)	29-06-2017	June 2024
2017-18	31-05-2018	May 2025
2018-19	30-05-2019	May 2026
2019-20 (Interim Dividend)	16-03-2020	March 2027

#### Distribution of Shareholding as on 31st March 2021

No. of Shares held of ₹ 10 each between		No. of shareholders	% of total shareholders	No. of shares	% of total shares
From	To				
1	500	60709	89.75%	7438546	7.83%
501	1000	3648	5.39%	3020069	3.18%
1001	2000	1607	2.38%	2495681	2.63%
2001	3000	508	0.75%	1305705	1.37%
3001	4000	253	0.37%	910707	0.96%
4001	5000	246	0.36%	1163505	1.22%
5001	10000	271	0.40%	1975048	2.08%
10001	Above	402	0.59%	76704025	80.73%
		<b>67644</b>	<b>100.00%</b>	<b>95013286</b>	<b>100.00</b>

#### Shareholding Pattern as on 31st March 2021

	Category	No. of shares held	% of shareholding
<b>A</b>	<b>Promoters &amp; Promoters Group Holding</b>		
<b>1</b>	<b>Promoters</b>		
	Indian Promoters	12629910	13.29%
	Foreign Promoters	5507900	5.80%
<b>2</b>	<b>Others</b>		
	Trust	145000	0.15%
	<b>Sub-Total</b>	<b>18282810</b>	<b>19.24%</b>
<b>B</b>	<b>Non-promoters Holding</b>		
<b>3</b>	<b>Institutional Investors</b>		
	Mutual Funds	16313326	17.17%
	Banks, Financial Institutions	14804	0.016%
	Insurance Companies (including LIC)	3523220	3.71%
	Foreign Portfolio Investors (including FIIs)	15161728	15.96%
	Alternate Investment Funds	137886	0.15%
	<b>Sub-Total</b>	<b>35150964</b>	<b>37.00%</b>

# Corporate Governance

For The Financial Year Ended March 31, 2021

(as required under SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015)

## Shareholding Pattern as on 31st March 2021

	Category	No. of shares held	% of shareholding
<b>4</b>	<b>Non-institutional Investors</b>		
	Bodies Corporate	14833101	15.61%
	NBFC registered with RBI	119200	0.13%
	Indian public (Individuals & HUF)	22742178	23.94%
	NRIs & Foreign Companies	1819272	1.91%
	Government Companies (i.e. IEPF)	948505	1.00%
	Other Directors & relatives	425100	0.45%
	Others (Trusts ,Clearing Members and Central & State Government)	692156	0.73%
	<b>Sub-Total</b>	<b>41579512</b>	<b>43.76%</b>
	<b>Grand Total</b>	<b>95013286</b>	<b>100.00%</b>

## Plant Locations:

### Inorganic Chemical

#### Division:

#### Soda Ash Plant:

Village: Sutrapada Near Veraval, Distt.: Gir Somnath, Gujarat – 362275

#### Salt works:

Port Albert Victor, Via Dungar, Distt.: Amreli, Gujarat – 364555

#### Lignite Mines:

713/B, Deri Road, Near Diamond Chowk, Krishnanagar, Bhavnagar, Gujarat - 364001

#### Limestone Mines:

GHCL Limited, Sutrapada, Distt.: Gir Somnath, Gujarat (Mines in Harnasa, Nakhda, Bhimdeol, Dhamanva & Gabha)

### Consumer Products

#### Division - Salt Works &

(a) Kadinal Vayal, Vedaranyam, Distt. Nagapattanam, Tamil Nadu – 614707

(b) Nemeli Road, Thiruporur, Distt.: Kancheepuram, Tamilnadu – 603110

#### Refinery:

#### Textile Division:

#### Plant – Yarn Division:

(a) Paravai, Samayanallur P.O, Distt.: Madurai, Tamil Nadu – 625402

(b) Thiagesar Alai P.O, Manaparai, Distt.: Trichy, Tamil Nadu – 621312

#### Plant - Home Textile

S. No. 191 & 192, Mahala Falia, Village - Bhilad, Distt.: Valsad, Vapi, Gujarat - 396191

#### Division:

#### Wind Energy Division

(a) Muppandal, Village: Irukkandurai, Post: Sankaneri, Taluk: Radhapuram, Distt.: Tirunelveli, Tamil Nadu

(b) Village: Chinnaputhur, Taluk: Dharapuram, Distt.: Erode, Tamil Nadu

(c) Village: Kayathar, Distt.: Tuticorin, Tamilnadu.

## List of all Credit Ratings (along with revisions) obtained by the Company during the financial year ended March 31, 2021:

The complete details on Credit Ratings obtained by the Company during the financial year ended March 31, 2021, are placed in the Board's Report under finance section.

## 11. Management Discussion and Analysis Report form part of this Annual Report

The complete reports on Management Discussion and Analysis report are placed in the separate section of the Annual Report.

## 12. Disclosures:

### 12.1 Disclosure on materially significant related party transactions

No transactions of a material nature have been entered into by the Company with its promoters, Directors, or the management or relatives etc. that may have potential conflict of interest of the Company. However, the management furnishes the details of related party transactions on quarterly basis before the Audit Committee / Board of Directors meetings, which are in conformity with the Ind-AS. The particulars of transactions between the Company and the related parties for the year ended March 31, 2021, are disclosed in the notes to the accounts in this Annual Report. None of these transactions are likely to have any conflict with the Company's interest.

### 12.2 Details of non - compliance by the Company, penalties, strictures imposed on the Company by the Stock Exchange or SEBI or any statutory authority, on the matter related to capital markets, during the last three years.

The company has an excellent track record of statutory compliances and committed for excellence in governance, compliance and protection of stakeholders interest. GHCL Limited has complied with all the requirement of regulatory authorities. No penalties/strictures were imposed on the Company by Stock Exchanges or SEBI or any statutory authority, on the matter related to capital markets, during the current year (i.e. 2020-21).

During the previous year (i.e. 2019-20), due to technical interpretational issue of Regulation 29 of Listing Regulations regarding skipping of advance intimation of raising of funds for working capital by way of commercial papers, BSE Limited and National Stock Exchange of India Ltd ("Stock Exchanges") had imposed penalty of ₹ 10,000/- each against which company had given its written representation to the stock exchanges and explained

that interpretation of stock exchange on Regulation 29 of Listing Regulations is narrow interpretation and does not represent the true spirit of the law. In the representation, Company had stated that it had given advance intimation for convening of its board meeting on January 21, 2019 inter-alia for approval of its financial result for the quarter ended December 31, 2018. In the said meeting, besides the quarterly results, the Board had approved the proposal for issue of commercial papers to banks as a part of working capital limit and without altering the existing working capital limit as approved by the board in their meeting held on February 25, 2011 and the same is in the record of the stock exchanges and other regulators. The stock exchanges were of the view that a separate advance intimation for issue of commercial papers was required to be given under Regulation 29 of Listing Regulations. The company had filed its detailed representation stating the fact that issue of commercial papers are in the ordinary course of business and as a part of working capital limit, hence no advance intimation is required as there is no change in working Capital limit. Without giving opportunity of hearing in person to the Company, the stock exchanges had imposed fine of ₹ 10,000/- each under Standard Operating Procedure (SOP) issued by SEBI, which the company had paid on August 3, 2019 to settle the matter and avoid its cost of litigation. However, the Company still maintain the view that stock exchanges had narrow interpretation of the said regulation.

### 12.3 Vigil mechanism / Whistle Blower Policy

Regulation 22 of the Listing Regulations & Sub-section (9 & 10) of Section 177 read with Rule 7 of the Companies (Meetings of Board and its Powers) Rules, 2014, inter-alia, provides, for all listed companies to establish a vigil mechanism called "Whistle Blower Policy" for directors and employees to report genuine concerns about unethical behaviour, actual or suspected fraud or violation of the Company's code of conduct or ethics policy.

As a conscious and vigilant organization, GHCL Limited believes in the conduct of the affairs of its constituents in a fair and transparent manner, by adopting the highest standards of professionalism, honesty, integrity and ethical behaviour. In its endeavour to provide its employee a secure and a fearless working environment, GHCL Limited

# Corporate Governance

For The Financial Year Ended March 31, 2021

(as required under SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015)

has established the “Whistle Blower Policy”, which has made effective from October 1, 2014. The Whistle Blower policy and establishment of Vigil Mechanism have been appropriately communicated within the Company. The Whistle Blower Policy is also posted on the website of the Company.

The purpose of the policy is to create a fearless environment for the directors, employees and other stakeholders to report any instance of unethical behaviour, actual or suspected fraud or violation of GHCL’s code of conduct or Ethics Policy to the Managing Director (Mr. R S Jalan), Ombudsperson (Mr. Arun Kumar Jain, independent director of the company), Whistle Officer (Mr. Bhuvneshwar Mishra – Compliance Officer) or Whistle Committee.

#### The details of person with whom complaints can be filed:

##### Mr. Arun Kumar Jain

Independent Director and Ombudsman for Whistle Blower Policy

Email: [akjaincit@gmail.com](mailto:akjaincit@gmail.com)

Mobile No: 9428511559

Address: B-802, Prateek Stylome, Sector - 45, Noida – 201301

##### Mr. R S Jalan

Managing Director – GHCL Limited

Email: [rsjalan@ghcl.co.in](mailto:rsjalan@ghcl.co.in)

##### Mr. Bhuvneshwar Mishra

Sr. GM - Sustainability & Company Secretary

Email: [bmishra@ghcl.co.in](mailto:bmishra@ghcl.co.in)

In exceptional cases, where the Whistle Blower is not satisfied with the outcome of the investigation and the decision, he or she can make a direct appeal to the Chairman of the Audit Committee.

During the year, the Company received one complaint under Vigil Mechanism against an employee of yarn division of the Company. The Committee formed for this matter made a detailed investigation and concluded that there was no merit into the complaint.

In order to strengthen the existing reporting system under Vigil mechanism, the Company has successfully launched online reporting system to report any kind of Whistle Blower related issues in the prescribed format.

#### 12.4 Disclosures regarding web link of the Company

Policy for determining material subsidiaries and RPT Policy on materiality and dealing with related party of the Company are posted on the Company’s website (URL:<https://www.ghcl.co.in/code-of-conduct> ).

#### 12.5 Details of compliance with mandatory requirements of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 and adoption of the non- mandatory requirements of Regulation 27(1) of the Listing Regulations.

The Company is in compliance with all the mandatory provisions related to Corporate Governance pursuant to the requirement of the Listing Regulations read with other applicable provisions, if any.

The status of compliance with non-mandatory requirements of Regulation 27(1) read with Part E of Schedule II of the Listing Regulations are as under:

- (a) **Non-Executive Chairman’s Office:** A non-executive Chairman may be entitled to maintain a Chairman’s office at the company’s expense and also allowed reimbursement of expenses incurred in performance of his duties. The Company is having non-executive Chairman. The Company does not incur expenses for maintaining Chairman’s office.
- (b) **Shareholders’ Rights:** As the half-yearly (including quarterly) financial performance are published in the newspapers and are also posted on the Company’s website. The Company also used to report significant events to the stock exchanges from time to time. Hence, the same are not being sent to the shareholders.
- (c) **Audit Qualifications:** During the period under review, there is no audit qualifications in the Company’s financial statements. GHCL continues to adopt best practices to ensure a regime of unqualified financial statements.
- (d) **Reporting of Internal Auditor:** The Company is having independent Internal Auditors (separate from the employees) for all the division. The Internal Auditors used to send their reports to the CFO / person authorised for this purpose and in turn the

reports were circulated to the members of the Audit Committee for their perusal.

**12.6 Details of utilization of funds raised through preferential allotment or qualified institutional placement (QIP) as specified under regulation 32(7A).**

This clause is not applicable to the Company as the Company has not raised any funds through preferential allotment and /or QIP.

**12.7 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 the Company by the Board / Ministry of Corporate Affairs or any such statutory authority.**

The Company has obtained a certificate from Dr. S Chandrasekaran (Membership No. F1644), Senior Partner of M/s Chandrasekaran Associates, Company Secretaries, regarding confirmation that none of the directors on the board of the Company have been debarred or disqualified from being appointed or continuing as directors of the Company by the Board (i.e. SEBI) / Ministry of Corporate Affairs or any such statutory authority.

**12.8 Total fees for all services paid by GHCL Limited and its subsidiaries, on a consolidated basis, to S. R. Batliboi & Co. LLP and other firms in the network entity of which the statutory auditor is a part, as included in the consolidated financial statements of the Company for the year ended March 31, 2021, is as follows:**

	<b>Amount (INR in Crore)</b>
Fees for audit and related services paid to S.R. Batliboi & Affiliates firms and to entities of the network of which the statutory auditor is a part	1.37
Other fees paid to S.R. Batliboi & Affiliates firms and to entities of the network of which the statutory auditor is a part	0.15
<b>Total Fees</b>	<b>1.52</b>

**12.9 The disclosures of the compliance with corporate governance requirements specified in regulations 17 to 27 and clause (b) to (i) of sub-regulation (2) of regulation 46 of the SEBI (LODR) Regulations, 2015.**

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

**13. Code of Conduct to Regulate, Monitor And Report Trading by Insiders**

In compliance with the SEBI regulation on prevention of Insider Trading, the Company had placed a comprehensive code of conduct for its promoters, directors, designated employees of the Company and their immediate relatives. The Code lays down guidelines, which advises them on procedures to be followed and disclosures to be made, while dealing with shares of the Company and cautioning them of the consequences of violations. Subsequently, the Company has its code in line with the requirement of SEBI (Prohibition of Insider Trading) Regulations, 2015.

The Company had also implemented automated track in system for effective administration and monitoring of trading by insiders in the shares of the Company. There is system generated report prepared by service provider after comparing with benepose report. Automatic email sent to respective employees for giving them instructions that they should not indulge in contra transaction within the prohibited time period.

The Company has also adopted Policy on Enquiry in case of leak or suspected leak of UPSI and Policy for Determination of Legitimate Purposes. The Code of Corporate Disclosure Practices along with the Policy for Determination of Legitimate Purposes is also available on the website of the Company.

**14. Code of Conduct:**

GHCL Limited has well defined policy framework which lays down procedures to be adhered to by all Board Members and Senior Management for ethical professional conduct.

The Code outlines fundamental ethical considerations as well as specified considerations that need to be maintained for professional conduct. The Annual Report contains the declaration to this effect that the Code of Conduct has been complied by the Board Members and Senior Management. The Code of Conduct is also posted on the website of the company <https://www.ghcl.co.in/code-of-conduct>.

#### **15. Functional website of the Company as per Regulation 46 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015**

Pursuant to the requirement of Regulation 46 of the Listing Regulations, the Company maintains a functional website of the Company and website address of the Company is [www.ghcl.co.in](http://www.ghcl.co.in). Website of the Company provides the basic information about the Company e.g. details of its business, financial information, various policies, shareholding pattern & other details relevant to the shareholders and the Company is regularly updating the Information provided on its website.

#### **16. Share Capital & Reconciliation of Share Capital Audit**

A qualified practicing Company Secretary has carried out Audit every quarter to reconcile the total admitted capital with National Securities Depositories Limited (NSDL) and Central Depositories Services (India) Limited (CDSL) and the total issued and listed capital. The Audit confirms that total issued / paid up capital is in agreement with the aggregate of total number of shares in physical form and the total number of dematerialised shares held with NSDL and CDSL.

#### **17. Legal Compliance Management Tool**

At GHCL Limited, compliance has always been an integral part of our functioning and continues to remain one of the top priorities. We believe that Company's actions are reflected by its ideologies and doing business legally and ethically is a part of the Company's day-to-day working.

The Company has in place an online legal compliance management tool which monitors compliance with all laws which are applicable to the Company. Approx 200 employees are identified as owners & approvers and mapped with the tool. The Board periodically reviews the compliance reports of all the laws applicable to the Company.



## DECLARATION

The Board has laid down a code of conduct for all Board Members and Senior Management of the Company, which is posted on the Website of the Company. The Board Members and Senior Management Personnel have affirmed to the compliance with the Code of Conduct for the financial year ended March 31, 2021.

For **GHCL LIMITED**

**R S Jalan**

Managing Director

DIN: 00121260

**Raman Chopra**

CFO & Executive Director (Finance)

DIN: 00954190

Date: April 28, 2021

## Certificate under Regulation 17 (8) of the SEBI (LODR) Regulations, 2015

The Board of Directors

**GHCL Ltd.**

We the undersigned certify to the Board that:

- (a) We have reviewed financial statements and the cash flow statement for the financial year ended March 31, 2021 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 regulations.
- (b) There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d) We have indicated to the auditors and the Audit committee-
  - (i) significant changes in internal control over financial reporting during the year;
  - (ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - (iii) Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

For **GHCL LIMITED**

**R S Jalan**

Managing Director

DIN: 00121260

**Raman Chopra**

CFO & Executive Director (Finance)

DIN: 00954190

Date: April 28, 2021

# 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  
**GHCL Limited**  
GHCL House Opp. Punjabi Hallnavrangpura  
Ahmedabad, Gujrat-380009

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of GHCL Limited and having CIN L24100GJ1983PLC006513 and having registered office at GHCL House Opp. Punjabi Hallnavrangpura, Ahmedabad, Gujarat-380009 (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](http://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 March 31, 2021 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority:

S. No.	Name of director	DIN	Date of appointment in Company
1	Sanjay Dalmia	00206992	20/10/1983
2	Anurag Dalmia	00120710	19/04/1986
3	Neelabh Dalmia	00121760	20/07/2005
4	Ravi Shanker Jalan	00121260	24/09/2002
5	Manoj Vaish	00157082	01/04/2019
6	Vijay Laxmi Joshi	00032055	20/04/2017
7	Raman Chopra	00954190	12/09/2008
8	Lavanya Rastogi	01744049	24/11/2014
9	Arun Kumar Jain	07563704	01/04/2019
10	Ravindra Singh	08344852	01/04/2019

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

For **Chandrasekaran Associates**  
Company Secretaries

Sd/-  
**Dr. S. Chandrasekaran**  
Senior Partner  
Membership No. FCS 1644  
Certificate of Practice No. 715  
UDIN: F001644C000151838

Date: April 21, 2021  
Place: New Delhi

Note:

- Due to restricted movement amid COVID-19 pandemic, we conducted the secretarial audit by examining the Secretarial Records including Minutes, Documents, Registers and other records etc., and some of them received by way of electronic mode from the Company and could not be verified from the original records. The management has confirmed that the records submitted to us are the true and correct. This Report is limited to the Statutory Compliances on laws / regulations / guidelines listed in our report of which, the due date has been ended / expired on or before March 31, 2021 pertaining to Financial Year 2020-21

# Secretarial Audit Report

For The Financial Year Ended March 31, 2021

The Members

## GHCL Limited

GHCL House, Opp. Punjabi Hall,  
Navrangpura Ahmedabad, Gujarat 380009

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate governance practices by GHCL 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 information 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 March 31, 2021 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2021 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder to the extent of Regulation 76 of SEBI (Depositories and Participants) Regulations, 2018;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (SEBI Act):-

- (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
- (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
- (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; **Not Applicable during the year under review**
- (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 to the extent of securities issued;
- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; **Not Applicable during the year under review**
- (h) The Securities and Exchange Board of India (Buy-back of Securities) Regulations, 2018; **Not Applicable during the period under review**
- (vi) The other laws, as informed and certified by the Management of the Company which are specifically applicable to the Company based on the Sectors/ Industry are:
  - (a) Food Safety and Standards Act, 2006, rules and regulations thereunder and;
  - (b) Legal Metrology Act, 2009 and rules and regulations thereunder.

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India and notified by the Ministry of Corporate Affairs.
- (ii) SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

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 except in cases where meetings were convened at a shorter notice. The Company has complied with the provisions of Act for convening meeting at the shorter notice. , 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.

All decisions at Board Meetings and Committee Meetings are carried out unanimously. as recorded in the minutes of the meetings of the Board of Directors or Committee of the Board, as the case may be.

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 and regulations and guidelines.

We further report that during the audit period following major event has happened which is deemed to have major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc.

- i. The Board of Directors of the Company at their meeting held on March 16, 2020 had approved a Scheme u/s 230-232 of the Act w.r.t arrangement consisting of demerger of Textiles Business of GHCL Limited into its wholly owned subsidiary i.e. GHCL Textiles Limited. After obtaining the required approvals from stock exchanges, where the

securities of the Company are listed, the Company had filed the first motion application on December 22, 2020 with NCLT Ahmedabad (Gujarat) and the Hon'ble NCLT had pronounced the order on January 22, 2021, and directed to convene shareholders, secured creditors and unsecured creditors meeting on April 8, 2021.

For **Chandrasekaran Associates**

Company Secretaries

Sd/-

**Dr. S. Chandrasekaran**

Senior Partner

Membership No. FCS 1644

Certificate of Practice No. 715

UDIN:F001644C000151805

Date: April 21, 2021

Place: New Delhi

**Notes:**

- i. 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.
- ii. Due to restricted movement amid COVID-19 pandemic, we conducted the secretarial audit by examining the Secretarial Records including Minutes, Documents, Registers and other records etc., and some of them received by way of electronic mode from the Company and could not be verified from the original records. The management has confirmed that the records submitted to us are the true and correct. This Report is limited to the Statutory Compliances on laws / regulations / guidelines listed in our report of which, the due date has been ended/ expired on or before March 31, 2021 pertaining to Financial Year 2020-21.

**ANNEXURE-A**

The Members

**GHCL Limited**

GHCL House Opp. Punjabi Hall Navrangpura,  
Ahmedabad, Gujarat 380009

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on the random 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 random 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 **Chandrasekaran Associates**

Company Secretaries

Sd/-

**Dr. S. Chandrasekaran**

Senior Partner

Membership No. FCS 1644

Certificate of Practice No. 715

UDIN:F001644C000151805

Date: April 21, 2021

Place: New Delhi

## Independent Auditor's Report on compliance with the conditions of Corporate Governance as per provisions of Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended

The Members of **GHCL Limited**

GHCL House, Opp: Punjabi Hall, Navrangpura  
Ahmedabad 380009

1. The Corporate Governance Report prepared by **GHCL Limited** (hereinafter the "Company"), contains details as specified in regulations 17 to 27, clauses (b) to (i) of sub – regulation (2) of regulation 46 and para C, D, and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("the Listing Regulations") for the year ended March 31, 2021 as required by the Company for annual submission to the Stock exchange.
6. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.
7. The procedures selected depend on the auditor's judgement, including the assessment of the risks associated in compliance of the Corporate Governance Report with the applicable criteria. Summary of procedures performed include:

### Management's Responsibility

2. The preparation of the Corporate Governance Report is the responsibility of the Management of the Company including the preparation and maintenance of all relevant supporting records and documents. This responsibility also includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Corporate Governance Report.
3. The Management along with the Board of Directors are also responsible for ensuring that the Company complies with the conditions of Corporate Governance as stipulated in the Listing Regulations, issued by the Securities and Exchange Board of India.
- i. Read and understood the information prepared by the Company and included in its Corporate Governance Report;
- ii. Obtained and verified that the composition of the Board of Directors with respect to executive and non-executive directors has been met throughout the reporting period;
- iii. Obtained and read the Register of Directors as on March 31, 2021 and verified that at least one independent woman director was on the Board of Directors throughout the year;
- iv. Obtained and read the minutes of the following meetings of Board of Directors / committee meetings / other meetings held from April 1, 2020 to March 31, 2021:
  - (a) Board of Directors;
  - (b) Audit Committee;
  - (c) Annual General Meeting (AGM);
  - (d) Nomination and Remuneration Committee;
  - (e) Stakeholders Relationship Committee;
  - (f) Risk Management Committee
  - (g) Banking & Operations Committee
  - (h) Separate Meeting of Independent Directors
  - (i) CSR Committee
- v. Obtained necessary declarations from the directors of the Company.

### Auditor's Responsibility

4. Pursuant to the requirements of the Listing Regulations, our responsibility is to provide a reasonable assurance in the form of an opinion whether, the Company has complied with the conditions of Corporate Governance as specified in the Listing Regulations.
5. We conducted our examination of the Corporate Governance Report in accordance with the Guidance Note on Reports or Certificates for Special Purposes and the Guidance Note on Certification of Corporate Governance, both issued by the Institute of Chartered Accountants of India ("ICAI"). The Guidance Note on Reports or Certificates for Special Purposes requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.

- vi. Obtained and read the policy adopted by the Company for related party transactions.
  - vii. Obtained the schedule of related party transactions during the year and balances at the year- end. Obtained and read the minutes of the audit committee meeting where in such related party transactions have been pre-approved prior by the audit committee.
  - viii. Performed necessary inquiries with the management and also obtained necessary specific representations from management.
8. The above-mentioned procedures include examining evidence supporting the particulars in the Corporate Governance Report on a test basis. Further, our scope of work under this report did not involve us performing audit tests for the purposes of expressing an opinion on the fairness or accuracy of any of the financial information or the financial statements of the Company taken as a whole.

### Opinion

9. Based on the procedures performed by us, as referred in paragraph 7 above, and according to the information and explanations given to us, we are of the opinion that the Company has complied with the conditions of Corporate Governance as specified in the Listing Regulations, as applicable for the year ended March 31, 2021, referred to in paragraph 4 above.

### Other matters and Restriction on Use

10. This report 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.
11. This report is addressed to and provided to the members of the Company solely for the purpose of enabling it to comply with its obligations under the Listing Regulations with reference to compliance with the relevant regulations of Corporate Governance and should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care or for any other purpose or to any other party to whom it is shown or into whose hands it may come without our prior consent in writing. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

For **S.R. Batliboi & Co. LLP**

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005

**per Atul Seksaria**

Partner

Membership Number: 086370

UDIN: 21086370AAAAABD2159

Place of Signature: Gurugram

Date: April 28, 2021



# Financial Statements



# Independent Auditor's Report

To the Members of **GHCL Limited**

## Report on the Audit of the Standalone Ind AS Financial Statements

### Opinion

We have audited the accompanying standalone Ind AS financial statements of GHCL Limited ("the Company"), which comprise the Balance sheet as at March 31 2021, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the standalone Ind AS financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, its profit including other comprehensive income its cash flows and the changes in equity for the year ended on that date.

### Basis for Opinion

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

obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

### Emphasis of Matter – Impact of outbreak of Corona virus (Covid-19)

We draw attention to Note 47 of the standalone Ind AS financial statements, which explains the uncertainties and the management's assessment of the financial impact related to COVID-19 pandemic situation, for which a definitive assessment of the impact in subsequent period is highly dependent on future economic developments and circumstances as they evolve.

Our opinion is not modified in respect of this matter.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone Ind AS financial statements for the financial year ended March 31, 2021. These matters were addressed in the context of our audit of the standalone Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the standalone Ind AS financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the standalone Ind AS financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying standalone Ind AS financial statements.

<b>Key audit matters</b>	<b>How our audit addressed the key audit matter</b>
<p><b>(a) Impairment assessment of Home Textile Division</b> (as described in Note 3 of the standalone Ind AS financial statements)</p> <p>Property, plant and equipment, Assets and Liabilities that are related to the integrated textile manufacturing facilities (at Tamil Nadu), Home Textiles facility (in Gujrat) and investments made in subsidiary to support the business hereafter collectively referred to as the “Home Textile Division or HT Division” with a carrying value amounting to INR 1,139 crores.</p> <p>Home Textile Division has incurred losses in the earlier years, as a result the management has performed an impairment assessment as per the accounting policy stated in note 2.2.L to the standalone Ind AS financial statements.</p> <p>Our audit focused on this area because the assessment of recoverable value of the aforesaid assets of HT Division requires management to make a number of key judgements and estimates with respect to the future performance and profitability of the HT Division which involves judgements and estimates on future growth rates, discount rates and Impact of Covid-19 etc.</p> <p>Accordingly, Impairment assessment of the Company’s Home Textile division has been considered as a key audit matter.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>• Understood management and the board’s controls over the assessment of the carrying value of HT Division property, plant and equipment to determine whether any asset impairment was required.</li> <li>• Together with valuation specialists, we assessed the Company’s valuation methodology applied in estimating the recoverable amount of the Company’s Home Textile Division based on the cash flow projections provided by the management.</li> <li>• Together with valuation specialists, we tested the assumptions of the cash flow forecasts (taking into consideration of second wave of Covid-19), i.e. future growth rates, discount rates used.</li> <li>• Performed sensitivity analysis around the key assumptions used by management in impairment testing to understand the impact of reasonable changes in assumptions on the estimated recoverable amounts.</li> <li>• Assessed the disclosures included in the financial statements in note 3 to the standalone Ind AS financial statements.</li> </ul>

We have determined that there are no other key audit matters to communicate in our report.

**Information Other than the Financial Statements and Auditor’s Report Thereon**

The Company’s Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report 2020-21, but does not include the standalone Ind AS financial statements and our auditor’s report thereon.

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

In connection with our audit of the standalone Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether such 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 for the standalone Ind AS Financial Statements**

The Company’s Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone Ind AS financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

### **Auditor's Responsibilities for the Audit of the standalone Ind AS Financial Statements**

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

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

- Identify and assess the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures 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 standalone Ind AS financial statements, including the disclosures, and whether the standalone Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone Ind AS financial statements for the financial year ended March 31, 2021 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit

- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
- (c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
- (d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
- (e) The matter described in Emphasis of Matter paragraph above, in our opinion, may have an adverse effect on the functioning of the Company;
- (f) On the basis of the written representations received from the directors as on March 31, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164 (2) of the Act;
- (g) With respect to the adequacy of the internal financial controls with reference to standalone Ind As financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;
- (h) In our opinion, the managerial remuneration for the year ended March 31, 2021 has been paid / provided by the Company to its directors in accordance with

the provisions of section 197 read with Schedule V to the Act;

- (i) 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, as amended in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements – Refer Note 35 to the standalone Ind AS financial statements;
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For **S.R. Batliboi & Co. LLP**

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005

per **Atul Seksaria**

Partner

Place of Signature: Gurugram

Membership Number: 086370

Date: April 28, 2021

UDIN: 21086370AAAABB9409

# ANNEXURE 1

referred in paragraph under the heading “Report on other legal and regulatory requirements” of our report of even date

Re: GHCL Limited (“the company”)

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.
  - (b) All property, plant & equipment have not been physically verified by the management during the year but there is a regular programme of verification which in our opinion is reasonable having regard to the size of the company and nature of its assets. No material discrepancies were noticed on such verification.
  - (c) According to the information and explanations given by the management, the title deeds of immovable properties included in property, plant and equipment are held in the name of the Company.
- (ii) The inventory has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable. No material discrepancies were noticed on such physical verification. Inventories lying with third parties have been confirmed by them as at March 31, 2021 and no material discrepancies were noticed in respect of such confirmations.
- (iii) (a) The Company has granted loan to a subsidiary company covered in the register maintained under section 189 of the Companies Act, 2013. In our opinion and according to the information and explanations given to us, the terms and conditions of the grant of such loans are not prejudicial to the company's interest.
  - (b) The Company has granted loan to a subsidiary covered in the register maintained under section 189 of the Companies Act 2013. The schedule of repayment of principal has been stipulated for the loans granted and the repayment are regular.
  - (c) There are no amount of loans granted to companies, firms or other parties listed in the register maintained under section 189 of the Companies Act, 2013 which are overdue for more than ninety days.
- (iv) In our opinion and according to the information and explanations given to us, provisions of section 185 and 186 of the Companies Act 2013 in respect of loans and advances given, investments made and, guarantees, and securities given have been complied with by the company.
- (v) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- (vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the Companies Act, 2013, related to the manufacture of Soda Ash and Textile products, and are of the opinion that prima facie, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.
- (vii) (a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, duty of custom, goods and service tax, cess and other statutory dues applicable to it. The provisions related to sales tax, service tax, duty of excise and value added taxes are not applicable to the Company.
  - (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, duty of custom, goods and service tax, cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable. The provisions related to sales tax, service tax, duty of excise and value added taxes are not applicable to the Company.
  - (c) According to the records of the company, the dues outstanding of employees' state insurance, income-tax, sales-tax, duty of custom, duty of excise, goods and service tax, cess and other statutory dues ,on account of any dispute are as follows:

<b>Name of the Statute</b>	<b>Nature of Dues</b>	<b>Demand raised (Amount in INR Crore)</b>	<b>Pre - Deposit (Amount in INR Crore)</b>	<b>Period to which the amount relates</b>	<b>Forum where dispute is pending</b>
Customs Act, 1962	Differential duty on account of classification under different chapters of CETA	6.78	0.27	F.Y. 2012-13, 2014-15	Customs, Excise and Service tax Appellate Tribunal, Chennai & Customs, Excise and Service tax Appellate Tribunal, Ahmedabad
	Denial of Import Eligibility	0.59	0.04	F.Y 2015-16	Principal Commissioners Customs- (Chennai-III)
Central Excise Act, 1944	Denial of service tax credit on ineligible services	0.11	0.10	F.Y 2004-2005	Dy. Commissioner, Junagadh
	Denial of CENVAT Credit & Non Payment of Service Tax & Excise Duty, Demand of excise duty on Fly Ash & Trading Material	68.47	4.94	F.Y. 2008-09 to F.Y. 2016-17	Customs, Excise and Service Tax Appellate Tribunal, Ahmedabad
	Denial of service tax credit on foreign services	1.29	0.10	F.Y 2005-2006	Customs, Excise and Service Tax Appellate Tribunal, Delhi
	Denial of CENVAT credit on capital goods and others	0.03	-	F.Y 2001-2002	Hon'ble High Court, Chennai
	Short reversal of CENVAT credit on goods under duty drawback scheme	0.59	0.06	F.Y 2008-2009	CESTAT Ahmedabad (Appeal)
The Employee's State Insurance Act, 1948	Contribution Demand	0.03	-	F.Y 1989-2002	ESI Court, Madurai
Income Tax Act	Contribution Demand	0.01	-	F.Y 1985-1986	Hon'ble Supreme Court of India
	Disallowance for claim u/s 80-IA, Section 14A and others	3.63	-	F.Y 2015-2016	Joint Comm, Ahmedabad
Gujarat Sales Tax Act, 1969	Disallowance of Set off of Sales Tax	0.02	-	FY 2002-2003	VAT Tribunal, Ahmedabad
		0.02	-	FY 2003-2004	Joint Comm. (Audit), Ahmedabad

According to the information and explanations given to us, there are no dues of Provident Fund, value added tax, goods and service tax and cess which have not been deposited on account of any dispute.

(viii) In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of loans or borrowing to a financial institution, bank or Government. The Company did not have any outstanding debentures during the year.

(ix) In our opinion and according to the information and explanations given by the management, the Company has

utilized the monies raised by way of term loans for the purposes for which they were obtained. The Company has not raised any money by way of initial public offer / further public offer / debt instruments during the year.

(x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the Company or no material fraud on the company by the officers and employees of the Company has been noticed or reported during the year.

- (xi) According to the information and explanations given by the management, the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- (xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.
- (xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us, and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence,

reporting requirements under clause 3(xiv) are not applicable to the company and, not commented upon.

- (xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of Companies Act, 2013.
- (xvi) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For **S.R. Batliboi & Co. LLP**

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005

per **Atul Seksaria**

Partner

Place of Signature: Gurugram

Date: April 28, 2021

Membership Number: 086370

UDIN: 21086370AAAABB9409

# ANNEXURE 2

## to the independent auditor's report of even date on the Standalone Financial Statements of GHCL Limited

### Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

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

### Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on [the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

### Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to these standalone financial statements 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, as specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to these standalone financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls

with reference to these standalone financial statements and their operating effectiveness. Our audit of internal financial controls with reference to standalone financial statements included obtaining an understanding of internal financial controls with reference to these standalone financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, 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 with reference to these standalone financial statements.

### Meaning of Internal Financial Controls With Reference to these standalone Financial Statements

A company's internal financial controls with reference to standalone financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to standalone financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### Inherent Limitations of Internal Financial Controls With Reference to standalone Financial Statements

Because of the inherent limitations of internal financial controls with reference to standalone financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation



of the internal financial controls with reference to standalone financial statements to future periods are subject to the risk that the internal financial control with reference to standalone financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### Opinion

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to standalone financial statements and such internal financial controls with reference to standalone financial statements were operating effectively as at March 31, 2021, based on the

internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For **S.R. Batliboi & Co. LLP**

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005

per **Atul Seksaria**

Partner

Place of Signature: Gurugram

Date: April 28, 2021

Membership Number:086370

UDIN: 21086370AAAABB9409

# Standalone Balance Sheet

as at March 31, 2021

(INR in crores)

Particulars	Note No.	As at	
		March 31, 2021	March 31, 2020
<b>I. Assets</b>			
<b>(1) Non-current assets</b>			
(a) Property, plant and equipment	3	2,656.62	2,635.40
(b) Capital work-in-progress	3	80.54	119.96
(c) Intangible assets	4	6.05	5.46
(d) Right-of-use assets	34	12.16	13.73
(e) Intangible assets under development		-	1.76
(f) Financial assets			
(i) Investments	5	40.13	34.23
(ii) Loans	6A	14.35	15.51
(iii) Other non-current financial assets	6B	10.59	8.50
(g) Other-non current assets	7	66.57	67.19
<b>Total non-current assets</b>		<b>2,887.01</b>	<b>2,901.74</b>
<b>(2) Current assets</b>			
(a) Inventories	8	740.48	724.27
(b) Financial assets			
(i) Trade receivables	9	250.66	357.58
(ii) Cash and cash equivalents	10A	32.65	89.60
(iii) Bank balances other than cash and cash equivalents	10B	13.66	15.42
(iv) Loans	11A	3.73	3.86
(v) Derivative instruments	11B	4.14	-
(vi) Other current financial assets	11C	12.58	27.21
(c) Current tax assets (net)	12	9.73	7.59
(d) Other current assets	13	34.35	42.23
<b>Total current assets</b>		<b>1,101.98</b>	<b>1,267.76</b>
Assets held for sale	46	2.34	31.46
<b>Total assets</b>		<b>3,991.33</b>	<b>4,200.96</b>
<b>II. Equity and liabilities</b>			
<b>Equity</b>			
(a) Equity share capital	14	95.01	95.01
(b) Other equity	15	2,406.81	2,090.55
<b>Total equity</b>		<b>2,501.82</b>	<b>2,185.56</b>
<b>Liabilities</b>			
<b>(1) Non-current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	16A	563.82	807.89
(ii) Lease liabilities	34	13.33	13.92
(b) Provisions	17A	3.02	6.27
(c) Other non-current liabilities	17C	0.70	-
(d) Deferred tax liabilities (net)	12	260.16	253.08
<b>Total non-current liabilities</b>		<b>841.03</b>	<b>1,081.16</b>
<b>(2) Current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	16B	41.35	268.88
(ii) Lease liabilities	34	0.68	0.68
(iii) Trade payables			
(a) Total outstanding dues of micro enterprises and small enterprises	18	23.43	12.92
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises	18	352.09	392.87
(iv) Derivative instruments	19A	-	6.25
(v) Other financial liabilities	19B	197.79	216.78
(b) Provisions	17B	14.36	13.47
(c) Other current liabilities			
(i) Contract liabilities	21.2	3.91	6.11
(ii) Other liabilities	20	14.87	16.28
<b>Total current liabilities</b>		<b>648.48</b>	<b>934.24</b>
<b>Total liabilities</b>		<b>1,489.51</b>	<b>2,015.40</b>
<b>Total equity and liabilities</b>		<b>3,991.33</b>	<b>4,200.96</b>

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

As per report of even date

For and on behalf of the Board of Directors of GHCL Limited

For S.R. Battliboi & Co. LLP

Chartered Accountants  
ICAI Firm Registration No. 301003E/E300005

**Sanjay Dalmia**  
Chairman  
DIN: 00206992

**Manoj Vaish**  
Director  
DIN: 00157082

per **Atul Seksaria**

Partner  
Membership No. 086370

**R. S. Jalan**  
Managing Director  
DIN: 00121260

**Raman Chopra**  
CFO & Executive Director-Finance  
DIN: 00954190

Place : Gurugram  
Date: April 28, 2021

Place : New Delhi  
Date: April 28, 2021

**Bhwneshwar Mishra**  
Sr. GM- Sustainability & Company Secretary  
Membership No.: FCS 5330

# Standalone Statement of Profit and Loss

for the year ended March 31, 2021

(INR in crores)

Particulars	Note No.	For the year ended March 31, 2021	For the year ended March 31, 2020
<b>Revenue</b>			
Revenue from operations	21	2,823.09	3,256.01
Other income	22	26.62	16.43
<b>Total income</b>		<b>2,849.71</b>	<b>3,272.44</b>
<b>Expenses</b>			
Cost of raw materials consumed	23	1,136.75	1,253.45
Purchase of stock in trade		173.31	182.39
(Increase)/ Decrease in inventories of finished goods, stock-in-trade and work-in-progress	24	(44.64)	(14.02)
Power, fuel and water		415.22	513.17
Employee benefit expenses	25	172.46	188.36
Depreciation and amortization expense	26	133.19	130.51
Finance costs	27	90.21	118.18
Other expenses	28	350.81	395.93
<b>Total expenses</b>		<b>2,427.31</b>	<b>2,767.97</b>
<b>Profit before tax</b>		<b>422.40</b>	<b>504.47</b>
<b>Tax expense:</b>	12		
Current tax		105.86	143.38
Tax adjustment for earlier years		(0.93)	(2.48)
Deferred tax		7.49	(42.93)
<b>Total tax expense</b>		<b>112.42</b>	<b>97.97</b>
<b>Profit for the year</b>		<b>309.98</b>	<b>406.50</b>
<b>Other comprehensive income</b>			
<b>Other comprehensive income/(loss) not to be reclassified to profit or loss in subsequent periods:</b>			
Re-measurement (Loss) on defined benefit plans		(1.63)	(2.80)
Income tax effect related to re-measurement of defined benefit plans		0.41	0.71
Re-measurement Gain/(Loss) on investment in equity		5.95	(3.44)
<b>Other comprehensive income/(loss) for the year, net of tax</b>	29	<b>4.73</b>	<b>(5.53)</b>
<b>Total comprehensive income for the year, net of tax</b>		<b>314.71</b>	<b>400.97</b>
<b>Earnings per equity share (nominal value of shares INR 10)</b>	30		
Basic (INR)		32.62	41.51
Diluted (INR)		32.54	41.51

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

As per report of even date

For and on behalf of the Board of Directors of GHCL Limited

## For S.R. Batliboi & Co. LLP

Chartered Accountants  
ICAI Firm Registration No. 301003E/E300005

**Sanjay Dalmia**  
Chairman  
DIN: 00206992

**Manoj Vaish**  
Director  
DIN: 00157082

per **Atul Seksaria**  
Partner  
Membership No. 086370

**R. S. Jalan**  
Managing Director  
DIN: 00121260

**Raman Chopra**  
CFO & Executive Director-Finance  
DIN: 00954190

Place : Gurugram  
Date: April 28, 2021

Place : New Delhi  
Date: April 28, 2021

**Bhuvneshwar Mishra**  
Sr. GM- Sustainability & Company Secretary  
Membership No.: FCS 5330

# Standalone Statement of Cash Flows

for the year ended March 31, 2021

(INR in crores)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
<b>Cash flow from operating activities</b>		
<b>Profit before tax</b>	422.40	504.47
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation and amortisation expenses	133.19	130.51
(Gain)/Loss on sale of investments/ diminution in the value of investment	(1.27)	9.12
Loss on sale/disposal of property, plant and equipment and asset held for sale	8.67	1.48
Interest income	(0.55)	(0.64)
Finance costs	90.21	118.19
Income from dividend	-	(0.08)
Employees share based payments	1.55	(7.18)
Unrealised exchange Loss/(Gain)	(6.28)	13.19
<b>Operating cash flow before working capital changes</b>	<b>647.92</b>	<b>769.06</b>
<b>Changes in working capital</b>		
<b>Adjustments for (Increase)/Decrease in operating assets:</b>		
Trade receivables	114.13	17.93
Inventories	(16.21)	(56.01)
Other current financial assets	14.76	(3.69)
Other current assets	6.26	32.13
Non-current financial assets	(0.93)	(4.06)
Other non-current assets	(0.31)	2.21
<b>Adjustments for Increase/(Decrease) in operating liabilities:</b>		
Contract liabilities	(2.20)	(2.45)
Trade payables	(29.70)	(10.37)
Derivative instruments	(10.39)	(8.51)
Other non-current liabilities	0.70	-
Other current financial liabilities	0.64	1.34
Other current liabilities	4.45	8.42
Provisions	(2.36)	(2.18)
<b>Cash generated from operations</b>	<b>726.76</b>	<b>743.82</b>
Income tax paid (net)	(107.07)	(115.53)
<b>Net cash generated from operating activities (A)</b>	<b>619.69</b>	<b>628.29</b>
<b>Cash flow from investing activities</b>		
Purchase of property, plant and equipment, capital work in progress and intangible assets	(111.70)	(225.33)
Proceeds from sale of property, plant and equipment	1.21	9.73
Sales/ (Purchase) of investment (net)	1.32	(0.23)
Interest received	0.55	0.64
Dividend received	-	0.08
<b>Net cash used in investing activities (B)</b>	<b>(108.62)</b>	<b>(215.11)</b>

# Standalone Statement of Cash Flows

for the year ended March 31, 2021, (INR in crores)

(INR in crores)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
<b>Cash flow from financing activities</b>		
Proceeds from issue of equity shares (including premium)	-	2.74
Buyback of equity share capital (including tax paid)	-	(69.46)
Dividend paid	(0.81)	(76.26)
Dividend distribution tax paid	(5.86)	(10.08)
Proceeds from long-term borrowings	2.46	252.74
Repayment of long-term borrowings	(246.46)	(174.92)
Proceeds / (Repayment) from short-term borrowings	(227.53)	(129.98)
Payment of lease liabilities (refer note 34)	(2.02)	(2.06)
Unpaid dividend account (net)	0.81	(1.26)
Bank deposit in margin money	0.95	0.66
Interest paid	(89.56)	(120.14)
<b>Net cash used in financing activities (C)</b>	<b>(568.02)</b>	<b>(328.02)</b>
<b>Net (Decrease) / Increase in cash and cash equivalents (A+B+C)</b>	<b>(56.95)</b>	<b>85.16</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>89.60</b>	<b>4.44</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>32.65</b>	<b>89.60</b>
<b>Components of cash and cash equivalents</b>		
Cash on hand	0.17	0.26
Balances with banks:		
- On current accounts	32.48	89.34
<b>Total cash and cash equivalents (refer note 10A)</b>	<b>32.65</b>	<b>89.60</b>

Notes:

1. The cash flow statement has been prepared under the indirect method as set out in the Ind AS 7 "Statement of Cash Flows".

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

As per report of even date

**For and on behalf of the Board of Directors of GHCL Limited**

**For S.R. Batliboi & Co. LLP**

Chartered Accountants  
ICAI Firm Registration No. 301003E/E300005

**Sanjay Dalmia**  
Chairman  
DIN: 00206992

**Manoj Vaish**  
Director  
DIN: 00157082

per **Atul Seksaria**  
Partner  
Membership No. 086370

**R. S. Jalan**  
Managing Director  
DIN: 00121260

**Raman Chopra**  
CFO & Executive Director-Finance  
DIN: 00954190

Place : Gurugram  
Date: April 28, 2021

Place : New Delhi  
Date: April 28, 2021

**Bhuvneshwar Mishra**  
Sr. GM- Sustainability &  
Company Secretary  
Membership No.: FCS 5330

# Standalone Statement of changes in equity

for the year ended March 31, 2021

## A. Equity share capital

Equity Shares of INR 10 each issued, subscribed and fully paid up

(INR in crores)

Particulars	Number of share	Amount
<b>As at April 1, 2019</b>	9,80,28,286	98.03
Changes in share capital- Shares issued under ESOS scheme during the year (Refer note 14 on ESOS)	1,85,000	0.18
Changes in share capital- Buyback during the year (Refer note 14 on Buyback)	(32,00,000)	(3.20)
<b>Balance as at March 31, 2020</b>	<b>9,50,13,286</b>	<b>95.01</b>
Changes in share capital	-	-
<b>Balance as at March 31, 2021</b>	<b>9,50,13,286</b>	<b>95.01</b>

## B. Other Equity

(INR in crores)

Particulars	Reserves and Surplus (Refer note 15)								Total
	Capital reserve	Business development reserve	Capital redemption reserve	Securities premium	Retained earnings	Share based payment reserve	General reserve	FVTOCI Reserve	
<b>As at April 1, 2019</b>	7.57	73.89	13.16	19.74	1,672.61	20.04	37.13	9.78	1,853.92
Reserve created on account of ESOS issued during the year	-	-	-	5.54	-	-	-	-	5.54
Reserve created on account of buy back during the year	-	-	3.20	-	-	-	(3.20)	-	-
Reserve Utilised on account of buy back during the year	-	-	-	(25.28)	-	-	(28.48)	-	(53.76)
Profit for the year	-	-	-	-	406.50	-	-	-	406.50
Shared based payments (Refer note 25)	-	-	-	-	-	(10.17)	-	-	(10.17)
Dividend paid	-	-	-	-	(77.52)	-	-	-	(77.52)
Dividend distribution tax	-	-	-	-	(15.93)	-	-	-	(15.93)
Tax paid on Buy Back	-	-	-	-	(12.49)	-	-	-	(12.49)
Other comprehensive (Loss) for the year, net of tax (Refer note 29)	-	-	-	-	(2.10)	-	-	(3.44)	(5.54)
<b>Balance as at March 31, 2020</b>	<b>7.57</b>	<b>73.89</b>	<b>16.36</b>	<b>-</b>	<b>1,971.07</b>	<b>9.87</b>	<b>5.45</b>	<b>6.34</b>	<b>2,090.55</b>
Profit for the year	-	-	-	-	309.98	-	-	-	309.98
Share based payments (Refer note 25)	-	-	-	-	-	1.55	-	-	1.55
Other comprehensive income for the year, net of tax (Refer note 29)	-	-	-	-	(1.22)	-	-	5.95	4.73
<b>Balance as at March 31, 2021</b>	<b>7.57</b>	<b>73.89</b>	<b>16.36</b>	<b>-</b>	<b>2,279.83</b>	<b>11.42</b>	<b>5.45</b>	<b>12.29</b>	<b>2,406.81</b>

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

As per report of even date

For and on behalf of the Board of Directors of GHCL Limited

### For S.R. Batliboi & Co. LLP

Chartered Accountants  
ICAI Firm Registration No. 301003E/E300005

### Sanjay Dalmia

Chairman  
DIN: 00206992

### Manoj Vaish

Director  
DIN: 00157082

### per Atul Seksaria

Partner  
Membership No. 086370

### R. S. Jalan

Managing Director  
DIN: 00121260

### Raman Chopra

CFO & Executive Director-Finance  
DIN: 00954190

Place : Gurugram  
Date: April 28, 2021

Place : New Delhi  
Date: April 28, 2021

### Bhawneshwar Mishra

Sr. GM- Sustainability & Company Secretary  
Membership No.: FCS 5330

# Notes to the Standalone Financial Statements

for the year ended March 31, 2021, (INR in crores unless specified otherwise)

## 1 Corporate information

GHCL Limited ("GHCL" or the "Company") is a public Company domiciled in India and is incorporated under the provisions of the Companies Act applicable in India. Its shares are listed with the National Stock Exchange (NSE) and Bombay Stock Exchange (BSE). The registered office of the Company is located at GHCL House, Opp. Punjabi Hall, Near Navrangpura Bus Stand, Navrangpura, Ahmedabad - 380 009, Gujarat.

The Company is engaged in primarily two segments consisting of Inorganic Chemicals (mainly manufacture and sale of Soda Ash) and Home Textile division (comprising of yarn manufacturing, weaving, processing and cutting and sewing of home textiles products).

Information on related party relationships of the Company is provided in Note 36.

The financial statements are approved for issue in accordance with a resolution of the Board of Directors on April 28, 2021.

## 2 Significant accounting policies

### 2.1 Basis of preparation

The Standalone financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) and presentation requirements of Division II of Schedule III to the Companies Act, 2013, (Ind AS compliant Schedule III).

The financial statements have been prepared on a historical cost basis, except for the following assets and liabilities that have been carried at fair value:

- Derivative financial instruments
- Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments).

The financial statements are presented in Indian Rupees (INR) and all values are recorded to the nearest crores (INR'00, 00,000), except otherwise indicated.

### 2.2 Summary of significant accounting policies

#### a) Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting year, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting year

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting year, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting year

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

# Notes to the Standalone Financial Statements

for the year ended March 31, 2021, (INR in crores unless specified otherwise)

## b) Fair value measurement

The company measures financial instruments, such as, derivatives at fair value at each balance sheet date.

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 best economic interest.

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

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

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

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

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

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

The Company's Banking & Operations Committee determine the policies and procedures for both recurring fair value measurement, such as derivative instruments and unquoted financial assets measured at fair value, and for non-recurring measurement, such as assets held for distribution in discontinued operations.

At each reporting date, the Audit Committee analyses the movements in the values of assets and liabilities which are required to be remeasured or re-assessed as per the Company's accounting policies. For this analysis, the members of Banking & Operations Committee verify the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The Banking & Operations Committee also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

On an interim basis, the members of Banking & Operations Committee present the valuation results to the Audit Committee and the Company's independent auditors. This includes a discussion of the major assumptions used in the valuations.

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

This note summarises accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.



# Notes to the Standalone Financial Statements

for the year ended March 31, 2021, (INR in crores unless specified otherwise)

- Disclosures for valuation methods, significant estimates and assumptions
- Financial instruments (including those carried at amortised cost)

## c) Revenue from Operations

The Company derives revenues primarily from sale of inorganic chemicals, textile and other products.

Ind AS 115 “Revenue from Contracts with Customers” provides a control-based revenue recognition model and provides a five step application approach to be followed for revenue recognition.

- Identify the contract(s) with a customer;
- Identify the performance obligations;
- Determine the transaction price;
- Allocate the transaction price to the performance obligations;
- Recognise revenue when or as an entity satisfies performance obligation.

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company has generally concluded that it is the principal in its revenue arrangements, except for the agency services below, because it typically controls the goods or services before transferring them to the customer.

Revenue excludes amounts collected on behalf of third parties.

The disclosures of significant accounting judgements, estimates and assumptions relating to revenue from contracts with customers are provided in Note 31.”

### Sale of Goods

For sale of goods, revenue is recognised when control of the goods has transferred at a point in time i.e. when the goods have been delivered to the specific location (delivery). Following delivery, the customer has full discretion over the responsibility, manner of

distribution, price to sell the goods and bears the risks of obsolescence and loss in relation to the goods. A receivable is recognised by the Company when the goods are delivered to the customer as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due. Payment is due within 45-120 days. The Company considers the effects of variable consideration, the existence of significant financing components, noncash consideration, and consideration payable to the customer (if any).

### Variable consideration

If the consideration in a contract includes a variable amount, estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. The Company recognizes changes in the estimated amount of variable consideration in the year in which the change occurs. Some contracts for the sale of goods provide customers with volume rebates and pricing incentives, which give rise to variable consideration. The Company provides retrospective volume rebates and pricing incentives to certain customers once the quantity of products purchased during the year exceeds a threshold specified in the contract. Rebates are offset against amounts payable by the customer. To estimate the variable consideration for the expected future rebates, the Company applies the most likely amount method for contracts with a single-volume threshold and the expected value method for contracts with more than one volume threshold. The selected method that best predicts the amount of variable consideration is primarily driven by the number of volume thresholds contained in the contract. The Company then applies the requirements on constraining estimates of variable consideration and recognises a refund liability for the expected future rebates.

The disclosures of significant estimates and assumptions relating to the estimation of variable consideration for volume rebates are provided in Note 31

# Notes to the Standalone Financial Statements

for the year ended March 31, 2021, (INR in crores unless specified otherwise)

## Contract balances

### Trade receivables

A receivable is recognised if an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in section (p) Financial instruments – initial recognition and subsequent measurement.

### Contract liabilities

A contract liability is recognised if a payment is received or a payment is due (whichever is earlier) from a customer before the Company transfers the related goods or services. Contract liabilities are recognised as revenue when the Company performs under the contract (i.e., transfers control of the related goods or services to the customer).

### Cost to obtain a contract

The Company pays sales commission to its selling agents for each contract that they obtain for the Company. The Company applies the optional practical expedient to immediately expense costs to obtain a contract if amortisation year would have been recognised is one year or less. As such, sales commissions are immediately recognised as an expense and included as part of employee benefits.

Costs to fulfil a contract i.e. freight, insurance and other selling expenses are recognized as an expense in the year in which related revenue is recognised.

### Critical judgements

The Company's contracts with customers include promises to transfer goods to the customers. Judgement is required to determine the transaction price for the contract. The transaction price could be either a fixed amount of customer consideration or variable consideration with elements such as schemes, incentives, cash discounts, etc. The estimated amount of variable consideration is adjusted in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur and is reassessed at the end of each reporting year.

Estimates of rebates and discounts are sensitive to changes in circumstances and the Company's past experience regarding returns and rebate entitlements may not be representative of customers' actual returns and rebate entitlements in the future.

Costs to obtain a contract are generally expensed as incurred. The assessment of this criteria requires the application of judgement, in particular when considering if costs generate or enhance resources to be used to satisfy future performance obligations and whether costs are expected to be recovered.

## d) Other revenue streams

### Export Benefits

In case of sale made by the Company as Support Manufacturer, export benefits arising from Duty Entitlement Pass Book (DEPB), Duty Drawback scheme, Merchandise Export Incentive Scheme, Rebate of State Levies (ROSL) and Rebate of State and Central Taxes and Levies (ROSC TL), are recognised on export of such goods in accordance with the agreed terms and conditions with customers. In case of direct exports made by the Company, export benefits arising from DEPB, Duty Drawback scheme, Merchandise Export Incentive Scheme, ROSL and ROSCTL are recognised on shipment of direct exports.

Revenue from exports benefits measured at the fair value of consideration received or receivable net of returns and allowances, cash discounts, trade discounts and volume rebates.

### Rendering of Services

Revenue from rendering of services is recognised when the performance obligation to render the services are completed as per contractually agreed terms.

### Dividend

Revenue is recognised when the Company's right to receive the payment is established, which is generally when shareholders approve the dividend.

# Notes to the Standalone Financial Statements

for the year ended March 31, 2021, (INR in crores unless specified otherwise)

## Interest Income

For all debt instruments measured either at amortised cost or at fair value through other comprehensive income, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter year, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses. Interest income is included in finance income in the statement of profit and loss.

## e) Taxes

### Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in Other comprehensive income (OCI) or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Company shall reflect the effect of uncertainty for each uncertain tax treatment by using either most likely method or expected value method, depending on which method predicts better resolution of the treatment.

### Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets

and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of taxable temporary differences associated with investments in subsidiaries when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future
- Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:
  - When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
  - In respect of deductible temporary differences associated with investments in subsidiaries and associates, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised
  - The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each

# Notes to the Standalone Financial Statements

for the year ended March 31, 2021, (INR in crores unless specified otherwise)

reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

The Company offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future year in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

In the situation where the Company is entitled to a Tax holiday under the income Tax Act, 1961 enacted in India or Tax laws prevailing in the respective tax jurisdictions where it operates, no deferred tax (asset or liability) is recognised in respect of temporary differences which reverse during the tax holiday year, to the extent the Company's gross total income is subject to the deduction during the tax holiday year. Deferred tax in respect of temporary differences which reverse after the tax holiday year is recognized in the year in which the temporary differences originate. For recognition of deferred taxes, the temporary differences which originate first are considered to reverse first.

Deferred Tax includes Minimum Alternate Tax (MAT) recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the Company will pay normal income tax during the specified year, i.e. the year for which MAT credit is allowed to be carried forward. The Company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the

extent the Company does not have convincing evidence that it will pay normal tax during the specified year.

## Goods and Service tax paid on acquisition of assets or on incurring expenses

Expenses and assets are recognised net of the amount of sales/ value added taxes paid, except:

- When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- When receivables and payables are stated with the amount of tax included.

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

## f) Property, plant and equipment

Capital work in progress is stated at cost, net of accumulated impairment loss, if any. Plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Items such as spare parts, stand-by equipment and servicing equipment are recognized as property, plant and equipment when they meet the definition of property, plant and equipment. Otherwise, such items are classified as inventory. Such cost includes the cost of replacing part of the plant and equipment and borrowing cost for long term construction projects if the recognition criteria are met. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. All other repair and maintenance costs are recognised in Statement of profit or loss as incurred. Depreciation on tangible assets is provided on the straight-line method over the useful lives of assets estimated by the management. Depreciation for assets purchased/ sold during a year is proportionately charged. Leases relating to land are amortized equally over the year of lease. Leased mines are depreciated over the estimated useful life of the mine or lease

# Notes to the Standalone Financial Statements

for the year ended March 31, 2021, (INR in crores unless specified otherwise)

year, which ever is lower. The Management estimates the useful lives for the fixed assets, except lease mines and leasehold land, as follows:

• Building	30 to 60 years
• Plant and Machinery *	5 to 25 years
• Office equipment	3 to 25 years
• Furniture and fixtures	10 years
• Salt works reservoir	10 years
• Vehicles	8 to 10 years
• Wind Turbine Generator	20 to 22 years
• Temporary structures	3 years

\*For these class of assets, based on internal assessment, the management believes that the useful lives as given above best represent the year over which management expects to use these assets. Hence the useful lives for these assets is different from the useful lives as prescribed under Part C of Schedule II of the Companies Act, 2013. The management believes that these estimated useful lives are realistic and reflect fair approximation of the year over which the assets are likely to be used.

The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year-end and adjusted prospectively, if appropriate.

## g) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial

recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

Intangible assets comprising of computer software and trademark with finite useful life are amortised on straight line basis over estimated useful life of three years.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation year and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting year. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation year or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective.

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the asset is derecognised.

## Research and development costs

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Company can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale

# Notes to the Standalone Financial Statements

for the year ended March 31, 2021, (INR in crores unless specified otherwise)

- Its intention to complete and its ability and intention to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the year of expected future benefit. Amortisation expense is recognised in the statement of profit and loss. During the year of development, the asset is tested for impairment annually.

## h) Asset held for sale

The Company classifies non-current assets as held for sale if their carrying amounts will be recovered principally through a sale rather than through continuing use. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the sale expected within one year from the date of classification.

For these purposes, sale transactions include exchanges of non-current assets for other non-current assets when the exchange has commercial substance. The criteria for held for sale classification is regarded met only when the assets is available for immediate sale in its present condition, subject only to terms that are usual and customary for sales of such assets, its sale is highly probable; and it will genuinely be sold, not abandoned. The Company treats sale of the asset to be highly probable when:

- The appropriate level of management is committed to a plan to sell the asset,
- An active programme to locate a buyer and complete the plan has been initiated (if applicable),

- The asset is being actively marketed for sale at a price that is reasonable in relation to its current fair value,
- The sale is expected to qualify for recognition as a completed sale within one year from the date of classification, and
- Actions required to complete the plan indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

Non-current assets held for sale are measured at the lower of their carrying amount and the fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense. Assets and liabilities classified as held for sale are presented separately in the balance sheet.

Property, plant and equipment and intangible assets once classified as held for sale are not depreciated or amortised.

## i) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial year of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the year in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

## j) Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a year of time in exchange for consideration.

### Company as a lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease

# Notes to the Standalone Financial Statements

for the year ended March 31, 2021, (INR in crores unless specified otherwise)

payments and right-of-use assets representing the right to use the underlying assets.

## i) Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

- Plant and machinery 3 to 15 years
- Motor vehicles and other equipments 3 to 5 years

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment. Refer to the accounting policies in section (p) Impairment of non-financial assets.

## ii) Lease Liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on

an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments.

## iii) Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

## k) Inventories

Inventories, except for Stores & Spares and Loose Tools, are stated at cost or net realizable value, whichever is lower. Costs incurred in bringing each product to its present location and condition are accounted for as follows:

- Raw materials: cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average cost basis, except in case of cotton, for which cost is determined on specific cost basis.
- Finished goods: Cost of Finished Goods include material cost, cost of conversion, depreciation, other overheads to the extent applicable.

# Notes to the Standalone Financial Statements

for the year ended March 31, 2021, (INR in crores unless specified otherwise)

- Work in progress: It is valued at cost determined by taking material cost, labour charges, and direct expenses taking into account the stage of completion.
- Stock in trade: cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average basis.
- Stores and spares: are stated at cost less provision, if any, for obsolescence.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

## l) Impairment of non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Company's of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's

CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a year of three years. For longer years, a long-term growth rate is calculated and applied to project future cash flows after the third year. To estimate cash flow projections beyond years covered by the most recent budgets/forecasts, the Company extrapolates cash flow projections in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. In any case, this growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used.

Impairment losses of continuing operations, including impairment on inventories, are recognised in profit and loss section of the statement of profit and loss, except for properties previously revalued with the revaluation taken to OCI. For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit and loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

## m) Provisions

### General

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources



# Notes to the Standalone Financial Statements

for the year ended March 31, 2021, (INR in crores unless specified otherwise)

embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

## Decommissioning liability

The present value of the expected cost for the decommissioning of an asset after its use and leasehold improvements on termination of lease is included in the cost of the respective asset if the recognition criteria for a provision are met. The Company records a provision for decommissioning costs of its plant for manufacturing of Soda Ash and leasehold improvements at the leasehold land. Decommissioning costs are provided at the present value of expected costs to settle the obligation using estimated cash flows and are recognised as part of the cost of the particular asset. The cash flows are discounted at a current pre-tax rate that reflects the risks specific to the decommissioning liability. The unwinding of the discount is expensed as incurred and recognised in the statement of profit and loss as a finance cost. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. Changes in the estimated future costs or in the discount rate applied are added to or deducted from the cost of the asset.

## n) Gratuity and other post-employment benefits

Retirement benefit in the form of provident fund and superannuation fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund and superannuation fund. The Company recognizes contribution payable to the provident fund and superannuation fund scheme as an expense, when

an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

Gratuity and Leave Encashment which are defined benefits are accrued based on actuarial valuation as at the Balance Sheet date. The Company operates a defined benefit gratuity plan in India, which requires contributions to be made to a separately administered fund. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the year in which they occur. Remeasurements are not reclassified to profit or loss in subsequent years.

Past service costs are recognised in profit or loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the company recognises related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The company recognises the following changes in the net defined benefit obligation as an expense in the statement of profit and loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income

# Notes to the Standalone Financial Statements

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- Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date. The Company recognizes expected cost of short-term employee benefit as an expense, when an employee renders the related service.

## o) Share-based payments

Employees (including senior executives) of the Company receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions). Employees working in the business development Company are granted share appreciation rights, which are settled in cash (cash-settled transactions).

### • Equity-settled transactions

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model.

That cost is recognised, together with a corresponding increase in share-based payment (SBP) reserves in equity, over the year in which the performance and/or service conditions are fulfilled in employee benefits expense. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting year has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the statement of profit and loss for a year represents the movement in cumulative expense recognised as at the beginning and end of that year and is recognised in employee benefits expense.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Company's best estimate of the number of

equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

No expense is recognised for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

When the terms of an equity-settled award are modified, the minimum expense recognised is the grant date fair value of the unmodified award, provided the original vesting terms of the award are met. An additional expense, measured as at the date of modification, is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through profit or loss.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

## p) Financial instruments

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

### Financial assets

#### Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are

# Notes to the Standalone Financial Statements

for the year ended March 31, 2021, (INR in crores unless specified otherwise)

attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular day trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

## Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through other comprehensive income (FVTOCI) with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

## Financial assets at amortised cost (debt instruments)

A 'financial asset' is measured at the amortised cost if both the following conditions are met:

- (a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- (b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

This category is the most relevant to the Company. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss. The Company financial assets at amortised cost includes trade receivables and loan

to an associate and loan to a director included under other non-current financial assets.

## Financial assets at fair value through OCI (FVTOCI) (debt instruments)

A 'financial asset' is classified as at the FVTOCI if both of the following criteria are met:

- (a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- (b) The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. For debt instruments, at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value changes recognised in OCI is reclassified from the equity to profit or loss. The Company's debt instruments at fair value through OCI includes investments in quoted debt instruments included under other non-current financial assets.

## Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the balance sheet at fair value with net changes in fair value recognised in the statement of profit and loss.

This category includes derivative instruments and listed equity investments which the Company had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are recognised in the statement of profit and loss when the right of payment has been established.

## Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under Ind

# Notes to the Standalone Financial Statements

for the year ended March 31, 2021, (INR in crores unless specified otherwise)

AS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS103 applies are classified as at FVTPL.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit and loss when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI.

Equity instruments designated at fair value through OCI are not subject to impairment assessment. Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of Profit and Loss

## Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily derecognised (i.e. removed from the Company's balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the company has transferred substantially all the risks and rewards of the asset, or (b) the company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the

extent of the Companies continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

## Impairment of financial assets

In accordance with Ind-AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- (a) Financial assets that are debt instruments, and are measured at amortised cost e.g., debt securities, deposits, trade receivables and bank balance.
- (b) Financial assets that are debt instruments and are measured as at FVTOCI
- (c) Lease receivables under Ind-AS 17.
- (d) Trade receivables or any contractual right to receive cash or another financial asset that results from transactions that are within the scope of Ind AS 11 and Ind AS 18

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent year, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12 -month ECL is a portion of the lifetime ECL which results from default

# Notes to the Standalone Financial Statements

for the year ended March 31, 2021, (INR in crores unless specified otherwise)

events on a financial instrument that are possible within 12 months after the reporting date.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider:

- All contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument.
- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms

ECL impairment loss allowance (or reversal) recognized during the year is recognized as income/expense in the statement of profit and loss (P&L). This amount is reflected in a separate line in the P&L as an impairment gain or loss. The balance sheet presentation for various financial instruments is described below:

- Financial assets measured as at amortised cost, contract assets and lease receivables: ECL is presented as an allowance, i.e. as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Company does not reduce impairment allowance from the gross carrying amount.
- Loan commitments and financial guarantee contracts: ECL is presented as a provision in the balance sheet, i.e. as a liability.
- Debt instruments measured at FVTOCI: Since financial assets are already reflected at fair value, impairment allowance is not further reduced from its value. Rather, ECL amount is presented as 'accumulated impairment amount' in the OCI.

## Financial liabilities

### Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

### Subsequent measurement

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortised cost (loans and borrowings)"

### Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind-AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at

# Notes to the Standalone Financial Statements

for the year ended March 31, 2021, (INR in crores unless specified otherwise)

the initial date of recognition, and only if the criteria in Ind-AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ loss are not subsequently transferred to P&L. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit or loss. The Company has not designated any financial liability as at fair value through profit and loss.

## **Financial liabilities at amortised cost (Loans and Borrowings)**

This is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

This category generally applies to borrowings. For more information refer Note 16.

## **Derecognition**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

## **Embedded derivatives**

An embedded derivative is a component of a hybrid (combined) instrument that also includes a non-derivative host contract - with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative. An embedded derivative causes some or all of the cash flows that

otherwise would be required by the contract to be modified according to a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss.

If the hybrid contract contains a host that is a financial asset within the scope of Ind AS 109, the Company does not separate embedded derivatives. Rather, it applies the classification requirements contained in Ind AS 109 to the entire hybrid contract. Derivatives embedded in all other host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss, unless designated as effective hedging instruments.

## **Reclassification of financial assets**

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Company's senior management determines change in the business model as a result of external or internal changes which are significant to the Company's operations. Such changes are evident to external parties. A change in the business model occurs when the Company either begins or ceases to perform an activity that is significant to its operations. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting year following the change in business model. The Company does not restate any previously recognised gains, losses

# Notes to the Standalone Financial Statements

for the year ended March 31, 2021, (INR in crores unless specified otherwise)

(including impairment gains or losses) or interest. The following table shows various reclassification and how they are accounted for as per below:

- i) Amortised cost to FVTPL** - Fair value is measured at reclassification date. Difference between previous amortized cost and fair value is recognised in P&L.
- ii) FVTPL to Amortised Cost** - Fair value at reclassification date becomes its new gross carrying amount. EIR is calculated based on the new gross carrying amount.
- iii) Amortised cost to FVTOCI** - Fair value is measured at reclassification date. Difference between previous amortised cost and fair value is recognised in OCI. No change in EIR due to reclassification.
- iv) FVTOCI to Amortised cost** - Fair value at reclassification date becomes its new amortised cost carrying amount. However, cumulative gain or loss in OCI is adjusted against fair value. Consequently, the asset is measured as if it had always been measured at amortised cost.
- v) FVTPL to FVTOCI** - Fair value at reclassification date becomes its new carrying amount. No other adjustment is required.
- vi) FVTOCI to FVTPL** - Assets continue to be measured at fair value. Cumulative gain or loss previously recognized in OCI is reclassified to Statement of Profit and Loss at the reclassification date.

## Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

## q) Derivative financial instruments and hedge accounting

### Initial recognition and subsequent measurement

The Company uses derivative financial instruments, such as forward currency contracts, to hedge its foreign

currency risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss.

## r) Cash and cash equivalents

Cash and short-term deposits in the balance sheet comprise cash at banks and on hand and short-term deposits with a maturity of three months or less, that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value. Bank balances other than the balance included in cash and cash equivalents represents balance on account of unpaid dividend and margin money deposit with banks.

## s) Dividend

The Company recognises a liability to pay dividend to equity holders when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

## t) Government Grants

Government grants are recognised when there is reasonable assurance that the grant will be received and all attached conditions complied in. When the grant relates to an expense item, it is recognised as Income on a systematic basis over the years that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as an income in equal amounts over the expected useful life of the related asset. When the Company receives grants of non-monetary assets, the asset and the grant are recorded at fair value amounts and released to profit or loss over the expected useful life in a pattern of consumption of the benefit of the underlying asset i.e. by equal annual instalments.

# Notes to the Standalone Financial Statements

for the year ended March 31, 2021, (INR in crores unless specified otherwise)

When loans or similar assistance are provided by governments or related institutions, with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as a government grant. The loan or assistance is initially recognised and measured at fair value and the government grant is measured as the difference between the initial carrying value of the loan and the proceeds received. The loan is subsequently measured as per the accounting policy applicable to financial liabilities.

## u) Foreign currencies

The company's financial statements are presented in INR, which is also the Company's functional currency.

### Transactions and balances

Transactions in foreign currencies are initially recorded in the functional currency, using the spot exchange rates at the date of the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Exchange differences that arise on settlement of monetary items are recognised in Statement of Profit and Loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of nonmonetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

## v) Investment in subsidiary

Investment in subsidiary is carried at cost in the separate financial statements. Investment carried at cost is tested for impairment as per IND AS 36.

## w) Contingent Liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be

confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements. Contingent assets are only disclosed when it is probable that the economic benefits will flow to the entity.

## x) Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss attributable to equity holders of parent company (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the year.

Partly paid equity shares are treated as a fraction of an equity share to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the reporting year. The weighted average number of equity shares outstanding during the year is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders of the parent company and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

## y) Onerous Contracts

If the Company has a contract that is onerous, the present obligation under the contract is recognised and measured as a provision. However, before a separate provision for an onerous contract is established, the Company recognises any impairment loss that has occurred on assets dedicated to that contract. An onerous contract is a contract under which the unavoidable costs (i.e., the costs that the



# Notes to the Standalone Financial Statements

for the year ended March 31, 2021, (INR in crores unless specified otherwise)

Company cannot avoid because it has the contract) of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it. The cost of fulfilling a contract comprises the costs that relate directly to the contract (i.e., both incremental costs and an allocation of costs directly related to contract activities).”

## z) Changes in accounting policies and disclosures

### New and amended standards

#### i) Amendments to Ind AS 116: Covid-19-Related Rent Concessions.

The amendments provide relief to lessees from applying Ind AS 116 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under Ind AS 116, if the change were not a lease modification.

The amendments are applicable for annual reporting periods beginning on or after the 1 April 2020. In case, a lessee has not yet approved the financial statements for issue before the issuance of this amendment, then the same may be applied for annual reporting periods beginning on or after the 1 April 2019. This amendment had no impact on the standalone financial statements of the Company.

#### (ii) Amendments to Ind AS 1 and Ind AS 8: Definition of Material

The amendments provide a new definition of material that states, “information is material if omitting, misstating or obscuring it could

reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.” The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments had no impact on the standalone financial statements of, nor is there expected to be any future impact to the Company.

These amendments are applicable prospectively for annual periods beginning on or after the 1 April 2020. The amendments to the definition of material are not expected to have a significant impact on the Company’s standalone financial statements.

#### (iii) Amendments to Ind AS 107 and Ind AS 109: Interest Rate Benchmark Reform

The amendments to Ind AS 109 Financial Instruments: Recognition and Measurement provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainty about the timing and/or amount of benchmark-based cash flows of the hedged item or the hedging instrument. These amendments have no impact on the standalone financial statements of the Company as it does not have any interest rate hedge relationships.

The amendments to Ind AS 107 prescribe the disclosures which entities are required to make for hedging relationships to which the reliefs as per the amendments in Ind AS 109 are applied. These amendments are applicable for annual periods beginning on or after the 1 April 2020. These amendments are not expected to have a significant impact on the Company’s standalone financial statements.

# Notes to the Standalone Financial Statements

for the year ended March 31, 2021, (INR in crores unless specified otherwise)

## 3 Property, plant and equipment

Cost	(INR in crores)														
	Freehold Land	Leasehold Land*	Buildings	Plant and Equipment	Office Equipment	Furniture and Fixtures	Salt works reservoir	Vehicles	Leased Mines #	Wind Turbine Generator	Solar Power	Total	Capital work in progress	Asset held for sale**	Total Amount
<b>As at April 1, 2019</b>	339.84	352.75	245.28	1,793.11	8.47	6.47	2.51	3.08	9.47	139.56	-	2,900.54	113.64	39.23	3,053.41
Additions	0.65	-	11.66	158.37	3.66	0.40	1.70	1.10	-	1.17	8.23	186.94	193.26	-	380.20
Disposals	-	-	(2.50)	(25.44)	(2.39)	(0.61)	-	(0.54)	-	-	-	(31.48)	(186.94)	(7.77)	(226.19)
<b>As at March 31, 2020</b>	340.49	352.75	254.44	1,926.04	9.74	6.26	4.21	3.64	9.47	140.73	8.23	3,056.00	119.96	31.46	3,207.42
Additions	-	-	11.89	116.77	0.72	0.01	0.85	0.25	-	0.81	-	131.30	91.88	-	223.18
Disposals	-	-	-	(3.60)	(0.37)	(0.00)	-	(0.25)	-	-	-	(4.22)	(131.30)	(9.92)	(145.45)
Adjustments (Refer Note 46)	19.20	-	-	-	-	-	-	-	-	-	-	19.20	-	(19.20)	-
<b>As at March 31, 2021</b>	359.69	352.75	266.33	2,039.21	10.09	6.27	5.06	3.64	9.47	141.54	8.23	3,202.28	80.54	2.34	3,285.15

Accumulated depreciation	(INR in crores)														
	Freehold Land	Leasehold Land*	Buildings	Plant and Equipment	Office Equipment	Furniture and Fixtures	Salt works reservoir	Vehicles	Leased Mines #	Wind Turbine Generator	Solar Power	Total	Capital work in progress	Asset held for sale**	Total Amount
<b>As at April 1, 2019</b>	-	19.45	33.26	232.19	2.44	0.82	1.81	0.43	9.09	24.13	-	323.62	-	-	323.62
Depreciation charge for the year	-	4.87	11.53	96.18	2.96	0.77	0.15	0.60	0.09	7.36	0.49	125.01	-	-	125.01
Disposals	-	-	(2.39)	(22.46)	(2.37)	(0.32)	-	(0.49)	-	-	-	(28.03)	-	-	(28.03)
<b>As at March 31, 2020</b>	-	24.32	42.40	305.91	3.03	1.27	1.96	0.56	9.18	31.49	0.49	420.60	-	-	420.60
Depreciation charge for the year	-	4.87	11.25	99.29	3.23	0.82	0.41	0.67	0.08	7.51	0.54	128.68	-	-	128.68
Disposals	-	-	-	(3.12)	(0.34)	-	(0.16)	-	-	-	-	(3.62)	-	-	(3.62)
<b>As at March 31, 2021</b>	-	29.19	53.65	402.08	5.92	2.09	2.37	1.06	9.26	39.00	1.03	545.66	-	-	545.66

Net book value	(INR in crores)														
	Freehold Land	Leasehold Land*	Buildings	Plant and Equipment	Office Equipment	Furniture and Fixtures	Salt works reservoir	Vehicles	Leased Mines #	Wind Turbine Generator	Solar Power	Total	Capital work in progress	Asset held for sale**	Total Amount
<b>As at March 31, 2021</b>	359.69	323.56	212.68	1,637.13	4.17	4.18	2.69	2.57	0.21	102.54	7.20	2,656.62	80.54	2.34	2,739.50
<b>As at March 31, 2020</b>	340.49	328.43	212.04	1,620.13	6.71	4.99	2.25	3.09	0.29	109.24	7.74	2,635.40	119.96	31.46	2,786.82

# Notes to the Standalone Financial Statements

for the year ended March 31, 2021, (INR in crores unless specified otherwise)

## 3 Property, plant and equipment (Contd..)

(INR in crores)

Net book value	As at March 31, 2021	As at March 31, 2020
Property, plant and equipment	2,656.62	2,635.40
Capital work in progress	80.54	119.96
Asset classified as held for sale	2.34	31.46

Property plant and equipment are subject to charge to secure the company's borrowings as discussed in Note 16

On transition to Ind AS (i.e. 1 April 2015), the company has elected to continue with the carrying value of all Property, plant and equipment measured as per the previous GAAP and use that carrying value as the deemed cost of Property, plant and equipment.

### Leasehold Land \*

Land for soda ash plant and for corporate office are taken on lease from the Government of India for a year of 90 to 99 years. leasehold lands are capitalised and amortised over the life of lease or life of assets (whichever is lower).

### Leased Mines#

Leased mines represents expenditure incurred on development of mines.

### Asset held for sale\*\*

Assets held for sale represents Land in Madurai (Yarn Unit) approved by Board for transfer in future. ( Refer Note no 46)

### Capitalised borrowing costs

The amount of borrowing cost capitalised during the year ended March 31, 2021 was INR 0.34 Crore (for the year March 31, 2020: INR 4.49 Crore) on account of capacity expansion of soda ash plant and other capital expenditure. The rate used to determine the amount of borrowing costs eligible for capitalisation was 8.25%, (for the year March 31 2020: 8.75%) which is the effective interest rate of the specific borrowing.

### Outlook for Home Textiles Business and impairment assessment

The Textile business of Company encompasses sophisticated, integrated operations within the areas of Spinning and Home Textiles production. Our Spinning business has been consistently delivering profitable growth for past many years and during the financial year 2020-2021 also we have achieved profit. The company is expecting improve performance in next year as well. The home textile unit after performing well for two years faced severe Industry headwinds from last quarter of 2016 and incurred loss in the year 2017-18 and 2018-19. For the financial year 2019-20, though there has been an improvement in performance on quarter-to-quarter basis, the same still lags the performance achieved in 2016-17. However, in the current financial year 2020-21 the unit performance improved as compare to previous year ending march 31, 2020 and management expect to continue the same.

As a policy, the Company annually assesses the impairment of property plant and equipment (PPE) by comparing the carrying value of PPE with its fair value. In case the fair value is less than the carrying value an impairment charge is created. Due to past losses in home textile division (Property, plant and equipment, Assets and Liabilities that are related to the integrated textile manufacturing facilities (at Tamil Nadu), Home Textiles facility (in Gujrat) and investments made in subsidiary to support the business hereafter collectively referred to as the "Home Textile Division or HT Division") management has performed an impairment assessment of property plant and equipment of HT division. Basis the business plan and fair value calculated using the discounted future cash flow method, which are higher than the carrying value of PPE of HT division; management has concluded that there is no impairment of PPE in home textile division."

# Notes to the Standalone Financial Statements

for the year ended March 31, 2021, (INR in crores unless specified otherwise)

## 4 Intangible assets

(INR in crores)

<b>Cost</b>	<b>Trademarks</b>	<b>Software</b>	<b>Total Amount</b>
<b>As at April 1, 2019</b>	2.65	3.92	6.57
Additions	-	4.78	4.78
Disposals	-	(0.09)	(0.09)
<b>As at March 31, 2020</b>	<b>2.65</b>	<b>8.61</b>	<b>11.26</b>
Additions	-	3.58	3.58
Disposals	-	(0.00)	(0.00)
<b>As at March 31, 2021</b>	<b>2.65</b>	<b>12.19</b>	<b>14.84</b>

(INR in crores)

<b>Amortisation</b>	<b>Trademarks</b>	<b>Software</b>	<b>Total Amount</b>
<b>As at April 1, 2019</b>	1.54	0.47	2.01
Amortization	0.89	2.99	3.88
Disposals	-	(0.09)	(0.09)
<b>As at March 31, 2020</b>	<b>2.43</b>	<b>3.37</b>	<b>5.80</b>
Amortization	0.22	2.78	2.99
Disposals	-	(0.00)	(0.00)
<b>As at March 31, 2021</b>	<b>2.65</b>	<b>6.15</b>	<b>8.79</b>

(INR in crores)

<b>Net book value</b>	<b>Trademarks</b>	<b>Software</b>	<b>Total Amount</b>
<b>As at March 31, 2021</b>	<b>0.00</b>	<b>6.04</b>	<b>6.05</b>
<b>As at March 31, 2020</b>	<b>0.22</b>	<b>5.24</b>	<b>5.46</b>

Note: Intangible assets include license for trademark acquired for obtaining exclusive manufacturing and marketing rights for one of its innovative textile product in USA.

Note: On transition to Ind AS (i.e. 1 April 2015), the company has elected to continue with the carrying value of all Intangible assets measured as per the previous GAAP and use that carrying value as the deemed cost of Intangible assets.

## 5 Investments

(INR in crores)

<b>Particulars</b>	<b>As at March 31, 2021</b>	<b>As at March 31, 2020</b>
<b>Unquoted equity shares</b>		
<b>Investment in Subsidiary Companies, at cost</b>		
Investment in Grace Home Fashion LLC		
Gross Amount of Investment	24.97	34.97
Less: Diminution in value of investment*	-	(10.00)
Net Amount of Investment in Grace Home Fashions LLC	<b>24.97</b>	<b>24.97</b>
Investment in Dan River Properties LLC	0.00	0.00
Investment in GHCL Textiles Limited	0.01	-
<b>Total Investments in subsidiaries</b>	<b>24.98</b>	<b>24.97</b>

# Notes to the Standalone Financial Statements

for the year ended March 31, 2021, (INR in crores unless specified otherwise)

## 5 Investments (Contd..)

(INR in crores)

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Unquoted equity shares, at amortised cost</b>		
5200 equity shares (as at March 31, 2020: 5200 equity shares) of INR 10/- each fully paid up of DM Solar Farm Pvt Ltd **	0.01	0.01
63,400 equity shares (as at March 31, 2020: 1,07,300 equity shares) of INR 10/- each fully paid up of OPG Power Generation Pvt Ltd	0.07	0.12
12,00,000 equity shares (as at March 31, 2020: 12,00,000) of INR 10/- each fully paid up of SSMT Power Pvt Ltd **	1.20	1.20
NIL equity shares (as at March 31, 2020: 4,200) of INR 10/- each fully paid up of Aadhav Green Power Pvt Ltd	-	0.00
950 equity shares (as at March 31, 2020: 950) of INR 10/- each fully paid up of Puvaneshwari Enterprises	0.00	0.00
950 equity shares (as at March 31, 2020: 950) of INR 10/- each fully paid up of Sarojarajan Green Power Energy	0.00	0.00
970 equity shares (as at March 31, 2020: 970) of INR 10/- each fully paid up of AFCM Wind Farms Pvt Ltd	0.00	0.00
970 equity shares (as at March 31, 2020: 970) of INR 10/- each fully paid up of AJSM Green Energy Pvt Ltd	0.00	0.00
780 equity shares (as at March 31, 2020: 780) of INR 10/- each fully paid up of APGL Green Energy Pvt Ltd	0.00	0.00
780 equity shares (as at March 31, 2020: 780) of INR 10/- each fully paid up of Jaichander Wind Farms Pvt Ltd	0.00	0.00
780 equity shares (as at March 31, 2020: 780) of INR 10/- each fully paid up of Sushmitha Titiksha Green Energy Pvt Ltd	0.00	0.00
2,440 equity shares (as at March 31, 2020: 2,440) of INR 10/- each fully paid up of Prechander Wind Farms	0.00	0.00
2,440 equity shares (as at March 31, 2020: 2,440) of INR 10/- each fully paid up of Prechander Green Energy	0.00	0.00
2,440 equity shares (as at March 31, 2020: 2,440) of INR 10/- each fully paid up of Jayanthi Wind Farms	0.00	0.00
2,440 equity shares (as at March 31, 2020: 2,440) of INR 10/- each fully paid up of Jayanthi Green Energy	0.00	0.00
<b>Unquoted debt securities</b>		
(at amortised cost)		
<b>Investment in government securities</b>		
7 years National Savings Certificates (Pledged with government authorities)	0.04	0.04
<b>Quoted equity shares</b>		
83,000 equity shares (as at March 31, 2020: 83,000 equity shares) of HDFC Bank Limited of INR 1/- each fully paid up	12.74	7.15
68,598 equity shares (as at March 31, 2020: 68,598 equity shares) of IDBI Bank Limited of INR 10/- each fully paid up	0.30	0.13
285 equity shares (as at March 31, 2020: 285 equity shares) of Bank of Baroda (formally known as Dena Bank) of INR 10/- each fully paid up	0.00	0.00

# Notes to the Standalone Financial Statements

for the year ended March 31, 2021, (INR in crores unless specified otherwise)

## 5 Investments (Contd..)

(INR in crores)

Particulars	As at	As at
	March 31, 2021	March 31, 2020
272,146 equity shares (as at March 31, 2020: 272,146 equity shares) of GTC Industries Limited of INR 10/- each fully paid up	0.73	0.54
4,500 equity shares (as at March 31, 2020: 4,500 equity shares) of Canara Bank of INR 10/- each fully paid up	0.05	0.04
100 equity shares (as at March 31, 2020: 100 equity shares) of TCP Ltd of INR 10/- each fully paid up	0.00	0.00
<b>Total</b>	<b>15.15</b>	<b>9.25</b>
<b>Non-current</b>	<b>15.15</b>	<b>9.25</b>
Aggregate book value of quoted investments	13.82	7.87
Aggregate market value of quoted investments	13.82	7.87
Aggregate value of unquoted investments	26.31	36.36
Aggregate amount of Diminution in value of investments*	-	10.00
<b>Total</b>	<b>40.13</b>	<b>34.23</b>

\*During the previous year the company had taken a diminution as part of the reassessment of fair value of investment on account of COVID-19.

\*\*Company does not exercise any significant influence on DM Solar and SSMT Power Pvt Ltd and thus are not considered as associates.

Investments at fair value through OCI (fully paid) reflect investment in quoted and unquoted equity securities and quoted debt securities. These equity shares are designated as FVTOCI as they are not held for trading purpose and are not in similar line of business as the Company. Thus disclosing their fair value fluctuation in profit or loss will not reflect the purpose of holding. The Company has not transferred any gain or loss within equity in the previous year. Refer note 39 for determination of their fair values.

## 6 A Loans

(Unsecured, considered good, unless stated otherwise)  
(at amortised cost)

Particulars	As at	As at
	March 31, 2021	March 31, 2020
Loan to Related Party		
- Loan to ESOS trust (Refer Note 36 & 43)	5.70	5.82
Security deposits	8.65	9.69
<b>Total loan</b>	<b>14.35</b>	<b>15.51</b>

Loans and receivables are non-derivative financial assets which generate a fixed or variable interest income for the Company. The carrying value may be affected by changes in the credit risks of the counter parties.

No Loans are due from directors or other officers of the Company either severally or jointly with any other person. Nor any loans are due from firm or any private companies respectively in which any director is a partner, a director or a member other than stated above.

# Notes to the Standalone Financial Statements

for the year ended March 31, 2021, (INR in crores unless specified otherwise)

## 6B Other non-current financial assets

Particulars	As at March 31, 2021	As at March 31, 2020
Demand deposit (Amount in absolute terms is INR Nil (Previous Year INR 35,000))	-	0.00
Bank deposits with more than 12 months maturity		
- On escrow account#	9.79	7.70
- On account of margin money deposited*	0.80	0.80
<b>Total other non-current financial assets</b>	<b>10.59</b>	<b>8.50</b>

# As per the guidelines of the Ministry of Coal, Government of India all Coal Mine owners who are operating Coal Mines are required to prepare a Mine Closure Plan and on approval of such plan need to open an escrow for depositing money towards mine closure activity. Annual amount to be deposited shall be as per mine closure plan. Total amount deposited along with interest shall be refunded as per conditions of approved mine plan.

\* Margin money held with banks against opening of letter of credit (LC) and Bank guarantee.

## 7 Other-non current assets

Particulars	As at March 31, 2021	As at March 31, 2020
Capital advances	60.94	61.87
Deposit with statutory authorities under protest	5.63	5.32
<b>Total</b>	<b>66.57</b>	<b>67.19</b>

No Advances are due from directors or other officer of the Company either severally or jointly with any other person. Nor any advances are due from firm or any private companies respectively in which any director is a partner, a director or a member other than stated above.

## 8 Inventories

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Inventories valued at lower of cost and net realizable value</b>		
Raw materials [includes in transit INR 6.68 Crore (At March 31 ,2020: 11.13 Crore)]	357.71	387.32
Work-in-progress	62.96	54.11
Finished goods [includes in transit INR 28.31 Crore (At March 31 ,2020: 10.76 Crore)]	172.80	141.12
Stock-in-trade [includes in transit INR 3.32 Crore (At March 31, 2020: NIL)]	22.32	18.21
Stores and spares	124.69	123.51
<b>Total inventories at the lower of cost and net realisable value</b>	<b>740.48</b>	<b>724.27</b>

# Notes to the Standalone Financial Statements

for the year ended March 31, 2021, (INR in crores unless specified otherwise)

## 9 Trade receivables

Particulars	As at	As at
	March 31, 2021	March 31, 2020
Trade receivables	213.23	265.24
Receivable from related parties (Refer Note 36)	37.43	92.34
<b>Total trade receivables</b>	<b>250.66</b>	<b>357.58</b>

Break-up for security details:	As at	As at
	March 31, 2021	March 31, 2020
<b>Trade receivables</b>		
Secured, considered good	47.81	56.02
Unsecured, considered good	202.85	301.56
<b>Total trade receivables</b>	<b>250.66</b>	<b>357.58</b>

No trade or other receivable are due from directors or other officers of the Company either severally or jointly with any other person. Nor any trade or other receivable are due from firm or private companies respectively in which any director is a partner, a director or a member other than stated above.

For terms and conditions related to related party receivables, Refer Note 36

Trade receivables are non-interest bearing and are generally on terms of 45 to 120 days.

## 10A Cash and cash equivalent

Particulars	As at	As at
	March 31, 2021	March 31, 2020
Balances with bank		
- On current account	32.48	89.34
Cash on hand	0.17	0.26
<b>Total cash and cash equivalents</b>	<b>32.65</b>	<b>89.60</b>

## 10B Bank balances other than cash and cash equivalents

Particulars	As at	As at
	March 31, 2021	March 31, 2020
- On unpaid dividend account	4.26	5.07
- On account of margin money deposited*	9.40	10.35
<b>Bank balances other than cash and cash equivalents</b>	<b>13.66</b>	<b>15.42</b>

\* Margin money held with banks against opening of letter of credit (LC).

As at March 31, 2021, the company has available INR 630 Crores (As at March 31, 2020: INR 413 Crores) of undrawn fund based borrowing facilities..



# Notes to the Standalone Financial Statements

for the year ended March 31, 2021, (INR in crores unless specified otherwise)

## 10B Bank balances other than cash and cash equivalents (Contd..)

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following:

Particulars	As at March 31, 2021	As at March 31, 2020
Balances with bank		
- On current account	32.48	89.34
Cash on hand	0.17	0.26
	<b>32.65</b>	<b>89.60</b>

## 11A Loans

(Unsecured, considered good, unless stated otherwise)

Particulars	As at March 31, 2021	As at March 31, 2020
Security deposits	-	0.20
Loan to employees	2.23	2.16
Loan to subsidiary company (Refer Note 36)	1.50	1.50
	<b>3.73</b>	<b>3.86</b>

No Loans are due from directors or other officer of the Company either severally or jointly with any other person. Nor any loans are due from firm or any private companies respectively in which any director is a partner, a director or a member other than stated above.

Loans and receivables are non-derivative financial assets which generate a fixed or variable interest income for the Company. The carrying value may be affected by changes in the credit risks of the counter parties.

### Breakup of financial assets carried at amortised cost

Particulars	As at March 31, 2021	As at March 31, 2020
Loans (Refer Note 6A & 11A)	18.08	19.37
Trade receivables (Refer Note 9)	250.66	357.58
Cash and cash equivalents (Refer Note 10)	32.65	89.60
Investments in Unquoted equity shares (Refer Note 6)	1.29	1.35
Investments in Unquoted debt securities (Refer Note 6)	0.04	0.04
<b>Total financial assets carried at amortised cost</b>	<b>302.73</b>	<b>467.94</b>

## 11B Derivative instruments

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Derivative instruments at fair value through profit or loss</b>		
<b>Derivatives not designated as hedges</b>		
Foreign exchange forward contracts	4.14	-
<b>Total derivative instruments at fair value through profit or loss</b>	<b>4.14</b>	<b>-</b>

Derivative instruments at fair value through profit or loss reflect the positive change in fair value of those foreign exchange forward contracts that are not designated in hedge relationships, but are, nevertheless, intended to reduce the level of foreign currency risk for expected sales and purchases.

# Notes to the Standalone Financial Statements

for the year ended March 31, 2021, (INR in crores unless specified otherwise)

## 11C Other current financial asset

(Unsecured, considered good, unless stated otherwise)

Particulars	As at	As at
	March 31, 2021	March 31, 2020
Export incentives receivable	2.54	21.29
GST refund receivable	5.90	-
Subvention receivable	3.38	4.43
Others	0.76	1.49
(Include Insurance claim receivable)		
	<b>12.58</b>	<b>27.21</b>

## 12 Income Tax and deferred tax

Current tax assets (net)	As at	As at
	March 31, 2021	March 31, 2020
Income tax paid / TDS (net of provision of INR 107.01 Crore) (At March 31, 2020: INR Rs 143.58 Crore)	9.73	7.59
<b>Total</b>	<b>9.73</b>	<b>7.59</b>

### Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for March 31, 2021 and March 31, 2020:

Particulars	As at	As at
	March 31, 2021	March 31, 2020
Accounting profit before tax from continuing operations	422.40	504.47
<b>Accounting profit before income tax</b>	<b>422.40</b>	<b>504.47</b>
At India's statutory income tax rate of 25.168% (March 31, 2020: 34.944%)	106.31	176.28
<b>Adjustment for tax purposes:</b>		
- Effect of tax rate change on opening deferred tax balance	-	(82.62)
- Adjustments in respect of current income tax of previous years	(0.69)	-
- Difference in book depreciation & amortisation and depreciation & amortisation as per Income Tax Act, 1961	3.49	20.36
- Charity, donation and CSR expenses	2.48	5.18
- Deduction under chapter VI-A	(0.52)	(25.80)
- Diminution in value of investment	-	3.49
- Loss of sale/disposal of land held for sale	2.19	-
- Others	0.09	3.56
At the effective income tax rate of 26.83% (March 31, 2020: 19.91%)	<b>113.35</b>	<b>100.45</b>
Income tax expense reported in the statement of profit and loss	105.86	143.38
Deferred tax expense reported in the statement of profit and loss	7.49	(42.93)
	<b>113.35</b>	<b>100.45</b>
Tax adjustment for earlier years	(0.93)	(2.48)
<b>Total tax expense</b>	<b>112.42</b>	<b>97.97</b>

# Notes to the Standalone Financial Statements

for the year ended March 31, 2021, (INR in crores unless specified otherwise)

## 12 Income Tax and deferred tax (Contd..)

<b>Deferred tax expense/(income) relates to the following:</b>	<b>As at March 31, 2021</b>	<b>As at March 31, 2020</b>
Effect of tax rate change on opening deferred tax balance	-	(82.62)
Depreciation & amortisation	3.53	41.64
Expenditure debited to Statement of Profit and loss but allowed for tax purposes in subsequent years (on payment basis)	4.22	(1.73)
Right to use asset	(0.40)	3.46
Lease liabilities	0.14	(3.68)
<b>Deferred tax expense/(income)</b>	<b>7.49</b>	<b>(42.93)</b>
Deferred tax (income) recognised in Other Comprehensive Income	(0.41)	(0.71)
<b>Total Deferred tax expense/(income)</b>	<b>7.08</b>	<b>(43.64)</b>

<b>Deferred tax relates to the following:</b>	<b>As at March 31, 2021</b>	<b>As at March 31, 2020</b>
<b>Deferred tax Liability</b>		
Property, Plant and Equipment	(263.04)	(259.51)
Right to use asset	(3.06)	(3.46)
<b>Deferred Tax Assets</b>		
Expenditure debited to Statement of Profit and loss but allowed for tax purposes in subsequent years (on payment basis)	2.41	6.22
MAT Credit*	-	-
Lease liabilities	3.53	3.67
<b>Net deferred tax assets/(liabilities)</b>	<b>(260.16)</b>	<b>(253.08)</b>
<b>Reflected in the balance sheet as follows:</b>		
Deferred tax assets	5.94	9.89
Deferred tax liabilities	(266.10)	(262.97)
<b>Deferred tax liabilities, net</b>	<b>(260.16)</b>	<b>(253.08)</b>

The Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

Pursuant to The Taxation Laws (Amendment) Act, 2019 dated December 02, 2019, the Company has decided to opt the lower rate of income tax i.e. 25.17% from current financial year.

\* During the year the Company utilised MAT credit amounting to NIL (March 31, 2020: INR 52.48 crore)

# Notes to the Standalone Financial Statements

for the year ended March 31, 2021, (INR in crores unless specified otherwise)

## 13 Other current assets

(Unsecured, Considered good, unless stated otherwise)

Particulars	As at	As at
	March 31, 2021	March 31, 2020
Balances with statutory authorities	15.65	24.05
Advances recoverable in cash or kind	15.05	15.08
Prepaid expenses	3.65	3.10
<b>Total other current assets</b>	<b>34.35</b>	<b>42.23</b>

No advances are due from directors or other officer of the Company either severally or jointly with any other person. Nor any advances are due from firm or any private companies respectively in which any director is a partner, a director or a member other than stated above.

## 14 Share capital

### Authorised share capital

(INR in crores)

Particulars	Number of Shares	Amount
	(of INR 10 each)	
<b>At April 1, 2019</b>	17,50,00,000	175.00
Increase/(Decrease) during the year	-	-
<b>At March 31, 2020</b>	<b>17,50,00,000</b>	<b>175.00</b>
Increase/(Decrease) during the year	-	-
<b>At March 31, 2021</b>	<b>17,50,00,000</b>	<b>175.00</b>

### Terms / rights attached to equity shares

The Company has one class of equity shares having a par value of INR 10 per share. Each shareholder is entitled to one vote per equity share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuring Annual General Meeting, except in case of interim dividend. In the event of liquidation on the Company, the equity shareholders are eligible to receive remaining assets of the Company, after distribution of all preferential amounts, in proportion to their shareholding.

### Issued, Subscribed and fully paid up equity shares

(INR in crores)

Particulars	Number of Shares	Amount
<b>Equity shares of INR 10 each issued, subscribed and fully paid</b>		
<b>At April 1, 2019</b>	9,80,28,286	98.03
Changes in share capital- ESOS issued during the year (July 29,2019)	1,85,000	0.18
Changes in share capital- Buyback during the year *	(32,00,000)	(3.20)
<b>At March 31, 2020</b>	<b>9,50,13,286</b>	<b>95.01</b>
Changes in share capital	-	-
<b>At March 31, 2021</b>	<b>9,50,13,286</b>	<b>95.01</b>

# Notes to the Standalone Financial Statements

for the year ended March 31, 2021, (INR in crores unless specified otherwise)

## 14 Share capital (Contd..)

### Details of shareholders holding more than 5% shares in the company

Particulars	As at March 31, 2021	As at March 31, 2020
Shareholder's holding more than 5 % shares		
Promoter & Promoter Group	19.24%	19.18%
DSP Small Cap Fund	9.09%	9.07%
Ares Diversified	5.19%	5.19%

As per records of the Company, including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

No shares have been issued by the Company for consideration other than cash, during the year of five years immediately preceding the reporting date.

\* During the previous year ended March 31, 2020, the Company has carried out the share buyback of 32,00,000 fully paid-up equity shares of face value of INR 10 each at a price of INR 178 per share paid in cash for an aggregate consideration of 56.96 crores. Same has been recorded as reduction in equity share capital by INR 3.2 crores, Securities Premium by INR 25.28 crores and General Reserve by 28.48 crores. ( Its includes tax paid on buyback u/s 115QA of the Income Tax Act 1961 amounting of INR 12.49 crores relating to buyback has been adjusted against general reserve).

### Shares reserved for issue under options

For details of shares reserved for issue under the Share based payment plan of the company, please Refer Note 33

## 15 Other equity

Particulars	As at March 31, 2021	As at March 31, 2020
Capital reserve (Note 15A)	7.57	7.57
Business development reserve (Note 15B)	73.89	73.89
Capital redemption reserve (Note 15C)	16.36	16.36
Securities premium (Note 15D)	-	-
Retained earnings (Note 15E)	2,279.83	1,971.07
Share based payment reserve (Note 15F)	11.42	9.87
General reserve (Note 15G)	5.45	5.45
FVTOCI reserve (Note 15H)	12.29	6.34
<b>Total</b>	<b>2,406.81</b>	<b>2,090.55</b>

# Notes to the Standalone Financial Statements

for the year ended March 31, 2021, (INR in crores unless specified otherwise)

## 15 Other equity (Contd..)

### Notes:

#### 15A Capital reserve

(INR in crores)	
Particulars	Amount
<b>At April 1, 2019</b>	7.57
Changes during the year	-
<b>At March 31, 2020</b>	<b>7.57</b>
Changes during the year	-
<b>At March 31, 2021</b>	<b>7.57</b>

The company had recognised cash subsidy received from government on account of its operations, surplus on re-issue of forfeited shares and forfeiture of preferential warrants under capital reserve in earlier years.

#### 15B Business development reserve

(INR in crores)	
Particulars	Amount
<b>At April 1, 2019</b>	73.89
Changes during the year	-
<b>At March 31, 2020</b>	<b>73.89</b>
Changes during the year	-
<b>At March 31, 2021</b>	<b>73.89</b>

In earlier years, certain fixed assets of the Company were revalued at their respective fair value as determined by government approved competent valuer appointed by the Company. The amount of such revaluation was transferred to business development reserve, as per scheme of arrangement as approved by Hon'ble Gujarat High Court on 30th November, 2008.

#### 15C Capital redemption reserve

(INR in crores)	
Particulars	Amount
<b>At April 1, 2019</b>	13.16
Changes during the year	3.20
<b>At March 31, 2020</b>	<b>16.36</b>
Changes during the year	-
<b>At March 31, 2021</b>	<b>16.36</b>

In earlier years, an amount of INR 16.36 Crore (equivalent to nominal value of the equity shares bought back and cancelled by the company) has been transferred to Capital Redemption Reserve from General Reserves pursuant to the provisions of Section 69 of the Companies Act, 2013 and the article 7 of the Article of Association of the Company.

#### 15D Securities premium

(INR in crores)	
Particulars	Amount
<b>At April 1, 2019</b>	19.74
Changes - Shares issued under ESOS scheme during the year	5.54
Changes - Utilised on account of buy back during the year	(25.28)
<b>At March 31, 2020</b>	<b>-</b>
Changes during the year	-
<b>At March 31, 2021</b>	<b>-</b>

# Notes to the Standalone Financial Statements

for the year ended March 31, 2021, (INR in crores unless specified otherwise)

## 15 Other equity (Contd..)

During the earlier years, the Company has issued 13,50,000 equity shares of INR 10 each under ESOS scheme. The excess of aggregate consideration received over the face value of shares amounting to INR 25.28 Crore, is credited to securities premium.

During the earlier year, the Company has bought back and cancelled 32,00,000 equity shares of INR 10 each. The excess of aggregate consideration paid for Buy-Back over the face value of shares so bought back and extinguished, amounting to INR 25.28 Crore, is adjusted against the Securities Premium Account.

### 15E Retained earnings

(INR in crores)

Particulars	Amount
<b>At April 1, 2019</b>	1,672.61
Changes during the year-Profit for the year	406.50
Changes during the year-Dividend paid	(77.52)
Changes during the year-Dividend distribution tax	(15.93)
Changes during the year-Tax paid on Buy Back	(12.49)
Changes during the year-Other comprehensive income	(2.10)
<b>At March 31, 2020</b>	<b>1,971.07</b>
Changes during the year-Profit for the year	309.98
Changes during the year-Other comprehensive income	(1.22)
<b>At March 31, 2021</b>	<b>2,279.83</b>

### 15F Share based payment reserve

(INR in crores)

Particulars	Amount
<b>At April 1, 2019</b>	20.04
Changes during the year	(10.17)
<b>At March 31, 2020</b>	<b>9.87</b>
Changes during the year	1.55
<b>At March 31, 2021</b>	<b>11.42</b>

The Company has share option scheme under which options to subscribe for the Company's shares have been granted to certain executives and senior employees.

The share-based payment reserve is used to recognise the value of equity-settled share-based payments provided to employees, including key management personnel, as part of their remuneration. Refer Note 33 for further details of these plans.

### 15G General reserve

(INR in crores)

Particulars	Amount
<b>At April 1, 2019</b>	37.13
Changes - Utilised on account of buy back during the year	(31.68)
<b>At March 31, 2020</b>	<b>5.45</b>
Changes during the year	-
<b>At March 31, 2021</b>	<b>5.45</b>

# Notes to the Standalone Financial Statements

for the year ended March 31, 2021, (INR in crores unless specified otherwise)

## 15 Other equity (Contd..)

During the earlier year, the Company has bought back and cancelled 32,00,000 equity shares of INR 10 each. The excess of aggregate consideration paid for Buy-Back over the face value of shares so bought back and extinguished, amounting to INR 28.48 Crore, is adjusted against the General Reserves.

During the earlier year, an amount of INR 3.20 Crore (equivalent to nominal value of the equity shares bought back and cancelled by the company in the year ended March 2020) has been transferred to Capital Redemption Reserve from General Reserves pursuant to the provisions of Section 69 of the Companies Act, 2013 and the article 7 of the Article of Association of the Company.

### 15H FVTOCI reserve

(INR in crores)

Particulars	Amount
<b>At April 1, 2019</b>	9.78
Changes during the year	(3.44)
<b>At March 31, 2020</b>	<b>6.34</b>
Changes during the year	5.95
<b>At March 31, 2021</b>	<b>12.29</b>

The company recognises the profit or loss on fair value of investments under fair value through other comprehensive income (FVTOCI) reserve.

(INR in crores)

Particulars	Amount
<b>Grand Total (15) as at March 2019</b>	<b>1,853.92</b>
<b>Grand Total (15) as at March 2020</b>	<b>2,090.55</b>
<b>Grand Total (15) as at March 2021</b>	<b>2,406.81</b>

### Distributions made and proposed

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
<b>Cash dividends on equity shares declared and paid:</b>		
Final dividend for the year ended on March 31, 2020: NIL (March 31, 2019: INR 5.00 per share)	-	49.01
Dividend distribution tax on final dividend	-	10.07
Interim dividend for the year ended on March 31, 2021: NIL (March 31, 2020: INR 3 per share)	-	28.50
Dividend distribution tax on Interim dividend	-	5.86
	-	<b>93.44</b>
<b>Proposed dividends on equity shares:</b>		
Final cash dividend for the year ended on March 31, 2021: INR 5.50 per share (March 31, 2020: NIL)	52.26	-
	<b>52.26</b>	<b>-</b>

Proposed dividends on equity shares are subject to approval at the annual general meeting and are not recognized as a liability as at year end.



# Notes to the Standalone Financial Statements

for the year ended March 31, 2021, (INR in crores unless specified otherwise)

## 16A Non-current Borrowings

Particulars	Effective	Maturity	As at	As at
	interest rate		March 31, 2021	March 31, 2020
	%		INR Crores	INR Crores
<b>Term Loans</b>				
<b>From Banks</b>				
Rupee Term Loans (secured)	7.87%	December 2022 - January 2029	550.88	774.93
Foreign currency loans (secured)	3.32%	April 2025	12.94	30.49
Others (secured)			-	2.47
<b>Total non-current borrowings</b>			<b>563.82</b>	<b>807.89</b>
<b>Current Borrowings</b>				
Short term loans from Banks (secured) (Refer Note 16A)			41.35	109.86
Short term loans from Banks (unsecured) (Refer Note 16A)			-	159.02
Current maturities of long term loan				
- Rupee Term Loans (secured)	7.87%	April 2021 - March 2022	149.05	147.28
- Foreign currency loans (secured)	3.32%	April 2021 - January 2022	13.88	15.58
<b>Total current Borrowings</b>			<b>204.28</b>	<b>431.74</b>
<b>Less: Amount clubbed under "other current liabilities"</b>			(162.93)	(162.86)
<b>Net current borrowings</b>			<b>41.35</b>	<b>268.88</b>
<b>Aggregate Secured loans</b>			605.17	917.75
<b>Aggregate Unsecured loans</b>			-	159.02

### 16.1 Term loans from banks / institutions have been secured against: -

- Loan aggregating to INR 23.43 crores (Previous Year INR 41.82 crores) is secured by exclusive charge on the specific fixed assets created out of the proceeds of the loan for Company's Soda Ash Division situated at village Sutrapada, Veraval in Gujarat. The remaining tenure of the loans is 2 to 4 years.
- Loan aggregating to INR 329.60 crores (Previous Year INR 417.00 crores) is secured by way of first pari passu charge on movable fixed assets of Soda Ash Division situated at village Sutrapada, Veraval, Gujarat excluding assets exclusively charged to other lenders both present and future. The remaining tenure of the loans is 5 to 7 years.
- Loan aggregating to NIL (Previous Year INR 4.00 crores) is secured by way of first pari passu charge on movable fixed assets of Soda Ash Division situated at village Sutrapada, Veraval in Gujarat. The loan has been repaid during current year.
- Loan aggregating to INR 46.20 crores (Previous Year INR 62.54 crores) is secured by exclusive charge on the specific fixed assets created out of the proceeds of the loan for Company's Home Textile Division situated at Vapi in Gujarat. The remaining tenure of the loans is 1 to 7 years.
- Loan aggregating to NIL (Previous Year INR 36.53 crores) is secured by exclusive charge on specific movable fixed assets of Company's Home Textile Division situated at Vapi in Gujarat. The loan has been prepaid during current year.
- Loan aggregating to INR 5.73 crores (Previous Year INR 7.44 crores) is secured by an exclusive first charge over movable fixed assets pertaining to Windmill Project situated at Jodia, Jamnagar District, Gujarat, both present and future, created out of the proceeds of the loan. The remaining tenure of the loan is 6 years.

# Notes to the Standalone Financial Statements

for the year ended March 31, 2021, (INR in crores unless specified otherwise)

## 16A Non-current Borrowings (Contd..)

- g) Loan aggregating to INR 144.42 crores (Previous Year INR 175.70 crores) is secured by exclusive charge on the specific fixed assets created out of the proceeds of the loan for Company's Textile Division situated at Madurai, Tamil Nadu. The remaining tenure of the loans is 1 to 8 years.
- h) Loan aggregating to INR 124.74 crores (Previous Year INR 146.96 crores) is secured by first charge on pari passu basis over movable fixed assets of Company's Textile division present and future situated at Paravai and Manaparai, Tamilnadu excluding movable assets already hypothecated on exclusive charge basis. The remaining tenure of the loans is 3 to 4 years.
- i) Loan aggregating to INR 9.88 crores (Previous Year INR 25.50 crores) is secured by first exclusive charge on movable fixed assets of Textile Division (including Phase I, II, III) Madurai, Tamil Nadu. The loan will be repaid during FY2021-22.
- j) Loan aggregating to INR 25.51 (Previous Year INR 32.02 crores) crores is secured by an exclusive first charge over movable fixed assets pertaining to Windmill Project situated at Tirunelveli District, Tamilnadu, both present and future, created out of the proceeds of the loan. The remaining tenure of the loan is 4 years.
- k) Loan aggregating to INR 17.24 crores (Previous Year INR 21.24 crores) is secured by an exclusive first charge over movable and immovable fixed assets pertaining to Windmill Project situated at Tirunelveli District, Tamilnadu, both present and future, created out of the proceeds of the loan. The remaining tenure of the loan is 5 years.
- l) Out of all the aforesaid secured Loans appearing in Note 16 (1) (a) to 16 (1) (k) totaling INR 726.75 crores (Previous Year INR 970.75 crores), an amount of INR 162.93 crores (Previous Year INR 162.86 crores) is due for payment in next 12 months and accordingly reported under Note 19 under the head "Other Current Financial Liabilities" as "current maturities of Long Term Borrowings".

## 16B Current borrowings

(INR in crores)

Particulars	As at	As at
	March 31, 2021	March 31, 2020
<b>Short term loans from banks (Secured)</b>		
Cash credit facilities	15.80	8.14
Working capital demand loan	5.00	55.00
Sales Bill Discounting	1.33	7.76
Export Packing Credit (Rupee Loan)	18.67	36.02
Export Packing Credit (Foreign Currency Loan)	-	2.95
Export Bill Discounting (Foreign Currency Loan)	0.55	-
<b>Total Secured Short Term Borrowing</b>	<b>41.35</b>	<b>109.86</b>
<b>Short term loans from banks - (Unsecured)</b>		
Cash credit facilities	-	0.23
Short Term Loan	-	49.41
Sales Bill Discounting	-	0.71
Export Packing Credit (Rupee Loan)	-	89.50
Export Packing Credit (Foreign Currency Loan)	-	15.58
Export Bill Discounting (Foreign Currency Loan)	-	3.58
<b>Total Unsecured Short Term Borrowing</b>	<b>-</b>	<b>159.02</b>
<b>Total</b>	<b>41.35</b>	<b>268.88</b>

# Notes to the Standalone Financial Statements

for the year ended March 31, 2021, (INR in crores unless specified otherwise)

## 16 Current borrowings (Contd..)

**16.2 Short term borrowings: This facility is secured by way of hypothecation on inventory and trade receivables and borrowed as under:**

- (a) Credit Facilities in Indian Rupees: The facilities availed by way of Cash Credit, Working capital demand loan and Bill Discounting are repayable on demand and carries an average interest rate of 5.70% p.a (Previous Year 6.56% p.a) on the amount outstanding.
- (b) Credit facilities in foreign currency : The facilities availed by way of foreign currency demand loan, packing credit in foreign currency, Export Bill discounting and Supplier's Credit are repayable as per maturity dates being not more than 1 year and carries an average interest rate of 0.45% p.a (without forward premium) (Previous Year 3.18% p.a) on the amount outstanding.

16.3 The Company has satisfied all the loan covenants.

16.4 The Company also has undrawn borrowing facilities (refer note 10A).

16.5 The Company's long term borrowings under indian rupees carry interest rate in range of 7.50% to 8.75% p.a. (During the year company has accrued TUF interest subsidy amounting to INR 0.57 Crore (March 31, 2020 INR 0.89 Crore ) and same has been netted off from finance cost.)

16.6 The Company's long term borrowings under foreign currency carry interest rate of 3.32% p.a.

## 17 Provisions

### (17A) Long term provisions

Particulars	Provision for mines restoration*
<b>As at April 1, 2019</b>	6.15
Arising during the year	0.79
Utilised	(0.67)
<b>As at March 31, 2020</b>	<b>6.27</b>
Arising during the year	0.77
Utilised	(4.02)
<b>As at March 31, 2021</b>	<b>3.02</b>
<b>Long term provisions</b>	<b>3.02</b>

\* The Company provides for the estimated expenditure required to restore quarries and mines. The total estimate of restoration expenses is apportioned over the year of estimated mineral reserves and a provision is made based on minerals extracted during the year. The total estimate of restoration expenses is reviewed yearly, on the basis of technical estimates.

# Notes to the Standalone Financial Statements

for the year ended March 31, 2021, (INR in crores unless specified otherwise)

## 17 Provisions (Contd..)

### (17B) Short term provisions

Particulars	As at March 31, 2021	As at March 31, 2020
Provision for Compensated absences	12.24	12.83
Provision for Gratuity (Refer Note 32)	2.12	0.64
	<b>14.36</b>	<b>13.47</b>

### (17C) Other non-current liabilities

Particulars	As at March 31, 2021	As at March 31, 2020
Deferred income - Government grants	0.70	-
	<b>0.70</b>	<b>-</b>

Ministry of Textiles vide letter dated December 12, 2020 has released TUF capital subsidy amounting to INR 0.87 crore under the Scheme of "Technology Upgradation Scheme (Amended)". Ministry of Textiles has approved the subsidy for purchase of certain items of Property, Plant and Equipment. Company has given Bank guarantee to the ministry to Textiles to release the capital subsidy. As per Ind AS - 20 The Company has elected to present the grant in the balance sheet as deferred income, which is recognised in profit or loss on a systematic and rational basis over the useful life of the asset.

Particulars	As at March 31, 2021	As at March 31, 2020
<b>As at April 01, 2020</b>	-	-
Received during the year	0.87	0
Released to the statement of profit and loss	0.14	0
<b>As at March 31, 2021</b>	<b>0.73</b>	<b>-</b>
<b>Current</b>	<b>0.03</b>	<b>-</b>
<b>Non-current</b>	<b>0.70</b>	<b>-</b>

## 18 Trade payables

Particulars	As at March 31, 2021	As at March 31, 2020
(a) Total outstanding dues of micro enterprises and small enterprises	23.43	12.92
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises	352.09	392.87
	<b>375.52</b>	<b>405.79</b>
Trade Payables	375.52	405.79
Trade Payables to related parties	-	-
	<b>375.52</b>	<b>405.79</b>
<b>Non-current</b>	<b>-</b>	<b>-</b>
<b>Current</b>	<b>375.52</b>	<b>405.79</b>

# Notes to the Standalone Financial Statements

for the year ended March 31, 2021, (INR in crores unless specified otherwise)

## 18 Trade payables (Contd..)

Trade payables are non-interest bearing and are normally settled on around 90 days terms

For explanation on company's credit risk management process Refer Note 40(e)

Information as required to be furnished as per section 22 of the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) for the year ended March 31, 2021 is given below. This information has been determined to the extent such parties have been identified on the basis of information available with the Company.

Particulars	As at	As at
	March 31, 2021	March 31, 2020
i) Principal amount and interest due thereon remaining unpaid to any supplier covered under MSMED Act:		
Principal	23.43	12.92
Interest	0.44	0.88
ii) The amount of interest paid by the buyer in terms of section 16, of the MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year.		
Principal	43.59	38.99
Interest	0.80	1.16
iii) The amount of interest due and payable for the year of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act.	-	-
iv) The amount of interest accrued and remaining unpaid at the end of each accounting year.	0.44	0.88
v) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act, 2006.	0.44	0.88

## 19A Derivative instruments

Particulars	As at	As at
	March 31, 2021	March 31, 2020
Derivative instruments at fair value through profit or loss		
Derivatives not designated as hedges		
Foreign exchange forward contracts	-	6.25
<b>Total derivative instruments at fair value through profit or loss</b>	<b>-</b>	<b>6.25</b>

Derivative instruments at fair value through profit or loss reflect the positive change in fair value of those foreign exchange forward contracts that are not designated in hedge relationships, but are, nevertheless, intended to reduce the level of foreign currency risk for expected sales and purchases.

# Notes to the Standalone Financial Statements

for the year ended March 31, 2021, (INR in crores unless specified otherwise)

## 19B Other financial liabilities

Particulars	As at	As at
	March 31, 2021	March 31, 2020
<b>Other financial liabilities at amortised cost</b>		
Current maturity of long term borrowings ( refer note 16)	162.93	162.86
<b>Other financial liabilities</b>		
Dealer deposits *	6.24	6.23
Security deposits	0.87	1.19
Capital creditors	18.18	38.12
Unpaid dividend	4.26	5.07
Interest accrued	0.44	0.88
Others	4.87	2.43
	<b>197.79</b>	<b>216.78</b>

\* Dealer deposits for Soda Ash division are interest bearing and have an average term of around 75 days. Interest payable is normally settled annually. Other than dealer deposits for soda ash division all other payables are non-interest bearing and have an average term of around 75 days.

## 20 Other liabilities

Particulars	As at	As at
	March 31, 2021	March 31, 2020
Statutory dues	13.92	16.10
Deferred income - Government grant (refer note 17C)	0.03	-
Liability towards Corporate Social Responsibility ( Refer Note 28)	0.77	-
Others	0.15	0.18
	<b>14.87</b>	<b>16.28</b>

## 21 Revenue from operations - Revenue from contracts with customers

### 1) Disaggregated revenue information

Set out below is the disaggregation of the Company's revenue from contracts with customers:

Segment	For the year ended March 31, 2021			For the year ended March 31, 2020		
	Inorganic Chemicals	Textiles	Total	Inorganic Chemicals	Textiles	Total
	<b>Type of goods or service</b>					
<b>Sale of manufactures products</b>						
- Soda Ash	1,670.02	-	1,670.02	1,943.94	-	1,943.94
- Textile products	-	941.14	941.14	-	1,067.90	1,067.90
- Consumer products	40.70	-	40.70	51.79	-	51.79
<b>Sale of traded products</b>						
- Consumer products	0.37	-	0.37	7.15	-	7.15
- Chemicals	170.86	-	170.86	185.23	-	185.23
<b>Total revenue from contracts with customers</b>	<b>1,881.95</b>	<b>941.14</b>	<b>2,823.09</b>	<b>2,188.11</b>	<b>1,067.90</b>	<b>3,256.01</b>

# Notes to the Standalone Financial Statements

for the year ended March 31, 2021, (INR in crores unless specified otherwise)

## 21 Revenue from contracts with customers (Contd..)

### 1) Disaggregated revenue information (Contd..)

Set out below is the disaggregation of the Company's revenue from contracts with customers: (Contd..)

Segment	For the year ended March 31, 2021			Total	For the year ended March 31, 2020		Total
	Inorganic Chemicals	Textiles			Inorganic Chemicals	Textiles	
India	1,816.34	531.72	2,348.06	2,133.16	515.45	2,648.61	
Outside India	65.61	409.42	475.03	54.95	552.45	607.40	
<b>Total revenue from contracts with customers</b>	<b>1,881.95</b>	<b>941.14</b>	<b>2,823.09</b>	<b>2,188.11</b>	<b>1,067.90</b>	<b>3,256.01</b>	
<b>Timing of revenue recognition</b>							
Goods transferred at a point in time	1,881.95	941.14	2,823.09	2,188.11	1,067.90	3,256.01	
Services transferred over time	-	-	-	-	-	-	
<b>Total revenue from contracts with customers</b>	<b>1,881.95</b>	<b>941.14</b>	<b>2,823.09</b>	<b>2,188.11</b>	<b>1,067.90</b>	<b>3,256.01</b>	

Set out below, is the reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information

Segment	For the year ended March 31, 2021			Total	For the year ended March 31, 2020		Total
	Inorganic Chemicals	Textiles			Inorganic Chemicals	Textiles	
<b>Revenue</b>							
External customer	1,881.95	941.14	2,823.09	2,188.11	1,067.90	3,256.01	
Inter-segment	-	103.50	103.50	-	90.93	90.93	
	<b>1,881.95</b>	<b>1044.64</b>	<b>2,926.59</b>	<b>2,188.11</b>	<b>1,158.83</b>	<b>3,346.94</b>	
Inter-segment adjustment and elimination	-	(103.50)	(103.50)	-	(90.93)	(90.93)	
<b>Total revenue from contracts with customers</b>	<b>1,881.95</b>	<b>941.14</b>	<b>2,823.09</b>	<b>2,188.11</b>	<b>1,067.90</b>	<b>3,256.01</b>	

### 2) Contract balances

The following table provides information about receivables, contract assets and contract liabilities from contracts with customers

Particulars	As at March 31, 2021	As at March 31, 2020
Trade receivables *	250.66	357.58
Contract liabilities		
- Advances from customers**	3.91	6.11

\* Trade receivables are non-interest bearing and are generally on terms of 45 to 120 days.

\*\* Advances from customers relate to payments received in advance of performance under the contract. Advances from customers are recognized as revenue as (or when) the Company performs under the contract.

# Notes to the Standalone Financial Statements

for the year ended March 31, 2021, (INR in crores unless specified otherwise)

## 21 Revenue from contracts with customers (Contd..)

### 3) Reconciling the amount of revenue recognised in the statement of profit and loss with the contracted price

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Revenue as per contracted price	2,991.95	3,416.56
Adjustments		
Sales return	(0.56)	(1.87)
Rebate	(0.18)	(0.61)
Discount	(168.12)	(158.07)
<b>Revenue from contract with customers</b>	<b>2,823.09</b>	<b>3,256.01</b>

### 4) The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31st March are, as follows:

Particulars	As at March 31, 2021	As at March 31, 2020
Advances from customers	3.91	6.11
	<b>3.91</b>	<b>6.11</b>

Management expects that the entire transaction price allotted to the unsatisfied contract as at the end of the reporting year will be recognised as revenue during the next financial year.

## 22 Other income

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Interest income from financial assets measured at amortised cost		
- from bank deposits	0.55	0.61
- from others	-	0.03
Dividend income	-	0.08
<b>Other non-operating income</b>		
Gain on exchange (net)	16.22	2.43
Profit on sale of investments	1.27	0.88
Sale of scrap	7.12	4.95
Miscellaneous income	1.46	7.45
	<b>26.62</b>	<b>16.43</b>

## 23 Cost of raw material consumed ( Refer Note 42)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Inventory at the beginning of the year	387.32	366.36
Add: Purchases	1,107.14	1,274.41
	<b>1,494.46</b>	<b>1,640.77</b>
Less: inventory at the end of the year	(357.71)	(387.32)
<b>Cost of raw material consumed</b>	<b>1,136.75</b>	<b>1,253.45</b>



# Notes to the Standalone Financial Statements

for the year ended March 31, 2021, (INR in crores unless specified otherwise)

## 24 (Increase)/decrease in inventories of finished goods, stock-in-trade and work-in-progress

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020	(Increase)/decrease in inventories
<b>Opening stock</b>			
Finished goods	141.12	121.98	(19.14)
Stock in process	54.11	47.16	(6.95)
Stock in trade	18.21	30.28	12.07
	<b>213.44</b>	<b>199.42</b>	<b>(14.02)</b>
<b>Closing stock</b>			
Finished goods	172.80	141.12	(31.68)
Stock in process	62.96	54.11	(8.85)
Stock in trade	22.32	18.21	(4.11)
	<b>258.08</b>	<b>213.44</b>	<b>(44.64)</b>
(Increase)/decrease in inventories of finished goods, stock-in-trade and work-in-progress	(44.64)	(14.02)	

## 25 Employee benefit expenses

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Salaries, wages and bonus	151.52	174.46
Contribution to provident and other funds	11.07	12.86
Share based payment expenses (Refer Note 33)	1.55	11.60
Gratuity expenses (Refer Note 32)	2.73	2.39
Staff welfare expenses	5.59	5.83
	<b>172.46</b>	<b>207.14</b>
Share based payment Written back (Refer Note 33)	-	(18.78)
	<b>172.46</b>	<b>188.36</b>

## 26 Depreciation and amortization expense

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Depreciation of tangible assets (Refer Note 3)	128.68	125.01
Amortization of intangible assets (Refer Note 4)	2.99	3.88
Depreciation of Right-of-use assets (Refer Note 34)	1.52	1.62
	<b>133.19</b>	<b>130.51</b>

## 27 Finance costs

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Interest on borrowings	79.20	96.02
(Net of TUF interest subsidy amounting to INR 0.57 Crore (March 31, 2020 INR 0.89 Crore ))		
Exchange differences regarded as an adjustment to borrowing costs	0.14	10.39
Interest others	1.47	4.77

# Notes to the Standalone Financial Statements

for the year ended March 31, 2021, (INR in crores unless specified otherwise)

## 27 Finance costs (Contd..)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Bank charges	6.68	5.51
Interest on lease liabilities (Refer note 34)	1.43	1.49
interest under the Income Tax Act	1.29	-
	<b>90.21</b>	<b>118.18</b>

## 28 Other expenses

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Consumption of stores and spares	58.45	59.64
Diminution in value of investment (Refer Note 5)	-	10.00
Job Work charges	34.73	29.69
Other manufacturing expenses	32.47	37.21
Packing expenses	70.16	77.48
Bad Debts - written Off	2.06	0.85
Freight and forwarding	33.34	37.72
Commission on sales	8.83	9.69
Advertisement and business promotion expenses	2.01	13.79
Travelling and conveyance	9.00	15.97
Rent	3.90	4.25
<b>Repairs and maintenance</b>		
Plant and machinery	16.26	21.34
Buildings	1.91	3.52
Others	6.83	6.65
Rates and taxes	1.49	3.22
Insurance	19.12	12.66
Loss on sale/discard of property, plant and equipment and asset held for sale	8.67	1.48
Commission to Non Whole time Directors	1.77	2.72
Communication expenses	1.90	1.63
Legal and professional expenses	14.27	11.67
Donation	0.03	0.08
Donation to Political Parties	0.10	5.00
CSR Expenditure (refer details below)	9.80	9.75
Miscellaneous expenses	13.71	19.92
	<b>350.81</b>	<b>395.93</b>

# Notes to the Standalone Financial Statements

for the year ended March 31, 2021, (INR in crores unless specified otherwise)

## 28 Other expenses (Contd..)

### Details of Payment to Auditors

Particulars	For the year ended March 31, 2021		For the year ended March 31, 2020
To Statutory auditor:			
Audit fee	0.45		0.45
Limited review	0.75		0.75
<b>In other capacity</b>			
Other services (certification fees)	0.15		0.15
Reimbursements of expenses	0.02		0.07
	<b>1.37</b>		<b>1.42</b>
<b>To Cost auditor</b>			
Audit fee	0.03		0.03
Out of pocket expenses	0.00		0.00
	<b>0.03</b>		<b>0.03</b>

### Details of CSR expenditure

Particulars			For the year ended March 31, 2021	For the year ended March 31, 2020
	In cash	Yet to be paid in cash*	Total	
a Gross amount required to be spent by the Company during the year			9.80	9.75
b Amount approved by the Board to be spent during the year			9.80	10.75
c Amount spent during the year ending on March 31, 2021:				
i) Construction / acquisition of any asset	0.02	-	0.02	
ii) On purpose other than (i) above	9.01	0.77	9.78	
d Amount spent during the year ending on March 31, 2020:				
i) Construction / acquisition of any asset	0.30	-	0.30	
ii) On purpose other than (i) above	9.45	-	9.45	

Particulars	For the year ended March 31, 2021		For the year ended March 31, 2020
e Details related to spent / unspent obligations:			
i) Contribution to Public Trust	-		-
ii) Contribution to Charitable Trust	9.03		9.75
iii) Unspent amount in relation to:			
- Ongoing project	0.77		-
- Other than ongoing project	-		-

# Notes to the Standalone Financial Statements

for the year ended March 31, 2021, (INR in crores unless specified otherwise)

## 28 Other expenses (Contd..)

### Details of ongoing project and other than ongoing project

Opening Balance		Amount required to be spent during the year	Amount spent during the year		Closing Balance	
With Company	In Separate CSR Unspent A/c		From Company's bank A/c	From Separate CSR Unspent A/c	With Company	In Separate CSR Unspent A/c
-	-	9.80	9.03	-	0.77	-

Corporate Social Responsibility As per Section 135 of the Companies Act, 2013 ('Act'), a company, meeting the applicability threshold, needs to spend at least 2% of its average net profit for the immediately preceding three financial years on corporate social responsibility (CSR) activities. The areas for CSR activities are Healthcare including Preventive healthcare, providing Safe drinking water, sanitation facility, promoting education. A CSR committee has been formed by the company as per the Act. The funds were primarily allocated to a corpus and utilized through the year on these activities which are specified in Schedule VII of the Companies Act, 2013.

\*MCA has notified Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021, Companies (Amendment) Act 2019, Companies (Amendment) Act 2020. The notification states that "any amount remaining unspent under section 135 (5), pursuant to any ongoing project, fulfilling such conditions as may be prescribed, undertaken by a company in pursuance of its Corporate Social Responsibility Policy, shall be transferred by the company within a period of thirty days from the end of the financial year to a special account to be opened by the company in that behalf for that financial year in any scheduled bank to be called the Unspent Corporate Social Responsibility Account, and such amount shall be spent by the company in pursuance of its obligation towards the Corporate Social Responsibility Policy within a period of three financial years from the date of such transfer, failing which, the company shall transfer the same to a Fund specified in Schedule VII, within a period of thirty days from the date of completion of the third financial year".

## 29 Components of Other comprehensive income (OCI)

Particulars	FVTOCI reserve	Retained earnings	Total
The disaggregation of changes to OCI by each type of reserve in equity is shown below:			
<b>For the year ended March 31, 2021</b>			
Re-measurement Gain/(Loss) on defined measurement plans (net of tax)	-	(1.22)	(1.22)
Re-measurement of investment in equity	5.95	-	5.95
	<b>5.95</b>	<b>(1.22)</b>	<b>4.73</b>
The disaggregation of changes to OCI by each type of reserve in equity is shown below:			
<b>For the year ended March 31, 2020</b>			
Re-measurement Gain/(Loss) on defined measurement plans (net of tax)	-	(2.09)	(2.09)
Re-measurement of investment in equity	(3.44)	-	(3.44)
<b>Total</b>	<b>(3.44)</b>	<b>(2.09)</b>	<b>(5.53)</b>

## 30 Earnings per share

Basic EPS amounts are calculated by dividing the profit for the year attributable to equity holders of the company by weighted average number of equity shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the profit attributable to equity holders of the company by the weighted average number of Equity shares outstanding during the year plus the weighted average number of Equity shares that would be issued on conversion of all the dilutive potential Equity shares into Equity shares.

# Notes to the Standalone Financial Statements

for the year ended March 31, 2021, (INR in crores unless specified otherwise)

## 30 Earnings per share (Contd..)

<b>The following reflects the income and share data used in computation of Basic EPS:</b>	<b>For the year ended March 31, 2021</b>	<b>For the year ended March 31, 2020</b>
Profit attributable to the equity holders of the Company	309.98	406.50
Weighted average number of equity shares for basic EPS	9,50,13,286	9,79,17,070
Basic earnings per share (Face value of INR 10/- per share)	32.62	41.51
Profit attributable to the equity holders of the Company	309.98	406.50
Weighted average number of equity shares and common equivalent shares outstanding*	9,52,62,327	9,79,17,070
Diluted earnings per equity share - (face value of INR 10/- per share)	32.54	41.51

<b>Weighted average number of Equity shares adjusted for the effect of dilution*</b>	<b>For the year ended March 31, 2021</b>	<b>For the year ended March 31, 2020</b>
Weighted average number of equity shares for basic EPS	9,50,13,286	9,79,17,070
<b>Effect of dilution:</b>		
Employee Share Option Scheme	2,49,041	(15,28,086)
Weighted average number of equity shares and common equivalent shares outstanding	9,52,62,327	9,63,88,984

\*The effect of dilution on weighted avg no. of equity shares was anti dilutive (refer below details) in previous year. Therefore, weighted avg no. of equity shares considered for basic EPS and Diluted EPS were same in previous year

## 31 Significant accounting judgements, estimates and assumptions

The preparation of financial statements in conformity with Ind AS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses and the accompanying disclosures. Uncertainty about the assumptions and estimates could result in outcomes that require a material adjustment to the carrying value of assets or liabilities affected in future years.

Other disclosures relating to the Company's exposure to risks and uncertainties includes:

- Financial risk management objectives and policies in Note 40
- Sensitivity analyses disclosures in Note 32 and Note 40
- Estimation uncertainty relating to the Global health pandemic on Covid 19 in Note 47
- Impairment assessment of the Property, plant and equipment of HT division in Note 3

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimates are revised and in any future years affected.

Information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

### (i) Judgements

In the process of applying the accounting policies, management has made the following judgements, which have significant effect on the amounts recognised in the Company's financial statements:

# Notes to the Standalone Financial Statements

for the year ended March 31, 2021, (INR in crores unless specified otherwise)

## 31 Significant accounting judgements, estimates and assumptions (Contd..)

### Determining the lease term of contracts with renewal and termination options – Company as lessee

The Company evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. Identification of a lease requires significant judgment. The Company uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate.

The Company determines the lease term as the non-cancellable year of a lease, together with both years covered by an option to extend the lease if the Company is reasonably certain to exercise that option; and years covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option. In assessing whether the Company is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the Company to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Company revises the lease term if there is a change in the non-cancellable year of a lease.

### Revenue from contracts with customers

The Company applied the following judgements that significantly affect the determination of the amount and timing of revenue from contracts with customers:

Revenues from customer contracts are considered for recognition and measurement when the contract has been approved, in writing, by the parties to the contract, the parties to contract are committed to perform the irrespective obligations under the contract, and the contract is legally enforceable.

The Company's contracts with customers could include promises to transfer multiple product. The Company assesses the products promised in a contract and identifies distinct performance obligations in the contract. Identification of distinct performance obligation involves judgement to determine the deliverables and the ability of the customer to benefit independently from such deliverables.

Judgement is also required to determine the transaction price for the contract and to ascribe the transaction price to each distinct performance obligation. The transaction price could be either a fixed amount of customer consideration or variable consideration with elements such as volume discounts, cash discount, price concessions and incentives. The transaction price is also adjusted for the effects of the time value of money if the contract includes a significant financing component. Any consideration payable to the customer is adjusted to the transaction price, unless it is a payment for a distinct product from the customer. The estimated amount of variable consideration is adjusted in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur and is reassessed at the end of each reporting year. The Company allocates the elements of variable considerations to all the performance obligations of the contract unless there is observable evidence that they pertain to one or more distinct performance obligations.

### Provisions and contingencies

The assessments undertaken in recognising provisions and contingencies have been made in accordance with Ind AS 37, 'Provisions, contingent liabilities and contingent assets'. The evaluation of the likelihood of the contingent events has required best judgment by management regarding the probability of exposure to potential loss.

### Assessment of equity instruments

The Company has designated investments in equity instruments as FVTOCI investments since the Company expects to hold these investment with no intention to sale. The difference between the instrument's fair value and Indian GAAP carrying amount has been recognized in retained earnings.

# Notes to the Standalone Financial Statements

for the year ended March 31, 2021, (INR in crores unless specified otherwise)

## 31 Significant accounting judgements, estimates and assumptions (Contd..)

### (ii) Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the company. Such changes are reflected in the assumptions when they occur.

#### Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to impairment assessment of property plant and equipment and investment in subsidiary companies, recognised by the Company. Company has done the impairment assessment of Home Textile Division during the year Refer Note 3 for details.

#### Share-based payments

For the measurement of the fair value of equity-settled transactions with employees at the grant date, the Company uses a Black-Scholes model for Employee Share Option Plan (GESP). The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 33.

#### Useful lives of property, plant and equipment

The estimated useful lives of property, plant and equipment are based on a number of factors including the effects of obsolescence, demand, competition, internal assessment of user experience and other economic factors (such as the stability of the industry, and known technological advances) and the level of maintenance expenditure required to obtain the expected future cash flows from the asset. The Company reviews the useful life of property, plant and equipment at the end of each reporting date.

#### Post-retirement benefit plans

Employee benefit obligations (gratuity obligation) are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. Further details about gratuity obligations are given in Note 32.

#### Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. Refer Note 39 for further disclosures

# Notes to the Standalone Financial Statements

for the year ended March 31, 2021, (INR in crores unless specified otherwise)

## 31 Significant accounting judgements, estimates and assumptions (Contd..)

### Leases - Estimating the incremental borrowing rate

The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Company 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Company estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

## 32 Defined benefit and contribution plan

### Defined contribution plan

The Company makes contributions towards provident fund and superannuation fund to a defined contribution retirement benefit plan for qualifying employees. Under the plan, the Company is required to contribute a specified percentage of payroll cost to the retirement benefit plan to fund the benefits. Contribution paid for provident fund and superannuation fund are recognised as expense for the year :

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Employer's contribution to provident fund/pension scheme	8.86	9.89
Employer's contribution to superannuation fund	1.42	1.60

### Defined benefit plan

#### Gratuity (funded)

The employees' gratuity fund scheme managed by a trust is a defined benefit plan. The present value of the obligation is determined based on actuarial valuation using the projected unit credit method, which recognises each year of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The Company provides for gratuity for employees in India as per the Payment of Gratuity Act, 1972 (as amended). Employees who are in continuous service for a year of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/ termination is the employees last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of years of service. The gratuity plan is a funded plan and the Company makes contributions to Group Gratuity Trust registered under Income Tax Act-1961.

The most recent actuarial valuation of plan assets and the present value of the defined benefit obligation for gratuity were carried out as at March 31, 2021. The present value of the defined benefit obligations and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

The plan assets are managed by the Gratuity Trust formed by the Company. The management of 100% of the funds is entrusted according to norms of Gratuity Trust, whose pattern of investment is available with the Company.



# Notes to the Standalone Financial Statements

for the year ended March 31, 2021, (INR in crores unless specified otherwise)

## 32 Defined benefit and contribution plan (Contd..)

### Changes in the defined benefit obligation and fair value of plan assets (in respect of gratuity fund) As at March 31, 2021

Particulars	Gratuity cost charged to profit or loss					Re-measurement (gains) / losses in other comprehensive income					As at March 31, 2021
	As at April 01, 2020	Service cost	Net interest expense/ (Income)	Sub-total included in profit or loss*	Benefits paid	Return on plan assets (excluding amounts included in net interest expense)	Actuarial changes arising from changes in financial assumptions	Experience adjustments	Subtotal included in OCI	Contributions by employer	
Defined benefit obligation	43.25	2.88	2.85	5.73	(3.07)		1.13	2.13	3.26		49.17
Fair value of plan assets	42.61		(2.81)	(2.81)	-	(1.63)			(1.63)	-	47.05
<b>Benefit liability</b>	<b>0.64</b>			<b>2.92</b>					<b>1.64</b>		<b>2.12</b>

\* The Gratuity Cost charged to profit or loss amounting INR 0.19 crores. (Previous Year INR 0.16 crores) pertains to employees of captive production units and has been included in Raw material and power & fuel costs as explained in Note No. 42

### Changes in the defined benefit obligation and fair value of plan assets (in respect of gratuity fund) as at 31st March 2020:

Particulars	Gratuity cost charged to profit or loss					Re-measurement (gains) / losses in other comprehensive income					As at March 31, 2020
	As at April 1, 2019	Service cost	Net interest expense/ (Income)	Sub-total included in profit or loss*	Benefits paid	Return on plan assets (excluding amounts included in net interest expense)	Actuarial changes arising from changes in financial assumptions	Experience adjustments	Subtotal included in OCI	Contributions by employer	
Defined benefit obligation	42.09	2.93	3.36	6.29	(7.23)		(1.07)	3.17	2.10		43.25
Fair value of plan assets	46.81		(3.74)	(3.74)	(7.23)	0.70			0.70	-	42.61
<b>Benefit liability</b>	<b>(4.72)</b>			<b>2.55</b>					<b>2.80</b>		<b>0.64</b>

The major categories of plan assets of the fair value of the total plan assets are as follows:

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Insurance fund	47.05	42.61

### The principal assumptions used in determining gratuity are:

Mortality table - LIC	Indian Assured Lives Mortality Indian Assured Lives Mortality(2006-08)	
Discount rate	6.49%	6.59%
Estimated rate of return on plan assets	6.49%	6.59%
Estimated future salary growth	7.00%	4%*
Rate of employee turnover	11.00%	11.00%

\*4% p.a. for next 1 year, 7% p.a. thereafter, starting from the 2nd year.

# Notes to the Standalone Financial Statements

for the year ended March 31, 2021, (INR in crores unless specified otherwise)

## 32 Defined benefit and contribution plan (Contd..)

A quantitative sensitivity analysis for significant assumption as at March 31, 2021 is as shown below:

Assumptions	Employee turnover		Salary		Discount rate	
	1% increase	1% decrease	1% increase	1% decrease	1% increase	1% decrease
Impact on defined benefit obligation	(0.11)	0.12	1.74	(1.60)	(1.60)	1.76

A quantitative sensitivity analysis for significant assumption as at March 31, 2020 is as shown below:

Assumptions	Employee turnover		Salary		Discount rate	
	1% increase	1% decrease	1% increase	1% decrease	1% increase	1% decrease
Impact on defined benefit obligation	(0.09)	0.09	1.45	(1.34)	(1.32)	1.46

The following payments are projected benefits payable in future years from the date of reporting from the fund:

Particulars	As at	As at
	March 31, 2021	March 31, 2020
Within the next 12 months (next annual reporting year)	14.73	14.16
2nd Following Year	6.38	4.78
3rd Following Year	6.48	5.93
4th Following Year	5.89	4.95
5th Following Year	4.56	4.60
Sum of Years 6 to 10	14.10	12.13
<b>Total expected payments</b>	<b>52.14</b>	<b>46.55</b>

The average duration of the defined benefit plan obligation at the end of the reporting year is 5 years (March 31, 2020: 4 years).

Risks associated with defined benefit plan

Gratuity is a defined benefit plan and company is exposed to the Following Risks:

Interest rate Risk:	A fall in the discount rate which is linked to the G.Sec. Rate will increase the present value of the liability requiring higher proportion. A fall in the discount rate generally increases the mark to market value of the assets depending on the duration of asset.
Salary Risk:	The present value of the defined benefit plan liability is calculated by reference to the future salaries of members. As such, an increase in the salary of the members more than assumed level will increase the plan's liability.
Investment Risk:	The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting year on government bonds. If the return on plan asset is below this rate, it will create a plan deficit. Currently, for the plan in India, it has a relatively balanced mix of investments in government securities, and other debt instruments.
Asset Liability Matching Risk:	The plan faces the ALM risk as to the matching cash flow. Since the plan is invested in lines of Rule 101 of Income Tax Rules, 1962, this generally reduces ALM Risk.

# Notes to the Standalone Financial Statements

for the year ended March 31, 2021, (INR in crores unless specified otherwise)

## 32 Defined benefit and contribution plan (Contd..)

### Risks associated with defined benefit plan (Contd..)

Gratuity is a defined benefit plan and company is exposed to the Following Risks: (Contd..)

Mortality Risk:	Since the benefits under the plan is not payable for life time and payable till retirement age only, plan does not have any longevity risk.
Concentration Risk:	Plan is having a concentration risk all the assets are invested with the insurance company and a default will wipe out all the assets. Although probability of this is very less as insurance companies have to follow regulatory guidelines

## 33 Share based compensation

In accordance with the Securities and Exchange Board of India (share based employee benefits) Regulations, 2014 and the guidance Note on accounting for 'Employees share-based payments, the scheme detailed below is managed and administered, compensation benefits in respect of the scheme is assessed and accounted by the company. To have an understanding of the scheme, relevant disclosures are given below.

- As approved by the shareholders at their Annual General Meeting held on 23rd July 2015, the Company has got 50,00,000 number of Options under the employee stock option scheme "GHCL ESOS 2015". The following details show the actual status of ESOS granted during the financial year ended on March 31, 2021.
- During the year 1,60,000 equity share options lapsed upon cessation of employment.

The relevant details of the Scheme are as under:

Particulars	Grant 3		Grant 5		Grant 6	
Date of grant	24-10-2017	24-10-2017	25-04-2018	25-04-2018	25-04-2018	25-04-2018
Date of board approval	24-10-2017	24-10-2017	25-04-2018	25-04-2018	25-04-2018	25-04-2018
Date of shareholder's approval	23-07-2015	23-07-2015	23-07-2015	23-07-2015	23-07-2015	23-07-2015
Number of options granted	25,000	25,000	6,10,000	6,10,000	15,000	15,000
Method of settlement	Equity	Equity	Equity	Equity	Equity	Equity
Vesting year (see table below)						
Fair value on the date of grant (In Rs)	110.59	123.20	161.33	183.41	183.41	192.68
Exercise year	5 Years	5 Years	5 Years	5 Years	5 Years	5 Years
Vesting conditions	As per policy approved by Shareholders	As per policy approved by Shareholders	As per policy approved by Shareholders	As per policy approved by Shareholders	As per policy approved by Shareholders	As per policy approved by Shareholders

# Notes to the Standalone Financial Statements

for the year ended March 31, 2021, (INR in crores unless specified otherwise)

## 33 Share based compensation (Contd..)

Details of the vesting year are:

Particulars	Grant 3		Grant 5		Grant 6	
On completion of 12 months	25,000	-	6,10,000	-	-	-
On completion of 24 months	-	25,000	-	-	-	-
On completion of 36 months	-	-	-	6,10,000	15,000	-
On completion of 48 months	-	-	-	-	-	15,000

Particulars	Grant 7			Grant 8		
Date of grant	25-04-2018	25-04-2018	25-04-2018	25-04-2018	25-04-2018	25-04-2018
Date of board approval	25-04-2018	25-04-2018	25-04-2018	25-04-2018	25-04-2018	25-04-2018
Date of shareholder's approval	23-07-2015	23-07-2015	23-07-2015	23-07-2015	23-07-2015	23-07-2015
Number of options granted	25,000	25,000	60,000	60,000	60,000	60,000
Method of settlement	Equity	Equity	Equity	Equity	Equity	Equity
Vesting year (see table below)						
Fair value on the date of grant (In Rs)	183.41	192.68	183.41	192.68	200.98	
Exercise year	5 Years	5 Years	5 Years	5 Years	5 Years	5 Years
Vesting conditions	As per policy approved by Shareholders	As per policy approved by Shareholders	As per policy approved by Shareholders	As per policy approved by Shareholders	As per policy approved by Shareholders	As per policy approved by Shareholders

Details of the vesting year are:

Particulars	Grant 7		Grant 8	
On completion of 36 months	25,000	-	60,000	-
On completion of 48 months	-	25,000	-	60,000
On completion of 60 months	-	-	-	60,000

Set out below is a summary of options granted under the plan:

Particulars	As at March 31, 2021		As at March 31, 2020	
	Total No. of Stock options	Weighted average exercise price	Total No. of Stock options	Weighted average exercise price
Options outstanding at beginning of year	8,27,500	150	22,05,000	151
Options granted during the year	-	-	-	-
Options forfeited/lapsed during the year	1,60,000	150	11,92,500	152
Options exercised during the year	-	-	1,85,000	148
Options expired during the year	-	-	-	-
Options outstanding at end of year	6,67,500	150	8,27,500	150
Options vested but not exercised during the year	1,12,500	151	1,12,500	151

# Notes to the Standalone Financial Statements

for the year ended March 31, 2021, (INR in crores unless specified otherwise)

## 33 Share based compensation (Contd..)

The details of activity of the Scheme have been summarized below:-

Particulars	March 31, 2021						Total Number of options
	Grant 3		Grant 5		Grant 6		
	Number of options	Number of options	Number of options	Number of options	Number of options	Number of options	
Outstanding at the beginning of the year	5,000	2,500	1,05,000	5,30,000	10,000	10,000	6,62,500
Granted during the year	-	-	-	-	-	-	-
Forfeited during the year	-	-	-	85,000	-	-	85,000
Exercised during the year	-	-	-	-	-	-	-
Expired during the year	-	-	-	-	-	-	-
Outstanding at the end of the year	5,000	2,500	1,05,000	4,45,000	10,000	10,000	5,77,500
Exercisable at the end of the year	5,000	2,500	1,05,000	-	-	-	1,12,500
Weighted average remaining contractual life (in years)	-	-	-	0.07	0.07	1.07	
Weighted average fair value of options granted during the year	110.59	123.20	161.33	183.41	183.41	192.68	

Particulars	Grant 3		Grant 5		Grant 6	
Date of grant	24-10-2017	24-10-2017	25-04-2018	25-04-2018	25-04-2018	25-04-2018
Stock price at the date of grant	251.05	251.05	286.5	286.5	286.5	286.5
Exercise price	170	170	150	150	150	150
Expected volatility	36.77	36.77	39.51%	39.51%	39.51%	39.51%
Expected life of the option	2	3	2	4	4	5
Risk free interest rate (%)	6.762	6.762	7.647	7.647	7.647	7.647
Weighted average fair value as on grant date	110.59	123.20	161.33	183.41	183.41	192.68

# Notes to the Standalone Financial Statements

for the year ended March 31, 2021, (INR in crores unless specified otherwise)

## 33 Share based compensation (Contd..)

The details of activity of the Scheme have been summarized below:-

Particulars	Grant 7		Grant 8			Total	Grand Total of ESOS
	Number of options	Number of options	Number of options	Number of options	Number of options	Number of options	Number of options
Outstanding at the beginning of the year	15,000	15,000	45,000	45,000	45,000	1,65,000	8,27,500
Granted during the year	-	-	-	-	-	-	-
Forfeited during the year	-	-	25,000	25,000	25,000	75,000	1,60,000
Exercised during the year	-	-	-	-	-	-	-
Expired during the year	-	-	-	-	-	-	-
Outstanding at the end of the year	15,000	15,000	20,000	20,000	20,000	90,000	6,67,500
Exercisable at the end of the year	-	-	-	-	-	-	1,12,500
Weighted average remaining contractual life (in years)	0.07	1.07	0.07	1.07	2.07		
Weighted average fair value of options granted during the year	183.41	192.68	183.41	192.68	200.98		

Particulars	Grant 7			Grant 8	
Date of grant	25-04-2018	25-04-2018	25-04-2018	25-04-2018	25-04-2018
Stock price at the date of grant	286.5	286.5	286.5	286.5	286.5
Exercise price	150	150	150	150	150
Expected volatility	39.51%	39.51%	39.51%	39.51%	39.51%
Expected life of the option	4	5	4	5	6
Risk free interest rate (%)	7.647	7.647	7.647	7.647	7.647
Weighted average fair value as on grant date	183.41	192.68	183.41	192.68	200.98

## 34 Leases

### Company as a lessee

The Company has lease contracts for various items of Building and Salt works (fields taken on lease for salt production) in its operations. Leases of Building generally have lease terms between 1 and 10 years, while salt works generally have lease terms between 3 and 30 years. The Company's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Company is restricted from assigning and subleasing the leased assets and some contracts require the Company to maintain certain financial ratios. There are no major lease contracts that include extension and termination options and variable lease payments.

# Notes to the Standalone Financial Statements

for the year ended March 31, 2021, (INR in crores unless specified otherwise)

## 34 Leases (Contd..)

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the year:

(INR in crores)

Particulars	Leasehold building	Saltworks	Total
<b>As at April 01, 2019</b>	7.11	7.89	15.00
Additions	0.44	-	0.44
Depreciation expense	(1.15)	(0.47)	(1.62)
Termination/Adjustment	(0.09)	-	(0.09)
<b>As at April 01, 2020</b>	<b>6.31</b>	<b>7.42</b>	<b>13.73</b>
Additions	-	-	-
Depreciation expense	(1.03)	(0.49)	(1.52)
Termination/Adjustment	(0.05)	-	(0.05)
<b>As at March 31, 2021</b>	<b>5.23</b>	<b>6.93</b>	<b>12.16</b>

Set out below are the carrying amounts of lease liabilities (included under interest-bearing loans and borrowings) and the movements during the year:

Particulars	As at March 31, 2021	As at March 31, 2020
Balance at the beginning of the year	14.60	15.00
Additions	0	0.26
Accretion of interest	1.43	1.49
Payments	(2.02)	(2.06)
Termination	-	(0.09)
<b>Balance at the end of the year</b>	<b>14.01</b>	<b>14.60</b>
<b>Current</b>	<b>0.68</b>	<b>0.68</b>
<b>Non-current</b>	<b>13.33</b>	<b>13.92</b>

The maturity analysis of lease liabilities are disclosed in Note 40.

The effective interest rate for lease liabilities is 10%.

The following are the amounts recognised in profit or loss:

Particulars	As at March 31, 2021	As at March 31, 2020
Depreciation expense of right-of-use assets	1.52	1.62
Interest expense on lease liabilities	1.43	1.49
Expense relating to short-term leases (included in other expenses)	3.90	4.60
<b>Total amount recognised in profit or loss</b>	<b>6.85</b>	<b>7.71</b>

The Company had total cash outflows for leases of INR 5.87 Crore in March 31, 2021 (INR 6.66 crore in March 31, 2020). There are no non cash additions to right-of-use assets and lease liabilities. There are no future cash outflows relating to leases that have not yet commenced.

# Notes to the Standalone Financial Statements

for the year ended March 31, 2021, (INR in crores unless specified otherwise)

## 35 Commitments and contingencies

Particulars	As at	As at
	March 31, 2021	March 31, 2020
<b>a) Estimated value of contracts remaining to be executed on Capital Account and not provided for</b>	57.71	83.49
<b>b) Contingent liabilities :</b>		
- Claims against the Company not acknowledged as debts*		
- Income tax**	158.27	158.27
- Sales tax / VAT	0.04	0.04
- Excise, custom & service tax	127.12	128.92
- Unpaid labour dues <sup>#</sup>	4.57	-
- Other claims <sup>###</sup>	18.26	18.26

\*Cases pending before appellate authorities/dispute resolution panel in respect of which the Company has filed appeals.

On the basis of current status of individual case for respective years and as per legal advice obtained by the company, wherever applicable, the company is confident of winning the above cases and is of the view that no provision is required in respect of above cases.

\*\*In an order passed by Income Tax Appellate Tribunal (ITAT), Ahmedabad dated March 05, 2021, ITAT has disposed off cases pertaining to AY 2009-10, AY 2010-11, AY 2011-12, AY 2012-13, AY 2013-14 and AY 2014-15 and decided in favour of the company. As the Income Tax Authorities (the Department) is authorised to file an appeal to the High Court against the Appellate Tribunal's order within 120 days of receipts of the order, therefore the amount pertains to above mentioned assessment years i.e. INR 154.65 Crores is considered as contingent liability. Although Company is confident of winning any further litigation.

#Government of India vide its notification dated March 29, 2020, issued under the National Disaster Management Act 2005, directed that all employers shall make full payment of wages, of their workers at their workplaces, for the period of closure under the lockdown. Subsequently on the petition filed by some of the employers against the aforementioned notification, the Honourable Supreme Court of India, passed an interim order dated June 12, 2020 and directed employers to enter into a negotiation and settlement with workers for wages payment during the lockdown period. The aforesaid notification also stands withdrawn w.e.f May 18, 2020. In the meanwhile, the Company had made payments to its workers and will do the final settlement if any as per the final order of the Honourable Supreme Court of India. If the Honourable Supreme Court upheld the notification of Government of India, the Company will have to pay further wages of INR 4.57 Crores to the workers, whereas based on the management's assessment the chances of the same is remote.

###Claims under this heading relate to legal cases pending in different courts under the jurisdiction of Gujarat High Court and the courts subordinate to it. Some of the cases relates to execution of ex-parte foreign decrees which are not enforceable in India. Certain claims relate to contractor's workmen, whose services have been terminated by the concerned contractor and the matter is in between the contractor and their workmen and GHCL is made a party to the dispute only. Other cases relate to some ex-workmen who after opting VRS scheme duly approved by the regional Labour Officer challenged the same and this case is a week case since workmen have already lost one round of litigation till Hon'ble SC where directions were issued to deposit the entire amount received during VRS before initiating the legal proceedings. Apart from these certain civil disputes are also pending which on merit are weak and GHCL has fair chances in winning these cases.



# Notes to the Standalone Financial Statements

for the year ended March 31, 2021, (INR in crores unless specified otherwise)

## 35 Commitments and contingencies (Contd.)

These include claims against the Company for recovery lodged by various parties.

The aforesaid Appendix did not have an impact on the financial statements of the Company.

Particulars	As at March 31, 2021	As at March 31, 2020
<b>c) Guarantees:</b>		
Corporate guarantee to bank on behalf of erstwhile subsidiaries of the Company	3.04	2.82
<b>d) EPCG Commitment (value of exports) -</b> The Company has export obligations to the extent INR 538.22 crores (as at March 31, 2020 INR 390.61 crores) of on account of concessional rates of import duties paid on capital goods under the Export Promotion Capital Goods Scheme enacted by the Government of India which is to be fulfilled over the next eight /six years. Due to the remote likelihood of the Company being unable to meet its export obligations, the Company does not anticipate a loss with respect to these obligations and hence has not made any provision in its financial statements.	84.94	42.59

## 36 Related party transactions

**a) The following table provides the list of related parties and total amount of transactions that have been entered into with related parties for the relevant financial years.**

### i) Wholly owned subsidiaries

Dan River Properties LLC  
Grace Home Fashions LLC  
GHCL Textiles Limited ( w.e.f June 17, 2020)

### ii) Key managerial personnel

Mr. R. S. Jalan, Managing Director  
Mr. Raman Chopra, CFO & Executive Director -Finance  
Mr. Neelabh Dalmia- Executive Director -Textiles (w.e.f February 01,2020)  
Mr. Bhuvneshwar Mishra, Sr. GM- Sustainability & Company Secretary

# Notes to the Standalone Financial Statements

for the year ended March 31, 2021, (INR in crores unless specified otherwise)

## 36 Related party transactions (Contd..)

### iii) Non-whole-time directors

Mr. Sanjay Dalmia  
 Mr. Anurag Dalmia  
 Mr. Neelabh Dalmia ( Upto January 31,2020)  
 Mrs. Vijaylaxmi Joshi  
 Dr. Lavanya Rastogi  
 Dr. Manoj Vaish  
 Mr. Arun Kumar Jain  
 Justice Ravindra Singh  
 Mr. K C. Jani ( Upto September 17, 2019)

### iv) Relative of key managerial personnel

Mrs. Sarita Jalan, w/o Mr. R. S. Jalan  
 Mrs. Bharti Chopra, w/o Mr. Raman Chopra  
 Mrs. Vandana Mishra, w/o Mr. Bhuwadeshwar Mishra

### v) Enterprises over which key managerial personnel are able to exercise significant influence

Dalmia Centre for Research & Development  
 GHCL Foundation Trust  
 GHCL Employees Group Gratuity Scheme  
 Gujarat Heavy Chemical Limited Superannuation Scheme  
 Dalmia Biz Private Limited.  
 Dalmia Healthcare Limited

### b) Transactions with subsidiaries

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
<b>Investment in equities</b>		
Grace Home Fashions LLC (Diminution in Value of Investment in Subsidiary)	-	(10.00)
GHCL Textiles Limited	0.01	-
<b>Sales of Goods</b>		
Grace Home Fashions LLC	46.60	85.54
<b>Net payment/(receipt) of loans &amp; advances</b>		
Dan River Properties LLC	-	(0.52)

# Notes to the Standalone Financial Statements

for the year ended March 31, 2021, (INR in crores unless specified otherwise)

## 36 Related party transactions (Contd..)

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Loans &amp; advances recoverable at the year end</b>		
Dan River Properties LLC	1.50	1.50
<b>Balance of investment in equities at the year end</b>		
Grace Home Fashions LLC	24.97	24.97
(After considering Diminution in Value of Investment in Subsidiary)		
Dan River Properties LLC	0.00	0.00
GHCL Textiles Limited	0.01	-
<b>Balance receivable at the year end</b>		
Grace Home Fashions LLC	37.43	92.34

### c) Transactions with relative of key management personnel

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Leasing &amp; hire purchase transactions</b>		
Mrs. Sarita Jalan, w/o Mr. R. S. Jalan	0.18	0.18
Mrs. Bharti Chopra, w/o Mr. Raman Chopra	0.12	0.12
Mrs. Vandana Mishra, w/o Mr. Bhuneshwar Mishra	0.02	0.02

### d) Transactions with enterprises over which significant influence exercised by directors

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Royalty paid</b>		
Dalmia Centre for Research & Development	0.02	0.07
<b>Rent &amp; Other Receipts</b>		
Dalmia Biz Private Limited	0.03	0.18
Dalmia Healthcare Limited	0.03	0.16
<b>Net contribution</b>		
GHCL Foundation Trust	9.03	9.75
Gujarat Heavy Chemical Limited Superannuation Scheme	1.42	1.60

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended March 31, 2021, the Company has not recorded any impairment of receivables relating to amounts owed by related parties. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

# Notes to the Standalone Financial Statements

for the year ended March 31, 2021, (INR in crores unless specified otherwise)

## 36 Related party transactions (Contd..)

### e) Compensation of key management personnel of the Company

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Mr. Ravi Shanker Jalan	6.14	8.09
Mr. Raman Chopra	3.58	4.68
Mr. Neelabh Dalmia	1.40	0.34
Mr. Bhuneshwar Mishra	0.52	0.54
<b>Total compensation paid to key management personnel</b>	<b>11.64</b>	<b>13.65</b>

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Short-term employee benefits	11.22	13.26
Post-employment gratuity and medical benefits	0.42	0.36
Share-based payment transactions*	-	0.03
<b>Total compensation paid to key management personnel</b>	<b>11.64</b>	<b>13.65</b>

#### \* Taxable component of ESOS

### f) Transactions with non-whole-time directors

Particulars	For the year ended March 31, 2021		For the year ended March 31, 2020	
	Sitting Fees	Commission	Sitting Fees	Commission
Mr. Sanjay Dalmia	0.02	0.45	0.03	0.60
Mr. Anurag Dalmia	0.02	0.38	0.02	0.50
Mr. Neelabh Dalmia	-	-	0.02	0.30
Dr. Manoj Vaish	0.04	0.20	0.04	0.26
Justice Ravindra Singh	0.04	0.19	0.05	0.25
Mrs. Vijaylaxmi Joshi	0.05	0.19	0.06	0.25
Mr. Arun Kumar Jain	0.04	0.19	0.05	0.25
Mr. K C Jani	-	-	0.02	0.11
Dr. Lavanya Rastogi	0.02	0.19	0.02	0.20
	<b>0.23</b>	<b>1.77</b>	<b>0.32</b>	<b>2.72</b>

### g) Disclosure required under Sec 186(4) of the Companies Act 2013 (refer note 6A and Note 11A)

Name of the Loanee	As at March 31, 2021	As at March 31, 2020
GHCL Employee Stock Option Trust	5.70	5.82
Dan River Properties LLC ( Subsidiary Company)	1.50	1.50

# Notes to the Standalone Financial Statements

for the year ended March 31, 2021, (INR in crores unless specified otherwise)

## 37 Segment information

The Company is primarily engaged in the business of manufacture of inorganic chemicals and textiles and based on this it has two reportable segments:

- Inorganic chemicals segment majorly includes manufacture of soda ash which is an important raw material for detergent and glass industry. Major raw materials to manufacture soda ash are salt, limestone, coke, briquette, coal and lignite. The total Inorganic chemical segment contributes approximately 67% of total Indian Standalone revenue.
- Textiles segment manufactures cotton yarn and polyester yarn and home textile products. GHCL Limited is one of the largest integrated textile manufacturers own spinning, weaving and processing & dyeing and cutting & sewing manufacturing facility.

The management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the financial statements. Income taxes are managed on Company basis and are not allocated to Operating segments.

### Summary of Segment information for the year ended March 31, 2021

Particulars	Inorganic Chemicals	Textiles	Others / unallocated	Total
<b>Revenue</b>				
External customers	1,881.95	1,044.64	-	2,926.59
Inter-segment	-	(103.50)	-	(103.50)
<b>Total revenue</b>	<b>1,881.95</b>	<b>941.14</b>	<b>-</b>	<b>2,823.09</b>
<b>Segment profit</b>	<b>431.54</b>	<b>106.41</b>	<b>-</b>	<b>537.95</b>
<b>Total assets</b>	2,373.29	1,534.58	83.46	3,991.33
<b>Total liabilities</b>	780.30	429.50	279.71	1,489.51
<b>Capital expenditure</b>	112.99	21.89	-	134.88
<b>Depreciation and amortization</b>	81.61	51.58	-	133.19

### For the year ended March 31, 2020

Particulars	Inorganic Chemicals	Textiles	Others / unallocated	Total
Revenue				
External customers	2,188.11	1,158.83	-	3,346.94
Inter-segment	-	(90.93)	-	(90.93)
<b>Total revenue</b>	<b>2,188.11</b>	<b>1,067.90</b>	<b>-</b>	<b>3,256.01</b>
<b>Segment profit</b>	<b>629.40</b>	<b>25.83</b>	<b>-</b>	<b>655.23</b>
<b>Total assets</b>	2,511.03	1,613.13	76.80	4,200.96
<b>Total liabilities</b>	1,112.37	626.53	276.50	2,015.40
<b>Capital expenditure</b>	144.50	47.22	-	191.72
<b>Depreciation and amortization</b>	79.50	51.01	-	130.51

All other adjustments and eliminations are part of detailed reconciliations presented further below.

# Notes to the Standalone Financial Statements

for the year ended March 31, 2021, (INR in crores unless specified otherwise)

## 37 Segment information (Contd..)

### Adjustments and eliminations

Finance income and costs, expenditure related to corporate social responsibility, key managerial salary & commission, director sitting fees, audit fees, and fair value gains and losses on financial assets are not allocated to individual segments as the underlying instruments are managed on a company basis.

Current taxes, deferred taxes and certain financial assets and liabilities are not allocated to those segments as they are also managed on a company basis.

Capital expenditure consists of additions of property, plant and equipment and intangible assets.

### Reconciliations to amounts reflected in the financial statements

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
<b>Reconciliation of profit</b>		
Segment profit	537.95	645.23
Un-allocated expenditure	(25.34)	(22.58)
Other finance costs	(90.21)	(118.18)
<b>Profit before tax</b>	<b>422.40</b>	<b>504.47</b>

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Reconciliation of assets</b>		
Inorganic chemicals	2,373.29	2511.03
Home textiles	1,534.58	1,613.13
Un-allocated	83.46	76.80
<b>Total assets</b>	<b>3,991.33</b>	<b>4,200.96</b>

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Reconciliation of liabilities</b>		
Inorganic chemicals	780.30	1,112.37
Home textiles	429.50	626.53
Un-allocated	279.71	276.50
<b>Total liabilities</b>	<b>1,489.51</b>	<b>2,015.40</b>

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
<b>Revenue from external customers</b>		
India	2,348.06	2,648.61
Outside India	475.03	607.40
<b>Total revenue per statement of profit and loss</b>	<b>2,823.09</b>	<b>3,256.01</b>

# Notes to the Standalone Financial Statements

for the year ended March 31, 2021, (INR in crores unless specified otherwise)

## 37 Segment information (Contd..)

### Reconciliations to amounts reflected in the financial statements (Contd..)

Particulars	As at	As at
	March 31, 2021	March 31, 2020
<b>Trade receivable</b>		
India	161.34	203.02
Outside India	89.32	154.56
<b>Total trade receivable</b>	<b>250.66</b>	<b>357.58</b>

## 38 Hedging activities and derivatives

### Derivatives not designated as hedging instruments

The Company is exposed to certain risks relating to its ongoing business operations. The primary risks managed using derivative instruments are foreign currency risk.

The Company's risk management strategy and how it is applied to manage risk are explained in Note 40.

The Company uses foreign exchange forward contracts to manage some of its transaction exposures. The foreign exchange forward contracts are not designated as cash flow hedges and are entered into for years consistent with foreign currency exposure of the underlying transactions, generally from one to 24 months.

These contracts are not designated in hedge relationships and are measured at fair value through profit or loss.

Particulars	Currency	Unhedged Exposure		Unhedged Exposure	
		As on March 31, 2021		As on March 31, 2020	
		Amount in Foreign Currency	Amount in INR	Amount in Foreign Currency	Amount in INR
Trade Receivables					
	NZD	0.03	1.69	0.03	1.56
	EUR	-	-	0.00	0.19
Current Liabilities					
	USD	1.02	74.85	0.82	66.79
	EUR	0.02	1.40	0.03	2.84
	CHF	0.00	0.14	-	-
	DKK	-	-	0.01	0.05
	GBP	0.00	0.15	0.00	0.16
	NZD	-	-	0.00	0.01
Non-Current Liabilities					
	USD	0.18	12.98	0.40	30.58

# Notes to the Standalone Financial Statements

for the year ended March 31, 2021, (INR in crores unless specified otherwise)

## 39 Fair values

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 approximations of fair values:

Particulars	Carrying value	Fair value	Carrying value	Fair value
	As at March 31, 2021	As at March 31, 2021	As at March 31, 2020	As at March 31, 2020
<b>Financial assets measured at fair value</b>				
Investments* (Refer Note 5)	15.15	15.15	9.25	9.25
Derivative instruments ( refer note 11B)	4.14	4.14	-	-
<b>Financial assets measured at amortised cost</b>				
Loan to ESOS trust (refer note 6A)	5.70	5.70	5.82	5.82
Security deposits (refer note 6A)	8.65	8.65	9.89	9.69
Demand deposits** (refer note 6B)	-	-	0.00	0.00
On escrow account (refer note 6B)	9.79	9.79	7.70	7.70
On account of margin money deposited (refer note 6B)	0.80	0.80	0.80	0.80
Loan to subsidiary (refer note 11A)	1.50	1.50	1.50	1.50
Loan to employees (refer note 11A)	2.23	2.23	2.16	2.16
Others*** (refer note 11C)	0.76	0.76	1.49	1.49
<b>Financial liabilities at fair value</b>				
Derivative instruments ( refer note 19A)	-	-	6.25	6.25
<b>Financial liabilities not measured at amortised cost</b>				
Term loans (refer note 16)	726.75	726.75	970.75	970.75
Short term borrowings (refer note 16)	41.35	41.35	268.88	268.88

The management assessed that cash and cash equivalents, Bank balances other than cash and cash equivalents, trade receivables, Export incentives receivable, GST refund receivable, Subvention receivable, trade payables and other current financial liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments. The other current financial liabilities represents Dealer deposits, Security deposits, Capital creditors, Unpaid dividend and Interest accrued on bank deposits, the carrying value of which approximates the fair values as on the reporting date.

\* Investments excludes investment in subsidiary which is carried at cost.

\*\* Amount in absolute terms is INR NIL (Previous Year INR 35,000)

\*\*\* The other non-current financial assets represents bank deposits and Insurance receivable

### The following methods and assumptions were used to estimate the fair values:

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



# Notes to the Standalone Financial Statements

for the year ended March 31, 2021, (INR in crores unless specified otherwise)

## 39 Fair values (Contd..)

ii The fair values of the FVTOCI financial assets are derived from quoted market prices in active markets.

The following table provides the fair value measurement hierarchy of the Company's assets and liabilities.

Quantitative disclosures fair value measurement hierarchy for assets as at March 31, 2021:

Particulars	Date of valuation	Carrying amount	Fair value measurement using		
			Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
<b>FVTOCI financial investments</b>					
Quoted equity shares (refer note 5)	March 31, 2021	13.82	13.82		
	March 31, 2020	7.87	7.87		
Unquoted equity shares (refer note 5)	March 31, 2021	1.29			1.29
	March 31, 2020	1.35			1.35
Unquoted debt securities (Refer Note 5)	March 31, 2021	0.04			0.04
	March 31, 2020	0.04			0.04
<b>Financial assets measured at fair value through profit and loss</b>					
Derivative instruments (refer note 11B)	March 31, 2021	4.14			4.14
	March 31, 2020	-			-
<b>Financial assets measured at amortised cost</b>					
Security deposits (refer note 6A)	March 31, 2021	8.65		8.65	
	March 31, 2020	9.69		9.69	
Loan to ESOS trust (refer note 6A)	March 31, 2021	5.70		5.70	
	March 31, 2020	5.82		5.82	
Demand deposits (refer note 6B)	March 31, 2021	-		-	
	March 31, 2020	0.00		0.00	
On escrow account (refer note 6B)	March 31, 2021	9.79		9.79	
	March 31, 2020	7.70		0.00	
On account of margin money deposited (refer note 6B)	March 31, 2021	0.80		0.80	
	March 31, 2020	0.80		0.00	
Loan to subsidiary (refer note 11A)	March 31, 2021	1.50		1.50	
	March 31, 2020	1.50		1.50	
Loan to employees (refer note 11A)	March 31, 2021	2.23		2.23	
	March 31, 2020	2.16		2.16	
Others (refer note 11C)	March 31, 2021	0.76		0.76	
	March 31, 2020	1.49		1.49	
<b>Financial liability measured at fair value through profit and loss</b>					
Derivative instruments (refer note 19A)	March 31, 2021	-		-	
	March 31, 2020	6.25		6.25	
<b>Financial liabilities not measured at fair value</b>					
Floating rate borrowings (India)	March 31, 2021	768.10		768.10	
	March 31, 2020	1,239.63		1,239.63	

# Notes to the Standalone Financial Statements

for the year ended March 31, 2021, (INR in crores unless specified otherwise)

## 39 Fair values (Contd..)

There have been no transfers between Level 1 and Level 2 during the year.

Particulars	Fair value hierarchy	Valuation technique	Inputs used
<b>FVTOCI financial investments</b>			
Quoted equity shares	Level 1	Market valuation techniques	Prevailing rates in the active markets
Unquoted equity shares	Level 3	Discounted cash flow	Long-term growth rate for cash flows for subsequent years, weighted average cost of capital, long-term operating margin, discount for lack of marketability
Unquoted debt securities	Level 3	Discounted cash flow	Long-term growth rate for cash flows for subsequent years, weighted average cost of capital, long-term operating margin, discount for lack of marketability
<b>Financial assets measured at fair value through profit and loss</b>			
Derivative instruments	Level 3	Market valuation techniques	Forward foreign currency exchange rates
<b>Financial assets measured at amortised cost</b>			
Security deposits	Level 2	Amortised Cost	Prevailing interest rates in the market, Future payouts
Loan to subsidiary			
Loan to ESOS trust			
Loan to employees			
<b>Financial liabilities measured at fair value</b>			
Derivative instruments	Level 2	Market valuation techniques	Forward foreign currency exchange rates
<b>Financial liabilities not measured at fair value</b>			
Floating rate borrowings (India)	Level 2	Amortised Cost	Prevailing interest rates in the market, future payouts

# Notes to the Standalone Financial Statements

for the year ended March 31, 2021, (INR in crores unless specified otherwise)

## 40 Financial risk management objectives and policies

The Company's principal financial liabilities, other than derivatives, comprise loans and borrowings, lease liabilities trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations and to provide guarantees to support its operations. The Company's principal financial assets include loans, trade and other receivables, and cash and cash equivalents that derive directly from its operations. The Company also holds FVTOCI investments and enters into derivative transactions.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks. The Company's senior management is supported by a banking and operations committee that advises on financial risks and the appropriate financial risk governance framework for the Company. The financial risk committee provides assurance to the Company's senior management that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. All derivative activities for risk management purposes are carried out by expert list teams that have the appropriate skills, experience and supervision. It is the Company's policy, that no trading in derivatives for speculative purposes may be undertaken. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

### Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk. Financial instruments affected by market risk include loans and borrowings, deposits and derivative financial instruments.

The sensitivity analyses in the following sections relate to the position as at March 31, 2021 and March 31, 2020. The sensitivity analysis have been prepared on the basis that the amount of net debt, the ratio of fixed to floating interest rates of the debt are all constant.

#### a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates.

In order to optimize the Company's position with regards to interest income and interest expenses and to manage the interest rate risk, treasury performs a comprehensive corporate interest rate management by balancing the proportion of fixed rate and floating rate financial instruments in its total portfolio.

The Company is not exposed the significant interest rate as at a respective reporting date.

#### Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings. With all other variables held constant, the Company's profit before tax is effected through the impact on floating rate borrowings, as follows:

Particulars	Increase/decrease in basis points	Effect on PBT
March 31, 2021	+ / (-) .50%	'(-) / + 3.84

# Notes to the Standalone Financial Statements

for the year ended March 31, 2021, (INR in crores unless specified otherwise)

## 40 Financial risk management objectives and policies (Contd..)

Particulars	Increase/decrease in basis points	Effect on PBT
March 31, 2020	+ / (-) .50%	'(-) / + 6.20

### b) Foreign currency 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 its operating activities. The company manages its foreign currency risk by hedging transactions that are expected to occur within a maximum period of 12 months. The foreign exchange forward contract balances vary with the level of expected foreign currency sales and purchases and changes in foreign exchange forward rates. The hedging is done through foreign currency forward contracts.

#### Foreign currency sensitivity

Particulars	Change in USD rate	Effect on PBT
As at March 31, 2021	+ / (-) 1%	'(-) / + 0.81

Particulars	Change in USD rate	Effect on PBT in Rs
As at March 31, 2020	+ / (-) 1%	'(-) / + 0.49

Particulars	Change in NZD rate	Effect on PBT
As at March 31, 2021	+ / (-) 1%	'+ / (-) 0.02

Particulars	Change in NZD rate	Effect on PBT
As at March 31, 2020	+ / (-) 1%	'+ / (-) 0.02

Particulars	Change in CHF rate	Effect on PBT
As at March 31, 2021	+ / (-) 1%	'(-) / + 0.00

Particulars	Change in CHF rate	Effect on PBT
As at March 31, 2020	-	-

### c) Equity price risk

The Company's listed equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Company manages the equity price risk through diversification and by placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Company's senior management on a regular basis. The Company's Board of Directors reviews and approves all equity investment decisions.

At the reporting date, the exposure to unlisted equity securities at fair value was INR 1.29 crores as on March 31, 2021 (INR 1.35 crores as on March 31, 2020).

# Notes to the Standalone Financial Statements

for the year ended March 31, 2021, (INR in crores unless specified otherwise)

## 40 Financial risk management objectives and policies (Contd..)

At the reporting date, the exposure to listed equity securities at fair value was INR 13.82 Crore as on March 31, 2021 (INR 7.87 as on March 31, 2020). A decrease of 10% on the NSE/BSE market index could have an impact of approximately INR 1.32 Crore on the OCI or equity attributable to the company. An increase of 10% in the value of the listed securities would also impact OCI and equity. These changes would not have an effect on profit or loss.

### d) Commodity risk

The Company is impacted by the price volatility of coal and cotton. Its operating activities require continuous manufacture of soda ash, and therefore require a regular supply of coal. Cotton is the key raw material for the spinning unit. Due to the significant volatility of the price of coal and cotton in international market, the company has entered into purchase contract for coal with its designated vendor(s). The price in the purchase contract is linked to the certain indices. The Company's commercial department has developed and enacted a risk management strategy regarding commodity price risk and its mitigation.

### e) Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

#### Trade receivables

Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on customer profiling, credit worthiness and market intelligence. Outstanding customer receivables are regularly monitored and any shipments to major customers are generally covered by letters of credit or other forms of credit insurance.

An impairment analysis is performed at each reporting date on an individual basis for major customers. In addition, a large number of minor receivables are Companyed into homogenous Company's and assessed for impairment collectively. The calculation is based on exchange losses historical data. The Company does not hold collateral as security. The company evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets.

#### Financial instruments and cash deposits

Credit risk from balances with banks is managed by the Company's treasury department in accordance with the Company's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Company's Board of Directors on an annual basis, and may be updated throughout the year subject to approval of the Banking & Operations Committee. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

The company's maximum exposure to credit risk for the components of the balance sheet at March 31, 2021 and March 31, 2020 is the carrying amounts as illustrated in Note 9 except for financial guarantees and derivative financial instruments. The company's maximum exposure relating to financial guarantees and financial derivative instruments is noted in note on commitments and contingencies and the liquidity table below.

# Notes to the Standalone Financial Statements

for the year ended March 31, 2021, (INR in crores unless specified otherwise)

## 40 Financial risk management objectives and policies (Contd..)

### Liquidity risk

Liquidity risk is the risk that the company will encounter in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The approach of the company to manage liquidity is to ensure, as far as possible, that it should have sufficient liquidity to meet its respective liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risk damage to their reputation. The Company also believes a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due. The company assessed the concentration of risk with respect to refinancing its debt and concluded it to be low.

The table below summarises the maturity profile of the company's financial liabilities based on contractual undiscounted payments.

<b>As at March 31, 2021</b>	<b>On Demand</b>	<b>0 to 12 months</b>	<b>1 to 5 years</b>	<b>&gt; 5 years</b>	<b>Total</b>
Borrowings	41.35	162.93	466.88	96.94	768.10
Trade and other payables	-	375.52	-	-	375.52
Lease Liabilities	-	0.68	2.14	11.19	14.01
Other financial liabilities	4.26	29.73	0.87	-	34.86
	<b>45.61</b>	<b>568.86</b>	<b>469.89</b>	<b>108.13</b>	<b>1,192.49</b>

<b>As at March 31, 2020</b>	<b>On Demand</b>	<b>0 to 12 months</b>	<b>1 to 5 years</b>	<b>&gt; 5 years</b>	<b>Total</b>
Borrowings	268.88	162.86	628.51	179.38	1,239.63
Trade and other payables	-	405.79	-	-	405.79
Lease liabilities	-	0.68	2.05	11.87	14.60
Other financial liabilities	11.18	41.55	1.19	-	53.92
	<b>280.06</b>	<b>610.88</b>	<b>631.75</b>	<b>191.25</b>	<b>1,713.94</b>

## 41 Capital management

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 of the Company. 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. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company's policy is to keep the gearing ratio of less than 75%. The Company includes within net debt, interest bearing loans and borrowings, lease liabilities, trade and other payables, less cash and cash equivalents.

# Notes to the Standalone Financial Statements

for the year ended March 31, 2021, (INR in crores unless specified otherwise)

## 41 Capital management (Contd..)

Particulars	As at	As at
	March 31, 2021	March 31, 2020
Borrowings	768.10	1,239.63
Trade payables	375.52	405.79
Lease liabilities	14.01	14.60
Other liabilities	53.64	76.95
Less: Cash and bank balances	(32.65)	(89.60)
<b>Net debt</b>	<b>1,178.62</b>	<b>1,647.37</b>
Equity	2,501.82	2,185.56
<b>Capital and net debt</b>	<b>3,680.44</b>	<b>3,832.93</b>
Gearing ratio	32%	43%

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current year.

No changes were made in the objectives, policies or processes for managing capital during the year ended March 31, 2021.

## 42 Raw material and power & fuel costs include expenditure on captive production of salt, limestone, briquette and lignite as under:

Particulars	For the year ended	For the year ended
	March 31, 2021	March 31, 2020
Manufacturing expenses*	132.98	154.60
Stores and spares consumed	1.43	1.52
Power and fuel	3.94	4.13
Excise duty, cess and royalty	4.66	5.59
Repairs and maintenance	-	-
Building	0.24	0.17
Plant and machinery	0.70	0.88
Earth work	6.64	2.01
Others	0.45	0.48
Salaries and wages (refer note 32)	8.24	10.37
Travelling & conveyance	0.69	0.71
Lease rent	0.91	1.00
Rates and taxes	0.13	0.24
Insurance	1.38	1.35
Misc. expenses (including deferred revenue & intangible expenses)	0.90	1.86
Other misc. income	(0.84)	(0.58)
<b>Total</b>	<b>162.45</b>	<b>184.33</b>

\* It includes consumption of breeze, starch binder and other production and mining cost.

# Notes to the Standalone Financial Statements

for the year ended March 31, 2021, (INR in crores unless specified otherwise)

**43** In prior years as per SEBI (ESOS & ESPS) guidelines 1999 the Employees Stock Option Schemes of GHCL was administered by the registered Trust named GHCL Employees Stock Option Trust. However, the SEBI circular dated November 29, 2013, required the closure of all Employee Stock Option Trusts by June 2014. Accordingly, GHCL closed its ESOS Scheme, disposed of GHCL shares but retained its ESOS Trust for a limited purpose of litigation. ESOS Trust owns 20,46,195 GHCL shares, out of which 15,79,922 shares were illegally sold by broker involved, against which ESOS Trust has initiated legal proceedings and 4,66,273 shares, which were blocked for transactions by Stock exchange under legal proceedings, had been transferred/released to ESOS Trust as per NSE order dated July 24, 2019 and are currently held by the Trust.

During the tenure of ESOS Trust, the company had advanced INR 29.54 crores interest free loan to the Trust to buy the shares and at the end of March'2014, the company had written off an amount of INR 23.34 crores due from ESOS Trust on account of permanent diminution in the value of 20,46,195 shares as on March 31, 2014 held by the Trust.

Once the legal matter will settle ESOS Trust will get the possession of 15,79,922 shares also, the sale proceeds from the disposal of these 20,46,195 shares by ESOS Trust will first be used to repay the loan amounting to INR 29.54 crores due to GHCL which includes restatement of earlier write-off of INR 23.34 crores taken in March, 2014 and the balance surplus (if any) will be used for the benefit of the employees of the company as per the recommendation of GHCL's Compensation Committee.

## 44 Demerger

The Board of Directors of Company on March 16, 2020, approved a Scheme of Arrangement u/s 230- 232 of the Companies Act 2013, involving a demerger of its Textiles Business into a separate company (to be incorporated as a Resulting Company) (the 'Scheme').

Upon the Scheme becoming effective, the Textile Business (along with all assets and liabilities thereof) shall be carved out and transferred to the Resulting Company on a going concern basis. As a consideration for the Demerger, the Resulting Company would issue its equity shares to the shareholders of GHCL as on the record date in a 1:1 swap ratio (i.e. One (1) share of INR 2 each would be issued by the Resulting Company for every one (1) share of INR 10 each held in GHCL), following which the shareholding of both Companies shall be same as at the record date.

Post Demerger, GHCL shall continue with the Chemicals Business while the Resulting Company shall house the Textiles Business. Shares of GHCL shall continue to be listed on the BSE and NSE and that of the Resulting Company shall also be listed on the BSE and NSE. The Demerger is expected to facilitate focused growth, concentrated approach, business synergies and increased operational and customer focus for respective business verticals apart from exploring independent business opportunities with efficient capital allocation.

In line with the direction of Hon'ble NCLT the meeting of the shareholders, secured creditors and unsecured creditors were held on 8th April 2021, wherein Shareholders and unsecured creditors have accorded their approval to the scheme by requisite majority however, secured creditors has made request for adjournment of meeting for three more month to consider the said proposal and accordingly Chairman of meeting, has accepted their request and adjourn the proceedings and provided fresh date of 8th July 2021 for meeting of secured creditors. The management is confident that the scheme of demerger will be approved by the secured creditors and Hon'ble NCLT in next financial year.

## 45 Remittances during the year in Foreign currency on account of

<b>Dividend for the financial year ended</b>	<b>2020-21</b>	<b>2019-20</b>
Dividends to non-resident shareholders	-	1,77,52,524
Number of non-resident shareholders	-	617
Number of shares	-	59,17,508



# Notes to the Standalone Financial Statements

for the year ended March 31, 2021, (INR in crores unless specified otherwise)

## 46 Non-Current Assets held for Sale

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Non-Current Assets</b>		
Property, Plant & Equipments	2.34	31.46
<b>Current Assets</b>		
Other Current Assets	-	-

Particulars	As at March 31, 2021		As at March 31, 2020	
	Acres	Amount	Acres	Amount
Opening balance	48.33	31.46	60.34	39.23
Less: Sold/Disposed	12.25	9.92	12.01	7.77
Less: Transferred to Property, plant and Equipment	33.19	19.20	-	-
<b>Closing balance</b>	<b>2.89</b>	<b>2.34</b>	<b>48.33</b>	<b>31.46</b>

The management had balance excessive and surplus land of 48.33 acres (Previous Year 60.34 acres) outside the premises of factory at Madurai, that is being disposed off and balance is held as non current asset held for sale. During the year the Company has sold/disposed 12.25 acres (Previous Year 12.01 acres) of land. Also the Company has transferred 33.19 acres (Previous Year Nil acres) of land to Property, Plant and Equipment being not to be sold/disposed off after the approval of Board of directors.

## 47 Coronavirus (COVID-19) Impact on Financial Reporting

The current "second wave" of COVID-19 pandemic has significantly increased in India. The Government of India has ruled out a nationwide lockdown for now, but regional lockdowns are implemented in areas with a significant number of COVID-19 cases. Safety of our employees continues to be our key priority. We are encouraging the vaccination for our employees, providing flexible work options and adhering to COVID-19 guidelines. We are closely monitoring the situation and will continue to take all necessary actions to ensure the health and safety of our employees.

The Company has considered the possible effects that may result from COVID-19 in the preparation of these Standalone financial statements including the recoverability of carrying amounts of financial and non-financial assets. Based on the current year performance and estimates arrived at using internal and external sources of information, the company does not expect any material impact on such carrying values. Based on the projected cash flows for the next one year the management is confident of liquidating its liabilities as and when they fall due and the Going concern assumption used for preparation of these financial statements is appropriate. The impact of COVID-19 on the company's financial statement may differ from that estimated as at the date of approval of Standalone Financial statements and it will continue to closely monitor any material changes to future economic conditions.

**48** The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post-employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified and the final rules/interpretation have not yet been issued. The Company is in the process of assessing the impact of the code and will record the same, if any, in the year the Code becomes effective.

# Notes to the Standalone Financial Statements

for the year ended March 31, 2021, (INR in crores unless specified otherwise)

**49** As per the Transfer Pricing Rules of the Income Tax Act, 1961 every company is required to get a transfer pricing study conducted to determine whether the transactions with associated enterprises were undertaken at an arm's length basis for each financial year end. Transfer pricing study for the transaction pertaining to the year ended March 31, 2021 is currently in progress and hence adjustments if any which may arise there from have not been taken into account in these financial statements for the year ended March 31, 2021 and will be effective in the financial statements for the year ended March 31, 2022. However, in the opinion of the Company's management, adjustments, if any, are not expected to be material.

## 50 Standards notified but not yet effective

There are no new standards that are notified, but not yet effective, upto the date of issuance of the Company's financial statements.

**51** Figures relating to March 31, 2020 has been regrouped/reclassified wherever necessary to make them comparable with the current year's figures.

As per report of even date

**For and on behalf of the Board of Directors of GHCL Limited**

### For S.R. Batliboi & Co. LLP

Chartered Accountants  
ICAI Firm Registration No. 301003E/E300005

per **Atul Seksaria**

Partner  
Membership No. 086370

Place : Gurugram  
Date: April 28, 2021

### Sanjay Dalmia

Chairman  
DIN: 00206992

**R. S. Jalan**

Managing Director  
DIN: 00121260

Place : New Delhi  
Date: April 28, 2021

### Manoj Vaish

Director  
DIN: 00157082

**Raman Chopra**

CFO & Executive Director-Finance  
DIN: 00954190

**Bhwneshwar Mishra**

Sr. GM- Sustainability &  
Company Secretary  
Membership No.: FCS 5330

**Form AOC-1 Part “A” Subsidiaries**  
**Statement Pursuant to first proviso to sub-section (3) of section 129**  
**read with rule 5 of Companies (Accounts) Rules, 2014**

S. No.	Particulars	Particulars	Particulars	Particulars
i.	Name of Subsidiary	Grace Home Fashion LLC	Dan River Properties LLC	GHCL Textiles Limited
ii.	The date since when subsidiary was acquired			
iii.	Reporting period for the subsidiary concerned,	March 31, 2021	March 31, 2021	March 31, 2021
iv.	Reporting Currency and Exchange rate as on the last date of the relevant financial year/Period.	USD 1 USD = INR 73.12	USD 1 USD = INR 73.12	INR
v.	Share Capital	34.62	0.00	0.01
vi.	Reserve & Surplus	-50.21	6.25	-0.01
vii.	Total Assets	42.33	8.56	0.01
viii.	Total Liabilities	57.93	2.31	0.00
ix.	Investments	-	-	-
x.	Turnover	105.28	0.41	-
xi.	Profit before Taxation	-1.00	-0.15	-0.01
xii.	Provision for taxation	0.03	-	-
xiii.	Profit after Taxation	-1.03	-0.15	-0.01
xiv.	Proposed Dividend	-	-	-
xv.	% of Shareholding	100.00%	100.00%	100.00%

**For and on behalf of the Board of Directors of GHCL Limited**

**Sanjay Dalmia**

Chairman

**Manoj Vaish**

Director

**R. S. Jalan**

Managing Director

**Raman Chopra**

CFO & Executive Director (Finance)

Place : New Delhi

Date: April 28, 2021

**Bhwneshwar Mishra**

Sr. GM- Sustainability & Company Secretary

# Independent Auditor's Report

To the Members of **GHCL Limited**

## Report on the Audit of the Consolidated Ind AS Financial Statements

### Opinion

We have audited the accompanying consolidated Ind AS financial statements of GHCL Limited (hereinafter referred to as "the Holding Company"), its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") comprising of the consolidated Balance sheet as at March 31 2021, the consolidated Statement of Profit and Loss, including other comprehensive income, the consolidated Cash Flow Statement and the consolidated statement of Changes in Equity for the year then ended, and notes to the consolidated Ind AS financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements").

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate financial statements and on the other financial information of the subsidiaries, the aforesaid consolidated Ind AS financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2021, their consolidated profit including other comprehensive income, their consolidated cash flows and the consolidated statement of changes in equity for the year ended on that date.

### Basis for Opinion

We conducted our audit of the consolidated Ind AS financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Consolidated Ind AS Financial Statements' section of our report. We are independent of the Group in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the

Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

### Emphasis of Matter – Impact of outbreak of Corona virus (Covid-19)

We draw attention to Note 48 of the consolidated Ind AS financial statements, which explains the uncertainties and the management's assessment of the financial impact related to COVID-19 pandemic situation, for which a definitive assessment of the impact in subsequent period is highly dependent on future economic developments and circumstances as they evolve.

Our opinion is not modified in respect of this matter.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated Ind AS financial statements for the financial year ended March 31, 2021. These matters were addressed in the context of our audit of the consolidated Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated Ind AS financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated Ind AS financial statements. The results of audit procedures performed by us and by other auditors of components not audited by us, as reported by them in their audit reports furnished to us by the management, including those procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated Ind AS financial statements.

Key audit matters	How our audit addressed the key audit matter
<p><b>(a) Impairment assessment of Home Textile Division</b> (as described in Note 3 of the Consolidated Ind AS financial statements)</p> <p>Property, plant and equipment, Assets and Liabilities that are related to the integrated textile manufacturing facilities (at Tamil Nadu), Home Textiles facility (in Gujrat) and overseas business to support the business hereafter collectively referred to as the “Home Textile Division or HT Division” with a carrying value amounting to INR 1,114 crores.</p> <p>Home Textile Division has incurred losses in the earlier years, as a result the management has performed an impairment assessment as per the accounting policy stated in note 2.2.L to the consolidated Ind AS financial statements.</p> <p>Our audit focused on this area because the assessment of recoverable value of the aforesaid assets of HT Division requires management to make a number of key judgements and estimates with respect to the future performance and profitability of the HT Division which involves judgements and estimates on future growth rates, discount rates and Impact of Covid-19 etc.</p> <p>Accordingly, Impairment assessment of the Company’s Home Textile division has been considered as a key audit matter.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>Understood management and the board’s controls over the assessment of the carrying value of HT Division property, plant and equipment to determine whether any asset impairment was required.</li> <li>Together with valuation specialists, we assessed the Company’s valuation methodology applied in estimating the recoverable amount of the Company’s Home Textile Division based on the cash flow projections provided by the management.</li> <li>Together with valuation specialists, we tested the assumptions of the cash flow forecasts (taking into consideration of second wave of Covid-19), i.e. future growth rates, discount rates used.</li> <li>Performed sensitivity analysis around the key assumptions used by management in impairment testing to understand the impact of reasonable changes in assumptions on the estimated recoverable amounts.</li> <li>Assessed the disclosures included in the financial statements in note 3 to the consolidated Ind AS financial statements.</li> </ul>

We have determined that there are no other key audit matters to communicate in our report.

#### Information Other than the Financial Statements and Auditor’s Report Thereon

The Holding Company’s Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report, but does not include the consolidated Ind AS financial statements and our auditor’s report thereon.

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

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

#### Responsibilities of Management for the Consolidated Ind AS Financial Statements

The Holding Company’s Board of Directors is responsible for the preparation and presentation of these consolidated Ind

AS financial statements in terms of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated statement of changes in equity of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group 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 the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated Ind AS financial statements, the respective Board of Directors of the companies included in the

Group are responsible for assessing the ability of the Group and to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those respective Board of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of the Group.

### **Auditor's Responsibilities for the Audit of the Consolidated Ind AS Financial Statements**

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

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

- Identify and assess the risks of material misstatement of the consolidated Ind AS 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 Holding Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as

a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated Ind AS financial statements, including the disclosures, and whether the consolidated Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group of which we are the independent auditors and whose financial information we have audited to express an opinion on the consolidated Ind AS financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated Ind AS financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated Ind AS financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated Ind AS financial statements for the financial year ended March 31, 2021 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**

(a) We did not audit the financial statements and other financial information, in respect of two subsidiaries whose Ind AS financial statements include total assets of Rs 50.90 crores as at March 31, 2021, and total revenues of Rs 105.69 crores and net cash inflows of Rs 0.17 crores for the year ended on that date. These Ind AS financial statement and other financial information have been audited by other auditors, which financial statements, other financial information and auditor's reports have been furnished to us by the management. Our opinion on the consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of sub-sections (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries is based solely on the report(s) of such other auditors.

Our opinion above on the consolidated Ind AS financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditor.

**Report on Other Legal and Regulatory Requirements**

As required by Section 143(3) of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements and the other financial information of subsidiaries as noted in the 'other matter' paragraph we report, to the extent applicable, that:

- (a) We/the other auditors whose report we have relied upon have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated Ind AS financial statements;
- (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidation of the financial statements have been kept so far as it appears from our examination of those books and reports of the other auditors;
- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including the Statement of Other Comprehensive income, the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements;
- (d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;

- (e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2021 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors who are appointed under Section 139 of the Act, of its subsidiary companies none of the directors of the Group's companies incorporated in India is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164 (2) of the Act;
- (f) With respect to the adequacy and the operating effectiveness of the internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements of the Holding Company and its subsidiary companies incorporated in India, refer to our separate Report in "Annexure 1" to this report;
- (g) In our opinion the managerial remuneration for the year ended March 31, 2021 has been paid / provided by the Holding Company to their directors in accordance with the provisions of section 197 read with Schedule V to the Act;
- (h) The matter described in Emphasis of Matter paragraph above, in our opinion, may have an adverse effect on the functioning of the Company;
- (i) 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, as amended, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements as also the other financial information of the subsidiaries as noted in the 'Other matter' paragraph:
- i. The consolidated Ind AS financial statements disclose the impact of pending litigations on its consolidated financial position of the Group in its consolidated Ind AS financial statements – Refer Note 35 to the consolidated Ind AS financial statements;
  - ii. The Group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company.

For **S.R. Batliboi & Co. LLP**

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005

per **Atul Seksaria**

Partner

Place of Signature: Gurugram

Membership Number:086370

Date: April 28, 2021

UDIN: 21086370AAAABC1738

# ANNEXURE 1

## to the independent auditor's report of even date on the Consolidated Financial Statements of GHCL Limited

### Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated financial statements of GHCL Limited (hereinafter- referred to as the "Holding Company") as of and for the year ended March 31, 2021, we have audited the internal financial controls with reference to consolidated financial statements of the Holding Company and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") which are companies incorporated in India as of that date.

### Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the companies included in the Group, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Holding 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 the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

### Auditor's Responsibility

Our responsibility is to express an opinion on the Holding Company's internal financial controls with reference to consolidated financial statements 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, specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both, issued by ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to

obtain reasonable assurance about whether adequate internal financial controls with reference to consolidated financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to consolidated financial statements and their operating effectiveness. Our audit of internal financial controls with reference to consolidated financial statements included obtaining an understanding of internal financial controls with reference to consolidated financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to consolidated financial statements.

### Meaning of Internal Financial Controls With Reference to Consolidated Financial Statements

A company's internal financial control with reference to consolidated financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to consolidated financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.



### Inherent Limitations of Internal Financial Controls With Reference to Consolidated Financial Statements

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

### Opinion

In our opinion, the Group, which are companies incorporated in India have maintained in all material respects, adequate

internal financial controls with reference to consolidated financial statements and such internal financial controls with reference to consolidated financial statements were operating effectively as at March 31,2021, based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For **S.R. Batliboi & Co. LLP**

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005

per **Atul Seksaria**

Partner

Place of Signature: Gurugram

Date: April 28, 2021

Membership Number:086370

UDIN: 21086370AAAABC1738

# Consolidated Balance Sheet

as at March 31, 2021

(INR in crores)

Particulars	Note No.	As at	
		March 31, 2021	March 31, 2020
<b>I. Assets</b>			
<b>(1) Non-current assets</b>			
(a) Property, plant and equipment	3	2,657.09	2,635.88
(b) Capital work-in-progress	3	80.54	119.96
(c) Investment Property	4	-	8.56
(d) Intangible assets	4A	6.05	5.46
(e) Right-of-use assets	34	12.16	13.73
(f) Intangible assets under development		-	1.76
(g) Financial assets			
(i) Investments	5	15.15	9.26
(ii) Loans Non current	6A	14.35	15.51
(iii) Other non-current financial assets	6B	10.97	8.76
(h) Other-non current assets	7	66.57	67.19
<b>Total non-current assets</b>		<b>2,862.88</b>	<b>2,886.07</b>
<b>(2) Current assets</b>			
(a) Investments Current		-	-
(b) Inventories	8	763.50	790.62
(c) Financial assets			
(i) Trade receivables	9	228.36	274.40
(ii) Cash and cash equivalents	10A	34.97	91.74
(iii) Bank balances other than cash and cash equivalents	10B	13.66	15.43
(iv) Loans	11A	2.23	2.36
(v) Derivative instruments	11B	4.14	-
(vi) Other current financial asset	11C	12.83	27.21
(d) Current tax assets (net)	12	9.73	7.59
(e) Other current assets	13	34.66	42.47
<b>Total current assets</b>		<b>1,104.08</b>	<b>1,251.82</b>
Assets held for sale	3	10.90	31.46
<b>Total assets</b>		<b>3,977.86</b>	<b>4,169.35</b>
<b>II. Equity and liabilities</b>			
<b>Equity</b>			
(a) Equity share capital	14	95.01	95.01
(b) Other equity	15	2,389.24	2,053.96
<b>Total equity</b>		<b>2,484.25</b>	<b>2,148.97</b>
<b>Liabilities</b>			
<b>(1) Non-current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings Long term	16A	563.82	807.89
(ii) Lease liabilities	34	13.33	13.92
(b) Provisions Long term	17A	3.02	6.27
(c) Deferred tax liabilities (net)	12	260.16	253.08
(d) Other non-current liabilities	17C	0.70	0.88
<b>Total non-current liabilities</b>		<b>841.03</b>	<b>1,082.04</b>
<b>(2) Current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	16B	41.35	268.88
(ii) Lease liabilities	34	0.68	0.68
(iii) Trade payables			
(a) Total outstanding dues of micro enterprises and small enterprises	18	23.43	12.92
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises	18	353.19	394.80
(iv) Derivative instruments	19A	-	6.25
(v) Other financial liabilities current	19B	197.79	216.78
(b) Provisions Short term	17B	14.36	13.49
(c) Other current liabilities			
(i) Contract liabilities	21.2	3.91	6.11
(ii) Other liabilities	20	17.87	18.43
<b>Total current liabilities</b>		<b>652.58</b>	<b>938.34</b>
<b>Total liabilities</b>		<b>1,493.61</b>	<b>2,020.38</b>
<b>Total equity and liabilities</b>		<b>3,977.86</b>	<b>4,169.35</b>

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

As per report of even date

For and on behalf of the Board of Directors of GHCL Limited

For S.R. Battliboi & Co. LLP

Chartered Accountants

ICAI Firm Registration No. 301003E/E300005

Sanjay Dalmia

Chairman

DIN: 00206992

Manoj Vaish

Director

DIN: 00157082

per Atul Seksaria

Partner

Membership No. 086370

R. S. Jalan

Managing Director

DIN: 00121260

Raman Chopra

CFO & Executive Director-Finance

DIN: 00954190

Place : Gurugram  
Date: April 28, 2021

Place : New Delhi  
Date: April 28, 2021

Bhuvneshwar Mishra

Sr. GM- Sustainability & Company Secretary

Membership No.: FCS 5330

# Consolidated Statement of Profit and Loss

for the year ended March 31, 2021

(INR in crores)

Particulars	Note No.	For Year ended March 31, 2021	For Year ended March 31, 2020
<b>Revenue</b>			
Revenue from operations	21	2,900.09	3,305.12
Other income	22	27.03	17.60
<b>Total income</b>		<b>2,927.12</b>	<b>3,322.72</b>
<b>Expenses</b>			
Cost of raw materials consumed	23	1,136.75	1,253.45
Purchase of stock in trade		173.31	182.39
(Increase)/ Decrease in inventories of finished goods, stock-in-trade and work-in-progress	24	(1.31)	19.59
Power, fuel and water		415.22	513.17
Employee benefit expenses	25	174.47	189.97
Depreciation and amortization expense	26	133.41	131.21
Finance costs	27	91.18	119.79
Other expenses	28	365.52	418.55
<b>Total expenses</b>		<b>2,488.55</b>	<b>2,828.12</b>
<b>Profit before tax</b>		<b>438.57</b>	<b>494.60</b>
<b>Tax expense:</b>	12		
Current tax		105.89	143.39
Tax adjustment for earlier years		(0.93)	(2.48)
Deferred tax		7.49	(42.93)
<b>Total tax expense</b>		<b>112.45</b>	<b>97.98</b>
<b>Profit for the year</b>		<b>326.12</b>	<b>396.62</b>
<b>Other comprehensive income</b>			
<b>Other comprehensive income/(loss) not to be reclassified to profit or loss in subsequent periods:</b>			
Re-measurement (Loss) on defined benefit plans		(1.63)	(2.80)
Income tax effect on remeasurement on defined benefit plans		0.41	0.71
Re-measurement Gain/(Loss) on investment in equity		5.95	(3.44)
<b>Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:</b>			
Exchange differences on translation of foreign operations		2.87	(0.26)
<b>Other comprehensive income/(loss) for the year, net of tax</b>	29	<b>7.60</b>	<b>(5.79)</b>
<b>Total comprehensive income for the year, net of tax</b>		<b>333.72</b>	<b>390.83</b>
<b>Profit for the year attributable to :</b>			
Owners of the Company		326.12	396.62
Non-controlling interest		-	-
<b>Other comprehensive income/Loss for the year attributable to :</b>			
Owners of the Company		7.60	(5.79)
Non-controlling interest		-	-
<b>Total comprehensive income for the year attributable to:</b>			
Owners of the Company		333.72	390.83
Non controlling interest		-	-
<b>Earnings per equity share (nominal value of shares INR 10)</b>	30		
Basic (INR)		34.32	40.50
Diluted (INR)		34.23	40.50

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

As per report of even date

**For and on behalf of the Board of Directors of GHCL Limited**

**For S.R. Batliboi & Co. LLP**

Chartered Accountants  
ICAI Firm Registration No. 301003E/E300005

**Sanjay Dalmia**  
Chairman  
DIN: 00206992

**Manoj Vaish**  
Director  
DIN: 00157082

per **Atul Seksaria**  
Partner  
Membership No. 086370

**R. S. Jalan**  
Managing Director  
DIN: 00121260

**Raman Chopra**  
CFO & Executive Director-Finance  
DIN: 00954190

Place : Gurugram  
Date: April 28, 2021

Place : New Delhi  
Date: April 28, 2021

**Bhuvneshwar Mishra**  
Sr. GM- Sustainability & Company Secretary  
Membership No.: FCS 5330

# Consolidated Statement of Cash Flows

for the year ended March 31, 2021

(INR in crores)

Particulars	For Year ended March 31, 2021	For Year ended March 31, 2020
<b>Cash flow from operating activities</b>		
<b>Profit before tax</b>	438.57	494.60
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation and amortisation expenses	133.41	131.21
(Gain) on sale of investments	(1.27)	(0.88)
Loss on sale/disposal of Property, plant and equipment and Asset held for sale	8.67	1.48
Interest income	(0.55)	(0.64)
Finance costs	91.18	119.79
Income from dividend	-	(0.08)
Employees share based payments	1.56	(7.19)
Unrealised exchange (gain) / loss	(3.42)	19.99
<b>Operating cash flow before working capital changes</b>	<b>668.15</b>	<b>758.28</b>
<b>Changes in working capital</b>		
<b>Adjustments for (Increase)/decrease in operating assets:</b>		
Trade receivables	53.25	11.49
Inventories	27.12	(22.12)
Derivative instruments	(10.39)	(8.51)
Other current financial assets	14.51	(4.21)
Other current assets	6.19	31.98
Non-current financial assets	(1.05)	(4.08)
Other non-current assets	(0.31)	2.21
<b>Adjustments for Increase/(Decrease) in Operating liabilities:</b>		
Other non-current liabilities	(0.18)	(2.39)
Contract liabilities	(2.20)	(2.45)
Trade payables	(30.52)	(9.99)
Other current financial liabilities	0.64	(20.23)
Other current liabilities	5.30	12.09
Provisions	(2.38)	(2.16)
<b>Cash generated from operations</b>	<b>728.13</b>	<b>739.91</b>
Income taxes paid (net)	(107.10)	(115.54)
<b>Net cash generated from operating activities (A)</b>	<b>621.03</b>	<b>624.37</b>
<b>Cash flow from investing activities</b>		
Purchase of property, plant and equipment, capital work in progress and intangible assets	(111.92)	(215.72)
Proceeds from sale of property, plant and equipment	1.21	9.73
Sales/ (Purchase) of Investment (Net)	1.33	(0.23)
Interest received	0.55	0.64
Dividend received	-	0.08
<b>Net cash used in investing activities (B)</b>	<b>(108.83)</b>	<b>(205.50)</b>
<b>Cash flow from financing activities</b>		
Proceeds from issue of equity shares (including premium)	-	2.74
Buyback of equity share capital	-	(69.46)
Dividend paid	(0.81)	(76.26)
Dividend distribution tax paid	(5.86)	(10.08)
Proceeds from long-term borrowings	2.46	252.73
Repayment of long-term borrowings	(246.46)	(174.91)

# Consolidated Statement of Cash Flows

for the year ended March 31, 2021

(INR in crores)

Particulars	For Year ended March 31, 2021	For Year ended March 31, 2020
Proceeds from short-term borrowings	(227.53)	(139.68)
Payment of lease liabilities (Refer note 34)	(2.02)	(2.06)
Unpaid dividend account ( Net)	0.81	(1.26)
Bank deposit in Margin Money	0.96	0.66
Interest paid	(90.52)	(121.73)
<b>Net cash used in financing activities (C)</b>	<b>(568.97)</b>	<b>(339.31)</b>
<b>Net (decrease) / increase in cash and cash equivalents (A+B+C)</b>	<b>(56.77)</b>	<b>79.56</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>91.74</b>	<b>12.18</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>34.97</b>	<b>91.74</b>
<b>Components of cash and cash equivalents</b>		
Cash and cheques on hand	0.17	0.27
Balances with banks:		
- On current accounts	34.80	91.47
<b>Total cash and cash equivalents (note 10A)</b>	<b>34.97</b>	<b>91.74</b>

Notes:

The cash flow statement has been prepared under the indirect method as set out in the Ind AS 7 "Statement of Cash Flows".

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

As per report of even date

**For and on behalf of the Board of Directors of GHCL Limited**

**For S.R. Batliboi & Co. LLP**

Chartered Accountants  
ICAI Firm Registration No. 301003E/E300005

**Sanjay Dalmia**

Chairman  
DIN: 00206992

**Manoj Vaish**

Director  
DIN: 00157082

per **Atul Seksaria**

Partner  
Membership No. 086370

**R. S. Jalan**

Managing Director  
DIN: 00121260

**Raman Chopra**

CFO & Executive Director-Finance  
DIN: 00954190

Place : Gurugram  
Date: April 28, 2021

Place : New Delhi  
Date: April 28, 2021

**Bhwneshwar Mishra**

Sr. GM- Sustainability &  
Company Secretary  
Membership No.: FCS 5330

# Consolidated Statement of changes in equity

for the quarter ended March 31, 2021

## A. Equity share capital

Equity Shares of INR 10 each issued, subscribed and fully paid up

(INR in crores)

Particulars	Number of shares (in Crore)	Amount
<b>Balance as at April 1, 2019</b>	9,80,28,286	98.03
Changes in share capital- Shares issued under ESOS scheme during the year (Refer note 14 on ESOS)	1,85,000	0.18
Changes in share capital- Buyback during the year (Refer note 14 on Buyback)	(32,00,000)	(3.20)
<b>Balance as at March 31, 2020</b>	<b>9,50,13,286</b>	<b>95.01</b>
Changes in share capital	-	-
<b>Balance as at March 31, 2021</b>	<b>9,50,13,286</b>	<b>95.01</b>

(INR in crores)

Particulars	Reserves and Surplus (Refer note 15)									Total
	Capital reserve	Business development reserve	Capital redemption reserve	Securities premium	Retained earnings	Share based payment reserve	General reserve	FVTOCI Reserve	Foreign currency translation reserve	
<b>Balance as at April 1, 2019</b>	7.57	73.89	13.16	19.74	1,649.25	20.04	37.13	9.78	(3.08)	1,827.47
Reserve created on account of ESOS issued during the year	-	-	-	5.54	-	-	-	-	-	5.54
Reserve created on account of buy back during the year	-	-	3.20	-	-	-	(3.20)	-	-	-
Reserve Utilised on account of buy back during the year	-	-	-	(25.28)	-	-	(28.48)	-	-	(53.76)
Profit for the year	-	-	-	-	396.61	-	-	-	-	396.61
Share based payments (Refer note 25)	-	-	-	-	-	(10.17)	-	-	-	(10.17)
Dividend paid	-	-	-	-	(77.52)	-	-	-	-	(77.52)
Dividend distribution tax	-	-	-	-	(15.93)	-	-	-	-	(15.93)
Tax paid on Buy Back	-	-	-	-	(12.49)	-	-	-	-	(12.49)
Other comprehensive loss for the year, net of tax (Refer note 29)	-	-	-	-	(2.09)	-	-	(3.44)	(0.26)	(5.79)
<b>Balance as at March 31, 2020</b>	<b>7.57</b>	<b>73.89</b>	<b>16.36</b>	<b>-</b>	<b>1,937.83</b>	<b>9.87</b>	<b>5.45</b>	<b>6.34</b>	<b>(3.34)</b>	<b>2,053.96</b>
Profit for the year	-	-	-	-	326.12	-	-	-	-	326.12
Share based payments (Refer note 25)	-	-	-	-	-	1.56	-	-	-	1.56
Other comprehensive income for the year, net of tax (Refer note 29)	-	-	-	-	(1.22)	-	-	5.95	2.87	7.60
<b>Balance as at March 31, 2021</b>	<b>7.57</b>	<b>73.89</b>	<b>16.36</b>	<b>-</b>	<b>2,262.73</b>	<b>11.43</b>	<b>5.45</b>	<b>12.29</b>	<b>(0.47)</b>	<b>2,389.24</b>

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

As per report of even date

**For and on behalf of the Board of Directors of GHCL Limited**

**For S.R. Batliboi & Co. LLP**

Chartered Accountants  
ICAI Firm Registration No. 301003E/E300005

**Sanjay Dalmia**

Chairman  
DIN: 00206992

**Manoj Vaish**

Director  
DIN: 00157082

per **Atul Seksaria**

Partner  
Membership No. 086370

**R. S. Jalan**

Managing Director  
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**Raman Chopra**

CFO & Executive Director-Finance  
DIN: 00954190

Place : Gurugram  
Date: April 28, 2021

Place : New Delhi  
Date: April 28, 2021

**Bhuvneshwar Mishra**

Sr. GM- Sustainability & Company Secretary  
Membership No.: FCS 5330

# Notes to the Consolidated Financial Statements

for the year ended March 31, 2021, (INR in crores unless specified otherwise)

## 1 Corporate information

The consolidated financial statements comprise financial statements of GHCL Limited (GHCL) and its subsidiaries (collectively, the Group) for the year ended March 31, 2021. GHCL Limited (“GHCL” or the “Company” or the “Parent”) is a public Group domiciled in India and is incorporated under the provisions of the Companies Act applicable in India. Its shares are listed with the National Stock Exchange (NSE) and Bombay Stock Exchange (BSE). The registered office of the Group is located at GHCL House, Opp. Punjabi Hall, Near Navrangpura Bus Stand, Navrangpura, Ahmedabad - 380 009, Gujarat. The Group is engaged in primarily two business segments consisting of Inorganic Chemicals (mainly manufacture and sale of Soda Ash) and Home Textile division (comprising of yarn manufacturing, weaving, processing and cutting & sewing of home textiles products)

Information on the Group’s structure is provided in Note 47.

Information on related party relationships of the Group is provided in Note 36.

The consolidated financial statements are approved for issue in accordance with a resolution of the Board of Directors on April 28, 2021.”

## 2 Significant accounting policies

### 2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) and presentation requirements of Division II of Schedule III to the Companies Act, 2013, (Ind AS compliant Schedule III), as applicable to the CFS. The consolidated financial statements have been prepared on historical cost basis except for the following assets and liabilities which have been measured at fair value or revalued amount:

- Derivative financial instruments
- Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments),

The consolidated financial statements are presented in Indian Rupees (INR) and all values are rounded to the nearest crores (INR’00,00,000), except otherwise indicated.”

### 2.2 Basis of Consolidation

The consolidated financial statements comprises the financial statement of GHCL Limited and its subsidiaries as at March 31, 2021. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- (i) Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- (ii) Exposure, or rights, to variable returns from its involvement with the investee, and
- (iii) The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (i) The contractual arrangement with the other vote holders of the investee
- (ii) Rights arising from other contractual arrangements
- (iii) The Group’s voting rights and potential voting rights
- (iv) The size of the Group’s holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when

# Notes to the Consolidated Financial Statements

for the year ended March 31, 2021, (INR in crores unless specified otherwise)

the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the Group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that Group member's financial statements in preparing the consolidated financial statements to ensure conformity with the Group's accounting policies.

The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the parent Group, i.e., year ended on 31 March. When the end of the reporting period of the parent is different from that of a subsidiary, the subsidiary prepares, for consolidation purposes, additional financial information as of the same date as the financial statements of the parent to enable the parent to consolidate the financial information of the subsidiary, unless it is impracticable to do so.

## Consolidation Procedure :

- (a) Combine like items of assets, liabilities, equity, income, expenses and cash flows of the parent with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognised in the consolidated financial statements at the acquisition date.
- (b) Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary.
- (c) Eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the Group (profits or losses resulting from intragroup transactions that are recognised in assets, such as inventory and fixed assets, are eliminated in full). IntraGroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Ind AS - 12 "Income Taxes" applies to temporary differences that arise from the elimination of profits and losses resulting from intraGroup transactions.
- Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-Group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.
- A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it
  - (i) Derecognises the assets (including goodwill) and liabilities of the subsidiary
  - (ii) Derecognises the carrying amount of any non-controlling interests
  - (iii) Derecognises the cumulative translation differences recorded in equity
  - (iv) Recognises the fair value of the consideration received
  - (v) Recognises the fair value of any investment retained
  - (vi) Recognises any surplus or deficit in profit or loss
  - (vii) Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities



# Notes to the Consolidated Financial Statements

for the year ended March 31, 2021, (INR in crores unless specified otherwise)

## (d) Change in ownership interest

The Group treats transaction with non-controlling interests that do not result in a loss of control as transaction with the equity owners of the Group. A change in ownership interest results in adjustment between the carrying amounts of the controlling and non-controlling interest to reflect their relative interest in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised within equity.

## 2.3 Summary of significant accounting policies

### a) Current versus non-current classification

The Group presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The terms of the liability that could, at the option of the counterparty, result in its settlement by

the issue of equity instruments do not affect its classification

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Group has identified twelve months as its operating cycle.

### b) Fair value measurement

The Group measures financial instruments, such as, derivatives at fair value at each balance sheet date.

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

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

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

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

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

# Notes to the Consolidated Financial Statements

for the year ended March 31, 2021, (INR in crores unless specified otherwise)

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

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

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

The Banking & Operations Committee determine the policies and procedures for both recurring fair value measurement, such as derivative instruments and unquoted financial assets measured at fair value, and for non-recurring measurement, such as assets held for distribution in discontinued operations.

At each reporting date, the Audit Committee analyses the movements in the values of assets and liabilities which are required to be remeasured or re-assessed as per the Group's accounting policies. For this analysis, the members of Banking & Operations Committee verify the major inputs applied in the latest valuation by agreeing

the information in the valuation computation to contracts and other relevant documents.

The Banking & Operations Committee also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

On an interim basis, the members of Banking & Operations Committee present the valuation results to the Audit Committee. This includes a discussion of the major assumptions used in the valuations.

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

This note summarises accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.

- Disclosures for valuation methods, significant estimates and assumptions
- Financial instruments (including those carried at amortised cost)

## c) Revenue from Operations

The Group derives revenues primarily from sale of inorganic chemicals, textile and other products. Ind AS 115 "Revenue from Contracts with Customers" provides a control-based revenue recognition model and provides a five step application approach to be followed for revenue recognition.

- Identify the contract(s) with a customer;
- Identify the performance obligations;
- Determine the transaction price;
- Allocate the transaction price to the performance obligations;
- Recognise revenue when or as an entity satisfies performance obligation."

# Notes to the Consolidated Financial Statements

for the year ended March 31, 2021, (INR in crores unless specified otherwise)

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements, except for the agency services below, because it typically controls the goods or services before transferring them to the customer.

Revenue excludes amounts collected on behalf of third parties.

The disclosures of significant accounting judgements, estimates and assumptions relating to revenue from contracts with customers are provided in Note 31.

## Sale of goods

For sale of goods, revenue is recognised when control of the goods has transferred at a point in time i.e. when the goods have been delivered to the specific location (delivery). Following delivery, the customer has full discretion over the responsibility, manner of distribution, price to sell the goods and bears the risks of obsolescence and loss in relation to the goods. A receivable is recognised by the Group when the goods are delivered to the customer as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due. Payment is due within 45-120 days. The Group considers the effects of variable consideration, the existence of significant financing components, noncash consideration, and consideration payable to the customer (if any).

## Variable consideration

If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised

will not occur when the associated uncertainty with the variable consideration is subsequently resolved. The Group recognizes changes in the estimated amount of variable consideration in the period in which the change occurs. Some contracts for the sale of goods provide customers with volume rebates and pricing incentives, which give rise to variable consideration.

“The Group provides retrospective cash discount, volume rebates and pricing incentives to certain customers once the quantity of products purchased during the period exceeds a threshold specified in the contract. Rebates are offset against amounts payable by the customer. To estimate the variable consideration for the expected future rebates, the Group applies the most likely amount method for contracts with a single-volume threshold and the expected value method for contracts with more than one volume threshold. The selected method that best predicts the amount of variable consideration is primarily driven by the number of volume thresholds contained in the contract. The Group then applies the requirements on constraining estimates of variable consideration and recognises a refund liability for the expected future rebates.”

The disclosures of significant estimates and assumptions relating to the estimation of variable consideration for volume rebates are provided in Note 31

## Contract balances

### Trade receivables

A receivable is recognised if an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in section (p) Financial instruments – initial recognition and subsequent measurement.

### Contract liabilities

A contract liability is recognised if a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the

# Notes to the Consolidated Financial Statements

for the year ended March 31, 2021, (INR in crores unless specified otherwise)

related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

## Cost to obtain a contract

“The Group pays sales commission to its selling agents for each contract that they obtain for the Group. The Group applies the optional practical expedient to immediately expense costs to obtain a contract if amortisation period would have been recognised is one year or less. As such, sales commissions are immediately recognised as an expense and included as part of sales commission.

Costs to fulfil a contract i.e. freight, insurance and other selling expenses are recognized as an expense in the period in which related revenue is recognised.”

## Critical judgements

The Group’s contracts with customers include promises to transfer goods to the customers. Judgement is required to determine the transaction price for the contract. The transaction price could be either a fixed amount of customer consideration or variable consideration with elements such as schemes, incentives, cash discounts, etc. The estimated amount of variable consideration is adjusted in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur and is reassessed at the end of each reporting period.

Estimates of rebates and discounts are sensitive to changes in circumstances and the Group’s past experience regarding returns and rebate entitlements may not be representative of customer’s actual returns and rebate entitlements in the future.

Costs to obtain a contract are generally expensed as incurred. The assessment of this criteria requires the application of judgement, in particular when considering if costs generate or enhance resources to be used to satisfy future performance obligations and whether costs are expected to be recovered.”

## d) Other revenue streams

### Export Benefits

In case of sale made by the Group as Support Manufacturer, export benefits arising from Duty Entitlement Pass Book (DEPB), Duty Drawback scheme, Merchandise Export Incentive Scheme, Rebate of State Levies (ROSL) and Rebate of State and Central Taxes and Levies (ROSCTL) are recognised on export of such goods in accordance with the agreed terms and conditions with customers. In case of direct exports made by the Group, export benefits arising from DEPB, Duty Drawback scheme, Merchandise Export Incentive Scheme, ROSL and ROSCTL are recognised on shipment of direct exports.

Revenue from exports benefits measured at the fair value of consideration received or receivable net of returns and allowances, cash discounts, trade discounts and volume rebates.

### Rendering of services

Revenue from rendering of services is recognised when the performance obligation to render the services are completed as per contractually agreed terms.

### Dividend

Revenue is recognised when the Group’s right to receive the payment is established, which is generally when shareholders approve the dividend.

### Interest income

For all debt instruments measured either at amortised cost or at fair value through other comprehensive income, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the Group estimates the expected cash flows by considering all the contractual

# Notes to the Consolidated Financial Statements

for the year ended March 31, 2021, (INR in crores unless specified otherwise)

terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses. Interest income is included in finance income in the statement of profit and loss.

## Rental income

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature.

## e) Taxes

### Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in Other comprehensive income (OCI) or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Company shall reflect the effect of uncertainty for each uncertain tax treatment by using either most likely method or expected value method, depending on which method predicts better resolution of the treatment.

### Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying

amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
  - In respect of taxable temporary differences associated with investments in subsidiaries when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future
- Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:
- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
  - In respect of deductible temporary differences associated with investments in subsidiaries and associates, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow

# Notes to the Consolidated Financial Statements

for the year ended March 31, 2021, (INR in crores unless specified otherwise)

all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

The Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

In the situation where the Group is entitled to a Tax holiday under the income Tax Act, 1961 enacted in India or Tax laws prevailing in the respective tax jurisdictions where it operates, no deferred tax (asset or liability) is recognised in respect of temporary differences which reverse during the tax holiday period, to the extent the Group's gross total income is subject to the deduction during the tax holiday period. Deferred tax in respect of temporary differences which reverse after the tax holiday period is recognized in the year in which the temporary differences originate. For recognition of deferred taxes, the temporary differences which originate first are considered to reverse first. Deferred Tax includes Minimum Alternate Tax

(MAT) recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the Group will pay normal income tax during the specified period, i.e. the period for which MAT credit is allowed to be carried forward. The Group reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the Group does not have convincing evidence that it will pay normal tax during the specified period."

## **Goods and Service tax paid on acquisition of assets or on incurring expenses**

Expenses and assets are recognised net of the amount of sales/ value added taxes paid, except:

- When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- When receivables and payables are stated with the amount of tax included

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

## **f) Property, plant and equipment**

Capital work in progress is stated at cost, net of accumulated impairment loss, if any. Plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any.

Items such as spare parts, stand-by equipment and servicing equipment are recognized as property, plant and equipment when they meet the definition of property, plant and equipment. Otherwise, such items are classified as inventory.

Such cost includes the cost of replacing part of the plant and equipment and borrowing cost for long term construction projects if the recognition criteria are met. Likewise, when a major inspection is performed, its cost is recognised in

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the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. When significant parts of plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. All other repair and maintenance costs are recognised in Statement of profit or loss as incurred. Depreciation on tangible assets is provided on the straight-line method over the useful lives of assets estimated by the management. Depreciation for assets purchased/sold during a period is proportionately charged. Leases relating to land are amortized equally over the period of lease. Leased mines are depreciated over the estimated useful life of the mine or lease period, whichever is lower.

The Management estimates the useful lives for the fixed assets, except lease mines and leasehold land, as follows:

• Building	30 to 60 years
• Plant and Machinery *	5 to 25 years
• Office equipment	3 to 25 years
• Furniture and fixtures	10 years
• Salt works reservoir	10 years
• Vehicles	8 to 10 years
• Wind Turbine Generator	20 to 22 years
• Temporary structures	3 years
• Freehold Land	Not Amortised

\* For these class of assets, based on internal assessment, the management believes that the useful lives as given above best represent the period over which management expects to use these assets. Hence the useful lives for these assets is different from the useful lives as prescribed under Part C of Schedule II of the Companies Act, 2013. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year-end and adjusted prospectively, if appropriate.

## g) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

Intangible assets comprising of computer software and trademark with finite useful life are amortised on straight line basis over estimated useful life of three years.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

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Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit and loss when the asset is derecognised.

## Research and development costs

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- Its intention to complete and its ability and intention to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit. Amortisation expense is recognised in the statement of profit and loss. During the period of development, the asset is tested for impairment annually.

## h) Asset held for sale

The Group classifies non-current assets as held for sale if their carrying amounts will be recovered principally through a sale rather than through continuing use. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the sale expected within one year from the date of classification.

For these purposes, sale transactions include exchanges of non-current assets for other non-current assets when the exchange has commercial substance. The criteria for held for sale classification is regarded met only when the assets is available for immediate sale in its present condition, subject only to terms that are usual and customary for sales of such assets, its sale is highly probable; and it will genuinely be sold, not abandoned. The Group treats sale of the asset to be highly probable when:

- The appropriate level of management is committed to a plan to sell the asset,
- An active programme to locate a buyer and complete the plan has been initiated (if applicable),
- The asset is being actively marketed for sale at a price that is reasonable in relation to its current fair value,
- The sale is expected to qualify for recognition as a completed sale within one year from the date of classification, and
- Actions required to complete the plan indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

Non-current assets held for sale are measured at the lower of their carrying amount and the fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset, excluding finance costs



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and income tax expense. Assets and liabilities classified as held for sale are presented separately in the balance sheet.

Property, plant and equipment and intangible assets once classified as held for sale are not depreciated or amortised.

## i) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

## j) Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

### Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

#### i) Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost

of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

- Leasehold Buildings 2 to 10 years
- Salt works 3 to 30 years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in section (I) Impairment of non-financial assets.

#### ii) Lease Liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement

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date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments.

## k) Inventories

Inventories, except for Stores & Spares and Loose Tools, are stated at cost or net realizable value, whichever is lower

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

- Raw materials: cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average cost, except in case of cotton, for which cost determined on specific cost basis.
- Finished goods: Cost of Finished Goods include material cost, cost of conversion, depreciation, other overheads to the extent applicable.
- Work in progress: It is valued at cost determined by taking material cost, labour charges, and direct expenses, taking into account the stage of completion.
- Stock in trade: cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average basis.
- Stores and spares: are stated at cost less provision, if any, for obsolescence.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

## l) Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Group's of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of three years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the third year. To estimate cash flow projections beyond periods covered by the most recent budgets/forecasts, the Group extrapolates cash flow projections in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. In any case, this growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used.

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Impairment losses of continuing operations, including impairment on inventories, are recognised in profit and loss section of the statement of profit and loss, except for properties previously revalued with the revaluation taken to OCI. For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation surplus.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit and loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

## m) Provisions

### General

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

### Decommissioning liability

The present value of the expected cost for the decommissioning of an asset after its use and leasehold improvements on termination of lease is included in the cost of the respective asset if the recognition criteria for a provision are met. The Parent records a provision for decommissioning costs of its plant for manufacturing of Soda Ash and leasehold improvements at the leasehold land. Decommissioning costs are provided at the present value of expected costs to settle the obligation using estimated cash flows and are recognised as part of the cost of the particular asset. The cash flows are discounted at a current pre-tax rate that reflects the risks specific to the decommissioning liability. The unwinding of the discount is expensed as incurred and recognised in the statement of profit and loss as a finance cost. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. Changes in the estimated future costs or in the discount rate applied are added to or deducted from the cost of the asset.

### Contingent liability

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Group does not recognize a contingent liability but discloses its existence in the financial statements. Contingent assets are only disclosed when it is probable that the economic benefits will flow to the entity.

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## n) Gratuity and other post-employment benefits

Retirement benefit in the form of provident fund and superannuation fund is a defined contribution scheme. The Group has no obligation, other than the contribution payable to the provident fund and superannuation fund. The Group recognizes contribution payable to the provident fund and superannuation fund scheme as an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

Gratuity and Leave Encashment which are defined benefits are accrued based on actuarial valuation as at the Balance Sheet date. The Group operates a defined benefit gratuity plan in India, which requires contributions to be made to a separately administered fund. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in profit or loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Group recognises related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognises the following changes in the net defined benefit obligation as an expense in the statement of profit and loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income
- Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date. The Group recognizes expected cost of short-term employee benefit as an expense, when an employee renders the related service.

## o) Share-based payments

Employees (including senior executives) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions). Employees working in the business development Group are granted share appreciation rights, which are settled in cash (cash-settled transactions).

### • Equity-settled transactions

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model.

That cost is recognised, together with a corresponding increase in share-based payment (SBP) reserves in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefits expense. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date

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reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the statement of profit and loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

No expense is recognised for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

When the terms of an equity-settled award are modified, the minimum expense recognised is the grant date fair value of the unmodified award, provided the original vesting terms of the award are met. An additional expense, measured as at the date of modification, is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee. Where an award is cancelled by the entity or by the counterparty,

any remaining element of the fair value of the award is expensed immediately through profit or loss.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

## p) Financial instruments

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

### Financial assets

#### Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular day trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

#### Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through other comprehensive income (FVTOCI) with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

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## Financial assets at amortised cost (debt instruments)

A 'financial asset' is measured at the amortised cost if both the following conditions are met:

- (a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- (b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

This category is the most relevant to the Group. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss. The Group financial assets at amortised cost includes trade receivables and loan to an associate and loan to a director included under other non-current financial assets.

## Financial assets at fair value through OCI (FVTOCI) (debt instruments)

A 'financial asset' is classified as at the FVTOCI if both of the following criteria are met:

- (a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- (b) The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. For debt instruments, at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the profit or loss and computed in the same manner as for financial assets measured at

amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value changes recognised in OCI is reclassified from the equity to profit or loss. The Group's debt instruments at fair value through OCI includes investments in quoted debt instruments included under other non-current financial assets.

## Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the balance sheet at fair value with net changes in fair value recognised in the statement of profit and loss. This category includes derivative instruments and listed equity investments which the Group had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are recognised in the statement of profit and loss when the right of payment has been established.

## Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under Ind AS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS103 applies are classified as at FVTPL. Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit and loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment. Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of Profit and Loss.

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## Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a Group of similar financial assets) is primarily derecognised (i.e. removed from the Group's balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Companies continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

## Impairment of financial assets

In accordance with Ind-AS 109, the Group applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- (a) Financial assets that are debt instruments, and are measured at amortised cost e.g., debt securities, deposits, trade receivables and bank balance.
- (b) Financial assets that are debt instruments and are measured as at FVTOCI
- (c) Lease receivables under Ind-AS 17.
- (d) Trade receivables or any contractual right to receive cash or another financial asset that results from transactions that are within the scope of Ind AS 11 and Ind AS 18

For recognition of impairment loss on other financial assets and risk exposure, the Group determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12 -month ECL is a portion of the lifetime ECL which results from default events on a financial instrument that are possible within 12 months after the reporting date.

ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider:

- All contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial

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instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument.

- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/expense in the statement of profit and loss (P&L). This amount is reflected in a separate line in the P&L as an impairment gain or loss. The balance sheet presentation for various financial instruments is described below:

- Financial assets measured as at amortised cost, contract assets and lease receivables: ECL is presented as an allowance, i.e. as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Group does not reduce impairment allowance from the gross carrying amount.
- Loan commitments and financial guarantee contracts: ECL is presented as a provision in the balance sheet, i.e. as a liability.
- Debt instruments measured at FVTOCI: Since financial assets are already reflected at fair value, impairment allowance is not further reduced from its value. Rather, ECL amount is presented as 'accumulated impairment amount in the OCI.

## Financial liabilities

### Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

### Subsequent measurement

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortised cost (loans and borrowings)"

### Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by Ind-AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in Ind-AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/losses attributable to changes in own credit risk are recognized in OCI. These gains/loss are not subsequently transferred to P&L. However, the Group may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit or loss. The Group has not designated any financial liability as at fair value through profit and loss.



# Notes to the Consolidated Financial Statements

for the year ended March 31, 2021, (INR in crores unless specified otherwise)

## Financial liabilities at amortised cost (Loans and Borrowings)

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

This category generally applies to borrowings. For more information refer Note 16.

## Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

## Embedded derivatives

An embedded derivative is a component of a hybrid (combined) instrument that also includes a non-derivative host contract - with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative. An embedded derivative causes some or all of the cash flows that otherwise would be required by the contract to be modified according to a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract. Reassessment

only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss.

If the hybrid contract contains a host that is a financial asset within the scope of Ind AS 109, the Group does not separate embedded derivatives. Rather, it applies the classification requirements contained in Ind AS 109 to the entire hybrid contract. Derivatives embedded in all other host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss, unless designated as effective hedging instruments.

## Reclassification of financial assets

The Group determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Group's senior management determines change in the business model as a result of external or internal changes which are significant to the Group's operations. Such changes are evident to external parties. A change in the business model occurs when the Group either begins or ceases to perform an activity that is significant to its operations. If the Group reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Group does not restate any previously recognised gains, losses (including impairment gains or losses) or interest. The following table shows various reclassification and how they are accounted for as per below:

# Notes to the Consolidated Financial Statements

for the year ended March 31, 2021, (INR in crores unless specified otherwise)

- i) Amortised cost to FVTPL - Fair value is measured at reclassification date. Difference between previous amortized cost and fair value is recognised in P&L.
- ii) FVTPL to Amortised Cost - Fair value at reclassification date becomes its new gross carrying amount. EIR is calculated based on the new gross carrying amount.
- iii) Amortised cost to FVTOCI - Fair value is measured at reclassification date. Difference between previous amortised cost and fair value is recognised in OCI. No change in EIR due to reclassification.
- iv) FVTOCI to Amortised cost - Fair value at reclassification date becomes its new amortised cost carrying amount. However, cumulative gain or loss in OCI is adjusted against fair value. Consequently, the asset is measured as if it had always been measured at amortised cost.
- v) FVTPL to FVTOCI - Fair value at reclassification date becomes its new carrying amount. No other adjustment is required.
- vi) FVTOCI to FVTPL - Assets continue to be measured at fair value. Cumulative gain or loss previously recognized in OCI is reclassified to Statement of Profit and Loss at the reclassification date.

## Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

## q) Derivative financial instruments and hedge accounting

### Initial recognition and subsequent measurement

The Group uses derivative financial instruments, such as forward currency contracts, to hedge its foreign currency risks. Such derivative financial instruments are initially recognised at fair value

on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss.

## r) Cash and cash equivalents

Cash and short-term deposits in the balance sheet comprise cash at banks and on hand and short-term deposits with a maturity of three months or less, that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value. Bank balances other than the balance included in cash and cash equivalents represents balance on account of unpaid dividend and margin money deposit with banks.

## s) Dividend

The Group recognises a liability to pay dividend to equity holders when the distribution is authorised and the distribution is no longer at the discretion of the Group. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

## t) Government Grant:

Government grants are recognised when there is reasonable assurance that the grant will be received and all attached conditions complied in. When the grant relates to an expense item, it is recognised as Income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as an income in equal amounts over the expected useful life of the related asset. When the Group receives grants of non-monetary assets, the asset and the grant are recorded at fair value amounts and released to profit or loss over the expected useful life in a pattern of consumption of the benefit of the underlying asset i.e. by equal annual instalments.

# Notes to the Consolidated Financial Statements

for the year ended March 31, 2021, (INR in crores unless specified otherwise)

When loans or similar assistance are provided by governments or related institutions, with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as a government grant. The loan or assistance is initially recognised and measured at fair value and the government grant is measured as the difference between the initial carrying value of the loan and the proceeds received. The loan is subsequently measured as per the accounting policy applicable to financial liabilities.

## u) Investment properties

Investment properties are properties (land and buildings) that are held for long-term rental yields and/or for capital appreciation. Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment loss, if any.

The cost includes the cost of replacing parts and borrowing costs (if any) for long-term construction projects if the recognition criteria are met. When significant parts of the property are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. All other repair and maintenance costs are recognised in profit or loss as incurred.

The Group depreciates building component of investment property over 30 years from the date of original purchase.

The Group, based on technical assessment made by the management, depreciates the building over estimated useful lives which are different from the useful life prescribed in Schedule II to the Companies Act, 2013. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

Though the Group measures investment property using cost based measurement, the fair value of investment property is disclosed in the notes. Fair values are determined based on an annual evaluation performed by an accredited external

independent valuer applying a valuation model recommended by the Banking and Operation Committee.

Investment properties are derecognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of de-recognition.

## v) Foreign currencies

The Group's consolidated financial statements are presented in INR, which is also the parent Group's functional currency. For each entity the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation and on disposal of a foreign operation the gain or loss that is reclassified to profit or loss reflects the amount that arises from using this method.

## Transactions and balances

Transactions in foreign currencies are initially recorded in the functional currency, using the spot exchange rates at the date of the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Exchange differences that arise on settlement of monetary items are recognised in Statement of Profit and Loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of nonmonetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on

# Notes to the Consolidated Financial Statements

for the year ended March 31, 2021, (INR in crores unless specified otherwise)

items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

## Group companies

On consolidation, the assets and liabilities of foreign operations are translated into INR at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions. For practical reasons, the group uses an average rate to translate income and expense items, if the average rate approximates the exchange rates at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in OCI.

### w) Investment in subsidiary

Investment in subsidiary is carried at cost in the separate financial statements. Investment carried at cost is tested for impairment as per IND AS 36.

### x) Contingent Liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Group does not recognize a contingent liability but discloses its existence in the financial statements. Contingent assets are only disclosed when it is probable that the economic benefits will flow to the entity.

### y) Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss attributable to equity holders of parent Group (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period.

Partly paid equity shares are treated as a fraction of an equity share to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the reporting period. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders of the parent Group and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

### z) Changes in accounting policies and disclosures

#### New and amended standards

#### i) Amendments to Ind AS 116: Covid-19-Related Rent Concessions

The amendments provide relief to lessees from applying Ind AS 116 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under Ind AS 116, if the change were not a lease modification.

The amendments are applicable for annual reporting periods beginning on or after the 1 April 2020. In case, a lessee has not yet approved the financial statements for issue before the issuance of this amendment, then the same may be applied for annual reporting periods beginning on or after the 1 April 2019. This amendment had no impact on the consolidated financial statements of the Group.

# Notes to the Consolidated Financial Statements

for the year ended March 31, 2021, (INR in crores unless specified otherwise)

## ii) Amendments to Ind AS 103 Business Combinations

The amendment to Ind AS 103 Business Combinations clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that, together, significantly contribute to the ability to create output. Furthermore, it clarifies that a business can exist without including all of the inputs and processes needed to create outputs.

These amendments are applicable to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after the 1 April 2020 and to asset acquisitions that occur on or after the beginning of that period. This amendment had no impact on the consolidated financial statements of the Group but may impact future periods should the Group enter into any business combinations.

## iii) Amendments to Ind AS 1 and Ind AS 8: Definition of Material

The amendments provide a new definition of material that states, "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial

statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments had no impact on the consolidated financial statements of, nor is there expected to be any future impact to the Group.

These amendments are applicable prospectively for annual periods beginning on or after the 1 April 2020. The amendments to the definition of material are not expected to have a significant impact on the Group's consolidated financial statements.

## iv) Amendments to Ind AS 107 and Ind AS 109: Interest Rate Benchmark Reform

The amendments to Ind AS 109 Financial Instruments: Recognition and Measurement provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainty about the timing and/or amount of benchmark-based cash flows of the hedged item or the hedging instrument. These amendments have no impact on the consolidated financial statements of the Group as it does not have any interest rate hedge relationships.

The amendments to Ind AS 107 prescribe the disclosures which entities are required to make for hedging relationships to which the reliefs as per the amendments in Ind AS 109 are applied. These amendments are applicable for annual periods beginning on or after the 1 April 2020. These amendments are not expected to have a significant impact on the Group's consolidated financial statements.

# Notes to the Consolidated Financial Statements

for the year ended March 31, 2021, (INR in crores unless specified otherwise)

## 3 Property, plant and equipment

Cost	Freehold Land	Leasehold Land *	Buildings	Plant and Equipment	Office Equipment	Furniture and Fixtures	Salt works reservoir	Vehicles	Leased Mines #	Wind Turbine Generator	Solar Power	Total	Capital work in progress	Asset held for sale**	Amount
<b>As at April 1, 2019</b>	339.84	352.75	245.28	1,793.15	8.52	8.62	2.51	3.10	9.47	139.56	-	2,902.80	113.64	39.23	3,055.67
Additions	0.65	-	11.66	158.37	3.68	0.53	1.70	1.10	-	1.17	8.23	187.09	193.26	-	380.35
Disposals	-	-	(2.49)	(25.44)	(2.39)	(0.63)	-	(0.53)	-	-	-	(31.50)	(186.94)	(7.77)	(226.21)
Adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>As at March 31, 2020</b>	340.49	352.75	254.44	1,926.08	9.81	8.52	4.21	3.66	9.47	140.73	8.23	3,058.39	119.96	31.46	3,209.81
Additions	-	-	11.89	116.79	0.72	0.23	0.85	0.25	-	0.81	-	131.54	91.88	8.56	231.98
Disposals	-	-	-	(3.60)	(0.37)	(0.00)	-	(0.26)	-	-	-	(4.23)	(131.30)	(9.92)	145.45
Adjustments (Refer Note 46)	19.20	-	-	-	-	-	-	-	-	-	-	19.20	-	(19.20)	-
<b>As at March 31, 2021</b>	359.69	352.75	266.33	2,039.27	10.16	8.75	5.06	3.65	9.47	141.54	8.23	3204.90	80.54	10.90	3296.34

Depreciation	Freehold Land	Leasehold Land*	Buildings	Plant and Equipment	Office Equipment	Furniture and Fixtures	Salt works reservoir	Vehicles	Leased Mines#	Wind Turbine Generator	Solar Power	Total	Capital work in progress	Asset held for sale **	Amount
<b>As at April 1, 2019</b>	-	19.45	33.26	232.21	2.42	2.05	1.81	0.42	9.09	24.13	-	324.84	-	-	324.84
Depreciation charge for the year	-	4.87	11.53	96.18	2.96	1.47	0.15	0.61	0.09	7.36	0.49	125.71	-	-	125.71
Disposals	-	-	(2.39)	(22.46)	(2.37)	(0.32)	-	(0.49)	-	-	-	(28.02)	-	-	(28.02)
<b>As at March 31, 2020</b>	-	24.32	42.40	305.93	3.01	3.20	1.96	0.54	9.18	31.49	0.49	422.52	-	-	422.52
Depreciation charge for the year	-	4.87	11.25	99.29	3.25	1.03	0.41	0.67	0.08	7.52	0.54	128.91	-	-	128.91
Disposals	-	-	-	(3.12)	(0.34)	-	-	(0.16)	-	-	-	(3.62)	-	-	(3.62)
<b>As at March 31, 2021</b>	-	29.19	53.65	402.10	5.92	4.23	2.37	1.05	9.26	39.01	1.03	547.81	-	-	547.81

Net book value	Freehold Land	Leasehold Land*	Buildings	Plant and Equipment	Office Equipment	Furniture and Fixtures	Salt works reservoir	Vehicles	Leased Mines#	Wind Turbine Generator	Solar Power	Total	Capital work in progress	Asset held for sale**	Total Amount
<b>As at March 31, 2021</b>	359.69	323.56	212.68	1637.17	4.24	4.52	2.69	2.60	0.21	102.53	7.20	2,657.09	80.54	10.90	2748.53
<b>As at March 31, 2020</b>	340.49	328.43	212.04	1,620.15	6.80	5.32	2.25	3.12	0.29	109.24	7.74	2,635.88	119.96	31.46	2,787.30

# Notes to the Consolidated Financial Statements

for the year ended March 31, 2021, (INR in crores unless specified otherwise)

## 3 Property, plant and equipment (Contd..)

	(INR in crores)	
<b>Net book value</b>	<b>March 31, 2021</b>	<b>March 31, 2020</b>
Property, plant and equipment	2,657.09	2,635.88
Capital work in progress	80.54	119.96
Asset classified as held for sale	10.90	31.46

Property plant and equipment are subject to charge to secure the Group's borrowings as discussed in Note 16

On transition to Ind AS (i.e. 1 April 2015), the Group has elected to continue with the carrying value of all Property, plant and equipment measured as per the previous GAAP and use that carrying value as the deemed cost of Property, plant and equipment.

### Leasehold Land \*

Land for Soda Ash plant and for Corporate Office are taken on lease from the Government of India for a period of 90 to 99 years

### Leased Mines #

Leased mines represents expenditure incurred on development of mines.

### Asset held for sale \*\*

Assets held for sale represents Land in Madurai (Yarn Unit) and Dan river properties in USA approved by Board for transfer in future. ( Refer Note no 46)

### Capitalised borrowing costs

The amount of borrowing cost capitalised during the year ended March 31, 2021, was INR 0.34 Crore (for the year March 31, 2020: INR 4.49 Crore) on account of capacity expansion of soda ash plant and other capital expenditure. The rate used to determine the amount of borrowing costs eligible for capitalisation was 8.25%, (for the year March 31, 2020: 8.75%) which is the effective interest rate of the specific borrowing.

### Outlook for Home Textiles Business and impairment assessment

The Textile business of Group encompasses sophisticated, integrated operations within the areas of Spinning and Home Textiles production. Our Spinning business has been consistently delivering profitable growth for past many years and during the financial year 2020-2021 also we have achieved profit. The Group is expecting improved performance in next year as well. The home textile unit after performing well for two years faced severe Industry headwinds from last quarter of 2016 and incurred loss in the year 2017-18 and 2018-19. For the financial year 2019-20, though there has been an improvement in performance on quarter-to-quarter basis, the same still lags the performance achieved in 2016-17. However, in the current financial year 2020-21 the unit performance improved as compare to previous year ending march 31, 2020 and management expect to continue the same.

As a policy, the Group annually assesses the impairment of property, plant and equipment (PPE) by comparing the carrying value of PPE with its fair value. In case the fair value is less than the carrying value an impairment charge is created. Due to past losses in home textile division (Property, plant and equipment, Assets and Liabilities that are related to the integrated textile manufacturing facilities (at Tamil Nadu), Home Textiles facility (in Gujarat) and overseas operations to support the business hereafter collectively referred to as the "Home Textile Division or HT Division") management has performed an impairment assessment of property plant and equipment of HT division. Basis the business plan and fair value calculated using the discounted future cash flow method, which are higher than the carrying value of PPE of HT division; management has concluded that there is no impairment of PPE in home textile division.

# Notes to the Consolidated Financial Statements

for the year ended March 31, 2021, (INR in crores unless specified otherwise)

## 4 Investment Property

(INR in crores)

	<b>Total Amount</b>
<b>As at April 1, 2019</b>	8.56
Additions (Subsequent Expenditure)	-
<b>As at March 31, 2020</b>	8.56
Additions (Subsequent Expenditure)	-
Adjustments ( Transfer to assets held for sale) ( Refer Note 46)	(8.56)
<b>As at March 31, 2021</b>	-
Depreciation and Impairment	
<b>As at April 1, 2019</b>	-
Depreciation	-
<b>As at March 31, 2020</b>	-
Depreciation	-
<b>As at March 31, 2021</b>	-
Net Block	
<b>As at March 31, 2021</b>	-
<b>As at March 31, 2020</b>	8.56

For Investment property existing as on 1 April 2015, i.e., its date of transition to Ind AS, the Group has used Indian GAAP carrying value as deemed costs.

<b>Particulars</b>	<b>As at March 31, 2021</b>	<b>As at March 31, 2020</b>
Rental income derived from investment properties	0.41	1.17
direct operating expenses (including repairs & maintenance) generating rental income		
Direct operating expenses (including repairs and maintenance) that did not generate rental Income	0.56	0.82
Profit arising from investment properties before depreciation and indirect expenses	(0.15)	0.35
Less- Depreciation	-	-
Profit arising from investment properties before indirect expenses	(0.15)	0.35



# Notes to the Consolidated Financial Statements

for the year ended March 31, 2021, (INR in crores unless specified otherwise)

## 4A Intangible assets

(INR in crores)

Cost	Trademarks	Software	Total Amount
<b>As at April 1, 2019</b>	2.65	3.92	6.57
Additions	-	4.78	4.78
Disposals	-	(0.09)	(0.09)
<b>As at March 31, 2020</b>	<b>2.65</b>	<b>8.61</b>	<b>11.26</b>
Additions	-	3.58	3.58
Disposals	-	(0.00)	(0.00)
<b>As at March 31, 2021</b>	<b>2.65</b>	<b>12.19</b>	<b>14.84</b>

(INR in crores)

Amortisation	Trademarks	Software	Total Amount
<b>As at April 1, 2019</b>	1.54	0.47	2.01
Amortization	0.89	2.99	3.88
Disposals	-	(0.09)	(0.09)
<b>As at March 31, 2020</b>	<b>2.43</b>	<b>3.37</b>	<b>5.80</b>
Amortization	0.22	2.78	2.99
Disposals	-	(0.00)	(0.00)
<b>As at March 31, 2021</b>	<b>2.65</b>	<b>6.15</b>	<b>8.79</b>

(INR in crores)

Net book value	Trademarks	Software	Total Amount
<b>As at March 31, 2021</b>	<b>0.00</b>	<b>6.04</b>	<b>6.05</b>
<b>As at March 31, 2020</b>	<b>0.22</b>	<b>5.24</b>	<b>5.46</b>

Note: Intangible assets include license for trademark acquired for obtaining exclusive manufacturing and marketing rights for one of its innovative textile product in USA.

Note: On transition to Ind AS (i.e. 1 April 2015), the Company has elected to continue with the carrying value of all Intangible assets measured as per the previous GAAP and use that carrying value as the deemed cost of Intangible assets.

# Notes to the Consolidated Financial Statements

for the year ended March 31, 2021, (INR in crores unless specified otherwise)

## 5 Investments

(INR in crores)

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Investments</b>		
<b>Unquoted equity shares, at amortised cost</b>		
5200 equity shares (as at March 31, 2020: 5200 equity shares) of INR 10/- each fully paid up of DM Solar Farm Pvt Ltd *	0.01	0.01
63,400 equity shares (as at March 31, 2020: 1,07,300 equity shares) of INR 10/- each fully paid up of OPG Power Generation Pvt Ltd	0.07	0.12
12,00,000 equity shares (as at March 31, 2020: 12,00,000) of INR 10/- each fully paid up of SSMT Power Pvt Ltd *	1.20	1.20
NIL equity shares (as at March 31, 2020: 4,200) of INR 10/- each fully paid up of Aadhav Green Power Pvt Ltd	-	0.00
950 equity shares (as at March 31, 2020: 950) of INR 10/- each fully paid up of Puvaneshwari Enterprises	0.00	0.00
950 equity shares (as at March 31, 2020: 950) of INR 10/- each fully paid up of Sarojarajan Green Power Eenergy	0.00	0.00
970 equity shares (as at March 31, 2020: 970) of INR 10/- each fully paid up of AFCM Wind Farms Pvt Ltd	0.00	0.00
970 equity shares (as at March 31, 2020: 970) of INR 10/- each fully paid up of AJSM Green Energy Pvt Ltd	0.00	0.00
780 equity shares (as at March 31, 2020: 780) of INR 10/- each fully paid up of APGL Green Energy Pvt Ltd	0.00	0.00
780 equity shares (as at March 31, 2020: 780) of INR 10/- each fully paid up of Jaichander Wind Farms Pvt Ltd	0.00	0.00
780 equity shares (as at March 31, 2020: 780) of INR 10/- each fully paid up of Sushmitha Titiksha Green Energy Pvt Ltd	0.00	0.00
2,440 equity shares (as at March 31, 2020: 2,440) of INR 10/- each fully paid up of Prechander Wind Farms	0.00	0.00
2,440 equity shares (as at March 31, 2020: 2,440) of INR 10/- each fully paid up of Prechander Green Energy	0.00	0.00
2,440 equity shares (as at March 31, 2020: 2,440) of INR 10/- each fully paid up of Jayanthi Wind Farms	0.00	0.00
2,440 equity shares (as at March 31, 2020: 2,440) of INR 10/- each fully paid up of Jayanthi Green Energy	0.00	0.00
<b>Investment in Government Securities (at amortised cost)</b>		
7 years National Savings Certificates (Pledged with government authorities)	0.04	0.04
<b>Quoted equity shares, at Fair value through OCI</b>		
83,000 equity shares (as at March 31, 2020: 83,000 equity shares) of HDFC Bank Limited of INR 1/- each fully paid up	12.74	7.15

# Notes to the Consolidated Financial Statements

for the year ended March 31, 2021, (INR in crores unless specified otherwise)

## 5 Investments (Contd..)

(INR in crores)

Particulars	As at	As at
	March 31, 2021	March 31, 2020
68,598 equity shares (as at March 31, 2020: 68,598 equity shares) of IDBI Bank Limited of INR 10/- each fully paid up	0.30	0.13
285 equity shares (as at March 31, 2020: 285 equity shares) of Bank of Baroda (formally known as Dena Bank) of INR 10/- each fully paid up	0.00	0.00
272,146 equity shares (as at March 31, 2020: 272,146 equity shares) of GTC Industries Limited of INR 10/- each fully paid up	0.73	0.54
4,500 equity shares (as at March 31, 2020: 4,500 equity shares) of Canara Bank of INR 10/- each fully paid up	0.05	0.04
100 equity shares (as at March 31, 2020: 100 equity shares) of TCP Ltd of INR 10/- each fully paid up	0.00	0.00
<b>Total Fair Investments</b>	<b>15.15</b>	<b>9.26</b>
<b>Non-current</b>	<b>15.15</b>	<b>9.26</b>
Aggregate book value of quoted investments	13.82	7.87
Aggregate market value of quoted investments	13.82	7.87
Aggregate value of unquoted investments	1.33	1.39
<b>Total</b>	<b>15.15</b>	<b>9.26</b>

**\* Parent company does not exercise any significant influence on DM Solar and SSMT Power Pvt Ltd and thus are not considered as associates.**

Investments at fair value through OCI (fully paid) reflect investment in quoted and unquoted equity securities and quoted debt securities. These equity shares are designated as FVTOCI as they are not held for trading purpose and are not in similar line of business as the Group. Thus disclosing their fair value fluctuation in profit or loss will not reflect the purpose of holding. The Group has not transferred any gain or loss within equity in the previous year. Refer note 41 for determination of their fair values.

## 6A Loans

(Unsecured, considered good, unless stated otherwise)  
(at amortised cost)

Particulars	As at	As at
	March 31, 2021	March 31, 2020
Loan to Related Party		
- Loan to ESOS trust (Refer Note 36 & 43)	5.70	5.82
Security deposits	8.65	9.69
<b>Total loans</b>	<b>14.35</b>	<b>15.51</b>

# Notes to the Consolidated Financial Statements

for the year ended March 31, 2021, (INR in crores unless specified otherwise)

## 6B Other non-current financial assets

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Other Financial assets</b>		
Demand deposit (Amount in absolute terms is INR Nil (Previous Year INR 35,000))	-	0.00
Security Deposit	0.38	0.26
Bank deposits with more than 12 months maturity		
- On escrow account <sup>#</sup>	9.79	7.70
- On account of margin money deposited*	0.80	0.80
<b>Total non-current other financial assets</b>	<b>10.97</b>	<b>8.76</b>

Loans and receivables are non-derivative financial assets which generate a fixed or variable interest income for the Group. The carrying value may be affected by changes in the credit risks of the counter parties.

No Loans are due from directors or other officer of the Group either severally or jointly with any other person. Nor any loans are due from firm or any private companies respectively in which any director is a partner, a director or a member other than stated above.

<sup>#</sup>As per the guidelines of the Ministry of Coal, Government of India all Coal Mine owners who are operating Coal Mines are required to prepare a Mine Closure Plan and on approval of such plan need to open an escrow for depositing money towards mine closure activity. Annual amount to be deposited shall be as per mine closure plan. Total amount deposited along with interest shall be refunded as per conditions of approved mine plan.

\*Margin money held with banks against opening of letter of credit (LC) and Bank guarantee.

## 7 Other-non current assets

Particulars	As at March 31, 2021	As at March 31, 2020
Capital advances	60.94	61.87
Deposit with statutory authorities under protest	5.63	5.32
<b>Total</b>	<b>66.57</b>	<b>67.19</b>

No Advances are due from directors or other officer of the Group either severally or jointly with any other person. Nor any advances are due from firm or any private companies respectively in which any director is a partner, a director or a member other than stated above.

# Notes to the Consolidated Financial Statements

for the year ended March 31, 2021, (INR in crores unless specified otherwise)

## 8 Inventories

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Inventories valued at lower of cost and net realizable value</b>		
Raw materials [includes in transit INR 6.68 Crore (At March 31 ,2020: 11.13 Crore)]	357.71	387.32
Work-in-progress	62.96	54.11
Finished goods [includes in transit INR 28.31 Crore (At March 31 ,2020: 10.76 Crore)]	195.82	207.47
Stock-in-trade [includes in transit INR 3.32 Crore (At March 31, 2020: NIL)]	22.32	18.21
Stores and spares	124.69	123.51
<b>Total inventories at the lower of cost and net realisable value</b>	<b>763.50</b>	<b>790.62</b>

Refer Note 16B for information on inventories pledged as security by the Group.

## 9 Trade receivables

Particulars	As at March 31, 2021	As at March 31, 2020
Trade receivables	228.36	274.40
<b>Total trade receivables</b>	<b>228.36</b>	<b>274.40</b>

### Break-up for security details:

Break-up for security details:	As at March 31, 2021	As at March 31, 2020
<b>Trade receivables</b>		
Secured, considered good	62.94	56.02
Unsecured, considered good	165.42	218.38
<b>Current trade receivables</b>	<b>228.36</b>	<b>274.40</b>

No trade or other receivable are due from directors or other officers of the Group either severally or jointly with any other person. Nor any trade or other receivable are due from firm or private companies respectively in which any director is a partner, a director or a member other than stated above.

For terms and conditions related to related to related party receivables, refer Note 36

Trade receivables are non-interest bearing and are generally on terms of 45 to 120 days.

# Notes to the Consolidated Financial Statements

for the year ended March 31, 2021, (INR in crores unless specified otherwise)

## 10A Cash and cash equivalent

Particulars	As at	As at
	March 31, 2021	March 31, 2020
Balances with bank		
- On current account	34.80	91.47
Cash on hand	0.17	0.27
<b>Total cash and cash equivalents</b>	<b>34.97</b>	<b>91.74</b>

## 10B Bank balances other than cash and cash equivalents

Particulars	As at	As at
	March 31, 2021	March 31, 2020
- On unpaid dividend account	4.26	5.07
- On account of margin money deposited*	9.40	10.36
<b>Bank balances other than cash and cash equivalents</b>	<b>13.66</b>	<b>15.43</b>

\* Margin money held with banks against opening of letter of credit (LC) and Bank guarantee.

As at March 31, 2021, the holding company has available INR 630 Crores (As at March 31, 2020: INR 413 Crores) of undrawn fund based borrowing facilities.

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following:

Particulars	As at	As at
	March 31, 2021	March 31, 2020
Balances with bank		
- On current account	34.80	91.47
Cash on hand	0.17	0.27
	<b>34.97</b>	<b>91.74</b>

## 11A Loans current

(Unsecured, considered good, unless stated otherwise)

Particulars	As at	As at
	March 31, 2021	March 31, 2020
Security deposits	-	0.20
Loan to employees	2.23	2.16
	<b>2.23</b>	<b>2.36</b>

No Loans are due from directors or other officer of the Group either severally or jointly with any other person. Nor any loans are due from firm or any private companies respectively in which any director is a partner, a director or a member other than stated above.

Loans and receivables are non-derivative financial assets which generate a fixed or variable interest income for the Group. The carrying value may be affected by changes in the credit risks of the counter parties.

# Notes to the Consolidated Financial Statements

for the year ended March 31, 2021, (INR in crores unless specified otherwise)

## 11A Loans current (Contd..)

(Unsecured, considered good, unless stated otherwise)

### Breakup of financial assets carried at amortised cost

Particulars	As at March 31, 2021	As at March 31, 2020
Loans (Refer Note 6A & 11A)	16.58	17.87
Trade receivables (Refer Note 9)	228.36	274.40
Cash and cash equivalents (Refer Note 10)	34.97	91.74
Investments in Unquoted equity shares (Refer Note 6)	1.29	1.35
Investments in Unquoted debt securities (Refer Note 6)	0.04	0.04
<b>Total financial assets carried at amortised cost</b>	<b>281.24</b>	<b>385.40</b>

## 11B Derivate instruments

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Derivative instruments at fair value through profit or loss</b>		
<b>Derivatives not designated as hedges</b>		
Foreign exchange forward contracts	4.14	-
<b>Total derivative instruments at fair value through profit or loss</b>	<b>4.14</b>	<b>-</b>

Derivative instruments at fair value through profit or loss reflect the positive change in fair value of those foreign exchange forward contracts that are not designated in hedge relationships, but are, nevertheless, intended to reduce the level of foreign currency risk for expected sales and purchases.

## 11C Others current financial asset

(Unsecured, considered good, unless stated otherwise)

Particulars	As at March 31, 2021	As at March 31, 2020
Export incentives receivable	2.54	21.29
GST receivable	5.90	-
Subvention receivable	3.38	4.43
Others (include Insurance Claim receivable)	1.01	1.49
	<b>12.83</b>	<b>27.21</b>

## 12 Income Tax and deferred Tax

Particulars	As at March 31, 2021	As at March 31, 2020
Income tax paid / TDS (net of provisions) of INR 107.04 Crore (At March 31, 2020: INR Rs 143.58 Crore)	9.73	7.59
<b>Total</b>	<b>9.73</b>	<b>7.59</b>

# Notes to the Consolidated Financial Statements

for the year ended March 31, 2021, (INR in crores unless specified otherwise)

## 12 Income Tax and deferred Tax (Contd..)

### Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for March 31, 2021 and March 31, 2020:

Particulars	As at	As at
	March 31, 2021	March 31, 2020
Accounting profit before tax from continuing operations	438.57	494.60
<b>Accounting profit before income tax</b>	<b>438.57</b>	<b>494.60</b>
At India's statutory income tax rate of 25.168 % (March 31, 2020: 34.944%)	110.38	172.83
<b>Adjustment for tax purposes:</b>		
- Effect of tax rate change on opening deferred tax balances	-	(82.62)
- Adjustments in respect of current income tax of previous years	(0.69)	-
- Difference in book depreciation & amortisation and depreciation & amortisation as per Income Tax Act, 1961	3.49	20.25
- Charity, donation and CSR expenses	2.48	5.18
- Deduction under chapter VI-A	(0.52)	(25.80)
- Diminution in value of investment	-	3.49
- Loss on sale/disposal of land held for sale	2.19	-
- Trade receivables from subsidiary (Grace Home Fashion) adjusted for charge back and allowed in income tax	(4.04)	-
- Others	0.09	7.13
<b>At the effective income tax rate of 25.85% (March 31, 2020: 20.31%)</b>	<b>113.38</b>	<b>100.46</b>
<b>Amounts recognised in profit or loss</b>		
Income tax expense reported in the statement of profit and loss	105.89	143.39
Deferred tax expense reported in the statement of profit and loss	7.49	(42.93)
	113.38	100.46
Tax adjustment for earlier years	(0.93)	(2.48)
<b>Total tax expense</b>	<b>112.45</b>	<b>97.98</b>

Deferred tax expense/(income) relates to the following:	As at	As at
	March 31, 2021	March 31, 2020
Effect of tax rate change on opening deferred tax balance	-	(82.62)
Depreciation & amortisation	3.53	41.64
Expenditure debited to Statement of Profit and loss but allowed for tax purposes in subsequent years (on payment basis)	4.22	(1.74)
Right to use asset	(0.40)	3.46
Lease liabilities	0.14	(3.67)
<b>Deferred tax expense/(income)</b>	<b>7.49</b>	<b>(42.93)</b>
Deferred tax expense/(income) recognised in Other Comprehensive Income	(0.41)	0.71
<b>Total Deferred tax expense/(income)</b>	<b>7.08</b>	<b>42.22</b>



# Notes to the Consolidated Financial Statements

for the year ended March 31, 2021, (INR in crores unless specified otherwise)

## 12 Income Tax and deferred tax (Contd..)

<b>Deferred tax relates to the following:</b>	<b>As at March 31, 2021</b>	<b>As at March 31, 2020</b>
<b>Deferred tax Liability</b>		
Property, Plant and Equipment	(263.04)	(259.51)
Right to use asset	(3.06)	(3.46)
<b>Deferred Tax Assets</b>		
Expenditure debited to Statement of Profit and loss but allowed for tax purposes in subsequent years (on payment basis)	2.41	6.22
MAT Credit*	-	-
Lease liabilities	3.53	3.67
<b>Net deferred tax assets/(liabilities)</b>	<b>(260.16)</b>	<b>(253.08)</b>
<b>Reflected in the balance sheet as follows:</b>		
Deferred tax assets	5.94	9.89
Deferred tax liabilities:	(266.10)	(262.97)
<b>Deferred tax liabilities, net</b>	<b>(260.16)</b>	<b>(253.08)</b>

The Group offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

Pursuant to The Taxation Laws (Amendment) Act, 2019 dated December 02, 2019, the Holding Company has decided to opt the lower rate of income tax i.e. 25.17% from current financial year.

\* During the year the holding company utilised MAT credit amounting to NIL (March 31, 2020: INR 52.48 crore)

## 13 Other current assets

(Unsecured, Considered good, unless stated otherwise)

<b>Particulars</b>	<b>As at March 31, 2021</b>	<b>As at March 31, 2020</b>
Balances with statutory authorities	15.71	24.06
Advances recoverable in cash or kind	15.21	15.15
Prepaid expenses	3.74	3.27
<b>Total other current assets</b>	<b>34.66</b>	<b>42.47</b>

No Advances are due from directors or other officer of the Group either severally or jointly with any other person. Nor any advances are due from firm or any private companies respectively in which any director is a partner, a director or a member other than stated above.

# Notes to the Consolidated Financial Statements

for the year ended March 31, 2021, (INR in crores unless specified otherwise)

## 14 Share capital

### Authorised share capital

(INR in crores)

Particulars	Number of Shares (of INR 10 each)	Amount
<b>As at April 1, 2019</b>	17,50,00,000	175.00
Increase/(Decrease) during the year	-	-
<b>As at March 31, 2020</b>	<b>17,50,00,000</b>	<b>175.00</b>
Increase/(Decrease) during the year	-	-
<b>As at March 31, 2021</b>	<b>17,50,00,000</b>	<b>175.00</b>

### Terms / rights attached to equity shares

The holding company has one class of equity shares having a par value of INR 10 per share. Each shareholder is entitled to one vote per equity share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation of the Group, the equity shareholders are eligible to receive remaining assets of the Group, after distribution of all preferential amounts, in proportion to their shareholding.

### Issued equity capital

#### Equity shares of INR 10 each issued, subscribed and fully paid

(INR in crores)

Particulars	Number of Shares (of INR 10 each)	Amount
<b>As at April 1, 2019</b>	9,80,28,286	98.03
Changes in share capital- ESOS issued during the year (July 29,2019)	1,85,000	0.18
Changes in share capital- Buyback during the year *	(32,00,000)	(3.20)
<b>As at March 31, 2020</b>	<b>9,50,13,286</b>	<b>95.01</b>
Changes in share capital	-	-
<b>As at March 31, 2021</b>	<b>9,50,13,286</b>	<b>95.01</b>

#### Details of shareholders holding more than 5% shares in the company

Particulars	As at March 31, 2021	As at March 31, 2020
Shareholder's holding more than 5 % shares		
Promoter and Promoter Group	19.24%	19.18%
DSP Small Cap Fund	9.09%	9.07%
Ares Diversified	5.19%	5.19%

As per records of the parent, including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

No shares have been issued by the parent for consideration other than cash, during the period of five years immediately preceding the reporting date.

\*During the previous year ended March 31, 2020, the Company had carried out the share buyback of 32,00,000 fully paid-up equity shares of face value of Rs 10 each at a price of INR 178 per share paid in cash for an aggregate consideration of INR 56.96 crores. Same has been recorded as reduction in equity share capital by INR 3.2 crores, securities premium by INR 25.28 crores and general reserve by INR 28.48 crores. ( This includes tax paid on buyback u/s 115QA of the Income Tax Act 1961 amounting of INR 12.49 crores, adjusted against general reserve).

# Notes to the Consolidated Financial Statements

for the year ended March 31, 2021, (INR in crores unless specified otherwise)

## 14 Share capital (Contd..)

### Issued equity capital (Contd..)

#### Shares reserved for issue under options

For details of shares reserved for issue under the share based payment plan of the holding company, please refer note 33.

## 15 Other equity

Particulars	As at March 31, 2021	As at March 31, 2020
Capital reserve (Note 15A)	7.57	7.57
Business development reserve (Note 15B)	73.89	73.89
Capital redemption reserve (Note 15C)	16.36	16.36
Securities premium (Note 15D)	-	-
Retained earnings (Note 15E)	2,262.73	1,937.83
Share based payment reserve (Note 15F)	11.43	9.87
Foreign currency translation reserve (Note 15I)	(0.47)	(3.34)
General reserve (Note 15G)	5.45	5.45
FVTOCI reserve (Note 15H)	12.29	6.34
<b>Total</b>	<b>2,389.24</b>	<b>2,053.96</b>

### Notes:

#### 15A Capital reserve

(INR in crores)

Particulars	Amount
<b>As at April 1, 2019</b>	7.57
Changes during the year	-
<b>As at March 31, 2020</b>	<b>7.57</b>
Changes during the year	-
<b>As at March 31, 2021</b>	<b>7.57</b>

The parent has recognised cash subsidy received from government on account of its operations, surplus on re-issue of forfeited shares and forfeiture of preferential warrants under capital reserve in earlier years.

#### 15B Business development reserve

(INR in crores)

Particulars	Amount
<b>As at April 1, 2019</b>	73.89
Changes during the year	-
<b>At March 31, 2020</b>	<b>73.89</b>
Changes during the year	-
<b>As at March 31, 2021</b>	<b>73.89</b>

In earlier years, certain fixed assets of the group were revalued at their respective fair value as determined by government approved competent valuer appointed by the Company. The amount of such revaluation was transferred to business development reserve as per scheme of arrangement as approved by Hon'ble Gujarat High Court on 30th November, 2008.

# Notes to the Consolidated Financial Statements

for the year ended March 31, 2021, (INR in crores unless specified otherwise)

## 15 Other equity (Contd..)

### 15C Capital redemption reserve

(INR in crores)

Particulars	Amount
<b>As at April 1, 2019</b>	13.16
Changes during the year	3.20
<b>At March 31, 2020</b>	<b>16.36</b>
Changes during the year	-
<b>As at March 31, 2021</b>	<b>16.36</b>

In earlier years, an amount of INR 16.36 Crore (equivalent to nominal value of the equity shares bought back and cancelled by the company) has been transferred to Capital Redemption Reserve from General Reserves pursuant to the provisions of Section 69 of the Companies Act, 2013 and the article 7 of the Article of Association of the Holding Company.

### 15D Securities premium reserve

(INR in crores)

Particulars	Amount
<b>As at April 1, 2019</b>	19.74
Changes - Shares issued under ESOS scheme during the year	5.54
Changes - Utilised on account of buy back during the year	(25.28)
<b>As at March 31, 2020</b>	<b>-</b>
Changes during the year	-
<b>As at March 31, 2021</b>	<b>-</b>

During the earlier years, the Company had issued 13,50,000 equity shares of INR 10 each under ESOS scheme. The excess of aggregate consideration received over the face value of shares amounting to INR 25.28 Crore, was credited to securities premium.

During the earlier years, the Company had bought back and cancelled 32,00,000 equity shares of INR 10 each. The excess of aggregate consideration paid for buy-back over the face value of shares so bought back and extinguished, amounting to INR 25.28 Crore, was adjusted against the Securities Premium Account.

# Notes to the Consolidated Financial Statements

for the year ended March 31, 2021, (INR in crores unless specified otherwise)

## 15 Other equity (Contd..)

### 15E Retained earnings

(INR in crores)

Particulars	Amount
<b>As at April 1, 2019</b>	1,649.25
Changes during the year-Profit for the year	396.61
Changes during the year-Dividend paid	(77.52)
Changes during the year-Dividend distribution tax	(15.93)
Changes during the year-Tax paid on Buy Back	(12.49)
Changes during the year-Other comprehensive income	(2.09)
<b>As at March 31, 2020</b>	<b>1,937.83</b>
Changes during the year-Profit for the year	326.12
Changes during the year-Other comprehensive income	(1.22)
<b>As at March 31, 2021</b>	<b>2,262.73</b>

### 15F Share based payment reserve

(INR in crores)

Particulars	Amount
<b>As at April 1, 2019</b>	20.04
Changes during the year	(10.17)
<b>As at March 31, 2020</b>	<b>9.87</b>
Changes during the year	1.56
<b>As at March 31, 2021</b>	<b>11.43</b>

The parent has share option schemes under which options to subscribe for the parent's shares have been granted to certain executives and senior employees.

The share-based payment reserve is used to recognise the value of equity-settled share-based payments provided to employees, including key management personnel, as part of their remuneration. Refer to Note 33 for further details of these plans.

### 15G General reserve

(INR in crores)

Particulars	Amount
<b>As at April 1, 2019</b>	37.13
Changes during the year	(31.68)
<b>As at March 31, 2020</b>	<b>5.45</b>
Changes during the year	-
<b>As at March 31, 2021</b>	<b>5.45</b>

During the previous year, the holding company had bought back and cancelled 32,00,000 equity shares of INR 10 each. The excess of aggregate consideration paid for buy-back over the face value of shares so bought back and extinguished, amounting to INR 28.48 Crore, was adjusted against the general reserves.

During the previous period, an amount of INR 3.20 Crore (equivalent to nominal value of the equity shares bought back and cancelled by the holding company in the year ended March 2020) has been transferred to Capital Redemption Reserve from General Reserves pursuant to the provisions of Section 69 of the Companies Act, 2013 and the article 7 of the Article of Association of the Company."

# Notes to the Consolidated Financial Statements

for the year ended March 31, 2021, (INR in crores unless specified otherwise)

## 15 Other equity (Contd..)

### 15H FVTOCI reserve

(INR in crores)

Particulars	Amount
<b>As at April 1, 2019</b>	9.78
Changes during the year	(3.44)
<b>As at March 31, 2020</b>	<b>6.34</b>
Changes during the year	5.95
<b>As at March 31, 2021</b>	<b>12.29</b>

The parent recognises the profit or loss on fair value of quoted investments under fair value through other comprehensive income (FVTOCI) reserve.

### 15I Foreign currency translation reserve

(INR in crores)

Particulars	Amount
<b>As at April 1, 2019</b>	(3.08)
Changes during the year	(0.26)
<b>At March 31, 2020</b>	<b>(3.34)</b>
Changes during the year	2.87
<b>As at March 31, 2021</b>	<b>(0.47)</b>

(INR in crores)

Particulars	Amount
<b>Grand Total (15) as on March 2019</b>	<b>1,827.47</b>
<b>Grand Total (15) as on March 2020</b>	<b>2,053.96</b>
<b>Grand Total (15) as on March 2021</b>	<b>2,392.55</b>

### Distributions made and proposed

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Cash dividends on equity shares declared and paid:</b>		
Final dividend for the year ended on March 31, 2020: NIL (March 31, 2019: INR 5.00 per share)	-	49.01
Dividend distribution tax on final dividend	-	10.08
Interim dividend for the year ended on March 31, 2021: NIL (March 31, 2020: INR 3 per share)	-	28.50
Dividend distribution tax on Interim dividend	-	5.86
	-	<b>93.45</b>
<b>Proposed dividends on Equity shares:</b>		
Final cash dividend for the year ended on March 31, 2021: INR 5.50 per share (March 31, 2020: NIL)	52.26	
	<b>52.26</b>	-

Proposed dividends on equity shares are subject to approval at the annual general meeting and are not recognized as a liability as at year end.

# Notes to the Consolidated Financial Statements

for the year ended March 31, 2021, (INR in crores unless specified otherwise)

## 16A Non-current Borrowings

Particulars	Effective	Maturity	As at	As at
	interest rate		March 31, 2021	March 31, 2020
	%		INR Crores	INR Crores
<b>Term Loans</b>				
<b>From Banks</b>				
Rupee Term Loans (secured)	7.87%	December 2022 - January 2029	550.88	774.93
Foreign currency loans (secured)	3.32%	April 2025	12.94	30.49
Others (secured)			0.00	2.47
<b>Total non-current borrowings</b>			<b>563.82</b>	<b>807.89</b>
<b>Current Borrowings</b>				
Short term loans from Banks (secured) (Refer Note 16B)			41.35	109.86
Short term loans from Banks (unsecured) (Refer Note 16B)			-	159.02
Current maturities of long term loan				
- Rupee Term Loans (secured)	7.87%	April 2021 - March 2022	149.05	147.28
- Foreign currency loans (secured)	3.32%	April 2021 - January 2022	13.88	15.58
<b>Total current Borrowings</b>			<b>204.28</b>	<b>431.74</b>
<b>Less: Amount clubbed under "other current liabilities"</b>			(162.93)	(162.86)
<b>Net current borrowings</b>			<b>41.35</b>	<b>268.88</b>
<b>Aggregate Secured loans</b>			605.17	917.75
<b>Aggregate Unsecured loans</b>			-	159.02

### 16.1 Term loans from banks / institutions have been secured against: -

- Loan aggregating to INR 23.43 crores (Previous Year INR 41.82 crores) is secured by exclusive charge on the specific fixed assets created out of the proceeds of the loan for Company's Soda Ash Division situated at village Sutrapada, Veraval in Gujarat. The remaining tenure of the loans is 2 to 4 years.
- Loan aggregating to INR 329.60 crores (Previous Year INR 417.00 crores) is secured by way of first pari passu charge on movable fixed assets of Soda Ash Division situated at village Sutrapada, Veraval, Gujarat excluding assets exclusively charged to other lenders both present and future. The remaining tenure of the loans is 5 to 7 years.
- Loan aggregating to NIL (Previous Year INR 4.00 crores) is secured by way of first pari passu charge on movable fixed assets of Soda Ash Division situated at village Sutrapada, Veraval in Gujarat. The loan has been repaid during current year.
- Loan aggregating to INR 46.20 crores (Previous Year INR 62.54 crores) is secured by exclusive charge on the specific fixed assets created out of the proceeds of the loan for Company's Home Textile Division situated at Vapi in Gujarat. The remaining tenure of the loans is 1 to 7 years.
- Loan aggregating to NIL (Previous Year INR 36.53 crores) is secured by exclusive charge on specific movable fixed assets of Company's Home Textile Division situated at Vapi in Gujarat. The loan has been prepaid during current year.
- Loan aggregating to INR 5.73 crores (Previous Year INR 7.44 crores) is secured by an exclusive first charge over movable fixed assets pertaining to Windmill Project situated at Jodia, Jamnagar District, Gujarat, both present and future, created out of the proceeds of the loan. The remaining tenure of the loan is 6 years.

# Notes to the Consolidated Financial Statements

for the year ended March 31, 2021, (INR in crores unless specified otherwise)

## 16A Non-current Borrowings (Contd..)

- g) Loan aggregating to INR 144.42 crores (Previous Year INR 175.70 crores) is secured by exclusive charge on the specific fixed assets created out of the proceeds of the loan for Company's Textile Division situated at Madurai, Tamil Nadu. The remaining tenure of the loans is 1 to 8 years.
- h) Loan aggregating to INR 124.74 crores (Previous Year INR 146.96 crores) is secured by first charge on pari passu basis over movable fixed assets of Company's Textile division present and future situated at Paravai and Manaparai, Tamilnadu excluding movable assets already hypothecated on exclusive charge basis. The remaining tenure of the loans is 3 to 4 years.
- i) Loan aggregating to INR 9.88 crores (Previous Year INR 25.50 crores) is secured by first exclusive charge on movable fixed assets of Textile Division (including Phase I, II, III) Madurai, Tamil Nadu. The loan will be repaid during FY2021-22.
- j) Loan aggregating to INR 25.51 (Previous Year INR 32.02 crores) crores is secured by an exclusive first charge over movable fixed assets pertaining to Windmill Project situated at Tirunelveli District, Tamilnadu, both present and future, created out of the proceeds of the loan. The remaining tenure of the loan is 4 years.
- k) Loan aggregating to INR 17.24 crores (Previous Year INR 21.24 crores) is secured by an exclusive first charge over movable and immovable fixed assets pertaining to Windmill Project situated at Tirunelveli District, Tamilnadu, both present and future, created out of the proceeds of the loan. The remaining tenure of the loan is 5 years.
- l) Out of all the aforesaid secured Loans appearing in Note 16 (1) (a) to 16 (1) (k) totalling INR 726.75 crores (Previous Year INR 970.75 crores), an amount of INR 162.93 crores (Previous Year INR 162.86 crores) is due for payment in next 12 months and accordingly reported under Note 19 under the head "Other Current Financial Liabilities" as "current maturities of Long Term Borrowings".

## 16B Current borrowings

(INR in crores)

Particulars	As at	As at
	March 31, 2021	March 31, 2020
<b>Short term loans from banks (Secured)</b>		
Cash credit facilities	15.80	8.14
Working capital demand loan	5.00	55.00
Sales Bill Discounting	1.33	7.75
Export packing credit (rupee loan)	18.67	36.02
Export packing credit (foreign currency loan)	-	2.95
Export bill discounting (foreign currency loan)	0.55	-
<b>Total Secured Short Term Borrowing</b>	<b>41.35</b>	<b>109.86</b>
<b>Short term loans from banks - (Unsecured)</b>		
Cash credit facilities	-	0.23
Short Term Loan	-	49.41
Sales Bill Discounting	-	0.72
Export packing credit (rupee loan)	-	89.50
Export packing credit (foreign currency loan)	-	15.58
Export bill discounting (foreign currency loan)	-	3.58
<b>Total Unsecured Short Term Borrowing</b>	<b>-</b>	<b>159.02</b>
<b>Total</b>	<b>41.35</b>	<b>268.88</b>



# Notes to the Consolidated Financial Statements

for the year ended March 31, 2021, (INR in crores unless specified otherwise)

## 16 Current borrowings (Contd..)

### 16.2 Short term borrowings: This facility is secured by way of hypothecation on inventory and trade receivables and borrowed as under:

- (a) Credit Facilities in Indian Rupees: The facilities availed by way of Cash Credit, Working capital demand loan and Bill Discounting are repayable on demand and carries an average interest rate of 5.70% p.a (Previous Year 6.56% p.a) on the amount outstanding.
- (b) Credit facilities in foreign currency : The facilities availed by way of foreign currency demand loan, packing credit in foreign currency, export bill discounting and supplier's credit are repayable as per maturity dates being not more than 1 year and carries an average interest rate of 0.45% p.a (without forward premium) (Previous Year 3.18% p.a) on the amount outstanding.

16.3 The Company has satisfied all the loan covenants.

16.4 The Company also has undrawn borrowing facilities (refer note 10A).

16.5 The Company's long term borrowings under indian rupees carry interest rate in range of 7.50% to 8.75% p.a. (During the year Company has accrued TUF interest subsidy amounting to INR 0.57 Crore (March 31, 2020 INR 0.89 Crore ) and same has been netted off from finance cost.)

16.6 The Company's long term borrowings under foreign currency carry interest rate of 3.32% p.a.

## 17 Provisions

### 17(A) Long term provisions

Particulars	Provision for mines restoration*
<b>As at April 1, 2019</b>	6.15
Arising during the year	0.79
Utilised	(0.67)
<b>As at March 31, 2020</b>	<b>6.27</b>
Arising during the year	0.77
Utilised	(4.02)
<b>As at March 31, 2021</b>	<b>3.02</b>

\*The parent company provides for the estimated expenditure required to restore quarries and mines. The total estimate of restoration expenses is apportioned over the period of estimated mineral reserves and a provision is made based on minerals extracted during the year. The total estimate of restoration expenses is reviewed periodically, on the basis of technical estimates.

# Notes to the Consolidated Financial Statements

for the year ended March 31, 2021, (INR in crores unless specified otherwise)

## 17 Provisions (Contd..)

### 17(B) Short term provisions

<b>Particulars</b>	<b>As at March 31, 2021</b>	<b>As at March 31, 2020</b>
Provision for compensated absences	12.24	12.85
Provision for gratuity (Refer Note 32)	2.12	0.64
	<b>14.36</b>	<b>13.49</b>

### 17(C) Other non-current liabilities

<b>Particulars</b>	<b>As at March 31, 2021</b>	<b>As at March 31, 2020</b>
Deferred income - Government grants	0.70	-
Others	-	0.88
	<b>0.70</b>	<b>0.88</b>

Ministry of Textiles vide letter dated December 12, 2020 has released TUF capital subsidy amounting to INR 0.87 crore under the Scheme of "Technology Upgradation Scheme (Amended)". Ministry of Textiles has approved the subsidy for purchase of certain items of property, plant and equipment. Company has given bank guarantee to the Ministry to Textiles to release the capital subsidy. As per Ind AS - 20 the Company has elected to present the grant in the balance sheet as deferred income, which is recognised in profit or loss on a systematic and rational basis over the useful life of the asset.

<b>Particulars</b>	<b>As at March 31, 2021</b>	<b>As at March 31, 2020</b>
<b>As at 1 April 2020</b>	-	-
Received during the year	0.87	-
Released to the statement of profit and loss	0.14	-
<b>As at 31 March 2021</b>	<b>0.73</b>	-
Current	0.03	-
Non-current	0.70	-

## 18 Trade payables

<b>Particulars</b>	<b>As at March 31, 2021</b>	<b>As at March 31, 2020</b>
(a) Total outstanding dues of micro enterprises and small enterprises	23.43	12.92
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises	353.19	394.80
	<b>376.62</b>	<b>407.72</b>
<b>Non-current</b>	-	-
<b>Current</b>	<b>376.62</b>	<b>407.72</b>

# Notes to the Consolidated Financial Statements

for the year ended March 31, 2021, (INR in crores unless specified otherwise)

## 18 Trade payables (Contd..)

Trade payables are non-interest bearing and are normally settled on around 90 days terms

There are no dues payable to related parties

Information as required to be furnished as per section 22 of the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) for the year ended March 31, 2021 is given below. This information has been determined to the extent such parties have been identified on the basis of information available with the holding Company.

Particulars	As at March 31, 2021	As at March 31, 2020
i) Principal amount and interest due thereon remaining unpaid to any supplier covered under MSMED Act:		
Principal	23.43	12.92
Interest	0.44	0.88
ii) The amount of interest paid by the buyer in terms of section 16, of the MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year		-
Principal	43.59	38.99
Interest	0.80	1.16
iii) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act	-	-
iv) The amount of interest accrued and remaining unpaid at the end of each accounting year	0.44	0.88
v) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act, 2006	0.44	0.88

## 19A Derivative instruments

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Derivative instruments at fair value through profit or loss</b>		
<b>Derivatives not designated as hedges</b>		
Foreign exchange forward contracts	-	6.25
<b>Total derivative instruments at fair value through profit or loss</b>	<b>-</b>	<b>6.25</b>

Derivative instruments at fair value through profit or loss reflect the positive change in fair value of those foreign exchange forward contracts that are not designated in hedge relationships, but are, nevertheless, intended to reduce the level of foreign currency risk for expected sales and purchases.

# Notes to the Consolidated Financial Statements

for the year ended March 31, 2021, (INR in crores unless specified otherwise)

## 19B Other current financial liabilities

Particulars	As at	As at
	March 31, 2021	March 31, 2020
<b>Other financial liabilities at amortised cost</b>		
Current maturity of long term borrowings ( refer note 16)	162.93	162.86
<b>Other financial liabilities</b>		
Dealer deposits*	6.24	6.23
Security deposits	0.87	1.19
Capital creditors	18.18	38.12
Unpaid dividend	4.26	5.07
Interest accrued	0.44	0.88
Others	4.87	2.43
	<b>197.79</b>	<b>216.78</b>

\* Dealer deposits for Soda Ash division are interest bearing and have an average term of around 75 days. Interest payable is normally settled annually. Other than dealer deposits for soda ash division all other payables are non-interest bearing and have an average term of around 75 days.

## 20 Other liabilities

Particulars	As at	As at
	March 31, 2021	March 31, 2020
Statutory dues	13.93	16.10
Deferred income - Government Grant (refer note 17C)	0.03	-
Liability towards Corporate Social Responsibility ( Refer Note 28)	0.77	
Others	3.14	2.33
	<b>17.87</b>	<b>18.43</b>

## 21 Revenue from operations - Revenue from contracts with customers

### 1) Disaggregated revenue information

Set out below is the disaggregation of the Company's revenue from contracts with customers:

Segment	For the year ended March 31, 2021			For the year ended March 31, 2020		
	Inorganic Chemicals	Textiles	Total	Inorganic Chemicals	Textiles	Total
	<b>Type of goods or service</b>					
<b>Sale of manufactures products</b>						
Sale of Soda Ash	1,670.02	-	1,670.02	1,943.94	-	1,943.94
Sale of Textile products	-	1,018.14	1,018.14	-	1,117.01	1,117.01
Sale of Consumer products	40.70	-	40.70	51.79	-	51.79

# Notes to the Consolidated Financial Statements

for the year ended March 31, 2021, (INR in crores unless specified otherwise)

## 21 Revenue from contracts with customers (Contd..)

### 1) Disaggregated revenue information (Contd..)

Set out below is the disaggregation of the Company's revenue from contracts with customers: (Contd..)

Segment	For the year ended March 31, 2021			Total	For the year ended March 31, 2020		Total
	Inorganic Chemicals	Textiles			Inorganic Chemicals	Textiles	
<b>Sale of traded products</b>	-	-			-	-	
Sale of Consumer products	0.37	-	0.37		7.15	-	7.15
Sale of Chemicals	170.86	-	170.86		185.23	-	185.23
<b>Total revenue from contracts with customers</b>	<b>1,881.95</b>	<b>1,018.14</b>	<b>2,900.09</b>		<b>2,188.11</b>	<b>1,117.01</b>	<b>3,305.12</b>
India	1,816.34	531.72	2,348.06		2,133.16	515.45	2,648.61
Outside India	65.61	486.42	552.03		54.95	601.56	656.51
<b>Total revenue from contracts with customers</b>	<b>1,881.95</b>	<b>1,018.14</b>	<b>2,900.09</b>		<b>2,188.11</b>	<b>1,117.01</b>	<b>3,305.12</b>
<b>Timing of revenue recognition</b>							
Goods transferred at a point in time	1,881.95	1,018.14	2,900.09		2,188.11	1,117.01	3,305.12
Services transferred over time	-	-	-		-	-	-
<b>Total revenue from contracts with customers</b>	<b>1,881.95</b>	<b>1,018.14</b>	<b>2,900.09</b>		<b>2,188.11</b>	<b>1,117.01</b>	<b>3,305.12</b>

Set out below, is the reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information

Segment	For Year ended March 31, 2021			Total	For Year ended March 31, 2020		Total
	Inorganic Chemicals	Textiles			Inorganic Chemicals	Textiles	
<b>Revenue</b>							
External customer	1,881.95	1,018.14	2,900.09		2,188.11	1,117.01	3,305.12
Inter-segment	-	103.50	103.50		-	90.93	90.93
	<b>1,881.95</b>	<b>1,121.64</b>	<b>3,003.59</b>		<b>2,188.11</b>	<b>1,207.94</b>	<b>3,396.05</b>
Inter-segment adjustment and elimination	-	-103.50	(103.50)		-	(90.93)	(90.93)
<b>Total revenue from contracts with customers</b>	<b>1,881.95</b>	<b>1,018.14</b>	<b>2,900.09</b>		<b>2,188.11</b>	<b>1,117.01</b>	<b>3,305.12</b>

# Notes to the Consolidated Financial Statements

for the year ended March 31, 2021, (INR in crores unless specified otherwise)

## 21 Revenue from contracts with customers (Contd..)

### 2) Contract balances

The following table provides information about receivables, contract assets and contract liabilities from contracts with customers

<b>Particulars</b>	<b>As at March 31, 2021</b>	<b>As at March 31, 2020</b>
Trade receivables *	228.36	274.40
Contract liabilities		
- Advances from customers**	3.91	6.11

\* Trade receivables are non-interest bearing and are generally on terms of 45 to 120 days.

\*\* Advances from customers relate to payments received in advance of performance under the contract. Advances from customers are recognized as revenue as (or when) the Group performs under the contract.

### 3) Reconciling the amount of revenue recognised in the statement of profit and loss with the contracted price

<b>Particulars</b>	<b>For the year ended March 31, 2021</b>	<b>For the year ended March 31, 2020</b>
Revenue as per contracted price	3,068.95	3,465.67
Adjustments		
Sales return	(0.56)	(1.87)
Rebate	(0.18)	(0.61)
Discount	(168.12)	(158.07)
<b>Revenue from contract with customers</b>	<b>2,900.09</b>	<b>3,305.12</b>

### 4) The transaction price allocated to the remaining performance obligation (unsatisfied or partially unsatisfied) as at 31st March are, as follows:

<b>Particulars</b>	<b>As at March 31, 2021</b>	<b>As at March 31, 2020</b>
Advances from customers (Refer Note 21.2)	3.91	6.11
	<b>3.91</b>	<b>6.11</b>

Management expects that the entire transaction price allotted to the unsatisfied contract as at the end of the reporting period will be recognised as revenue during the next financial year.

# Notes to the Consolidated Financial Statements

for the year ended March 31, 2021, (INR in crores unless specified otherwise)

## 22 Other income

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Interest income from financial assets measured at amortised cost		
- from bank deposits	0.55	0.61
- from others	-	0.03
Dividend income	-	0.08
<b>Other non-operating income</b>		
Gain on exchange (net)	16.22	2.43
Profit on sale of investments	1.27	0.88
Rental income	0.41	1.17
Sale of scrap	7.12	4.95
Miscellaneous income	1.46	7.45
	<b>27.03</b>	<b>17.60</b>

## 23 Cost of raw material consumed ( Refer Note 42)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Inventory at the beginning of the year	387.32	366.36
Add: Purchases	1107.14	1,274.41
	<b>1,494.46</b>	1,640.77
Less: inventory at the end of the year	(357.71)	(387.32)
<b>Cost of raw material consumed</b>	<b>1,136.75</b>	<b>1,253.45</b>

## 24 (Increase)/decrease in inventories of finished goods, stock-in-trade and work-in-progress

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020	(Increase)/decrease in inventories
<b>Opening stock</b>			
Finished Goods	207.47	221.94	14.47
Stock in Process	54.11	47.16	(6.95)
Stock in trade	18.21	30.28	12.07
	<b>279.79</b>	<b>299.38</b>	<b>19.59</b>
<b>Closing stock</b>			
Finished Goods	195.82	207.47	11.65
Stock in Process	62.96	54.11	(8.85)
Stock in trade	22.32	18.21	(4.11)
	<b>281.10</b>	<b>279.79</b>	<b>(1.31)</b>
(Increase)/decrease in inventories of finished goods, stock-in-trade and work-in-progress	(1.31)	19.59	

# Notes to the Consolidated Financial Statements

for the year ended March 31, 2021, (INR in crores unless specified otherwise)

## 25 Employee benefit expenses

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Salaries, wages and bonus	153.52	176.08
Contribution to provident and other funds	11.07	12.86
Share based payment expenses (Refer Note 33)	1.56	11.60
Gratuity expenses (Refer Note 32)	2.73	2.39
Staff welfare expenses	5.59	5.83
	<b>174.47</b>	<b>208.76</b>
Share based payment written back (Refer Note 33)	-	(18.79)
	<b>174.47</b>	<b>189.97</b>

## 26 Depreciation and amortization expense

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Depreciation of tangible assets (Refer Note 3)	128.90	125.71
Amortization of intangible assets (Refer Note 4A)	2.99	3.88
Depreciation of Right-of-use assets (Refer Note 34)	1.52	1.62
	<b>133.41</b>	<b>131.21</b>

## 27 Finance costs

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Interest on borrowings (Net of TUF interest subsidy amounting to INR 0.57 Crore (March 31, 2020 INR 0.89 Crore ))	79.20	96.02
Exchange differences regarded as an adjustment to borrowing costs	0.14	10.39
Interest others	2.44	6.38
Bank charges	6.68	5.52
Interest on lease liabilities (Refer note 34)	1.43	1.49
Interest under the Income Tax Act	1.29	-
	<b>91.18</b>	<b>119.79</b>

## 28 Other expenses

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Consumption of stores and spares	58.46	59.64
Job work charges	34.73	29.69
Other manufacturing expenses	32.47	37.21
Packing expenses	70.16	77.48
Bad debts - written off	2.06	0.85
Freight and forwarding	33.26	37.72
Commission on sales	11.60	12.86



# Notes to the Consolidated Financial Statements

for the year ended March 31, 2021, (INR in crores unless specified otherwise)

## 28 Other expenses (Contd..)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Advertisement and business promotion expenses	3.55	18.97
Travelling and conveyance	9.00	16.06
Rent	3.90	8.96
<b>Repairs and maintenance</b>		
Plant and machinery repair & maintenance	16.26	21.34
Buildings repair & maintenance	6.43	3.52
Others repair & maintenance	6.83	6.65
Rates and taxes	1.81	3.52
Insurance	19.27	13.26
Loss on sale/discard of property, plant and equipment and asset held for sale	8.67	1.48
Commission to non whole time directors	1.77	2.72
Communication expenses	2.29	2.04
Legal and professional expenses	16.49	15.55
Donation	0.03	0.08
Donation to political parties	0.10	5.00
CSR expenditure (refer details below)	9.80	9.75
Miscellaneous expenses	16.58	34.21
	<b>365.52</b>	<b>418.55</b>

### Payment to auditors

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
To Statutory auditor:		
Audit fee	0.45	0.45
Limited review	0.75	0.75
<b>In other capacity</b>		
Other services (certification fees)	0.15	0.15
Reimbursements of expenses	0.02	0.07
	<b>1.37</b>	<b>1.42</b>
<b>To Cost auditor</b>		
Audit fee	0.03	0.03
Out of pocket expenses	0.00	0.00
	<b>0.03</b>	<b>0.03</b>

# Notes to the Consolidated Financial Statements

for the year ended March 31, 2021, (INR in crores unless specified otherwise)

## 28 Other expenses (Contd..)

### Details of CSR expenditure

Particulars			For year ended	For year ended
			March 31, 2021	March 31, 2020
a Gross amount required to be spent by the Group during the year			9.80	9.75
b Amount approved by the Board to be spent during the year			9.80	10.75
c Amount spent during the year ending on March 31, 2021:	<b>In cash</b>	<b>Yet to be paid in cash*</b>	<b>Total</b>	
i) Construction / acquisition of any asset	0.02	-	0.02	
ii) On purpose other than (i) above	9.01	0.77	9.78	
d Amount spent during the year ending on March 31, 2020:	<b>In cash</b>	<b>Yet to be paid in cash</b>	<b>Total</b>	
i) Construction / acquisition of any asset	0.30	-	0.30	
ii) On purpose other than (i) above	9.45	-	9.45	

Particulars			For the year ended	For the year ended
			March 31, 2021	March 31, 2020
e Details related to spent / unspent obligations:				
i) Contribution to Public Trust			-	-
ii) Contribution to Charitable Trust			9.03	9.75
iii) Unspent amount in relation to:				
- Ongoing project			0.77	-
- Other than ongoing project			-	-

### Details of ongoing project and other than ongoing project

Opening Balance			Amount spent during the year			Closing Balance	
With Company	In Separate CSR Unspent A/c	Amount required to be spent during the year	From Company's bank A/c	From Separate CSR Unspent A/c	With Company	In Separate CSR Unspent A/c	
-	-	9.80	9.03	-	0.77	-	

Corporate Social Responsibility As per Section 135 of the Companies Act, 2013 ('Act), a company, meeting the applicability threshold, needs to spend at least 2% of its average net profit for the immediately preceding three financial years on corporate social responsibility (CSR) activities. The areas for CSR activities are Healthcare including Preventive healthcare, providing Safe drinking water, sanitation facility, promoting education. A CSR committee has been formed by the holding company as per the Act. The funds were primarily allocated to a corpus and utilized through the year on these activities which are specified in Schedule VII of the Companies Act, 2013.

\*MCA has notified Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021, Companies (Amendment) Act 2019, Companies (Amendment) Act 2020. The notification states that "any amount remaining unspent under section 135 (5), pursuant to any ongoing project, fulfilling such conditions as may be prescribed, undertaken by a Company in pursuance of its

# Notes to the Consolidated Financial Statements

for the year ended March 31, 2021, (INR in crores unless specified otherwise)

## 28 Other expenses (Contd..)

Corporate Social Responsibility Policy, shall be transferred by the Company within a period of thirty days from the end of the financial year to a special account to be opened by the Company in that behalf for that financial year in any scheduled bank to be called the Unspent Corporate Social Responsibility Account, and such amount shall be spent by the Company in pursuance of its obligation towards the Corporate Social Responsibility Policy within a period of three financial years from the date of such transfer, failing which, the Company shall transfer the same to a fund specified in Schedule VII, within a period of thirty days from the date of completion of the third financial year”.

## 29 Components of Other Comprehensive Income (OCI)

Particulars	FVTOCI reserve	Retained earnings	Total
The disaggregation of changes to OCI by each type of reserve in equity is shown below:			
<b>For the year ended March 31, 2021</b>			
Re-measurement losses on defined measurement plans (net of tax)	-	(1.22)	(1.22)
Re-measurement of investment in equity	5.95		5.95
Exchange differences on translation of foreign operations	2.87		2.87
	<b>8.82</b>	<b>(1.22)</b>	<b>7.60</b>
The disaggregation of changes to OCI by each type of reserve in equity is shown below:			
<b>For the year ended March 31, 2020</b>			
Re-measurement losses on defined measurement plans (net of tax)	-	(2.09)	(2.09)
Re-measurement of investment in equity	(3.44)	-	(3.44)
Exchange differences on translation of foreign operations	(0.26)		(0.26)
<b>Total</b>	<b>(3.70)</b>	<b>(2.09)</b>	<b>(5.79)</b>

## 30 Earnings per share

Basic EPS amounts are calculated by dividing the profit for the year attributable to equity holders of the parent by weighted average number of equity shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the profit attributable to equity holders of the parent by the weighted average number of Equity shares outstanding during the year plus the weighted average number of Equity shares that would be issued on conversion of all the dilutive potential Equity shares into Equity shares.

The following reflects the income and share data used in computation of Basic EPS:

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Profit attributable to the equity holders of the Group	326.12	396.62
Weighted average number of equity shares for basic EPS	9,50,13,286	9,79,17,070
Basic earnings per share (Face value of INR 10/- per share)	34.32	40.50
Profit attributable to the equity holders of the Holding Company	326.12	396.62
Weighted average number of equity shares and common equivalent shares outstanding*	9,52,62,327	9,79,17,070
Diluted earnings per equity share - (Face value of INR 10/- per share)	34.23	40.50

# Notes to the Consolidated Financial Statements

for the year ended March 31, 2021, (INR in crores unless specified otherwise)

## 30 Earnings per share (Contd..)

Weighted average number of Equity shares adjusted for the effect of dilution\*

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Weighted average number of equity shares for basic EPS	9,50,13,286	9,79,17,070
<b>Effect of dilution:</b>		
Employee share option scheme	2,49,041	(15,28,086)
Weighted average number of equity shares and common equivalent shares outstanding	9,52,62,327	9,63,88,984

\*The effect of dilution on weighted average no. of equity shares was anti dilutive (refer below details) in previous year. Therefore, weighted avg no. of equity shares considered for basic EPS and Diluted EPS were same in previous year.

## 31 Significant accounting judgements, estimates and assumptions

The preparation of financial statements in conformity with Ind AS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses and the accompanying disclosures. Uncertainty about the assumptions and estimates could result in outcomes that require a material adjustment to the carrying value of assets or liabilities affected in future years.

Other disclosures relating to the Company's exposure to risks and uncertainties includes:

- Financial risk management objectives and policies in Note 40
- Sensitivity analyses disclosures in Note 32 and Note 40
- Estimation uncertainty relating to the Global health pandemic on Covid 19 in Note 48
- Impairment assessment of the Property, plant and equipment of HT division in Note 3"

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future years affected.

Information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

### (i) Judgements

In the process of applying the accounting policies, management has made the following judgements, which have significant effect on the amounts recognised in the Group's financial statements:

#### Determining the lease term of contracts with renewal and termination options – Group as lessee

The Group evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. Identification of a lease requires significant judgment. The Group uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate.

The Group determines the lease term as the non-cancellable year of a lease, together with both years covered by an option to extend the lease if the Group is reasonably certain to exercise that option; and years covered by an option to terminate the lease if the Group is reasonably certain not to exercise that option. In assessing whether the Group is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the Group to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Group revises the lease term if there is a change in the non-cancellable period of a lease."

# Notes to the Consolidated Financial Statements

for the year ended March 31, 2021, (INR in crores unless specified otherwise)

## 31 Significant accounting judgements, estimates and assumptions (Contd..)

### Revenue from contracts with customers

The Group applied the following judgements that significantly affect the determination of the amount and timing of revenue from contracts with customers:

Revenues from customer contracts are considered for recognition and measurement when the contract has been approved, in writing, by the parties to the contract, the parties to contract are committed to perform the irrespective obligations under the contract, and the contract is legally enforceable.

The Group's contracts with customers could include promises to transfer multiple product. The Group assesses the products promised in a contract and identifies distinct performance obligations in the contract. Identification of distinct performance obligation involves judgement to determine the deliverables and the ability of the customer to benefit independently from such deliverables.

Judgement is also required to determine the transaction price for the contract and to ascribe the transaction price to each distinct performance obligation. The transaction price could be either a fixed amount of customer consideration or variable consideration with elements such as volume discounts, cash discount, price concessions and incentives. The transaction price is also adjusted for the effects of the time value of money if the contract includes a significant financing component. Any consideration payable to the customer is adjusted to the transaction price, unless it is a payment for a distinct product from the customer. The estimated amount of variable consideration is adjusted in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur and is reassessed at the end of each reporting year. The Group allocates the elements of variable considerations to all the performance obligations of the contract unless there is observable evidence that they pertain to one or more distinct performance obligations.

### Provisions and contingencies

The assessments undertaken in recognising provisions and contingencies have been made in accordance with Ind AS 37, 'Provisions, Contingent Liabilities and Contingent Assets. The evaluation of the likelihood of the contingent events has required best judgment by management regarding the probability of exposure to potential loss.

### Assessment of Equity instruments

The Group has designated investments in equity instruments as FVTOCI investments since the group expects to hold these investment with no intention to sale. The difference between the instrument's fair value and Indian GAAP carrying amount has been recognized in retained earnings.

## (ii) Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

### Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on

# Notes to the Consolidated Financial Statements

for the year ended March 31, 2021, (INR in crores unless specified otherwise)

## 31 Significant accounting judgements, estimates and assumptions (Contd..)

available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to impairment assessment of property plant and equipment and investment in subsidiary companies, recognised by the Company. Company has done the impairment assessment of Home Textile Division during the year Refer Note 3 for details."

### Share-based payments

For the measurement of the fair value of equity-settled transactions with employees at the grant date, the Group uses a Black-Scholes model for employee share option plan (GESP). The assumptions and models used for estimating fair value for share based payment transactions are disclosed in Note 33.

### Useful lives of property, plant and equipment

The estimated useful lives of property, plant and equipment are based on a number of factors including the effects of obsolescence, demand, competition, internal assessment of user experience and other economic factors (such as the stability of the industry and known technological advances) and the level of maintenance expenditure required to obtain the expected future cash flows from the asset. The Group reviews the useful life of property, plant and equipment at the end of each reporting date.

### Post-retirement benefit plans

Employee benefit obligations (gratuity obligation) are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. Further details about gratuity obligations are given in Note 32.

### Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. Refer Note 39 for further disclosures.

### Leases - Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay, which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs when available and is required to make certain entity-specific estimates.

# Notes to the Consolidated Financial Statements

for the year ended March 31, 2021, (INR in crores unless specified otherwise)

## 32 Defined benefit and contribution plan

The Company makes contributions towards provident fund and superannuation fund to a defined contribution retirement benefit plan for qualifying employees. Under the plan, the Company is required to contribute a specified percentage of payroll cost to the retirement benefit plan to fund the benefits. Contribution paid for provident fund and superannuation fund are recognised as expense for the year :

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Employer's contribution to provident fund/pension scheme	8.86	9.89
Employer's contribution to superannuation fund	1.42	1.60

### Defined benefit plan

#### Gratuity (funded)

The employees' gratuity fund scheme managed by a trust is a defined benefit plan. The present value of the obligation is determined based on actuarial valuation using the projected unit credit method, which recognises each year of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The Company provides for gratuity for employees in India as per the Payment of Gratuity Act, 1972 (as amended). Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/termination is the employees last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of years of service. The gratuity plan is a funded plan and the Company makes contributions to Group Gratuity Trust registered under Income Tax Act-1961.

The most recent actuarial valuation of plan assets and the present value of the defined benefit obligation for gratuity were carried out as at 31 March 2021. The present value of the defined benefit obligations and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

The plan assets are managed by the Gratuity Trust formed by the Company. The management of 100% of the funds is entrusted according to norms of Gratuity Trust, whose pattern of investment is available with the Company.

Changes in the defined benefit obligation and fair value of plan assets (in respect of gratuity fund) As at March 31, 2021:

Particulars	Gratuity cost charged to profit or loss					Re-measurement (gains) / losses in other comprehensive income					March 31, 2021
	April 01, 2020	Service cost	Net interest expense/ (Income)	Sub-total included in profit or loss*	Benefits paid	Return on plan assets (excluding amounts included in net interest expense)	Actuarial changes arising from changes in financial assumptions	Experience adjustments	Subtotal included in OCI	Contributions by employer	
Defined benefit obligation	43.25	2.88	2.85	5.73	(3.07)		1.13	2.13	3.26		49.17
Fair value of plan assets	42.61		(2.81)	(2.81)	-	(1.63)			(1.63)		47.05
<b>Benefit liability</b>	<b>0.64</b>			<b>2.92</b>					<b>1.64</b>		<b>2.12</b>

\*The Gratuity Cost charged to profit or loss amounting INR 0.19 crores. (Previous Year INR 0.16 crores) pertains to employees of captive production units and has been included in Raw material and power & fuel costs as explained in Note No. 42

# Notes to the Consolidated Financial Statements

for the year ended March 31, 2021, (INR in crores unless specified otherwise)

## 32 Defined benefit and contribution plan (Contd..)

Changes in the defined benefit obligation and fair value of plan assets (in respect of gratuity fund) as at 31st March 2020:

Particulars	Gratuity cost charged to profit or loss					Re-measurement (gains) / losses in other comprehensive income					
	As at April 1, 2019	Service cost	Net interest expense/ (Income)	Sub-total included in profit or loss*	Benefits paid	Return on plan assets (excluding amounts included in net interest expense)	Actuarial changes arising from changes in financial assumptions	Experience adjustments	Subtotal included in OCI	Contributions by employer	As at March 31, 2020
Defined benefit obligation	42.09	2.93	3.36	6.29	(7.23)		(1.07)	3.17	2.10	-	43.25
Fair value of plan assets	46.81		(3.74)	(3.74)	(7.23)	0.71			0.71	-	42.61
<b>Benefit liability</b>	<b>(4.72)</b>			<b>2.55</b>					<b>2.81</b>		<b>0.64</b>

The major categories of plan assets of the fair value of the total plan assets are as follows:

### Investment details of plan assets

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Insurance fund	47.05	42.61

The principal assumptions used in determining gratuity are:

	Indian Assured Lives Mortality Assured Lives Mortality(2006-08)	Indian Assured Lives Mortality Indian Assured Lives Mortality(2006-08)
Mortality table - LIC		
Discount rate	6.49%	6.59%
Estimated rate of return on plan assets	6.49%	6.59%
Estimated future salary growth	7.00%	4.00%*
Rate of employee turnover	11.00%	11.00%

\*4% p.a. for next 1 year, 7% p.a. thereafter, starting from the 2nd year.

A quantitative sensitivity analysis for significant assumption as at March 31, 2021 is as shown below:

Assumptions	Employee turnover		Salary		Discount rate	
	1% increase	1% decrease	1% increase	1% decrease	1% increase	1% decrease
Impact on defined benefit obligation	(0.11)	0.12	1.74	(1.60)	(1.60)	1.76

A quantitative sensitivity analysis for significant assumption as at March 31, 2020 is as shown below:

Assumptions	Employee turnover		Salary		Discount rate	
	1% increase	1% decrease	1% increase	1% decrease	1% increase	1% decrease
Impact on defined benefit obligation	(0.09)	0.09	1.45	(1.34)	(1.32)	1.46



# Notes to the Consolidated Financial Statements

for the year ended March 31, 2021, (INR in crores unless specified otherwise)

## 32 Defined benefit and contribution plan (Contd..)

The following payments are projected benefits payable in future years from the date of reporting from the fund:

Particulars	As at	As at
	March 31, 2021	March 31, 2020
Within the next 12 months (next annual reporting period)	14.73	14.16
2nd Following Year	6.38	4.78
3rd Following Year	6.48	5.93
4th Following Year	5.89	4.95
5th Following Year	4.56	4.60
Sum of Years 6 to 10	14.10	12.13
<b>Total expected payments</b>	<b>52.14</b>	<b>46.55</b>

The average duration of the defined benefit plan obligation at the end of the reporting year is 5 years (31 March 2020: 4 years).

### Risks associated with defined benefit plan

Gratuity is a defined benefit plan and company is exposed to the Following Risks:

Interest rate Risk:	A fall in the discount rate which is linked to the G.Sec. Rate will increase the present value of the liability requiring higher proportion. A fall in the discount rate generally increases the mark to market value of the assets depending on the duration of asset.
Salary Risk:	The present value of the defined benefit plan liability is calculated by reference to the future salaries of members. As such, an increase in the salary of the members more than assumed level will increase the plan's liability.
Investment Risk:	The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds. If the return on plan asset is below this rate, it will create a plan deficit. Currently, for the plan in India, it has a relatively balanced mix of investments in government securities, and other debt instruments.
Asset Liability Matching Risk:	The plan faces the ALM risk as to the matching cash flow. Since the plan is invested in lines of Rule 101 of Income Tax Rules, 1962, this generally reduces ALM Risk.
Mortality Risk:	Since the benefits under the plan is not payable for life time and payable till retirement age only, plan does not have any longevity risk.
Concentration Risk:	Plan is having a concentration risk all the assets are invested with the insurance company and a default will wipe out all the assets. Although probability of this is very less as insurance companies have to follow regulatory guidelines

# Notes to the Consolidated Financial Statements

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## 33 Share based compensation

In accordance with the Securities and Exchange Board of India (share based employee benefits) Regulations, 2014 and the guidance Note on accounting for 'Employees share-based payments, the scheme detailed below is managed and administered, compensation benefits in respect of the scheme is assessed and accounted by the company. To have an understanding of the scheme, relevant disclosures are given below.

- As approved by the shareholders at their Annual General Meeting held on 23rd July 2015, the Company has got 50,00,000 number of Options under the employee stock option scheme "GHCL ESOS 2015". The following details show the actual status of ESOS granted during the financial year ended on March 31, 2021.
- During the year 1,60,000 equity share options lapsed upon cessation of employment.

The relevant details of the Scheme are as under:

<b>Particulars</b>	<b>Grant 3</b>		<b>Grant 5</b>		<b>Grant 6</b>	
Date of grant	24-10-2017	24-10-2017	25-04-2018	25-04-2018	25-04-2018	25-04-2018
Date of board approval	24-10-2017	24-10-2017	25-04-2018	25-04-2018	25-04-2018	25-04-2018
Date of shareholder's approval	23-07-2015	23-07-2015	23-07-2015	23-07-2015	23-07-2015	23-07-2015
Number of options granted	25,000	25,000	6,10,000	6,10,000	15,000	15,000
Method of settlement	Equity	Equity	Equity	Equity	Equity	Equity
Vesting year (see table below)						
Fair value on the date of grant (In Rs)	110.59	123.20	161.33	183.41	183.41	192.68
Exercise year	5 Years	5 Years	5 Years	5 Years	5 Years	5 Years
Vesting conditions	As per policy approved by Shareholders	As per policy approved by Shareholders	As per policy approved by Shareholders	As per policy approved by Shareholders	As per policy approved by Shareholders	As per policy approved by Shareholders

Details of the vesting year are:

<b>Vesting year from the Grant date</b>	<b>Grant 3</b>		<b>Grant 5</b>		<b>Grant 6</b>	
On completion of 12 months	25,000	-	6,10,000	-	-	-
On completion of 24 months	-	25,000	-	-	-	-
On completion of 36 months	-	-	-	6,10,000	15,000	-
On completion of 48 months	-	-	-	-	-	15,000

# Notes to the Consolidated Financial Statements

for the year ended March 31, 2021, (INR in crores unless specified otherwise)

## 33 Share based compensation (Contd..)

Particulars	Grant 7			Grant 8	
Date of grant	25-04-2018	25-04-2018	25-04-2018	25-04-2018	25-04-2018
Date of board approval	25-04-2018	25-04-2018	25-04-2018	25-04-2018	25-04-2018
Date of shareholder's approval	23-07-2015	23-07-2015	23-07-2015	23-07-2015	23-07-2015
Number of options granted	25,000	25,000	60,000	60,000	60,000
Method of settlement	Equity	Equity	Equity	Equity	Equity
Vesting year (see table below)					
Fair value on the date of grant (In Rs)	183.41	192.68	183.41	192.68	200.98
Exercise year	5 Years	5 Years	5 Years	5 Years	5 Years
Vesting conditions	As per policy approved by Shareholders	As per policy approved by Shareholders	As per policy approved by Shareholders	As per policy approved by Shareholders	As per policy approved by Shareholders

Details of the vesting year are:

Vesting year from the Grant date	Grant 7		Grant 8	
On completion of 36 months	25,000	-	60,000	-
On completion of 48 months	-	25,000	-	60,000
On completion of 60 months	-	-	-	60,000

Set out below is a summary of options granted under the plan:

Particulars	As at March 31, 2021		As at March 31, 2020	
	Total No. of Stock options	Weighted average exercise price	Total No. of Stock options	Weighted average exercise price
Options outstanding at beginning of year	8,27,500	150	22,05,000	151
Options granted during the year	-	-	-	-
Options forfeited/lapsed during the year	1,60,000	150	11,92,500	152
Options exercised during the year	-	-	1,85,000	148
Options expired during the year	-	-	-	-
Options outstanding at end of year	6,67,500	150	8,27,500	150
Options vested but not exercised during the year	1,12,500	151	1,12,500	151

# Notes to the Consolidated Financial Statements

for the year ended March 31, 2021, (INR in crores unless specified otherwise)

## 33 Share based compensation (Contd..)

The details of activity of the Scheme have been summarized below:-

Particulars	March 31, 2021						Total Number of options
	Grant 3		Grant 5		Grant 6		
	Number of options	Number of options	Number of options	Number of options	Number of options	Number of options	
Outstanding at the beginning of the year	5,000	2,500	1,05,000	5,30,000	10,000	10,000	6,62,500
Granted during the year	-	-	-	-	-	-	-
Forfeited during the year	-	-	-	85,000	-	-	85,000
Exercised during the year	-	-	-	-	-	-	-
Expired during the year	-	-	-	-	-	-	-
Outstanding at the end of the year	5,000	2,500	1,05,000	4,45,000	10,000	10,000	5,77,500
Exercisable at the end of the year	5,000	2,500	1,05,000	-	-	-	1,12,500
Weighted average remaining contractual life (in years)	-	-	-	0.07	0.07	1.07	
Weighted average fair value of options granted during the year	110.59	123.20	161.33	183.41	183.41	192.68	

Particulars	Grant 3		Grant 5		Grant 6	
Date of grant	24-10-2017	24-10-2017	25-04-2018	25-04-2018	25-04-2018	25-04-2018
Stock price at the date of grant	251.05	251.05	286.5	286.5	286.5	286.5
Exercise price	170	170	150	150	150	150
Expected volatility	36.77	36.77	39.51%	39.51%	39.51%	39.51%
Expected life of the option	2	3	2	4	4	5
Risk free interest rate (%)	6.762	6.762	7.647	7.647	7.647	7.647
Weighted average fair value as on grant date	110.59	123.20	161.33	183.41	183.41	192.68

# Notes to the Consolidated Financial Statements

for the year ended March 31, 2021, (INR in crores unless specified otherwise)

## 33 Share based compensation (Contd..)

The details of activity of the Scheme have been summarized below:- (Contd..)

Particulars	Grant 7		Grant 8			Total	Grand Total of ESOS
	Number of options	Number of options	Number of options	Number of options	Number of options	Number of options	Number of options
Outstanding at the beginning of the year	15,000	15,000	45,000	45,000	45,000	1,65,000	8,27,500
Granted during the year	-	-	-	-	-	-	-
Forfeited during the year	-	-	25,000	25,000	25,000	75,000	1,60,000
Exercised during the year	-	-	-	-	-	-	-
Expired during the year	-	-	-	-	-	-	-
Outstanding at the end of the year	15,000	15,000	20,000	20,000	20,000	90,000	6,67,500
Exercisable at the end of the year	-	-	-	-	-	-	1,12,500
Weighted average remaining contractual life (in years)	0.07	1.07	0.07	1.07	2.07		
Weighted average fair value of options granted during the year	183.41	192.68	183.41	192.68	200.98		

Particulars	Grant 7		Grant 8		
Date of grant	25-04-2018	25-04-2018	25-04-2018	25-04-2018	25-04-2018
Stock price at the date of grant	286.5	286.5	286.5	286.5	286.5
Exercise price	150	150	150	150	150
Expected volatility	39.51%	39.51%	39.51%	39.51%	39.51%
Expected life of the option	4	5	4	5	6
Risk free interest rate (%)	7.647	7.647	7.647	7.647	7.647
Weighted average fair value as on grant date	183.41	192.68	183.41	192.68	200.98

## 34 Leases

### Group as a lessee

The Company has lease contracts for various items of Building and Salt works (fields taken on lease for salt production) in its operations. Leases of Building generally have lease terms between 1 and 10 years, while salt works generally have lease terms between 3 and 30 years. The Company's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Company is restricted from assigning and subleasing the leased assets and some contracts require the Company to maintain certain financial ratios. There are no major lease contracts that include extension and termination options and variable lease payments.

# Notes to the Consolidated Financial Statements

for the year ended March 31, 2021, (INR in crores unless specified otherwise)

## 34 Leases (Contd..)

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

(INR in crores)

Particulars	Leasehold building	Saltworks	Total
<b>At 1st April 2019</b>	7.11	7.89	15.00
Additions	0.44	-	0.44
Depreciation expense	(1.15)	(0.47)	(1.62)
Termination	(0.09)		(0.09)
<b>As at 1st April 2020</b>	<b>6.31</b>	<b>7.42</b>	<b>13.73</b>
Additions	-	-	-
Depreciation expense	(1.03)	(0.49)	(1.52)
Termination	(0.05)		(0.05)
<b>As at 31 March 2021</b>	<b>5.23</b>	<b>6.93</b>	<b>12.16</b>

Set out below are the carrying amounts of lease liabilities (included under interest-bearing loans and borrowings) and the movements during the period:

Particulars	As at March 31, 2021	As at March 31, 2020
Balance at the beginning of the year	14.60	15.00
Additions	-	0.26
Accretion of interest	1.43	1.49
Payments	(2.02)	(2.06)
Termination	-	(0.09)
<b>Balance at the end of the year</b>	<b>14.01</b>	<b>14.60</b>
Current	0.68	0.68
Non-current	13.33	13.92

The maturity analysis of lease liabilities are disclosed in Note 40.

The effective interest rate for lease liabilities is 10%.

The following are the amounts recognised in profit or loss:

Particulars	As at March 31, 2021	As at March 31, 2020
Depreciation expense of right-of-use assets	1.52	1.62
Interest expense on lease liabilities	1.43	1.49
Expense relating to short-term leases (included in other expenses)	3.90	9.31
<b>Total amount recognised in profit or loss</b>	<b>6.85</b>	<b>12.42</b>

The Group had total cash outflows for leases of INR 5.92 crores in March 31, 2021 (INR 11.37 crores in March 31, 2020). There are no non-cash additions to right-of-use assets and lease liabilities. There are no future cash outflows relating to leases that have not yet commenced.

# Notes to the Consolidated Financial Statements

for the year ended March 31, 2021, (INR in crores unless specified otherwise)

## 35 Commitments and contingencies

Particulars	As at	As at
	March 31, 2021	March 31, 2020
<b>a) Estimated value of contracts remaining to be executed on Capital Account and not provided for</b>	57.71	83.49
<b>b) Contingent liabilities :</b>		
- Claims against the Company not acknowledged as debts*		
- Income tax**	158.27	158.27
- Sales tax / VAT	0.04	0.04
- Excise, custom & service tax	127.12	128.92
- Unpaid labour dues#	4.57	-
- Other claims###	18.26	18.26

\* Cases pending before appellate authorities/dispute resolution panel in respect of which the Company has filed appeals.

On the basis of current status of individual case for respective years and as per legal advice obtained by the Company, wherever applicable, the company is confident of winning the above cases and is of the view that no provision is required in respect of above cases.

\*\* 'In an order passed by Income Tax Appellate Tribunal (ITAT), Ahmedabad dated March 05, 2021, ITAT has disposed off cases pertaining to AY 2009-10, AY 2010-11, AY 2011-12, AY 2012-13, AY 2013-14 and AY 2014-15 and decided in favour of the Company. As the Income Tax Authorities (the Department) is authorised to file an appeal to the High Court against the Appellate Tribunal's order within 120 days of receipts of the order, therefore the amount pertains to above mentioned assessment years i.e. INR 154.65 Crores is considered as contingent liability. Although Group is confident of winning any further litigation.

# Government of India vide its notification dated March 29, 2020, issued under the National Disaster Management Act 2005, directed that all employers shall make full payment of wages, of their workers at their workplaces, for the period of closure under the lockdown. Subsequently on the petition filed by some of the employers against the aforementioned notification, the Honourable Supreme Court of India, passed an interim order dated June 12, 2020 and directed employers to enter into a negotiation and settlement with workers for wages payment during the lockdown period. The aforesaid notification also stands withdrawn w.e.f May 18, 2020. In the meanwhile, the Company had made payments to its workers and will do the final settlement if any as per the final order of the Honourable Supreme Court of India. If the Honourable Supreme Court upheld the notification of Government of India, the Company will have to pay further wages of INR 4.57 Crores to the workers, whereas based on the management's assessment the chances of the same is remote.

### Claims under this heading relate to legal cases pending in different courts under the jurisdiction of Gujarat High Court and the courts subordinate to it. Some of the cases relates to execution of ex-parte foreign decrees which are not enforceable in India. Certain claims relate to contractor's workmen, whose services have been terminated by the concerned contractor and the matter is in between the contractor and their workmen and GHCL is made a party to the dispute only. Other cases relate to some ex-workmen who after opting VRS scheme duly approved by the regional Labour Officer challenged the same and this case is a week case since workmen have already lost one round of litigation till Hon'ble SC where directions were issued to deposit the entire amount received during VRS before initiating the legal proceedings. Apart from these certain civil disputes are also pending which on merit are weak and GHCL has fair chances in winning these cases.

These include claims against the Company for recovery lodged by various parties.

The aforesaid Appendix did not have an impact on the financial statements of the Company.

# Notes to the Consolidated Financial Statements

for the year ended March 31, 2021, (INR in crores unless specified otherwise)

## 35 Commitments and contingencies (Contd..)

Particulars	As at March 31, 2021	As at March 31, 2020
<b>c) Guarantees:</b>		
Corporate guarantee to bank on behalf of erstwhile subsidiaries of the Company	3.04	2.82
<b>d) EPCG Commitment (value of exports) -</b> The Company has export obligations to the extent INR 538.22 crores (as at March 31, 2020 INR 390.61 crores) of on account of concessional rates of import duties paid on capital goods under the Export Promotion Capital Goods Scheme enacted by the Government of India which is to be fulfilled over the next eight /six years. Due to the remote likelihood of the Company being unable to meet its export obligations, the Company does not anticipate a loss with respect to these obligations and hence has not made any provision in its financial statements.	84.94	42.59

## 36 Related party transactions

- a) The following table provides the list of related parties and total amount of transactions that have been entered into with related parties for the relevant financial years

### A) Key managerial personnel

Mr. R. S. Jalan, Managing Director

Mr. Raman Chopra, CFO & Executive Director (Finance)

Mr. Neelabh Dalmia- Executive Director -Textiles (w.e.f February 01,2020)

Mr. Bhuvneshwar Mishra, Sr. GM- Sustainability & Company Secretary

### B) Non-whole-time directors

Mr. Sanjay Dalmia

Mr. Anurag Dalmia

Mr. Neelabh Dalmia ( Upto January 31,2020)

Mrs. Vijaylaxmi Joshi

Dr. Lavanya Rastogi

Dr. Manoj Vaish

Mr. Arun Kumar Jain

Justice Ravindra Singh

Mr. K C. Jani ( Upto September 17, 2019)



# Notes to the Consolidated Financial Statements

for the year ended March 31, 2021, (INR in crores unless specified otherwise)

## 36 Related party transactions (Contd..)

### C) Relative of key managerial personnel

Mrs. Sarita Jalan, w/o Mr. R. S. Jalan

Mrs. Bharti Chopra, w/o Mr. Raman Chopra

Mrs. Vandana Mishra, w/o Mr. Bhuwadeshwar Mishra

### D) Enterprises over which key managerial personnel are able to exercise significant influence

Dalmia centre for research and development

GHCL Foundation Trust

GHCL Employees Group Gratuity Scheme

Gujarat Heavy Chemical Limited Superannuation Scheme

Dalmia Biz Private Limited.

Dalmia Healthcare Limited

### b) Transactions with relative of key management personnel

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Leasing &amp; hire purchase transactions</b>		
Mrs. Sarita Jalan, w/o Mr. R. S. Jalan	0.18	0.18
Mrs. Bharti Chopra, w/o Mr. Raman Chopra	0.12	0.12
Mrs. Vandana Mishra, w/o Mr. Bhuwadeshwar Mishra	0.02	0.02

### c) Transactions with enterprises over which significant influence exercised by directors

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Royalty paid</b>		
Dalmia Centre for Research & Development	0.02	0.07
<b>Rent and Other receipts</b>		
Dalmia Biz Private Limited.	0.03	0.18
Dalmia Healthcare Limited	0.03	0.16
<b>Net contribution</b>		
GHCL Foundation Trust	9.03	9.75
Gujarat Heavy Chemical Limited Superannuation Scheme	1.42	1.60

# Notes to the Consolidated Financial Statements

for the year ended March 31, 2021, (INR in crores unless specified otherwise)

## 36 Related party transactions (Contd..)

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 March 2021, the Group has not recorded any impairment of receivables relating to amounts owed by related parties. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

### d) Compensation of key management personnel of the Group

Particulars	As at	As at
	March 31, 2021	March 31, 2020
Mr. Ravi Shanker Jalan	6.14	8.09
Mr. Raman Chopra	3.58	4.68
Mr. Neelabh Dalmia	1.40	1.52
Mr. Bhuvneshwar Mishra	0.52	0.54
<b>Total compensation paid to key management personnel</b>	<b>11.64</b>	<b>14.83</b>

Particulars	As at	As at
	March 31, 2021	March 31, 2020
Short-term employee benefits	11.22	14.44
Post-employment gratuity and medical benefits	0.42	0.36
Share-based payment transactions*	-	0.03
<b>Total compensation paid to key management personnel</b>	<b>11.64</b>	<b>14.83</b>

\*Taxable component of ESOS

### e) Transactions with non-whole-time directors

Particulars	For the year ended March 31, 2021		For the year ended March 31, 2020	
	Sitting Fees	Commission	Sitting Fees	Commission
Mr. Sanjay Dalmia	0.02	0.45	0.03	0.60
Mr. Anurag Dalmia	0.02	0.38	0.02	0.50
Mr. Neelabh Dalmia	-	-	0.02	0.30
Dr. Manoj Vaish	0.04	0.20	0.04	0.26
Justice Ravindra Singh	0.04	0.19	0.05	0.25
Mrs. Vijaylaxmi Joshi	0.05	0.19	0.06	0.25
Mr. Arun Kumar Jain	0.04	0.19	0.05	0.25
Mr. K C Jani	-	-	0.02	0.11
Dr. Lavanya Rastogi	0.02	0.19	0.02	0.20
	<b>0.23</b>	<b>1.77</b>	<b>0.31</b>	<b>2.72</b>

# Notes to the Consolidated Financial Statements

for the year ended March 31, 2021, (INR in crores unless specified otherwise)

## 36 Related party transactions (Contd..)

### f) Disclosure required under Sec 186(4) of the Companies Act 2013 (refer note 6A)

Particulars	As at March 31, 2021	As at March 31, 2020
GHCL Employee Stock Option Trust	5.70	5.82

## 37 Segment information

The Group is primarily engaged in the business of manufacture of inorganic chemicals and textiles and based on this it has two reportable segments:

Inorganic chemicals segment majorly includes manufacture of soda ash which is an important raw material for detergent and glass industry. Major raw materials to manufacture soda ash are salt, limestone, coke, briquette, coal and lignite. The total Inorganic chemical segment contributes approximately 67% of total Indian Standalone revenue.

Textiles segment manufactures cotton yarn and polyester yarn and home textile products. GHCL Limited is one of the largest integrated textile manufacturers in the country with own spinning, weaving and processing and dyeing and cutting and sewing manufacturing facility.

The management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the financial statements. Income taxes are managed on Company basis and are not allocated to Operating segments.

### Summary of Segment information

#### For the year ended March 31, 2021

Particulars	Inorganic Chemicals	Textiles	Others / unallocated	Total
<b>Revenue</b>				
Total revenue	1,881.95	1,121.64	-	3,003.59
Inter-segment adjustment and elimination	-	(103.50)	-	(103.50)
<b>Total revenue from contracts with customers</b>	<b>1,881.95</b>	<b>1,018.14</b>	<b>-</b>	<b>2,900.09</b>
<b>Segment profit</b>	431.54	123.71	(0.16)	555.09
<b>Total assets</b>	2,373.29	1,537.54	67.03	3,977.86
<b>Total liabilities</b>	780.30	433.61	279.71	1,493.62
<b>Capital expenditure</b>	112.99	22.13	-	135.12
<b>Depreciation and amortization</b>	81.61	51.81	-	133.42

# Notes to the Consolidated Financial Statements

for the year ended March 31, 2021, (INR in crores unless specified otherwise)

## 37 Segment information (Contd..)

For the year ended March 31, 2020

Particulars	Inorganic Chemicals	Textiles	Others / unallocated	Total
<b>Revenue</b>				
Total revenue	2,188.11	1,207.94	-	3,396.05
Inter-segment adjustment and elimination	-	(90.93)	-	(90.93)
<b>Total revenue from contracts with customers</b>	<b>2,188.11</b>	<b>1,117.01</b>	<b>-</b>	<b>3,305.12</b>
<b>Segment profit</b>	629.40	7.22	0.35	636.97
<b>Total assets</b>	2,511.03	1,597.78	60.54	4,169.35
<b>Total liabilities</b>	1,112.37	631.51	276.50	2,020.38
<b>Capital expenditure</b>	144.50	47.35	-	191.85
<b>Depreciation and amortization</b>	79.50	51.71	-	131.21

All other adjustments and eliminations are part of detailed reconciliations presented further below.

### Adjustments and eliminations

Finance income and costs, expenditure related to corporate social responsibility, key managerial salary & commission, director sitting fees, audit fees, and fair value gains and losses on financial assets are not allocated to individual segments as the underlying instruments are managed on a company basis.

Current taxes, deferred taxes and certain financial assets and liabilities are not allocated to those segments as they are also managed on a company basis.

Capital expenditure consists of additions of property, plant and equipment and intangible assets.

### Reconciliations to amounts reflected in the financial statements

Reconciliation of profit	For the year ended March 31, 2021	For the year ended March 31, 2020
<b>Segment profit</b>	555.09	636.97
Un-allocated expenditure	(25.34)	(22.58)
Other finance costs	(91.18)	(119.79)
<b>Profit before tax</b>	<b>438.57</b>	<b>494.60</b>

Reconciliation of assets	As at March 31, 2021	As at March 31, 2020
Inorganic chemicals	2,373.29	2,511.03
Home textiles	1,537.54	1,597.78
Un-allocated	67.03	60.54
<b>Total assets</b>	<b>3,977.86</b>	<b>4,169.35</b>

# Notes to the Consolidated Financial Statements

for the year ended March 31, 2021, (INR in crores unless specified otherwise)

## 37 Segment information (Contd..)

<b>Reconciliation of liabilities</b>	<b>As at March 31, 2021</b>	<b>As at March 31, 2020</b>
Inorganic chemicals	780.30	1,112.37
Home textiles	433.61	631.51
Un-allocated	279.71	276.50
<b>Total liabilities</b>	<b>1,493.62</b>	<b>2,020.38</b>

<b>Revenue from external customers</b>	<b>For the year ended March 31, 2021</b>	<b>For the year ended March 31, 2020</b>
India	2,348.06	2,648.61
Outside India	552.03	656.51
<b>Total revenue per statement of profit and loss</b>	<b>2,900.09</b>	<b>3,305.12</b>

<b>Trade receivable</b>	<b>As at March 31, 2021</b>	<b>As at March 31, 2020</b>
India	161.34	203.02
Outside India	67.02	71.38
<b>Total Trade Receivable</b>	<b>228.36</b>	<b>274.40</b>

## 38 Hedging activities and derivatives

### Derivatives not designated as hedging instruments

The Group is exposed to certain risks relating to its ongoing business operations. The primary risks managed using derivative instruments are foreign currency risk.

The Group's risk management strategy and how it is applied to manage risk are explained in Note 40.

The Group uses foreign exchange forward contracts to manage some of its transaction exposures. The foreign exchange forward contracts are not designated as cash flow hedges and are entered into for periods consistent with foreign currency exposure of the underlying transactions generally from one to 24 months. These contracts are not designated in hedge relationships and are measured at fair value through statement of profit or loss.

# Notes to the Consolidated Financial Statements

for the year ended March 31, 2021, (INR in crores unless specified otherwise)

## 38 Hedging activities and derivatives (Contd..)

### Derivatives not designated as hedging instruments (Contd..)

Particulars	Currency	Unhedged Exposure As on March 31,2021		Unhedged Exposure As on March 31,2020	
		Amount in Foreign Currency	Amount in INR	Amount in Foreign Currency	Amount in INR
		Trade Receivables			
	NZD	0.03	1.69	0.03	1.56
	EUR	-	-	0.00	0.19
Current Liabilities					
	USD	1.02	74.85	0.82	66.79
	EUR	0.02	1.40	0.03	2.84
	CHF	0.00	0.14	-	-
	DKK	-	-	0.01	0.05
	GBP	0.00	0.15	0.00	0.16
	NZD	-	-	0.00	0.01
Non-Current Liabilities					
	USD	0.18	12.98	0.40	30.58

## 39 Fair values

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

Particulars	Carrying value	Fair value	Carrying value	Fair value
	As at Mach 31, 2021	As at Mach 31, 2021	As at March 31, 2020	As at March 31, 2020
<b>Financial assets measured at fair value</b>				
Investments (refer note 5)	15.15	15.15	9.25	9.26
Derivative instruments	4.14	4.14	-	-
<b>Financial assets measured at amortised cost</b>				
Loan to ESOS trust (refer note 6A)	5.70	5.70	5.82	5.82
Security deposits (refer note 6A)	9.03	9.03	10.15	10.15
Demand deposits * (Refer Note 6B)	-	-	0.00	0.00
On escrow account (refer note 6B)	9.79	9.79	7.70	7.70
On account of margin money deposited (refer note 6B)	0.80	0.80	0.80	0.80
Loan to employees (refer note 11A)	2.23	2.23	2.16	2.16
Others ** (refer note 11C)	1.01	1.01	1.49	1.49

# Notes to the Consolidated Financial Statements

for the year ended March 31, 2021, (INR in crores unless specified otherwise)

## 39 Fair values (Contd..)

Particulars	Carrying value	Fair value	Carrying value	Fair value
	As at Mach 31, 2021	As at Mach 31, 2021	As at March 31, 2020	As at March 31, 2020
<b>Financial liabilities at fair value</b>				
Derivative instruments ( refer note 19A)	-	-	6.25	6.25
<b>Financial liabilities not measured at fair value</b>				
Term loans (refer note 16A)	726.75	726.75	969.25	969.25
Short term borrowings (refer note 16B)	41.35	41.35	268.88	268.88

The management assessed that cash and cash equivalents, Bank balances other than cash and cash equivalents, trade receivables, export incentives receivable, GST receivable, subvention receivable, trade payables and other current financial liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments. The other current financial liabilities represents Dealer deposits, Security deposits, Capital creditors, Unpaid dividend and Interest accrued on bank deposits, the carrying value of which approximates the fair values as on the reporting date.

\* Amount in absolute terms is INR NIL (Previous Year INR 35,000)

\*\*The other non-current financial assets represents bank deposits and Insurance receivable

### The following methods and assumptions were used to estimate the fair values:

- The fair value of the financial assets and liabilities is included at the amount at which the instrument is exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.
- The fair values of the FVTOCI financial assets are derived from quoted market prices in active markets.

### The following table provides the fair value measurement hierarchy of the Group's assets and liabilities.

Quantitative disclosures fair value measurement hierarchy for assets as at March 31, 2021:

Particulars	Date of valuation	Carrying amount	Fair value measurement using		
			Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
<b>FVTOCI financial investments</b>					
Quoted equity shares (refer note 5)	March 31, 2021	13.82	13.82		
	March 31, 2020	7.87	7.87		
Unquoted equity shares (refer note 5)	March 31, 2021	1.29			1.29
	March 31, 2020	1.35			1.35
Unquoted debt securities (Refer Note 5)	March 31, 2021	0.04			0.04
	March 31, 2020	0.04			0.04
<b>Financial assets measured at fair value through profit and loss</b>					
Derivative instruments	March 31, 2021	4.14			4.14
	March 31, 2020	-			-

# Notes to the Consolidated Financial Statements

for the year ended March 31, 2021, (INR in crores unless specified otherwise)

## 39 Fair values (Contd..)

Particulars	Date of valuation	Carrying amount	Fair value measurement using		
			Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
<b>Financial assets measured at amortised cost</b>					
Security deposits (refer note 6A)	March 31, 2021	8.65		8.65	
	March 31, 2020	9.69		9.69	
Loan to ESOS trust (refer note 6A)	March 31, 2021	5.70		5.70	
	March 31, 2020	5.82		5.82	
Demand deposits (Refer Note 6B)	March 31, 2021	-		-	
	March 31, 2020	0.00		0.00	
On escrow account (refer note 6B)	March 31, 2021	9.79		9.79	
	March 31, 2020	7.70		7.70	
On account of margin money deposited (refer note 6B)	March 31, 2021	0.80		0.80	
	March 31, 2020	0.80		0.80	
	March 31, 2020	0.00		0.00	
Loan to employees (refer note 11A)	March 31, 2021	2.23		2.23	
	March 31, 2020	2.16		2.16	
Others (refer note 11C)	March 31, 2021	1.01		1.01	
	March 31, 2020	1.49		1.49	
<b>Financial liabilities measured at fair value</b>					
Derivative instruments (refer note 19A)	March 31, 2021	-			-
	March 31, 2020	6.25			6.25
<b>Financial liabilities carried at amortised cost</b>					
Floating rate borrowings (India)	March 31, 2021	768.10		768.10	
	March 31, 2020	1,238.13		1,238.13	

There have been no transfers between Level 1 and Level 2 during the period.

Particulars	Fair value hierarchy	Valuation technique	Inputs used
<b>FVTOCI financial investments</b>			
Quoted equity shares	Level 1	Market valuation techniques	Prevailing rates in the active markets
Unquoted equity shares	Level 3	Discounted cash flow	Long-term growth rate for cash flows for subsequent years, Weighted average cost of capital, Long-term operating margin, Discount for lack of marketability
Unquoted debt securities			
<b>Financial assets measured at fair value through statement of profit and loss</b>			
Derivative instruments	Level 3	Market valuation techniques	Forward foreign currency exchange rates



# Notes to the Consolidated Financial Statements

for the year ended March 31, 2021, (INR in crores unless specified otherwise)

## 39 Fair values (Contd..)

Particulars	Fair value hierarchy	Valuation technique	Inputs used
<b>Financial assets measured at amortised cost</b>			
Security deposits	Level 2	Amortised Cost	Prevailing interest rates in the market, Future payouts.
Loan to ESOS trust			
Loan to employees			
<b>Financial liabilities measured at fair value</b>			
Derivative instruments	Level 2	Market valuation techniques	Forward foreign currency exchange rates
<b>Financial liabilities not measured at fair value</b>			
Floating rate borrowings (India)	Level 2	Amortised Cost	Prevailing interest rates in the market, Future payouts

## 40 Financial risk management objectives and policies

The Group's principal financial liabilities, other than derivatives, comprise loans and borrowings, lease liabilities trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations and to provide guarantees to support its operations. The Group's principal financial assets include loans, trade and other receivables, and cash and cash equivalents that derive directly from its operations. The Group also holds FVTOCI investments and enters into derivative transactions.

The Group is exposed to market risk, credit risk and liquidity risk. The Group's senior management oversees the management of these risks. The Group's senior management is supported by a banking and operations committee that advises on financial risks and the appropriate financial risk governance framework for the Group. The financial risk committee provides assurance to the Group's senior management that the Group's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Group's policies and risk objectives. All derivative activities for risk management purposes are carried out by expert list teams that have the appropriate skills, experience and supervision. It is the Group's policy, that no trading in derivatives for speculative purposes may be undertaken. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

### Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk. Financial instruments affected by market risk include loans and borrowings, deposits and derivative financial instruments.

The sensitivity analyses in the following sections relate to the position as at March 31, 2021 and March 31, 2020. The sensitivity analysis have been prepared on the basis that the amount of net debt, the ratio of fixed to floating interest rates of the debt are all constant.

### a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates.

In order to optimize the Group's position with regards to interest income and interest expenses and to manage the interest rate risk, treasury performs a comprehensive corporate interest rate management by balancing the proportion of fixed rate and floating rate financial instruments in its total portfolio.

The Group is not exposed to the significant interest rate as at a respective reporting date.

# Notes to the Consolidated Financial Statements

for the year ended March 31, 2021, (INR in crores unless specified otherwise)

## 40 Financial risk management objectives and policies (Contd..)

### Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings. With all other variables held constant, the Group's profit before tax is effected through the impact on floating rate borrowings, as follows:

Particulars	Increase/decrease in basis points	Effect on PBT
March 31, 2021	+ / (-).50%	'(-) / + 3.84

Particulars	Increase/decrease in basis points	Effect on PBT
March 31, 2020	+ / (-).50%	'(-) / + 6.20

### b) Foreign currency 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 Group's exposure to the risk of changes in foreign exchange rates relates primarily to its operating activities. The Group manages its foreign currency risk by hedging transactions that are expected to occur within a maximum period of 12 months. The foreign exchange forward contract balances vary with the level of expected foreign currency sales and purchases and changes in foreign exchange forward rates. The hedging is done through foreign currency forward contracts.

### c) Foreign currency sensitivity

Particulars	Change in USD rate	Effect on PBT
March 31, 2021	+ / (-)1%	'(-) / + 0.81

Particulars	Change in USD rate	Effect on PBT in Rs
March 31, 2020	+ / (-)1%	'(-) / + 0.49

Particulars	Change in NZD rate	Effect on PBT
	+ / (-)1%	'+ / (-) 0.02

Particulars	Change in NZD rate	Effect on PBT
March 31, 2020	+ / (-)1%	'+ / (-) 0.02

Particulars	Change in CHF rate	Effect on PBT
March 31, 2021	+ / (-)1%	'(-) / + 0.00

Particulars	Change in CHF rate	Effect on PBT
March 31, 2020	-	-

# Notes to the Consolidated Financial Statements

for the year ended March 31, 2021, (INR in crores unless specified otherwise)

## 40 Financial risk management objectives and policies (Contd..)

### d) Equity price risk

The Group's listed equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Group manages the equity price risk through diversification and by placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Group's senior management on a regular basis. The Group's Board of Directors reviews and approves all equity investment decisions.

At the reporting date, the exposure to unlisted equity securities at fair value was INR 1.29 crores as on March 31, 2021 (INR 1.35 as on March 31, 2020).

At the reporting date, the exposure to listed equity securities at fair value was INR 13.82 Crore as on March 31, 2021 (INR 7.87 Crore as on March 31, 2020). A decrease of 10% on the NSE/BSE market index could have an impact of approximately INR 1.32 Crore on the OCI or equity attributable to the Group. An increase of 10% in the value of the listed securities would also impact OCI and equity. These changes would not have an effect on profit or loss.

### e) Commodity risk

The Group is impacted by the price volatility of coal and cotton. Its operating activities require continuous manufacture of soda ash, and therefore require a regular supply of coal. Cotton is the key raw material for the spinning unit. Due to the significant volatility of the price of coal and cotton in international market, the company has entered into purchase contract for coal with its designated vendor(s). The price in the purchase contract is linked to the certain indices. The Group's commercial department has developed and enacted a risk management strategy regarding commodity price risk and its mitigation.

### f) Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

#### Trade receivables

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on customer profiling, credit worthiness and market intelligence. Outstanding customer receivables are regularly monitored and any shipments to major customers are generally covered by letters of credit or other forms of credit insurance

An impairment analysis is performed at each reporting date on an individual basis for major customers. In addition, a large number of minor receivables are grouped into homogenous Company's and assessed for impairment collectively. The calculation is based on exchange losses historical data. The Group is not having the history of the significant bad debts except one off cases. The receivables are recovered in business operating cycle. The Group evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets.

#### Financial instruments and cash deposits

Credit risk from balances with banks is managed by the Group's treasury department in accordance with the Group's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Group's Board of Directors on an annual basis, and

# Notes to the Consolidated Financial Statements

for the year ended March 31, 2021, (INR in crores unless specified otherwise)

## 40 Financial risk management objectives and policies (Contd..)

may be updated throughout the year subject to approval of the Banking & Operations Committee. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

The Group's maximum exposure to credit risk for the components of the balance sheet at March 31, 2021 and March 31, 2020 is the carrying amounts as illustrated in Note 9 except for financial guarantees and derivative financial instruments. The Group's maximum exposure relating to financial guarantees and financial derivative instruments is noted in note on commitments and contingencies and the liquidity table below.

### Liquidity risk

Liquidity risk is the risk that the Group will encounter in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The approach of the Group to manage liquidity is to ensure , as far as possible, that it should have sufficient liquidity to meet its respective liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risk damage to their reputation. The Group also believes a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due. The Group assessed the concentration of risk with respect to refinancing its debt and concluded it to be low.

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments.

<b>As at March 31, 2021</b>	<b>On Demand</b>	<b>0 to 12 months</b>	<b>1 to 5 years</b>	<b>&gt; 5 years</b>	<b>Total</b>
Borrowings	41.35	162.93	466.88	96.94	768.10
Trade and other payables	-	376.62	-	-	376.62
Lease Liabilities	-	0.68	2.14	11.19	14.01
Other financial liabilities	10.50	23.49	0.87	-	34.86
	<b>51.85</b>	<b>563.72</b>	<b>469.89</b>	<b>108.13</b>	<b>1,193.59</b>

<b>As at March 31, 2020</b>	<b>On Demand</b>	<b>0 to 12 months</b>	<b>1 to 5 years</b>	<b>&gt; 5 years</b>	<b>Total</b>
Borrowings	268.88	162.86	628.51	179.38	1,239.63
Trade and other payables	-	407.72	-	-	407.72
Lease Liabilities	-	0.68	2.05	11.87	14.60
Other financial liabilities	11.30	41.43	1.19	-	53.92
	<b>280.06</b>	<b>612.81</b>	<b>631.75</b>	<b>191.25</b>	<b>1,715.88</b>

## 41 Capital management

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

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group's policy is to keep the gearing ratio of less than 75%. The Group includes within net debt, interest bearing loans and borrowings, lease liabilities, trade and other payables, less cash and cash equivalents.

# Notes to the Consolidated Financial Statements

for the year ended March 31, 2021, (INR in crores unless specified otherwise)

## 41 Capital management (Contd..)

Particulars	As at	As at
	March 31, 2021	March 31, 2020
Borrowings	768.10	1,239.63
Trade payables	376.62	407.72
Lease liabilities	14.01	14.60
Other liabilities	56.64	78.46
Less: Cash and bank balances	(34.97)	(91.74)
<b>Net debt</b>	<b>1,180.40</b>	<b>1,648.67</b>
Equity	2,484.25	2,148.97
<b>Capital and net debt</b>	<b>3,664.65</b>	<b>3,797.64</b>
Gearing ratio	32%	43%

In order to achieve this overall objective, the Group's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current year.

No changes were made in the objectives, policies or processes for managing capital during the years ended March 31, 2021.

## 42 Raw material and power & fuel costs include expenditure on captive production of salt, limestone, briquette and lignite as under:

Particulars	For the year ended	For the year ended
	March 31, 2021	March 31, 2020
Manufacturing expenses*	132.98	154.60
Stores and spares consumed	1.43	1.52
Power and fuel	3.94	4.13
Excise duty, cess and royalty	4.66	5.59
Repairs and maintenance		
Building	0.24	0.17
Plant and machinery	0.70	0.88
Earth work	6.64	2.01
Others	0.45	0.48
Salaries and wages ( refer Note no 32)	8.24	10.37
Travelling & conveyance	0.69	0.71
Lease rent	0.91	1.00
Rates and taxes	0.13	0.24
Insurance	1.38	1.35
Misc. expenses (including deferred revenue & intangible expenses)	0.90	1.86
Other misc. income	(0.84)	(0.58)
<b>Total</b>	<b>162.45</b>	<b>184.33</b>

\*It includes consumption of breeze, starch binder and other production and mining cost.

# Notes to the Consolidated Financial Statements

for the year ended March 31, 2021, (INR in crores unless specified otherwise)

**43** In prior years as per SEBI (ESOS & ESPS) guidelines 1999 the Employees Stock Option Schemes of GHCL was administered by the registered Trust named GHCL Employees Stock Option Trust. However, the SEBI circular dated November 29, 2013, required the closure of all Employee Stock Option Trusts by June 2014. Accordingly, GHCL closed its ESOS Scheme, disposed of GHCL shares but retained its ESOS Trust for a limited purpose of litigation. ESOS Trust owns 20,46,195 GHCL shares, out of which 15,79,922 shares were illegally sold by broker involved, against which ESOS Trust has initiated legal proceedings and 4,66,273 shares, which were blocked for transactions by Stock exchange under legal proceedings, had been transferred/released to ESOS Trust as per NSE order dated July 24, 2019 and are currently held by the Trust.

During the tenure of ESOS Trust, the Holding company had advanced INR 29.54 crores interest free loan to the Trust to buy the shares and at the end of March 2014, the Holding company had written off an amount of INR 23.34 crores due from ESOS Trust on account of permanent diminution in the value of 20,46,195 shares as on March 31, 2014 held by the Trust.

Once the legal matter will settle ESOS Trust will get the possession of 15,79,922 shares also, the sale proceeds from the disposal of these 20,46,195 shares by ESOS Trust will first be used to repay the loan amounting to INR 29.54 crores due to GHCL which includes restatement of earlier write-off of INR 23.34 crores taken in March, 2014 and the balance surplus (if any) will be used for the benefit of the employees of the Holding company as per the recommendation of GHCL's Compensation Committee.

## 44 Demerger

The Board of Directors of Holding Company on March 16, 2020, approved a Scheme of Arrangement u/s 230- 232 of the Companies Act 2013, involving a demerger of its Textiles Business into a separate company (to be incorporated as a Resulting Company) (the 'Scheme'). Upon the Scheme becoming effective, the Textile Business (along with all assets and liabilities thereof) shall be carved out and transferred to the Resulting Company on a going concern basis. As a consideration for the Demerger, the Resulting Company would issue its equity shares to the shareholders of GHCL as on the record date in a 1:1 swap ratio (i.e. One (1) share of INR 2 each would be issued by the Resulting Company for every one (1) share of INR 10 each held in GHCL), following which the shareholding of both Companies shall be same as at the record date.

Post Demerger, GHCL shall continue with the Chemicals Business while the Resulting Company shall house the Textiles Business. Shares of GHCL shall continue to be listed on the BSE and NSE and that of the Resulting Company shall also be listed on the BSE and NSE. The Demerger is expected to facilitate focused growth, concentrated approach, business synergies and increased operational and customer focus for respective business verticals apart from exploring independent business opportunities with efficient capital allocation.

In line with the direction of Hon'ble NCLT the meeting of the shareholders, secured creditors and unsecured creditors were held on 8th April 2021, wherein Shareholders and unsecured creditors have accorded their approval to the scheme by requisite majority however, secured creditors has made request for adjournment of meeting for three more month to consider the said proposal and accordingly Chairman of meeting, has accepted their request and adjourn the proceedings and provided fresh date of 8th July 2021 for meeting of secured creditors. The management is confident that the scheme of demerger will be approved by the secured creditors and Hon'ble NCLT in next financial year.

## 45 Remittances during the year in Foreign currency on account of

a) Dividend for the financial year ended

Particulars	2020-21	2019-20
Dividends to non-resident shareholders	-	1,77,52,524
Number of non-resident shareholders	-	617
Number of shares	-	59,17,508

# Notes to the Consolidated Financial Statements

for the year ended March 31, 2021, (INR in crores unless specified otherwise)

## 46 Non-Current Assets held for Sale

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Non-Current Assets</b>		
Property, Plant & Equipments	10.90	31.46
<b>Current Assets</b>		
Other Current Assets	-	-

Particulars	As at March 31, 2021		As at March 31, 2020	
	Acres	Amount	Acres	Amount
Opening balance*	48.33	31.46	60.34	39.23
Add: Transferred from Investment Property**	21.85	8.56	-	-
Less: Sold/Disposed	12.25	9.92	12.01	7.77
Less: Transferred to Property, plant and Equipment	33.19	19.20	-	-
Closing balance	24.74	10.90	48.33	31.46

\*The management had balance excessive and surplus land of 48.33 acres (Previous Year 60.34 acres) outside the premises of factory at Madurai, that is being disposed off and balance is held as non current asset held for sale. During the year the Company has sold/disposed 12.25 acres (Previous Year 12.01 acres) of land. Also the Company has transferred 33.19 acres (Previous Year Nil acres) of land to Property, Plant and Equipment being not to be sold/disposed off after the approval of Board of directors.

\*\*The management has decided to sell the 21.85 acres land in Georgia, USA after the approval of Board of Directors. The company has entered into a agreement with prospective buyer and due diligence has been started and expected to complete in next year. Therefore, the Company has transferred 21.85 acres (Previous Year Nil acres) of land from Investment Property to Assets held for sale.

# Notes to the Consolidated Financial Statements

for the year ended March 31, 2021, (INR in crores unless specified otherwise)



## 47 Group information

### (i) The Consolidated financial statement of the Group includes subsidiaries are mentioned below :-

S. No	Name of the entity	Country of incorporation	Nature	Ownership interest held by the Group	Year Ended	Net Assets, i.e., total assets minus total liabilities		Share in profit or loss		Share in other Comprehensive Income		Share in Total Comprehensive income	
						As % of consolidated Net Assets	Amount (INR In crores)	As % of consolidated profit or loss	Amount (INR In crores)	As % of consolidated other comprehensive income	Amount (INR In crores)	As % of consolidated comprehensive income	Amount (INR In crores)
(i)	<b>Parent</b> GHCL Limited	India	Parent Company		March 31, 2021	100.37%	2,501.82	100.38%	309.98	62.24%	4.73	99.47%	314.71
(ii)	<b>Indian Subsidiaries having no minority interests</b>				March 31, 2020	100.47%	2,185.56	105.14%	406.50	95.62%	(5.53)	105.29%	400.97
	1 GHCL Textiles Limited	India	WOS	100%	March 31, 2021	0.00%	0.01	0.01%	(0.01)	0.00%	-	0.00%	(0.01)
					March 31, 2020	0.00%	-	0.00%	-	0.00%	-	0.00%	-
(iii)	<b>Foreign Subsidiaries having no minority interests</b>												
	1 Grace Home Fashions LLC	USA	WOS	100%	March 31, 2021	-0.63%	(15.59)	-0.32%	(1.03)	36.79%	2.80	0.56%	1.79
					March 31, 2020	-0.76%	(16.63)	-5.23%	(20.24)	4.46%	(0.26)	-5.38%	(20.48)
	2 Dan River Properties LLC	USA	WOS	100%	March 31, 2021	0.25%	6.25	-0.05%	(0.15)	0.98%	0.07	-0.02%	(0.08)
					March 31, 2020	0.29%	6.33	0.09%	0.35	0.00%	-	0.09%	0.35
	<b>Other consolidation adjustment</b>				March 31, 2021	0.00%	-	0.00%	-	0.00%	-	0.00%	-
					March 31, 2020	0.00%	-	0.00%	-	0.00%	-	0.00%	-
	<b>Total - March 31, 2021</b>					<b>100%</b>	<b>2,492.49</b>	<b>100%</b>	<b>308.79</b>	<b>100%</b>	<b>7.60</b>		<b>316.39</b>
	<b>Total - March 31, 2020</b>					<b>100%</b>	<b>2,175.27</b>	<b>100%</b>	<b>386.61</b>	<b>100%</b>	<b>(5.79)</b>		<b>380.82</b>

### Note

- (i) WOS refers to 'Wholly Owned Subsidiary'.
- (ii) In the consolidated financial statements, the figures of subsidiary Company ' Grace Home Fashions LLC, GHCL Textiles Limited and Dan River properties LLC' have been incorporated based on the audited financial statements as at March 31, 2021 and March 31, 2020 .



# Notes to the Consolidated Financial Statements

for the year ended March 31, 2021, (INR in crores unless specified otherwise)

## 48 Coronavirus (COVID-19) Impact on Financial Reporting

The current “second wave” of COVID-19 pandemic has significantly increased in India. The Government of India has ruled out a nationwide lockdown for now, but regional lockdowns are implemented in areas with a significant number of COVID-19 cases. Safety of our employees continues to be our key priority. We are encouraging the vaccination for our employees, providing flexible work options and adhering to COVID-19 guidelines. We are closely monitoring the situation and will continue to take all necessary actions to ensure the health and safety of our employees.

The Company has considered the possible effects that may result from COVID-19 in the preparation of these Consolidated financial statements including the recoverability of carrying amounts of financial and non-financial assets. Based on the current year performance and estimates arrived at using internal and external sources of information, the company does not expect any material impact on such carrying values. Based on the projected cash flows for the next one year the management is confident of liquidating its liabilities as and when they fall due and the Going concern assumption used for preparation of these financial statements is appropriate. The impact of COVID-19 on the Company's financial statement may differ from that estimated as at the date of approval of Consolidated Financial statements and it will continue to closely monitor any material changes to future economic conditions.

- 49** The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post-employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified and the final rules/interpretation have not yet been issued. The Company is in the process of assessing the impact of the code and will record the same, if any, in the year the Code becomes effective.
- 50** As per the Transfer Pricing Rules of the Income Tax Act, 1961 every company is required to get a transfer pricing study conducted to determine whether the transactions with associated enterprises were undertaken at an arm's length basis for each financial year end. Transfer pricing study for the transaction pertaining to the year ended March 31, 2021 is currently in progress and hence adjustments if any which may arise there from have not been taken into account in these consolidated financial statements for the year ended March 31, 2021 and will be effective in the consolidated financial statements for the year ended March 31, 2022. However, in the opinion of the Holding Company's management, adjustments, if any, are not expected to be material.
- 51** There are no new standards that are notified, but not yet effective, upto the date of issuance of the Company's financial statements.
- 52** Figures relating to March 31, 2020 have been regrouped/reclassified wherever necessary to make them comparable with the current year's figures.

As per report of even date

**For and on behalf of the Board of Directors of GHCL Limited**

### For S.R. Batliboi & Co. LLP

Chartered Accountants  
ICAI Firm Registration No. 301003E/E300005

### Sanjay Dalmia

Chairman  
DIN: 00206992

### Manoj Vaish

Director  
DIN: 00157082

per **Atul Seksaria**

Partner  
Membership No. 086370

### R. S. Jalan

Managing Director  
DIN: 00121260

### Raman Chopra

CFO & Executive Director-Finance  
DIN: 00954190

Place : Gurugram  
Date: April 28, 2021

Place : New Delhi  
Date: April 28, 2021

**Bhuvneshwar Mishra**  
Sr. GM- Sustainability &  
Company Secretary  
Membership No.: FCS 5330





**GHCL Limited**



A Dalmia Brothers Enterprise

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**Registered Office**

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