M. ANANDAM & CO.,
CHARTERED ACCOUNTANTS

Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinion

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

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2023, and its profit (including other comprehensive income), changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

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

M. ANANDAM & CO. SECUNDERABAD CHARTERED ACCOUNTANTS

7 'A', SURYA TOWERS, SARDAR PATEL ROAD, SECUNDERABAD - 500 003.
PHONE : 2781 2377, 2781 2034, FAX : 2781 2091

Sr. No.	Key Audit Matter	Auditor's Response
1.	**Revenue Recognition** Revenue from the sale of goods (hereinafter referred to as "Revenue") is recognised when the Company performs its obligation to its customers and the amount of revenue can be measured reliably and recovery of the consideration is probable. The timing of such recognition is when the control over goods is transferred to the customers, which is mainly upon delivery. The timing of revenue recognition is relevant to the reported performance of the Company. The management considers revenue as a key measure for evaluation of performance. There is a risk of revenue being recorded before the control over goods is transferred. Refer Note 1B to the financial statements – Significant Accounting Policies.	**Principal Audit Procedures** Our audit approach was a combination of tests of internal controls and substantive procedures including: • Assessing the appropriateness of Company's revenue recognition in line with Ind AS 115 – Revenue from Contracts with Customers. • Evaluating the design and implementation of Company's controls in respect of revenue recognition. • Testing the effectiveness of such controls over revenue cut off at the year end. • Testing the supporting documentation for sales transactions recorded during the period closer to the year-end and subsequent to the year-end, including examination of credit notes issued after the year end to determine whether revenue was recognised in the correct period.

Other Information

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

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

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

Responsibilities of Management and Those Charged with Governance for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in

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

In preparing the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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

Other matter

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

Our opinion is not modified in respect of this matter.

M.ANANDAM & CO. SECUNDERABAD CHARTERED ACCOUNTANTS

Report on Other Legal and Regulatory Requirements

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

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

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

c) The Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income), Statement of Changes in Equity and the Cash Flow Statement dealt with by this report are in agreement with the books of account.

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

e) On the basis of the written representations received from the directors as on March 31, 2023 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2023 from being appointed as a director in terms of Section 164 (2) of the Act.

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

g) In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provision of section 197 of the Act.

h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements (Refer Note 36 of the financial statements);

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

iii. There are no amounts which were required to be transferred to the Investor and Protection Fund by the Company.

iv. (a) The Management has represented that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or

M. ANANDAM & CO. * SECUNDERABAD CHARTERED ACCOUNTANTS kind of funds) by the Company to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

(b) The Management has represented, that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Company from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

(c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.

v. The Company has not declared or paid any dividend during the year in contravention of the provisions of section 123 of the Companies Act, 2013.

vi. As proviso to rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable for the company only w.e.f. April 1, 2023, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 is not applicable for the financial year ended March 31, 2023.

2. As required by the Companies (Auditor's Report) Order, 2020, ("the Order") issued by the Central Government of India in terms of Section 143 (11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For M.Anandam & Co.,
Chartered accountants
(Firm Registration No.000125S)

M. ANANDAM & CO. SECUNDERABAD CHARTERED ACCOUNTANTS

B.V.Suresh Kumar
Partner
Membership No.212187

UDIN: 23212187BGWOPL4179

Place: Hyderabad
Date: 15th May, 2023

Annexure "A" to the Independent Auditor's Report

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

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

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

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2023, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For M.Anandam & Co.,
Chartered accountants
(Firm Registration No.000125S)

M. ANANDAM & CO. ★ CHARTERED ACCOUNTANTS ★ SECUNDERABAD

B.V.Suresh Kumar
Partner
Membership No.212187
UDIN: 23212187BGWOPL4179

Place: Hyderabad
Date: 15th May, 2023

Annexure - B to the Independent Auditors' Report

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

(i) In respect of the Company's Property, Plant and Equipment and Intangible Assets:

(a) A. The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment and relevant details of right-of-use assets.

B. The Company does not have intangible assets and hence reporting under the clause 3(i)(b) is not applicable.

(b) The Property, Plant and Equipment have been physically verified by the management in a periodical manner, which in our opinion is reasonable, having regard to the size of the Company and the nature of its business. No material discrepancies were noticed on such verification.

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

(d) The Company has not revalued any of its Property, Plant and Equipment (including right-of-use assets).

(e) No proceedings have been initiated during the year or are pending against the Company as at March 31, 2023 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.

(ii) (a) The inventory has been physically verified by the management during the year. In our opinion, the coverage, frequency and procedure of such verification is reasonable and adequate in relation to the size of the Company and the nature of its business. The discrepancies noticed on verification between the physical stocks and the book records were not exceeding 10% in the aggregate for each class of inventory

(b) The Company is sanctioned working capital limits in excess of Rs.5 Crore during the year from banks on the basis of security of current assets. Further, the quarterly returns or statements filed by the Company with such banks or financial institutions are in agreement with the books of account of the Company.

(iii) (a) During the year, the Company has made investments but not provided loans or advances in the nature of loans or not stood guarantee or not provided security in/to companies, firms, Limited Liability Partnerships or any other parties. Hence, reporting under clause 3(iii)(c), (d), (e) and (f) is not applicable.

(b) In our opinion, the investments made and the terms and conditions of the grant of loans, during the year are, prima facie, not prejudicial to the Company's interest.

(iv) The Company has not granted loans and hence the provisions of section 185 are not applicable. Further, the Company has complied with the provisions of Section 186 of the Companies Act, 2013 in respect of investments made during the year.

(v) According to the information and explanations given to us, the Company has not accepted deposits within the meaning of Sections 73 to 76 of the Act and the rules framed there under. Hence, reporting under clause 3(v) of the Order is not applicable.

M. ANANDAM & CO. SECUNDERABAD CHARTERED ACCOUNTANTS

(vi) We have broadly reviewed the cost records maintained by the Company as prescribed under subsection (1) of section 148 of the Act, and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

(vii) In respect of statutory dues:

(a) According to the information and explanations given to us and the records of the Company examined by us, the Company is generally regular in depositing undisputed statutory dues including Provident fund, Employees' state insurance, Income-tax, Goods and Services Tax, Customs duty, cess and any other statutory dues as applicable with the appropriate authorities and there were no arrears of outstanding statutory dues as at the last day of the financial year concerned for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us and records of the Company examined by us, the particulars of Income tax as at March 31, 2023 which have not been deposited on account of any dispute pending are as under:

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

(viii) There were no transactions relating to previously unrecorded income that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961).

(ix) (a) The Company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender.

(b) The Company has not been declared wilful defaulter by any bank or financial institution or other lender.

(c) According to the information and explanations given to us and procedures performed by us, we report that the Company has applied the term loans for the purpose for which the loans were obtained.

(d) On an overall examination of the financial statements of the Company, funds raised on short-term basis have, prima facie, not been used for long-term purposes by the Company.

(e) The Company does not have any Subsidiaries, associates or Joint Ventures and hence, reporting under clause 3(ix)(e) and (f) of the Order are not applicable.

(x) (a) The Company has not raised monies by way of initial public offer or further public offer (including debt instruments) during the year and hence reporting under clause 3 (x)(a) of the Order is not applicable.

(b) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year and hence reporting under clause (x)(b) of the Order is not applicable.

(xi) (a) No fraud by the Company and no material fraud on the Company has been noticed or reported during the year.

(b) No report under sub-section (12) of section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and upto the date of this report.

(c) As represented to us by the management, there are no whistle blower complaints received by the company during the year.

(xii) The Company is not a Nidhi Company and hence reporting under clause 3 (xii) of the Order is not applicable.

(xiii) In our opinion, the Company is in compliance with Section 177 and 188 of the Companies Act, 2013 with respect to applicable transactions with the related parties and the details of related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.

(xiv) (a) In our opinion the Company has an adequate internal audit system commensurate with the size and the nature of its business.

(b) We have considered, the internal audit reports for the year under audit, issued to the Company during the year and till date, in determining the nature, timing and extent of our audit procedures.

(xv) In our opinion, the Company has not entered into any non-cash transactions with its directors or persons connected with its directors. and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the Company.

(xvi) (a) In our opinion, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence, reporting under clause 3(xvi)(a) of the Order is not applicable.

(b) The Company is not engaged in any non-banking financial housing finance activities. Accordingly, the requirement to report on clause 3(xvi)(b) of the Order is not applicable to the Company.

(c) The Company is not a core investment company as defined in the Regulations made by the Reserve Bank of India. Accordingly, the requirement to report on clause 3(xvi)(c) of the Order is not applicable to the Company.

(d) In our opinion, there is no core investment company within the Group (as defined in the Core Investment Companies (Reserve Bank) Directions, 2016) and accordingly reporting under clause 3(xvi)(d) of the Order is not applicable.

(xvii) The Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.

(xviii) There has been resignation of the statutory auditors during the year and we have taken into consideration the issues, objections or concerns raised by the outgoing auditors.

(xix) On the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

(xx) (a) There are no unspent amounts towards Corporate Social Responsibility (CSR) on other than ongoing projects requiring a transfer to a Fund specified in Schedule VII to the Companies Act in compliance with second proviso to sub-section (5) of Section 135 of the said Act. Accordingly, reporting under clause 3(xx)(a) of the Order is not applicable for the year.

(b) According to the information and explanations given to us, there are no on-going projects and hence reporting under clause 3(xx)(b) is not applicable.

For M.Anandam & Co.,
Chartered accountants
(Firm Registration No.000125S)

B.V.Suresh Kumar
Partner
Membership No.212187

UDIN: 23212187BGWOPL4179

Place: Hyderabad
Date: 15th May, 2023

BALAJI SPECIALITY CHEMICALS LIMITED (Formerly known as BALAJI SPECIALITY CHEMICALS PRIVATE LIMITED)
BALANCE SHEET AS AT MARCH 31, 2023
(All amounts are in rupees in lakhs, except share data or otherwise stated)

Particulars	Note	As at March 31, 2023	As at March 31, 2022
I. ASSETS			
Non-current assets			
(a) Property, Plant and Equipment	2.1	17,780.32	18,786.11
(b) Capital work-in-progress	2.2	3,948.95	-
(c) Right-of-use assets	2.3	14.13	1.12
(d) Financial assets			
Other financial assets	3	170.95	190.30
(e) Other non-current assets	4	143.77	11.29
		22,058.12	18,988.82
Current assets			
(a) Inventories	5	3,557.95	1,972.71
(b) Financial assets			
(i) Investments	6	1,033.65	-
(ii) Trade receivables	7	11,759.43	16,185.13
(iii) Cash and cash equivalents	8	5,709.43	341.22
(iv) Bank balances other than (iii) above	9	1,811.70	2.22
(v) Other financial assets	10	4.29	4.29
(c) Other current assets	11	2,163.40	2,941.27
		26,039.85	21,446.84
TOTAL ASSETS		48,097.97	40,435.66
II. EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	12	4,000.00	4,000.00
(b) Other equity	13	32,555.01	15,019.52
		36,555.01	19,019.52
Liabilities			
Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	14	3,030.25	12,357.43
(ii) Lease liabilities	2.4	7.89	0.65
(b) Provisions	15	1.69	-
(c) Deferred tax liabilities (net)	16	2,230.53	1,512.41
(d) Other non-current liabilities	17	-	178.26
		5,270.36	14,048.75
Current Liabilities			
(a) Financial liabilities			
(i) Borrowings	18	2,727.18	4,306.30
(ii) Lease liabilities	2.4	6.76	0.52
(iii) Trade payables			
a) Total outstanding dues of micro enterprises and small enterprises	19	450.65	591.85
b) Total outstanding dues of creditors other than micro enterprises and small enterprises		2,179.06	1,752.79
(iv) Other financial liabilities	20	171.55	136.63
(b) Other current liabilities	21	11.13	352.72
(c) Provisions	22	6.83	-
(d) Current tax liabilities (net)	23	719.44	226.58
		6,272.60	7,367.39
TOTAL EQUITY AND LIABILITIES		48,097.97	40,435.66
Summary of significant accounting policies	1(B)		

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

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

B V Suresh Kumar
Partner
Membership Number: 212[illegible]

Place: Hyderabad
Date: 15.05.2023

On behalf of Board of Directors

N.Rajeshwar Reddy
Managing Director
DIN : 00003854

Place: Solapur
Date: 15.05.2023

G.Hemanth Reddy
Wholetime Director
DIN : 00003868

Place: Hyderabad
Date: 15.05.2023

B. Srinivas
Company Secretary
PAN: AYTPB0755G

Place: Solapur
Date: 15.05.2023

PardeepSingh RameshSingh Watwani
Chief Financial Officer
PAN: ABSPW1999F

Place: Solapur
Date: 15.05.2023

BALAJI SPECIALITY CHEMICALS LIMITED (Formerly known as BALAJI SPECIALITY CHEMICALS PRIVATE LIMITED)
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2023
(All amounts are in rupees in lakhs, except share data or otherwise stated)

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

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

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

B V Suresh Kumar
Partner
Membership Number: 21218

Place: Hyderabad
Date: 15.05.2023

On behalf of Board of Directors

N.Rajeshwar Reddy
Managing Director
DIN : 00003854

Place: Solapur
Date: 15.05.2023

G.Hemanth Reddy
Wholetime Director
DIN : 00003868

Place: Hyderabad
Date: 15.05.2023

B. Srinivas
Company Secretary
PAN: AYTPB0755G

Place: Solapur
Date: 15.05.2023

PardeepSingh RameshSingh Watwani
Chief Financial Officer
PAN: ABSPW1999F

Place: Solapur
Date: 15.05.2023

BALAJI SPECIALITY CHEMICALS LIMITED (Formerly known as BALAJI SPECIALITY CHEMICALS PRIVATE LIMITED)
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2023
(All amounts are in rupees in lakhs, except share data or otherwise stated)

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

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

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

M. ANANDAM & CO. SECUNDERABAD CHARTERED ACCOUNTANTS

B V Suresh Kumar
Partner
Membership Number: 028091

Place: Hyderabad
Date: 15.05.2023

On behalf of Board of Directors

N.Rajeshwar Reddy
Managing Director
DIN : 00003854

Place: Solapur
Date: 15.05.2023

G.Hemanth Reddy
Wholetime Director
DIN : 00003868

Place: Hyderabad
Date: 15.05.2023

Balaji Speciality Chemicals Ltd

B. Srinivas
Company Secretary
PAN: AYTPB0755G

Place: Solapur
Date: 15.05.2023

PardeepSingh RameshSingh Watwani
Chief Financial Officer
PAN: ABSPW1999F

Place: Solapur
Date: 15.05.2023

BALAJI SPECIALITY CHEMICALS LIMITED (Formerly known as BALAJI SPECIALITY CHEMICALS PRIVATE LIMITED)
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2023
(All amounts are in rupees in lakhs, except share data or otherwise stated)

a. Equity share capital

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

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

During the year ended March 31, 2022, pursuant to the special resolution passed in the extra-ordinary general meeting held on February 26, 2022, the equity shares of the Company having face value of ₹10 each were sub-divided into five equity shares having a face value of ₹2 each. Accordingly, 4,00,00,000 equity shares of face value of Rs.10 each were subdivided into 20,00,00,0000 equity shares of face value of Rs.2 each.

b. Other equity

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

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

M.ANANDAM & CO. SECUNDERABAD CHARTERED ACCOUNTANTS

B V Suresh Kumar
Partner
Membership Number: 212187

Place: Hyderabad
Date: 15.05.2023

On behalf of Board of Directors

N.Rajeshwar Reddy
Managing Director
DIN : 00003854

Place: Solapur
Date: 15.05.2023

G.Hemanth Reddy
Wholetime Director
DIN : 00003868

Place: Hyderabad
Date: 15.05.2023

Balaji Speciality Chemicals Ltd.

B. Srinivas
Company Secretary
PAN: AYTPB0755G

Place: Solapur
Date: 15.05.2023

PardeepSingh RameshSingh Watwani
Chief Financial Officer
PAN: ABSPW1999F

Place: Solapur
Date: 15.05.2023

1(A) Corporate information

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

1(B) Significant accounting policies

(i) Statement of compliance & Basis of preparation

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

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

(ii) Functional and presentation currency

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

(iii) Basis of measurement

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

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

(iv) Use of estimates and judgements

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

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

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

Assumptions and estimation uncertainties

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

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

Measurement of fair values

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

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

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

The principal or the most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

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

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

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

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

Balaji Speciality Chemicals Ltd.

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

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

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

(v) Current and non-current classification:

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

Assets

An asset is classified as a current when:

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

Liabilities

A liability is classified as a current when:

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

Operating Cycle

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

3 Summary of significant accounting policies

A • Revenue recognition

(i) Revenue from contract with customers

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

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

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

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

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

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

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

B • Property, plant and equipment (PPE)

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

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

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

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

Balaji Speciality Chemicals Ltd.

C • Capital work-in-progress

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

D • Depreciation and amortisation expenses

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

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

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

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

E • Government grants and subsidies

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

F • Leases

As a Lessee:

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

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

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

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

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

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

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

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

As a Lessor:

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

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

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

Balaji Speciality Chemicals Ltd.

G • **Employee benefits:**

Short-term employee benefits

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

Long-term employee benefits

Defined benefit plan - Gratuity obligation

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

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

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

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

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

Defined benefit plan - Leave encashment

The liabilities for earned leave is not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured at the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligations. Remeasurements as a result of the experience adjustments and changes in actuarial assumptions are recognized in profit or loss.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

Defind contribution plans

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

H • **Tax expenses**

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

Tax expense for the year comprises current and deferred tax.

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

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

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

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

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

I • **Inventories**

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

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

Balaji Speciality Chemicals Ltd.

J • **Cash and Cash Equivalents**

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

K • **Borrowing Costs**

Borrowing costs are interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for the intended use or sale. Investment income earned if any on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing cost eligible for capitalization. Other borrowings costs are expensed in the period in which they are incurred.

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

L • **Foreign Currency Transactions**

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

M • **Impairment of Assets**

(i) Impairment of financial instruments

The Company assesses at each reporting date whether a financial asset (or a group of financial assets) such as investments, trade receivables, advances

and security deposits held at amortised cost and financial assets that are measured at fair value through other comprehensive income are tested for impairment based on evidence or information that is available without undue

cost or effort. Expected credit losses are assessed and loss allowances recognised if the credit quality of the financial asset has deteriorated significantly since initial recognition.

(ii) Impairment of non-financial assets

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

N • **Earnings Per Share**

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

O • **Financial instruments**

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

(i) Initial measurement and recognition

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

(ii) Classification and subsequent measurement

Financial assets

All financial assets except Trade receivables are initially measured at fair value plus, for an item not at fair value through profit and loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue.

Balaji Speciality Chemicals Ltd.

Subsequent measurement

For the purpose of subsequent measurement, financial assets are categorised as under:
- amortised cost;
- Fair Value through Other Comprehensive Income (FVOCI) – equity investment; or
- Fair Value Through Profit or Loss (FVTPL)

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

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:
– the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
– the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

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

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

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

Financial Liabilities:

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

Derecognition - Financial assets

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

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

Derecognition - Financial liabilities

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

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

Balaji Speciality Chemicals Ltd.

Financial Instruments Offsetting

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

P • Provisions, Contingent liabilities and Contingent assets

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

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

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

Q • Standards issued but not yet effective

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

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

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

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

Balaji Speciality Chemicals Ltd.

BALAJI SPECIALITY CHEMICALS LIMITED (Formerly known as BALAJI SPECIALITY CHEMICALS PRIVATE LIMITED)
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023
(All amounts are in rupees in lakhs, except share data or otherwise stated)

2.1(a). Property, Plant and Equipment

Particulars	Gross carrying amount				Accumulated depreciation				Net carrying amount
	As at April 1, 2022	Additions	Deletions	As at March 31, 2023	As at April 1, 2022	For the year	On disposals	As at March 31, 2023	As at March 31, 2023
Freehold land	-	411.95	-	411.95	-	-	-	-	411.95
Leasehold land	84.34	8.66	-	93.00	2.91	1.02	-	3.93	89.07
Leasehold land improvements	56.09	-	-	56.09	9.65	3.56	-	13.21	42.88
Buildings	2,878.50	-	-	2,878.50	254.70	91.15	-	345.85	2,532.65
Plant and equipment	18,883.90	-	-	18,883.90	2,858.36	1,332.78	-	4,191.14	14,692.76
Furniture and fixtures	9.02	-	-	9.02	2.52	0.86	-	3.38	5.64
Office equipment	2.59	2.78	-	5.37	1.25	0.85	-	2.10	3.27
Computers	4.64	1.92	-	6.56	3.58	0.88	-	4.46	2.10
TOTAL	**21,919.08**	**425.31**	-	**22,344.39**	**3,132.97**	**1,431.10**	-	**4,564.07**	**17,780.32**

2.1 (b) Property, Plant and Equipment

Particulars	Gross carrying amount				Accumulated depreciation				Net carrying amount
	As at April 1, 2021	Additions	Deletions	As at March 31, 2022	As at April 1, 2021	For the year	On disposals	As at March 31, 2022	As at March 31, 2022
Leasehold land	84.34	-	-	84.34	1.94	0.97	-	2.91	81.43
Leasehold land improvements	54.89	1.20	-	56.09	6.17	3.48	-	9.65	46.44
Buildings	2,878.50	-	-	2,878.50	163.55	91.15	-	254.70	2,623.80
Plant and equipment	18,846.18	37.72	-	18,883.90	1,673.73	1,184.63	-	2,858.36	16,025.54
Furniture and fixtures	9.02	-	-	9.02	1.54	0.98	-	2.52	6.50
Office equipment	2.59	-	-	2.59	0.88	0.37	-	1.25	1.34
Computers	4.34	0.30	-	4.64	2.15	1.43	-	3.58	1.06
TOTAL	**21,879.86**	**39.22**	-	**21,919.08**	**1,849.96**	**1,283.01**	-	**3,132.97**	**18,786.11**

2.2 Capital work-in-progress

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

Balaji Speciality Chemicals Ltd.

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

2.3 Right-of-use assets (ROU)

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

Movement in Right of use assets is given below:

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

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

2.4 Lease liabilities

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

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

Movement in Lease liabilities is given below:

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

(iii) Contractual maturities of lease liabilities on undiscounted basis

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

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BALAJI SPECIALITY CHEMICALS LIMITED (Formerly known as BALAJI SPECIALITY CHEMICALS PRIVATE LIMITED)
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(All amounts are in rupees in lakhs, except share data or otherwise stated)

3. Other financial assets (non-current)

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

4. Other non-current assets

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

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

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

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

6. Investments

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

7. Trade receivables

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

* Includes amount receivable from related parties (refer note 38).
7.1 For Trade receivables secured against borrowings, refer note no. 18 to the financial statements.
7.2 For Company's exposure to the market risk and credit risk, refer note no. 39 to the financial statements.
7.3 Trade receivables are non-interest bearing and generally on credit term of 7 to 120 days.

Balaji Speciality Chemicals Ltd.

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

7.4 Trade receivables ageing schedule
As at March 31, 2023

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

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

7.5 Trade Receivables ageing schedule
As at March 31, 2022

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

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

8. Cash and cash equivalents

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

9. Other bank balances

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

Balaji Speciality Chemicals Ltd.

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

10. Other financial assets (current)

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

11. Other current assets

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

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

12. Equity share capital

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

(A) Movement in equity share capital:

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

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

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

(C) Terms/Rights attached to equity shares

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

(D) Sub-division of equity shares

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

(E) Shares held by Holding company

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

Balaji Speciality Chemicals Ltd.

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

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

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

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

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

13. Other equity

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

Securities premium

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

Retained earnings

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

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

Nature and purpose of other reserves

(i) Securities premium

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

(ii) Retained earnings

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

Balaji Speciality Chemicals Ltd.

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

14. Borrowings

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

i)Term loans from banks:

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

ii) Security:

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

iii) Repayment schedule with rate of interest:

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

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

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

15. Provisions (non-current)

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

16. Deferred tax liabilities (net)

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

Movement in deferred tax liabilities (net)

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

Balaji Speciality Chemicals Ltd.

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

17. Other non-current liabilities

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

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

18. Borrowings

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

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

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

18.1 Net debt reconciliation

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

19. Trade payables

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

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

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

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

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

19.2 Trade payables ageing schedule as at March 31, 2023

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

Balaji Speciality Chemicals Ltd.

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

19.3 Trade payables ageing schedule as at March 31, 2022

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

20. Other financial liabilities (current)

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

21. Other current liabilities

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

22. Provisions (current)

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

23. Current tax liabilities (Net)

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

Balaji Speciality Chemicals Ltd.

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

24. Revenue from operations

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

25. Other income

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

26. Cost of materials consumed

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

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

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

28. Employee benefits expense

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

29. Finance costs

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

30. Depreciation and amortization expenses

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

Balaji Speciality Chemicals Ltd.

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

31. Other expenses

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

31 a. Payments to auditors

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

31 b. Corporate Social Responsibility (CSR) expenditure

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

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

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

33. Earnings per share (EPS)

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

Balaji Speciality Chemicals Ltd.

34. Employee benefits

(i) Leave obligations

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

(ii) Defined contribution plans

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

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

(iii) Post- employment obligations

a) Gratuity

The company provides for gratuity for employees as per the Payment of Gratuity Act, 1972. The amount of gratuity payable on retirement/termination is the employees last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of years of service. The company operates post retirement gratuity plan with LIC of India. The present value of obligation is determined based on actuarial valuation using the Projected Unit

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

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

Amounts recognised in the balance sheet consist of

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

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

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

Balaji Speciality Chemicals Ltd.

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

iv) Significant estimates and sensitivity analysis

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

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

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

v) Risk exposure

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

Interest rate risk:

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

Salary inflation risk:

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

Demographic risk:

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

Balaji Speciality Chemicals Ltd.

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

35. Ind AS 115 - Revenue from Contracts with Customers

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

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

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

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

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

Disaggregation of Revenue from contracts with customers

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

36. Contingent liabilities

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

Notes:

i). The above claims pertains to Income Tax - TDS on payments made to foreign companies / Non-residents in the FY 2017-18 & 2018-19. The Company has filed appeals with CIT(Appeals) of Income Tax and the same are pending for disposal. The Company has paid an amount of Rs. 11,28,860 under protest.

ii). The company based on its legal assessment does not believe that any of the pending claims require a provision as at the balance sheet date, as the likelihood of the probability of an outflow of resources at this point of time is low.

37. Commitments

Capital and other commitments

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

Balaji Speciality Chemicals Ltd.

BALAJI SPECIALITY CHEMICALS LIMITED (Formerly known as BALAJI SPECIALITY CHEMICALS PRIVATE LIMITED)
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023
(All amounts are in rupees in lakhs, except share data or otherwise stated)

38. Related party transactions
a) Details of related parties

Name of the related parties	**Description of relationship**
Balaji Amines Limited	Holding Company
Key Management Personnel	
Ande Prathap Reddy	Wholetime Director (from April 18, 2022) Director (upto April 18, 2022)
N Rajeshwar Reddy	Managing Director
D Ram Reddy	Wholetime Director (from April 18, 2022) Director and Chief Financial Officer (upto April 18, 2022)
G Hemanth Reddy	Wholetime Director
Kashinath Revappa Dhole	Independent Director
Rajendrakumar Mohanprasad Tapadiya	Independent Director
Amarender Reddy Minupuri	Independent Director
Suhasini Shah	Independent Director
PardeepSingh RameshSingh Watwani	Chief Financial Officer (from April 18, 2022)
Soniya Mahajan	Company Secretary (from July 17, 2021 to October 25, 2021)
Lakhan Dargad	Company Secretary (from October, 25, 2021 to May 6, 2022)
B. Srinivas	Company Secretary (from May 6, 2022)
Balaji Foundation and Research Centre	Enterprise where KMP has Significance Influence/ Control
SVS Sourcings Private Limited	Enterprise where KMP has Significance Influence/ Control

b) Details of transactions during the year:

	For the year ended March 31, 2023	For the year ended March 31, 2022
Balaji Amines Limited		
Purchase of goods & services	15,018.75	9,323.41
Sale of goods & services	1,192.76	2,026.18
Lease of office premises	7.10	0.60
Interest paid	93.46	543.19
Loan taken	-	200.00
Loan repaid	6,600.00	1,334.77
Balaji Foundation and Research Centre		
Contribution towards Corporate Social Responsibility	30.50	-
SVS Sourcings Pvt.Ltd.		
Sale of goods & services	-	90.65
Ande Prathap Reddy		
Loan repaid	-	400.00
Interest paid	-	6.60
Remuneration	12.00	-
N Rajeshwar Reddy		
Remuneration	12.00	-
D Ram Reddy		
Remuneration	12.00	-
G Hemanth Reddy		
Remuneration	8.13	-
Kashinath Revappa Dhole		
Sitting fee	0.53	0.25
Rajendrakumar Mohanprasad Tapadiya		
Sitting fee	0.48	0.25
Minupuri Amarender Reddy		
Sitting fee	0.35	-
Shah Suhasini		
Sitting fee	0.35	-
PardeepSingh RameshSingh Watwani		
Remuneration	16.00	18.69
B. Srinivas		
Remuneration	7.51	-

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

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

Note: Post employement benefits are acturially determined on overall basis and hence not seperately provided.

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

39. Financial instruments and risk management

Fair values

1. The carrying amounts of trade payables, other financial liabilities (current), borrowings (current),trade receivables, cash and cash equivalents and other bank balances are considered to be the same as fair value due to their short term nature.

2. Borrowings (non-current) consists of loans from banks and related parties.

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

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

(i) Categories of financial instruments

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

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

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices.
Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques, which maximise the use of observable market data and rely as little as possible on entity specific estimates. If significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

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

Management uses its best judgement in estimating the fair value of its financial instruments. However, there are inherent limitations in any estimation technique. Therefore, for substantially all financial instruments, the fair value estimates presented above are not necessarily indicative of the amounts that the Company could have realized or paid in sale transactions as of respective dates. As such, the fair value of financial instruments subsequent to the reporting dates may be different from the amounts reported at each reporting date.
The Company is exposed to market risk (fluctuation in foreign currency exchange rates, price and interest rate), liquidity risk and credit risk, which may adversely impact the fair value of its financial instruments. The Company assesses the unpredictability of the financial environment and seeks to mitigate potential adverse effects on the financial performance of the Company.

(A) Market risk

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

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

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

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

(i) Foreign currency exchange rate risk

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

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

(ii) Sensitivity

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

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

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

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

(ii) Interest rate risk

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

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings, as follows:

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

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

(B) Credit risk

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

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

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

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

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

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(ii) Significant estimates and judgements

Impairment of financial assets:

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

(C) Liquidity risk

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

Management monitors cash and cash equivalents on the basis of expected cash flows.

(i) Financing arrangements:

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

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

(ii) Maturities of financial liabilities

Contractual maturities of financial liabilities as at :

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

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

40. Capital management

A. Capital management and gearing ratio

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

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

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

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings.

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

41. Segment information:

a) Description of segments and principal activities

The Company's primary segment is identified as business segment based on nature of products, risks, returns and the internal business 'reporting 'system. The Company is principally engaged in a single business segment viz. 'Chemicals' only.

b) Information about geographical segments

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

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

Balaji Speciality Chemicals Ltd.

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

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

Customer 1 - Rs. 21,021.23 lakh (P.Y. Rs.8,405.54 lakh)
Customer 2 - Rs. 17,248.77 lakh (P.Y. Rs.7,552.87 lakh)
Customer 3 - Rs. 9,837.63 lakh (P.Y. Rs.5,127.7 lakh)

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

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

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BALAJI SPECIALITY CHEMICALS LIMITED (Formerly known as BALAJI SPECIALITY CHEMICALS PRIVATE LIMITED)
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023
(All amounts are in rupees in lakhs, except share data or otherwise stated)

44. Analytical ratios:

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

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

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

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

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

As per our report of even date

For M.Anandam & Co.,
Chartered Accountants

B V Suresh Kumar
Partner
Membership Number: 212187

Place: Hyderabad
Date: 15.05.2023

M. ANANDAM & CO. Secunderabad Chartered Accountants

For and on behalf of the Board of Directors

N.Rajeshwar Reddy
Managing Director
DIN : 00003854

Place: Hyderabad
Date: 15.05.2023

G.Hemanth Reddy
Wholetime Director
DIN : 00003868

Place: Hyderabad
Date: 15.05.2023

Balaji Speciality Chemicals Ltd.

B. Srinivas
Company Secretary
PAN: AYTPB0755G

Place: Solapur
Date: 15.05.2023

PardeepSingh RameshSingh Watwani
Chief Financial Officer
PAN: ABSPW1999F

Place: Solapur
Date: 15.05.2023