

SE/CS/2020-21/19

7<sup>th</sup> July, 2020

To,  
**BSE Limited**  
Phiroze Jeejeebhoy Towers,  
Dalal Street, Fort,  
Mumbai-400001  
Company Scrip Code – 530871

To,  
**National Stock Exchange of India Limited**  
Exchange Plaza, Plot no. C/1, G Block,  
Bandra-Kurla Complex, Bandra (W),  
Mumbai-400051  
Company Scrip Code – CHEMBOND

**Ref: ISIN: INE995D01025**

**Sub: Annual Report 2019-20 and Notice of 45<sup>th</sup> Annual General Meeting (AGM)**

Dear Sir/Madam,

This is to inform you that the 45<sup>th</sup> AGM of the Company will be held on Friday, 31<sup>st</sup> July, 2020 at 3.30 p.m. through Video Conferencing (“VC”) / Other Audio Visual Means (“OAVM”).

Pursuant to Regulation 30 and 34(1)(a) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, we submit herewith the Annual Report of the Company for the Financial Year 2019-20 along with the Notice convening the 45<sup>th</sup> AGM of the Company.

Notice of the 45<sup>th</sup> AGM and Annual Report for the financial year 2019-20 can also be downloaded from website of the Company <http://www.chembondindia.com/investors/annual-reports>.

Request you to take the above on record.

Thanking you,

Yours faithfully,

for **Chembond Chemicals Limited**



**Suchita Singh**  
Company Secretary



Encl: As above

Chembond Chemicals Limited

# 45<sup>th</sup> Annual Report 2019-20

[chembondindia.com](http://chembondindia.com)



## Board of Directors

|                                 |                                |
|---------------------------------|--------------------------------|
| <b>Mr. Ashwin R. Nagarwadia</b> | Non-executive Director         |
| <b>Mr. Mahendra K. Ghelani</b>  | Independent Director           |
| <b>Mr. Nirmal V. Shah</b>       | VC and Managing Director       |
| <b>Dr. Prakash D. Trivedi</b>   | Independent Director           |
| <b>Mr. Sameer V. Shah</b>       | Chairman and Managing Director |
| <b>Mrs. Saraswati Sankar</b>    | Independent Director           |
| <b>Mr. Sushil U. Lakhani</b>    | Independent Director           |

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**Chief Financial Officer**  
Rashmi S. Gavli

**Cost Auditor**  
R. Srinivasaraghavan  
(for FY 2019-20)

Jitendrakumar &  
Associates  
(for FY 2020-21)

**Registrar & Transfer Agents**  
TSR Darashaw  
Consultants Pvt. Ltd  
(formerly known as  
TSR Darashaw Limited)

**Registered Office**  
Chembond Centre,  
EL-71, MIDC, Mahape,  
Navi Mumbai, 400710  
Tel: +91 22 6264 3000  
Fax: +91 22 27681294  
Email : [info@chembondindia.com](mailto:info@chembondindia.com)  
Website: [www.chembondindia.com](http://www.chembondindia.com)  
CIN : L24100MH1975PLC018235

**Company Secretary**  
Suchita H. Singh

**Secretarial Auditor**  
Virendra G. Bhatt

**Statutory Auditors**  
Bathiya & Associates LLP  
Chartered Accountants

**Bankers**  
HDFC Bank Limited  
Bank of India  
Kotak Mahindra Bank

**Plants**  
Alandi, Pune  
Dudhwada, Gujarat  
Mahape, Navi Mumbai  
Nalagarh, Himachal Pradesh  
Rabale, Navi Mumbai  
Ranipet, Tamil Nadu  
Wagle Estate, Thane  
Tarapur, Maharashtra

## Management Discussion and Analysis

The following discussion is based on the Audited Standalone and Consolidated financial statements of Chembond Chemicals Limited and its following subsidiaries and step-down subsidiary (together referred to as "the Group"):

- i. Chembond Biosciences Limited
- ii. Chembond Calvatis Industrial Hygiene Systems Limited
- iii. Chembond Clean Water Technologies Limited
- iv. Chembond Distribution Limited
- v. Chembond Material Technologies Private Limited
- vi. Chembond Polymers and Materials Limited
- vii. Chembond Water Technologies (Malaysia) Sdn Bhd (step-down subsidiary)
- viii. Chembond Water Technologies Limited
- ix. Gramos Chemicals India Private Limited (step-down subsidiary)

- x. Phiroze Sethna Private Limited

This discussion, therefore, covers the financial results and other developments from April 2019 to March 2020, in respect of the Group. The financial year 2019-20 has been referred to as "the year" and the financial year 2018-19 has been referred to as "the previous year". Some statements in this discussion describing the projections, estimates, expectations or outlook may be forward looking. Actual results may, however, differ materially from those stated owing to various factors such as changes in government regulations, tax regimes, economic developments, exchange rates and interest rates fluctuations, impact of competition, demand and supply constraints, etc.

During the year under review, your Company has achieved revenue from operations of ₹5,854.29 lakhs on standalone basis and ₹26,804.28 lakhs on consolidated basis. The comparative figures are tabulated below.

## Financial and Operational Performance

### Standalone

The highlights of standalone performance are as follows:

(₹in lakhs)

| Particulars              | 2019-20 | 2018-19 |
|--------------------------|---------|---------|
| Net Sales                | 5,566   | 14,967  |
| Product Margin           | 2,346   | 3,804   |
| Gross Margin             | 1,542   | 2,781   |
| Selling & Administration | 1,037   | 1,347   |
| Employee Cost            | 874     | 1,957   |
| EBITDA                   | 815     | 1,023   |
| PBT                      | 531     | 706     |

### Ratio Analysis

| Particulars                          | 2019-20 | 2018-19 |
|--------------------------------------|---------|---------|
| Product Margin, % of Sales           | 42.15   | 25.42   |
| Gross Margin, % of Sales             | 27.71   | 18.58   |
| Selling & Admin Costs, % of Sales    | 18.63   | 9.00    |
| Employee Costs, % of Sales           | 15.71   | 13.08   |
| % of EBITDA to Sales                 | 14.65   | 6.84    |
| Earnings per Share (Basic & Diluted) | 4.12    | 4.71    |
| Debt/Equity                          | 0.00    | 0.00    |

### Consolidated

The highlights of the consolidated performance are as follows:

(₹in lakhs)

| Particulars              | 2019-20 | 2018-19 |
|--------------------------|---------|---------|
| Net Sales                | 24,844  | 27,509  |
| Product Margin           | 10,657  | 10,749  |
| Gross Margin             | 8,515   | 8,506   |
| Selling & Administration | 4,046   | 3,848   |
| Employee Cost            | 5,716   | 5,109   |
| EBITDA                   | 1,302   | 2,943   |
| PBT                      | 789     | 2,441   |

### Ratio Analysis

| Particulars                          | 2019-20 | 2018-19 |
|--------------------------------------|---------|---------|
| Product Margin, % of Sales           | 42.89   | 39.07   |
| Gross Margin, % of Sales             | 34.27   | 30.92   |
| Selling & Admin Costs, % of Sales    | 16.29   | 13.99   |
| Employee Costs, % of Sales           | 23.01   | 18.57   |
| % of EBITDA to Sales                 | 5.24    | 10.70   |
| Earnings per Share (Basic & Diluted) | 1.39    | 12.88   |
| Debt/Equity                          | 0.01    | 0.03    |

## Industry Structure & Developments

### Global Economy

The global economy was beset by problems and uncertainty in the year past. Trade tensions, weather disasters, and the COVID-19 pandemic affected the economies of almost all major countries, with severe impact on equities, crude oil, employment and consumer sentiments. Although it will be difficult to assess the impact in the current year, most predictions are for a de-growth in 2020 across all major economies.

The pandemic and consequent lockdown have hit various sectors, including MSME, hospitality, civil aviation, agriculture and allied sector. A drastic reduction in GDP growth is expected during the current fiscal due to the COVID-19 impact and consequent lockdown. The economic impact is difficult to assess since the situation is still progressing.

### Indian Economy

India's GDP growth during 2019-20 is estimated to have been 4.2%, down from 6.1% in the previous years and the slowest growth in over a decade. However, with the exception of China, among other major economies India still had the highest GDP growth rates in 2019. The decrease in GDP growth was primarily due to a slowdown in manufacturing and mining activity. The impending imposition of BS-VI fuel standards from 1<sup>st</sup> April 2020 had an impact on demand for automobiles and the COVID-19 outbreak and the nationwide lockdown since March 25, 2020 posed new challenges in Q4 and the times ahead. Nevertheless, with a nominal GDP of \$2.94 trillion, India became the fifth-largest economy in 2019 by nominal GDP and the third largest by purchasing power parity (PPP). With 520 million workers, the Indian labour force is the world's second largest. Foreign Direct Investments (FDI) in India grew 13% in FY20 to almost \$ 50 billion.

### Chemical Industry

The chemical industry is a significant part of the Indian economy. India is the sixth largest producer of chemicals globally and third largest producer in Asia, employing about 2 million people. Demand of chemical products is expected to grow at approximately 9% p.a. over the next 5 years. Indian chemical industry is projected to reach \$304 bn by 2025. Your Company deals in Specialty Chemicals.

### Outlook on Opportunities, Threats, Risks and Concerns

Your Company has a well set up infrastructure in respect to manufacturing capacities, human resources, technical expertise, etc. which are a key factor for future growth of

its business. The Company can bank on its in-house R&D for development of new products, backward integration, quality improvement and cost reduction.

### Opportunities

1. The advantage of being a professionally managed local company allows the Company to tailor solutions and products to Indian conditions.
2. In house Research Centre and technical expertise helps develop solutions for customers.
3. A large domestic market fuelled by rising incomes in urban and rural areas.
4. Expansion in the manufacturing capacities by customers to cater to growing demand.

### Threats

1. Global companies investing in India increases competition.
2. Chemical companies are affected by environmental regulations and public perception of the industry. However, awareness about the regulations and means for proper measure to safeguard the environment will add to value creation and growth.
3. It becomes difficult to position the chemical industry as a sustainable and secure workplace due to the barrier created in the mindset of people about its ill effects.
4. Threats from low cost manufacturers and introduction of automated processes.
5. Cost of compliance makes operations uneconomical and inviable.

### Risks & Concerns

The growth of the specialty chemical industry is driven by R&D activities and a need for constant innovation in the product spectrum. On the other hand, strong R&D set-up ensures quality management and cost reductions. Since your Company has its own R&D Centre, the above concerns are well addressed.

The Company is exposed to health, safety, security and environmental risks, given the diversity and complexity of the industry in which the Company operates. The Managements commitment towards employee health, safety and security extends beyond accidents and occupational health hazards to social well-being of employees. The Company conducts EHS audits periodically to get assurance on its framework protocol and regulatory compliances. The Company has an Environment, Health and Safety Policy entailing its



commitment towards high standards of EHS across its facilities. The evolution of the regulatory environment across the globe has resulted into increased scrutiny that raises minimum standards required by the Company necessitating increased investment in compliance. The Company considers regulatory requirements as a source of competitive advantage and therefore abides by and strives to exceed the changing regulatory compliance requirements to consolidate its position in business.

Macro-economic conditions like the policy decisions of the government, currency fluctuations and volatility in commodity prices like crude oil can affect the business of the Company. As the Company's revenue generating sources are diversified into various sectors having strong domestic demand, such risks are mitigated to some extent.

### **Business Snapshot**

#### **Water Treatment**

Your Company offers specialty chemicals, systems and services for industrial water treatment and reclamation across the country and in limited international geographies. Our solutions are derived on the basis of extensive customer system surveys and are coupled with advanced monitoring techniques and proactive technical support to outperform our customer's expectations. Our capabilities include – treating source water and making it suitable for use in industry; treating recirculating cooling water and enhancing its productivity while preventing it from deteriorating plant performance; maintaining steam generation equipment efficiency with our boiler feed water treatment solutions; and enabling wastewater treatment and its re-use. Our NSF approved RO membrane treatment and evaporator treatment products allow enhanced water recovery and zero liquid discharge operations. The water business maintained its revenues throughout the sluggish year for industry until the last fortnight of the year where a bulk of its shipments were held back and revenues for the year being 5% lower than in the prior year.

#### **Construction Chemicals**

The year saw large construction activity primarily from government infrastructure projects. Your company's cautious expansion strategy for the past 3 years has yielded desired results. The top line grew slightly over prior year, margins grew sharply and cash flows improved. We continue to maintain tight credit controls and remain selective about our customers. The business is likely to see top line erosion in the next financial year owing to a lockdown in the crucial pre-monsoon construction activity months. The Company will however

make adjustments to its strategy to soften the impact from this disruption.

#### **Biotech**

Animal Health and Nutrition business continuously went through a recession due to adverse effect on rural economy and cash flow, disruptive weather and high feed cost. Further the industry went through an unprecedented degrowth phase in Q4, due to rumours prior to the onset of COVID 19 when demand of poultry produce nosedived due to negative consumer sentiments.

Due to the above factors, the AH business experienced a degrowth of 15% over the previous financial year. With a strategy of consolidating the poultry business and a further expansion in the dairy segment in the coming months, the business is poised for growth in the periods ahead although, post COVID, demand for poultry and dairy products may shrink in the next two quarters due to restrictions on the hospitality and travel industries. However, being essential goods for nutritional requirements, household demand is likely to increase. Moreover, the industry is continuously evolving, with value added and processed products which will also create opportunities for growth of this business. We continue to believe that in the long run, the animal health and nutrition business will be major growth driver for the Company.

#### **Material Technologies**

The financial year 2019-20 happened to be one of the toughest and most challenging years for this business. Passenger vehicle sales in India fell, for the first time in recent history, by over 15%, to levels of four years ago. Sales of commercial vehicles and two wheelers also contracted, by 32% and 15% respectively. With a heavy dependence on the automotive industry, the sealants, industrial coatings and paint booth products businesses experienced negative growth. Sealants sales were 24% lower than previous year and Industrial Coatings sales were down 40%. The Metal Treatment Chemicals, Engineering Adhesives and High Performance Coatings businesses grew substantially versus prior year, albeit on a smaller base, due to growth in the steel, engineering, and appliance sectors and addition of new customers. The expectation for the current year is that the industry will struggle to grow and competition will be more intense but then revert to growth in the subsequent quarters.

## Industrial Hygiene

Your Company has a Joint Venture with Calvatis GmbH, Germany and offers industrial hygiene and cleaning solutions to the dairy, food processing, beverage and brewing industries. The Company continues to make inroads in these segments and is augmenting its capabilities continuously. Revenues of Chembond Calvatis Industrial Hygiene Systems Ltd. were adversely impacted in the last quarter of the year with some customer application start-ups being delayed owing to industrial slowdown and COVID-19 related reasons. The Company is well placed technologically and continues to enhance its presence across major applications.

## Polymers

Our vision at Chembond Polymers and Materials Ltd. is to deliver safe and innovative solutions that meet today's growing demands for engineering polymers. To be a premier provider of polymers in the Indian market place, offering innovative solutions to meet the challenges of today and tomorrow. We combine high quality products with research to deliver solutions with a lower environmental impact. Researchers at your Company have developed a process for making thermoplastics for injection and extrusion moulding that are based, in part, on renewable resources. While the scale up of the polyamide pilot process is facing delays due to approvals, your Company has developed several customers using our compounding facility and sales of our patented adhesion promoter are significantly higher.

## Research & Development (R&D)

Investment in R&D project is our business focus to build a sustainable and valuable business. Research and development continued in the Polymers space with newer bio-based polyamides and new applications. In Material Technologies, we received acceptance for products for applications in navy and air force. In Biotech, we developed new enzymes, probiotics, and prebiotics in the submerged fermentation process.

## Manufacturing

The Company operates multi-product manufacturing plants at Baddi, Dudhwada, Mahape, Pune, Rabale, Ranipet, Tarapur and Thane to serve customers across the country. Enhancements are made regularly at all plants to incorporate state of the art technologies for improving upon quality and on-time delivery standards. The teams at all plants are well versed with chemical manufacturing and the use of global best manufacturing practices.

## Safety, Health, Environment and Quality

Our focus remains undeterred when it comes to providing a safe and healthy workplace to our employees, caring for the environment by adhering to and exceeding statutory norms, and to our diverse customers to whom we aim to be a "supplier of choice". All manufacturing plants and functions have targets for improving upon existing safety, quality and customer service metrics. The Company continues to maintain its upgraded Quality Management Systems certification as per revised standards to ISO 9001:2015, IATF 16949:2016.

A dedicated safety team conducts risk assessments of all sites to identify occupational hazards and define control measures to reduce the risk to acceptable levels as per the OHSAS 18001:2007 standard. We have also upgraded our Environment Management System to meet revised standards of ISO 14001:2015. Going forward, we desire to take our safety, health and environmental performance to the next level by promoting "Responsible Care" activities.

## Human Resources

The manpower strength of your Company as on 31<sup>st</sup> March, 2020 is 114 employees, with the average age of the workforce around 35 years. In 2019-20 employee relations in your Company continued to be harmonious in all plants and establishments. The focus has been on to create values in the employees which drive them with Vision of the company proactively by creating ownership attitude towards the company objectives. Your Company has tied up with renowned educational institutes/colleges for fresh campus recruitment at regional levels to offer opportunities to the best talent available in the job market regionally.

The individual & departmental performance parameters are linked to Company's objective & departmental annual goals for 2019-20 mutually through well defined Key Result Areas and Key Performance Indicators.

Learning & Development initiatives have been focused with practical approach & workshops to enhance key competencies of workforce at all the levels including regional site, plant level employees which is helping them to explore their potential at work place and demonstrate skills and leadership.

Organisational Culture building is driven through various employee engagement programmes such as Diwali functions, sports, events, wishing employees on the wedding days & birthdays and blood donation camps etc.

### Internal Control Systems and their Adequacy

Chembond has a sound Internal Control System, which aims to assure that operations are effective and well aligned with the strategic goals. The internal control framework is intended to ensure correct, reliable and timely financial reporting and management information.

The Company has implemented the Internal Financial Control (IFC) framework to ensure proper Internal Controls over financial reporting. The internal control system is further supplemented by Internal Audit carried out by an independent firm of Chartered Accountants and periodic review by Management. The Internal Audit process is designed to review the adequacy of internal control checks in the system and covers all the significant areas of the Company's operations.

The Audit Committee reviews the adequacy and effectiveness of the internal control systems and tracks the implementation of corrective actions. Significant audit observations and corrective actions taken by the Management are presented to the Audit Committee.

### Corporate Social Responsibility (CSR)

Chembond Group aims to take a balanced approach to address social, economic and environmental issues through diverse programs, recognizes that its business activities have wide impact on the societies in which it operates. The Company endeavours to make CSR a key business process for sustainable development and it is committed to play active role in improving the lives of people.

Chembond Children's Centre provides education to economically underserved sections, especially girls, as one of its core functional area for CSR activities. The Chembond Children's Centre runs non-formal educational centres at Psthall and Shirgaon near Tarapur. The objective of the Centre is to augment school curriculum by providing individual attention to students and improving the self-esteem of girls via skills like the martial arts, dance, painting, chess, gymnastics, and sewing. In addition to the above, the Centre conducts camps and workshops in the areas of health care, life skills, and assists students in obtaining scholarships.

Details pertaining to CSR Committee, Policy etc. are given in the Director's Report.

### Outlook

For generations we have been operating in and living through uncertainty. But the COVID-19 pandemic is more global, profoundly impacting, far reaching and more complex than any other previous crisis that we as

decision makers have experienced. The present government has displayed a commendable commitment to the highest levels of humanism by initiating the lockdown and thus effectively containing a runaway spread of the pandemic. As preparations are made to restart the economy after the effects of the lockdown, stimulating the demand side of the economy is the need of the hour. The monetary and macro-financial measures mainly comprising of regulatory, liquidity and policy amendments for the Labour markets and MSME sector is promising and encouraging. The resolve of an Atmanirbhar Bharat is placed on the five pillars of Economy, Infrastructure, Systems, Democracy and Demand. We are confident in the prowess of our entrepreneurs and the capabilities of the government to recover from the disruption and return the economy to stability and growth during the 2020-21 period. It is unclear as to the full effect and extent the disruption will cause to your Company. But, a professional team of experienced personnel, financial unleveraged position and strong ethical and cultural values at the core of the organization, we seem to be fairly well placed to ride the storm.

### Forward Looking Statements

This report contains statements, which may constitute 'forward looking statements' within the meaning of the applicable securities laws and regulations. Forward looking statements are based on certain assumptions and expectations of the future events. Actual results could differ materially from those expressed or implied. Important factors that could impact the Company's performance include, among others, economic conditions affecting the demand / supply and price conditions in the markets in which the Company operates, changes in the Government policies, regulations, tax laws, other statutes and incidental factors. The Company undertakes no obligations to update or revise forward-looking statements based on any subsequent developments, information or events.

On behalf of the Board.

**Sameer V. Shah**

Chairman and Managing  
Director

**Nirmal V. Shah**

VC and Managing  
Director

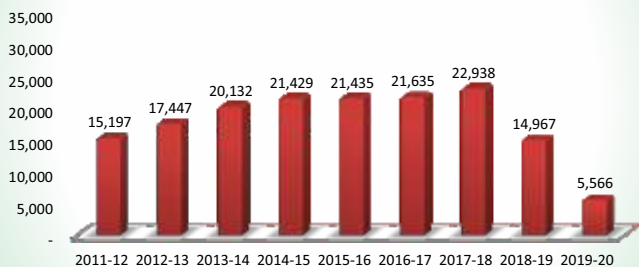
Mumbai  
28<sup>th</sup> May, 2020



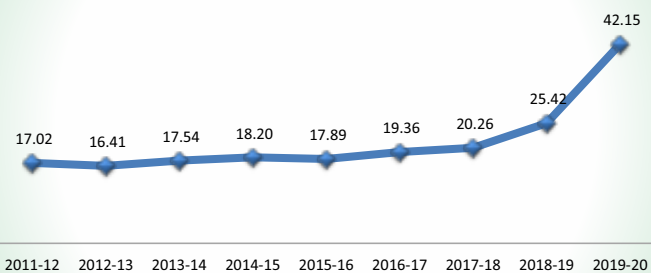
## HIGHLIGHTS

### Standalone

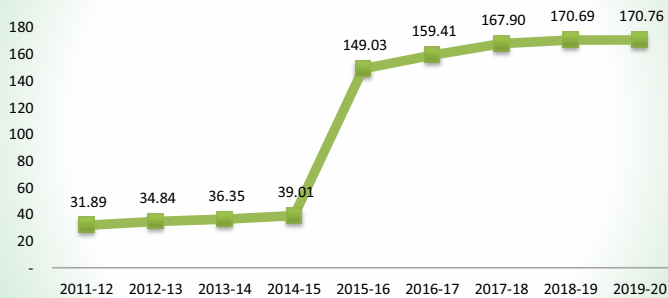
#### Sales



#### Product Margin (in %)

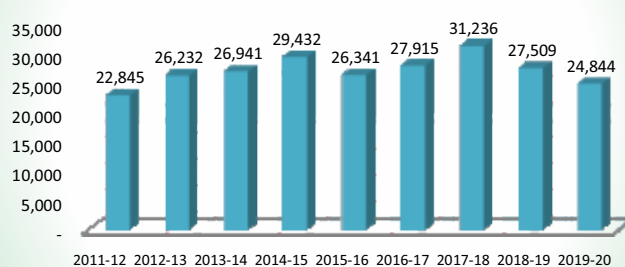


#### Book Value

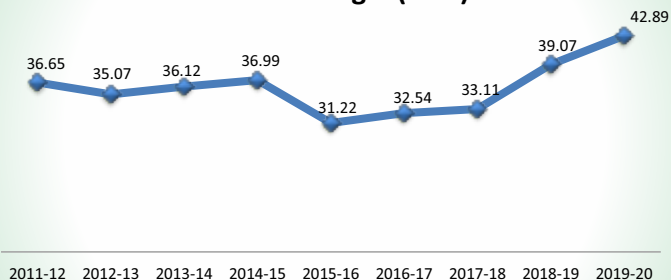


### Consolidated

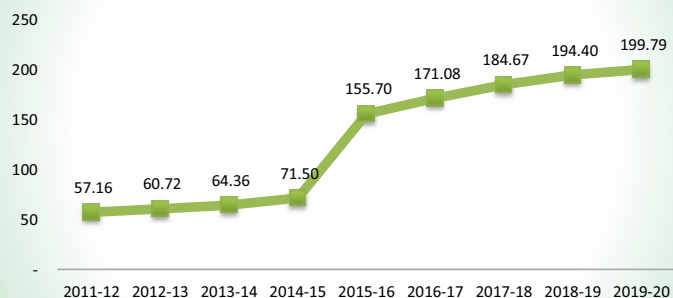
#### Sales



#### Product Margin (in %)



#### Book Value



Impact in sales due to the toll manufacturing agreement ended in 2018-19 and reorganisation of business activity in 2019-20.

for the year ended on March, 2020

all numbers in ₹ Lakhs except Book Value per share and EPS

Numbers adjusted for Subdivision of Shares in 2016-17 from face value of ₹ 10/- each to ₹ 5/- each

## 10 Years' Financial Performance Consolidated

(₹ in lakhs except per share data and ratios)

| Highlights  | 2019-20   | 2018-19   | 2017-18   | 2016-17   | 2015-16   | 2014-15   | 2013-14   | 2012-13   | 2011-12   | 2010-11   |
|---|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| <b>Operating Result</b>   |           |           |           |           |           |           |           |           |           |           |
| Revenue From Operations   | 26,804.28 | 30,130.94 | 33,422.81 | 32,086.11 | 27,104.71 | 30,022.85 | 27,445.96 | 26,606.44 | 23,128.40 | 21,027.41 |
| Other Income  | 303.78    | 393.14    | 1,064.02  | 1,829.86  | 3,321.25  | 138.04    | 120.77    | 120.52    | 138.64    | 142.62    |
| Finance Cost  | 78.29     | 78.20     | 118.21    | 116.67    | 181.36    | 361.08    | 402.88    | 451.71    | 364.08    | 311.06    |
| Depreciation  | 434.80    | 423.98    | 410.67    | 381.56    | 354.51    | 432.32    | 281.39    | 259.28    | 209.93    | 185.98    |
| PBT   | 789.21    | 2,440.59  | 2,790.28  | 3,021.42  | 19,484.02 | 2,007.90  | 1,518.98  | 1,576.76  | 2,035.06  | 2,478.30  |
| PAT   | 308.50    | 1,983.64  | 2,356.77  | 2,285.73  | 15,650.25 | 1,440.27  | 912.41    | 790.19    | 1,360.56  | 1,647.17  |
| Dividend on Equity Shares***  | 537.93    | 248.79    | 221.90    | -         | 601.97    | 199.81    | 199.81    | 189.82    | 149.47    | 136.75    |
| <b>Financial Position</b>   |           |           |           |           |           |           |           |           |           |           |
| Equity Share Capital  | 672.41    | 672.41    | 672.41    | 672.41    | 669.69    | 666.04    | 666.04    | 666.04    | 636.04    | 636.04    |
| Reserves (Less Revaluation Reserve & Misc exp)  | 26,195.52 | 25,471.56 | 24,162.33 | 22,335.46 | 20,183.93 | 8,858.60  | 7,907.32  | 7,422.93  | 6,635.28  | 5,481.55  |
| Net Worth   | 26,867.93 | 26,143.97 | 24,834.75 | 23,007.87 | 20,853.62 | 9,524.64  | 8,573.36  | 8,088.97  | 7,271.32  | 6,117.59  |
| Borrowings  | 337.82    | 670.22    | 908.96    | 888.25    | 1,089.79  | 2,495.24  | 3,307.28  | 2,948.21  | 3,668.79  | 2,442.80  |
| Net Block (Asset)   | 12,391.26 | 10,921.78 | 10,813.77 | 4,912.55  | 4,714.11  | 5,147.03  | 5,361.52  | 4,725.00  | 4,122.79  | 3,335.20  |
| <b>Ratios</b>   |           |           |           |           |           |           |           |           |           |           |
| Return on Average Networth % (RONW)<br>(PAT divided by Average Networth)  | 1.16%     | 7.78%     | 9.85%     | 10.42%    | 103.04%   | 15.92%    | 10.95%    | 10.29%    | 20.32%    | 29.62%    |
| Return on Average Capital Employed % ( ROCE) &<br>(PBIT divided by Average Fund Employed Excluding<br>Def tax liab) | 3.21%     | 9.58%     | 11.72%    | 13.69%    | 115.72%   | 17.88%    | 16.01%    | 16.90%    | 24.46%    | 34.97%    |
| Gross Gearing %<br>(Debt as a percentage of Debt plus Equity)   | 1.24%     | 2.50%     | 3.53%     | 3.72%     | 4.97%     | 20.76%    | 27.71%    | 26.58%    | 33.36%    | 28.34%    |
| Current Ratio<br>(Current Assets divided by Current Liabilities**)  | 3.71      | 3.47      | 2.42      | 3.37      | 2.83      | 2.16      | 2.09      | 2.20      | 2.32      | 2.42      |
| Asset Turnover Ratio<br>(Net Sales divided by Total Assets)   | 0.83      | 0.94      | 1.03      | 1.00      | 0.91      | 1.48      | 1.34      | 1.45      | 1.32      | 1.49      |
| Earning Per Share (Basic)*  | 1.39      | 12.88     | 16.34     | 14.40     | 115.04    | 9.29      | 5.83      | 5.57      | 9.85      | 10.625    |
| Dividend Per Share***   | 4.00      | 1.85      | 1.65      | -         | 9.00      | 3.00      | 3.00      | 2.85      | 2.35      | 2.15      |
| Book Value Per Share*   | 199.79    | 194.40    | 184.67    | 171.08    | 155.70    | 71.50     | 64.36     | 60.72     | 57.16     | 48.09     |

The Company has adopted Ind-AS accounting standards with effect from 1 St April 2016, hence F.Y 2017 onwards, the financials are reported as per Ind-AS and are not strictly comparable with previous Years. For FY 2016, Balance sheet items are as per Ind-AS.

\* Adjusted for issue of Bonus Shares in March 2010 in the ratio of 1 : 1 & Subdivision of Shares in September 2016 from face value of Rs.10/- each to Rs.5/- each

\*\* Current Liabilities excludes Short Term Borrowing and Current maturities of Long term Debt

\*\*\* Including Interim Dividend

10 Years' Financial Performance Standalone

(₹ in lakhs except per share data and ratios)

| Highlights  | 2019-20   | 2018-19   | 2017-18   | 2016-17   | 2015-16   | 2014-15   | 2013-14   | 2012-13   | 2011-12   | 2010-11   |
|---|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| <b>Operating Result</b>   |           |           |           |           |           |           |           |           |           |           |
| Revenue From Operations   | 5,854.29  | 15,628.96 | 23,779.03 | 24,367.32 | 21,563.77 | 21,674.90 | 20,356.05 | 17,689.98 | 15,368.80 | 13,453.49 |
| Other Income  | 655.81    | 564.58    | 1,048.47  | 1,682.00  | 3,480.99  | 329.92    | 288.28    | 424.35    | 398.84    | 332.07    |
| Finance Cost  | 4.86      | 29.12     | 54.60     | 63.88     | 118.75    | 273.51    | 304.20    | 291.70    | 237.81    | 249.84    |
| Depreciation  | 279.84    | 287.77    | 287.18    | 274.10    | 268.57    | 276.21    | 192.13    | 181.95    | 138.53    | 118.75    |
| PBT   | 530.81    | 706.27    | 1,406.12  | 1,729.97  | 18,567.35 | 573.72    | 410.80    | 419.47    | 801.03    | 815.74    |
| PAT   | 554.16    | 633.15    | 1,359.31  | 1,451.50  | 15,122.59 | 558.33    | 392.43    | 347.76    | 664.23    | 645.48    |
| Dividend on Equity Shares**   | 537.93    | 248.79    | 221.90    | -         | 601.97    | 199.81    | 199.81    | 189.82    | 149.47    | 136.75    |
| <b>Financial Position</b>   |           |           |           |           |           |           |           |           |           |           |
| Equity Share Capital  | 672.41    | 672.41    | 672.41    | 672.41    | 669.69    | 666.04    | 666.04    | 666.04    | 636.04    | 636.04    |
| Reserves (Less Revaluation Reserve & Misc exp)  | 22,291.87 | 22,282.45 | 21,907.35 | 20,765.91 | 19,291.49 | 4,529.93  | 4,175.53  | 3,974.92  | 3,421.20  | 2,744.35  |
| Net Worth   | 22,964.28 | 22,954.86 | 22,579.77 | 21,438.32 | 19,961.18 | 5,195.97  | 4,841.57  | 4,640.97  | 4,057.24  | 3,380.39  |
| Borrowings  | -         | -         | 467.12    | 732.18    | 819.54    | 2,176.85  | 2,481.42  | 2,298.03  | 2,138.50  | 1,626.14  |
| Net Block (Asset)   | 3,652.39  | 3,763.63  | 3,805.35  | 3,936.97  | 3,680.86  | 3,617.61  | 3,820.63  | 3,403.46  | 2,881.72  | 2,114.24  |
| <b>Ratios</b>   |           |           |           |           |           |           |           |           |           |           |
| Return on Average Networth %(RONW)<br>(PAT divided by Average Networth)   | 2.41%     | 2.78%     | 6.18%     | 7.01%     | 120.23%   | 11.12%    | 8.28%     | 8.00%     | 17.86%    | 20.64%    |
| Return on Average Capital Employed % ( ROCE) &<br>(PBIT divided by Average Fund Employed Excluding<br>Def tax liab) | 2.35%     | 2.90%     | 6.46%     | 8.35%     | 132.63%   | 11.47%    | 9.96%     | 10.74%    | 18.35%    | 21.18%    |
| Gross Gearing %<br>(Debt as a percentage of Debt plus Equity)   | 0.00%     | 0.00%     | 2.03%     | 3.30%     | 3.94%     | 29.53%    | 33.64%    | 32.85%    | 34.20%    | 32.11%    |
| Current Ratio<br>(Current Assets divided by Current Liabilities**)  | 7.73      | 4.33      | 1.78      | 3.13      | 2.93      | 1.37      | 1.31      | 1.46      | 1.53      | 1.72      |
| Asset Turnover Ratio<br>(Net Sales divided by Total Assets)   | 0.24      | 0.62      | 0.85      | 0.89      | 0.85      | 1.76      | 1.58      | 1.57      | 1.58      | 1.72      |
| Earning Per Share (Basic)*  | 4.12      | 4.71      | 10.11     | 10.81     | 113.23    | 4.19      | 2.95      | 2.73      | 5.22      | 5.075     |
| Dividend Per Share***   | 4.00      | 1.85      | 1.65      | -         | 9.00      | 3.00      | 3.00      | 2.85      | 2.35      | 2.15      |
| Book Value per Share*   | 170.76    | 170.69    | 167.90    | 159.41    | 149.03    | 39.01     | 36.35     | 34.84     | 31.89     | 26.57     |

The Company has adopted Ind-AS accounting standards with effect from 1st April 2016, hence FY 2017 onwards, the financials are reported as per Ind-AS and are not strictly comparable with previous Years. For FY 2016, Balance Sheet items are as per Ind-AS.

\* Adjusted for issue of Bonus Shares in March 2010 in the ratio of 1 : 1 & Subdivision of Shares in September 2016 from face value of Rs.10/- each to Rs.5/- each

\*\* Current Liabilities excludes Short Term Borrowing and Current maturities of Long term Debt

\*\*\* Including Interim Dividend

## BOARD'S REPORT

To,

The Members,

Your Directors take pleasure in presenting the 45<sup>th</sup> Annual Report on the business and operations of your Company together with the audited financial statements for the year ended 31<sup>st</sup> March, 2020.

### State of Company's Affairs

#### Financial Results

The financial performance of your Company is as summarized below for the year under review:

(₹ in lakhs)

| Particulars  | Standalone       |                  | Consolidated     |                  |
|--|------------------|------------------|------------------|------------------|
|  | 2019-20          | 2018-19          | 2019-20          | 2018-19          |
| Revenue from Operations  | 5,854.29         | 15,628.96        | 26,804.28        | 30,130.94        |
| Profit for the year  | 554.16           | 633.15           | 187.29           | 1,732.21         |
| Add: Balance as per last year  | 21,042.95        | 20,660.20        | 23,724.76        | 22,464.65        |
| Add: Effect of previous year transaction                               | -                | -                | -                | 4.54             |
| Less: Addition during the year   | -                | -                | 1,152.99         | -                |
| Less: Deduction during the year  | -                | -                | -                | (106.71)         |
| <b>Total</b>   | <b>21,597.10</b> | <b>21,293.36</b> | <b>25,065.04</b> | <b>24,094.69</b> |
| <b>Appropriation</b>   |                  |                  |                  |                  |
| General Reserves   | -                | -                | 70.00            | 70.00            |
| Set off of Dividend Tax in respect of dividend from Subsidiary Company | (79.14)          | (49.53)          | (84.28)          | (49.53)          |
| Interim Dividend   | -                | -                | 245.00           | -                |
| Tax on Interim Dividend  | -                | -                | 55.50            | -                |
| Dividend Paid  | 537.93           | 248.79           | 292.93           | 248.79           |
| Tax on Dividend Paid   | 99.89            | 51.14            | 149.22           | 100.67           |
| Balance carried to Balance Sheet                                       | 21,038.43        | 21,042.95        | 24,336.67        | 23,724.76        |
| <b>Total</b>   | <b>21,597.10</b> | <b>21,293.36</b> | <b>25,065.04</b> | <b>24,094.69</b> |

### Results of Operations

#### Income

During the year under review, consolidated revenue from operations was ₹ 26,804.28 lakhs as compared to ₹30,130.94 lakhs in the previous year. On the standalone basis, your Company's revenue from operations was ₹5,854.29 lakhs as compared to ₹15,628.96 lakhs in the previous year.

#### Profit Before Tax

Consolidated profit before tax for the year was ₹789.21 lakhs as against ₹2,440.58 lakhs in the previous year.

On a standalone basis, your Company's profit before tax for the current year was ₹530.81 lakhs as against ₹706.26 lakhs in the previous year.

#### Profit After Tax

Consolidated profit after tax for the year was ₹308.50 lakhs as against ₹1,983.64 lakhs in the previous year. On the standalone basis, your Company's profit after tax for the current year was ₹554.16 lakhs as against ₹633.16 lakhs in the previous year.

### Recent Developments at Micro and Macro Economic Levels

Financial Year 2019-20 has been a challenging year with weakening macro-economic conditions, slowing market growths and the COVID-19 outbreak towards the end of the year. The unprecedented Covid-19 pandemic is a global health crisis and has impacted the global economy. However, with the Atmanirbhar Bharat Abhiyaan (self-reliant India), the Government is taking steps towards making India a bigger and more important part of the global economy and has announced reforms to attract foreign investment, further improve the ease of doing business and privatise most government owned enterprises.

### Dividend

During the year the Company declared and paid an Interim dividend of ₹2/- per share. The Board of Directors has not recommended final dividend for the financial year ended 31<sup>st</sup> March, 2020. The outflow on account of Interim dividend payment amounted to ₹268.97 lakhs.

### Share Capital

The movement of Equity Capital is as under:

| Particulars                                      | No. of Equity Shares |
|--|----------------------|
| Equity Capital as on 1 <sup>st</sup> April 2019  | 13,448,288           |
| Increase/ Decrease during the year               | Nil                  |
| Equity Capital as on 31 <sup>st</sup> March 2020 | 13,448,288           |

Your Company has only one class of Equity Shares and it has neither issued shares with differential rights as to dividend, voting or otherwise, nor issued shares (including sweat equity shares) to the employees or Directors of the Company, under any Scheme. No disclosure is required under Section 67(3) (c) of the Companies Act, 2013 ("the Act") in respect of voting rights not exercised directly by the employees or Key Managerial Personnel of the Company as the provisions of the Section are not applicable.

### Listing of shares on National Stock Exchange of India Limited

Your Company came up with Initial Public Offer on BSE Limited (BSE) in the year 1995 and the shares are successfully traded on BSE for the last 24 years. During the year under review the shares of your Company got listed on the National Stock Exchange of India Limited (NSE). The Listing ceremony was held on 20<sup>th</sup> November, 2019. We are amongst the Top 1000 Companies listed on BSE & NSE as per Market Capitalisation.

### Fixed Deposits

The Company has not accepted any deposits within the meaning of Section 73 of the Act and Rules framed thereunder.

### Transfer to Reserves

Your Company does not propose to transfer any amount from the current year's profits to the General Reserve. (Previous year Nil).

### Directors and Key Managerial Personnel

At present your Company has seven Directors consisting of four Independent Directors including a Woman Director, two Executive Directors and one Non-executive Director.

In accordance with the provisions of Section 152(6) of the Act, Mr. Nirmal V. Shah (DIN:00083853) Vice Chairman and Managing Director, retires by rotation and being eligible, offers himself for reappointment. His background is given in the Corporate Governance Report, which forms a part of this report.

The Board has approved the continuation of Directorship of Dr. Prakash Trivedi (DIN: 00231288) beyond the age of seventy-five years which is also placed for approval by Members by way of special resolution at the ensuing AGM.

Pursuant to the provisions of Section 203 of the Act, Mr. Sameer V. Shah, Chairman and Managing Director, Mr. Nirmal V. Shah, Vice Chairman and Managing Director, Mrs. Rashmi Gavli, Chief Financial Officer and Mrs. Suchita Singh, Company Secretary are the Key Managerial Personnel of the Company as on the date of this Report.

Due to the unprecedented Covid-19 pandemic and the subsequent lockdown the Directors of the Company have voluntarily decided to take deduction of 25% in their remuneration and sitting fees till further notice.

### Inter-se relationship between Directors

Mr. Sameer V. Shah, Chairman and Managing Director and Mr. Nirmal V. Shah, Vice Chairman and Managing Director are relatives (siblings). Apart from this none of the Directors of the Company are in any way related to each other.

### Declaration by Independent Directors

All the Independent Directors of the Company have furnished a declaration to the effect that they meet the criteria of independence as provided in Section 149(6) of the Act and Regulation 16(1) (b) and Regulation 25 of Securities & Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('the Listing Regulations'). In the opinion of the Board, all the Independent Directors possess the integrity, expertise and experience including the proficiency required to be Independent Directors of the Company, fulfil the conditions of independence as specified in the Act and the Listing Regulations and are independent of the management and have also



complied with the Code for Independent Directors as prescribed in Schedule IV of the Act.

As per the notification of Ministry of Corporate Affairs, the Independent Directors of your Company have registered themselves with Indian Institute of Corporate Affairs (IICA).

#### **Policy on Directors appointment and Remuneration**

The Company has put in place an appropriate policy on appointment and remuneration of Directors and other matters provided under Section 178 (3) of the Act. This policy is uploaded on the Company's website <http://www.chembondindia.com/policy.html>. Salient features of the policy on remuneration of Directors have been disclosed in the Corporate Governance section of this Report.

#### **Number of Board Meetings**

Five (5) meetings of the Board were held during the year, details of which are furnished in the Corporate Governance Report.

#### **Performance evaluation and its criteria**

The Board of Directors carried out an evaluation of its own performance, of the Board, Committees and of the individual Directors pursuant to the provisions of the Act and Corporate Governance requirements as prescribed by the Listing Regulations.

The performance of the Board and its Committees was evaluated by the Board after seeking inputs from the Board / Committee Members based on criteria such as composition of the Board / Committees and structure, effectiveness of the Board / Committee processes, providing of information and functioning etc. The Board and the Nomination and Remuneration Committee reviewed the performance of individual Directors based on criteria such as attendance in Board / Committee meetings, contribution in the meetings like preparedness on issues to be discussed etc.

The Independent Directors at its separate meeting held on 19<sup>th</sup> February, 2020, reviewed the performance of Non-Independent Directors and performance of the Board as a whole, performance of the Chairman of the Company taking into account the views of Executive and Non-executive Directors and assessed the quality, quantity and timeliness of flow of information to the Board to perform their duties effectively and reasonably.

#### **Directors' Responsibility Statement**

Pursuant to Section 134(5) of the Act, the Board of Directors, to the best of their knowledge and ability, in respect of the year ended 31<sup>st</sup> March, 2020, confirm that:

(a) in the preparation of the annual accounts, the applicable accounting standards have been followed

and there are no material departures;

(b) they selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that period;

(c) they took proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(d) they prepared the annual accounts on a going concern basis;

(e) they laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and

(f) they devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

#### **Audit Committee**

The details in respect of role/powers/composition of the Audit Committee and other information are included in the Corporate Governance Report.

#### **Auditor's and Auditor's Report**

##### **Statutory Auditors**

M/s. Bathiya & Associates, LLP, Chartered Accountants, (FRN:101046W/W100063) were appointed as the Statutory Auditor of the Company for a period of 5 consecutive years at the 43<sup>rd</sup> Annual General Meeting (AGM) held on 11<sup>th</sup> August, 2018 until the conclusion of 48<sup>th</sup> AGM to be held in the FY 2023 on a remuneration mutually agreed upon by the Board of Directors and the Statutory Auditor.

##### **Cost Auditors**

As per the requirement of Central Government and pursuant to Section 148 of the Act read with the Companies (Cost Records and Audit) Rules, 2014 as amended from time to time, your Company has been carrying out audit of cost records every year.

The Board of Directors, on the recommendation of Audit Committee, as a practice of good governance decided to change the Cost Auditors and have appointed M/s. Jitendrakumar & Associates, Cost & Management Accountants, Mumbai, (FRN. 101561/Membership No. 30106) in place of Mr. R. Srinivasaraghavan, Practicing Cost Accountant, Pune (FRN. 100098) as the Cost Auditor to audit the cost records of the Company for FY 2020-21. The Company is seeking the ratification/approval of the Members for the remuneration to be paid to M/s.

Jitendrakumar & Associates, Cost & Management Accountant for the FY ending 31<sup>st</sup> March, 2021.

The relevant Cost Audit Report for the FY 2018-19 was filed with Ministry of Corporate Affairs on 9<sup>th</sup> September, 2019 in Form CRA-4.

#### Secretarial Auditor & Secretarial Audit Report

Pursuant to the provisions of Section 204 of the Act and the Rules made thereunder, the Board of Directors of the Company has appointed Mr. Virendra G. Bhatt, Practicing Company Secretary (C.P. No.: 124) to undertake the Secretarial Audit of the Company for the year ended 31<sup>st</sup> March, 2020. The Secretarial Audit Report in Form MR- 3 for the Financial Year ended 31<sup>st</sup> March, 2020 has been annexed as Annexure 1.

There are no Secretarial Audit qualification for the year under review.

#### Subsidiaries and Step-down subsidiaries

The Company has been carrying on its domestic and international operations through its subsidiaries and step-down subsidiaries as detailed below:

Your Company has eight subsidiaries and two step-down subsidiaries namely;

- i. Chembond Biosciences Limited,
- ii. Chembond Calvatis Industrial Hygiene Systems Limited,
- iii. Chembond Clean Water Technologies Limited,
- iv. Chembond Distribution Limited,
- v. Chembond Material Technologies Private Limited,
- vi. Chembond Polymers and Materials Limited,
- vii. Chembond Water Technologies Limited,
- viii. Chembond Water Technologies (Malaysia) Sdn. Bhd. (Step Down Subsidiary),
- ix. Gramos Chemicals India Private Limited (Step Down Subsidiary).
- x. Phiroze Sethna Private Limited and

The details of financial performance of the subsidiaries and step-down subsidiaries are given in AOC-I as Annexure 2.

#### Remuneration to Directors and Key Managerial Personnel

The information required under Section 197(12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended, is given in Annexure 3.

#### Particulars of employees

The statement containing particulars of employees as required under Section 197 of the Act read with Rule

5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended, will be provided upon request to the Company. None of the employees of the Company are being paid remuneration exceeding the prescribed limit under the said provisions and rules.

#### Remuneration to Managing Director from wholly owned subsidiary

During the financial year 2019-20, Mr. Sameer V. Shah – Chairman and Managing Director received remuneration of ₹29.03 lakhs from Chembond Biosciences Limited, WOS Company and ₹16.59 lakhs as remuneration from Chembond Material Technologies Private Limited, WOS Company and Mr. Nirmal V. Shah, Vice - Chairman & Managing Director received remuneration of ₹44.55 lakhs from Chembond Water Technologies Limited, WOS Company.

#### Policies and Disclosure Requirements

In terms of provisions of the Act and the Listing Regulations, the Company has adopted all the applicable policies. The policies are available on the website of the Company at

<http://www.chembondindia.com/policy.html>.

All Directors and Senior Management Personnel have affirmed their adherence to the provisions of the Code of Conduct during the financial year 2019-20.

The Company's policy on Directors' appointment, remuneration and other matters provided in Section 178(3) of the Act forms part of Nomination and Remuneration Policy and has been disclosed in the Corporate Governance Report.

#### Risk Management

The Company has its Risk Management Plan & Policy in place which is also displayed on the website of the Company. In the opinion of the Board, during the financial year 2019-20, no elements of risk which may threaten the existence of the Company were noticed by the Board. The Committee monitors the risk management plan and ensures its effectiveness. The details of Committee are set out in the Corporate Governance Report.

#### Internal Financial Control System

The Board is responsible for establishing and maintaining adequate internal financial control as per Section 134 of the Act.

Your Company has in place an adequate system of internal controls to ensure compliance with various policies, practices and statutes. It has procedures covering all financial and operating functions and processes. These have been designed to provide a

reasonable assurance with regards to maintaining of proper accounting controls for ensuring reliability of financial reporting, monitoring of operations, protecting assets from unauthorized use or losses and compliance with regulations. Key controls have been tested during the year and corrective and preventive actions are taken for any weakness. During the year no frauds have been detected or reported to Audit Committee of the Company.

### **Corporate Governance & Vigil Mechanism**

A separate Corporate Governance Report on compliance with Corporate Governance requirements as required under Regulation 34(3) read with Schedule V to the Listing Regulations forms part of this Report. The same has been reviewed and certified by Mr. Virendra G. Bhatt, Practising Company Secretary, the Secretarial Auditor of the Company and Compliance Certificate in respect thereof is attached as Annexure 4.

The Company has formulated a Whistle Blower Policy, details of which are furnished in the Corporate Governance Report, thereby establishing a vigil mechanism for Directors and permanent employees for reporting genuine concerns, if any. The vigil mechanism / whistle blower policy is available on Company's website

<http://www.chembondindia.com/policy.html>.

### **Corporate Social Responsibility (CSR)**

The criteria prescribed under Section 135 of the Act with respect to constituting CSR Committee, adopting CSR policy and spending amount on CSR activities in accordance with the Act is applicable to your Company from FY 2019-20.

The key philosophy of all CSR initiatives of the Company is guided by three core commitments of Scale, Impact and Sustainability.

During the year, the Company has spent ₹13.75 lakhs on CSR activities. The Company has identified focus areas of engagement which have been enumerated in the Annual Report on CSR Activities attached as Annexure 5.

The Company's CSR Policy is available on the website of the Company at

<http://www.chembondindia.com/policy.html>.

### **Particulars of Related Party Transactions**

All transactions entered into with related parties during the financial year were in the ordinary course of business and on arm's length basis and do not attract the provisions of Section 188(1) of the Act. Suitable disclosures as required by the Indian Accounting Standards (IndAS-24) have been made in the notes to the Financial Statements. The Board has a policy for

related party transactions which has been uploaded on the Company's website

<http://www.chembondindia.com/policy.html>. There were no material Related Party Transactions during the year. Accordingly, Form No. AOC-2, prescribed under the provisions of Section 134 (3)(h) of the Act and Rule 8 of the Companies (Accounts) Rules, 2014, for disclosure of details of Related Party Transactions, which are not "not at arm's length basis" and also which are "material and arm's length basis", is not provided as an annexure to this Report as it is not applicable.

### **The Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo**

The particulars relating to conservation of energy, technology absorption and foreign exchange earnings and outgo, as required to be disclosed under the Act, are provided in Annexure 6.

### **Particulars of Loans, Guarantees and Investments**

Details of Loans, Guarantees and Investments have been disclosed in the Financial Statements.

### **Promoters**

The Promoter Groups holding in the Company as on 31<sup>st</sup> March, 2020 was 64.59 % of the Company's paid-up Equity Capital. The members may note that the shareholding and other details of Promoters has been provided in Extract of Annual Return as mentioned in point no. 31 below.

### **Extract of the Annual Return as on 31<sup>st</sup> March, 2020**

The details forming part of the extract of the Annual Return in Form MGT-9, as required under Section 92 of the Act, is annexed as annexure 7 to this report.

### **Management Discussion and Analysis Report**

Management's Discussion and Analysis Report for the year under review, as stipulated under the Listing Regulations, is presented in a separate section, forming part of this Report.

### **Prevention, Prohibition and Redressal of Sexual Harassment of Women**

The Company has in place an Anti-Sexual Harassment Policy in line with the requirements of the Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013. The policy for Prevention of Sexual Harassment at Workplace is available on the website of the company <http://www.chembondindia.com/policy.html>. Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary and trainees) are covered under this policy who are also provided training about the Act.

During the year under review, no complaint was received.

**Business Responsibility Report**

The Business Responsibility Report for the year ended 31<sup>st</sup> March, 2020 as stipulated under Regulation 34 of the Listing Regulations is annexed as Annexure 8.

**Material changes and commitment**

Except as disclosed elsewhere in the Report, there have been no material changes and commitment affecting, the financial position of your Company, which have occurred between the end of the financial year of the Company and the date of this Report.

**Significant and Material Orders**

No significant and material order has been passed by the Regulators or Courts or Tribunals impacting the going concern status and Company's operations in future.

**Compliance with Secretarial Standards**

The Company has complied with the applicable Secretarial Standards.

**Acknowledgements**

Your Board wish to place on record their appreciation and acknowledge with gratitude the support and co-operation extended by the Government authorities, Bankers, customers, vendors, employees and members during the year under review and look forward to their continued support.

On behalf of the Board

**Sameer V. Shah**

Chairman and Managing Director

**Nirmal V. Shah**

VC and Managing Director

**Mumbai****28<sup>th</sup> May, 2020**



**Annexure 1**  
**Form No. MR-3**  
**SECRETARIAL AUDIT REPORT**

FOR THE FINANCIAL YEAR ENDED 31<sup>st</sup> MARCH, 2020

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies  
(Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,  
The Members,  
**Chembond Chemicals Limited**

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Chembond Chemicals Limited (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's statutory registers, papers, minute books, forms and returns filed with the Registrar of Companies ("the ROC"), soft copy of the various records sent over mail as provided by the Company and other relevant records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company during the audit period covering the financial year ended on 31<sup>st</sup> March, 2020, has prima facie complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the statutory registers, papers, minute books, forms and returns filed with the ROC and other relevant records maintained by the Company for the financial year ended on 31<sup>st</sup> March, 2020 according to the provisions of:

- (i) The Companies Act, 2013 ('the Act') and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under Securities and Exchange Board of

India Act, 1992 ('SEBI Act'): -

- (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- (c) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;

Though the following laws are prescribed in the format of Secretarial Audit Report, the same were not applicable to the Company for the financial year ended 31<sup>st</sup> March, 2020: -

- (a) The Securities and Exchange Board of India (Issue and listing of Debt securities) Regulations, 2008;
- (b) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
- (c) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018;
- (d) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
- (e) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
- (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

(vi) I further report that, based on the Compliance Report of various Laws submitted by Department Heads of the Company, the Company has proper system to comply with the applicable laws.

(vii) I have also examined compliance with the applicable clauses of the Secretarial Standards 1 and 2 issued by the Institute of Company Secretaries of India.

During the period under review, I am of the opinion that the Company has prima facie complied with the



provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. as mentioned above except **that the Company has delayed in filing of reports under Regulation 74(5) of SEBI (Depositories and Participants) Regulations, 2018. However, the Company has filed all pending reports before signing of this report.**

I further report that: -

a) I have not examined the Financial Statements, Financial books and related financial Act like Income Tax, Sales Tax, Value Added Tax, Goods and Services Tax, ESIC, Provident Fund, Professional Tax, Foreign Currency Transactions, Related Party Transactions etc., For these matters, I rely on the report of statutory auditors for Financial Statement for the financial year ended 31<sup>st</sup> March, 2020.

b) The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors including Woman Director. There were no changes in the composition of the Board of Directors that took place during the period under review.

c) As per the information provided the Company has prima facie given adequate notice to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance and a system exists for seeking and obtaining further information and clarifications on agenda items before the meeting and for meaningful participation at the meeting.

d) As per the minutes of the meetings, majority decisions of the Board were unanimous and no dissenting views were found as part of the minutes.

e) There are prima facie adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable Laws, Rules, Regulations and Guidelines.

f) The management is responsible for compliances of all business laws. This responsibility includes maintenance of statutory registers/records required by the concerned authorities and internal control of the concerned department.

g) During the period under review, as per the information provided by the Company, prima facie there were no instances of transaction by the designated persons in the securities of the Company during the closure of window.

h) I further report that during the audit period, there

were no instances of:

i. Public/ Rights/ Preferential issue of shares/ debentures/ sweat equity, etc.;

ii. Issue of equity shares under Employee Stock Option Scheme;

iii. Redemption / Buy-back of securities;

iv. Major decisions taken by the Members in pursuance to Section 180 of the Companies Act, 2013 which would have major bearing on the Company's affairs.

v. Merger / amalgamation / Reconstruction etc.

vi. Foreign Technical Collaborations.

I further report that:

1. Maintenance of Secretarial record is the responsibility of the Management of the Company. My responsibility is to express an opinion on these Secretarial Records based on my audit.

2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in the Secretarial records. I believe that the processes and practices I followed, provide a reasonable basis for my opinion.

3. Where ever required, I have obtained the Management representation about the compliance of Laws, Rules and Regulations and happening of events etc.

4. I have not verified the correctness and appropriateness of financial records and Books of Accounts of Company.

5. The compliance of the provisions of Corporate and other applicable Laws, Rules, Regulations, Standards is the responsibility of the Management. My examination was limited to the verification of procedures on test basis.

6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor the efficacy or effectiveness with which the Management has conducted the affairs of the Company.

7. Due to COVID - 19 and continuous Lockdown, we were able to partially verify the information physically, therefore we rely on the information as provided by the Company in electronic mode.

**Place: Mumbai**

**Date: 28<sup>th</sup> May, 2020**

**Virendra G. Bhatt**

**ACS No.:1157**

**COP No.:124**

**UDIN: A001157B000290567**

## Annexure 2

## Form AOC-1

Statement containing salient features of the financial statement of subsidiaries/associate companies/joint venture as on 31st March, 2020  
Part "A": Subsidiaries

| Sr. No. | Name of subsidiary   | Date since when the subsidiary was incorporated or acquired | Reporting Period | Reporting Currency | Share Capital | Reserves & Surplus | Total Assets | Total Liabilities | Investments | Turnover  | Profit Before Taxation | Provision for Taxation | Profit after Taxation | % of Shareholding |
|---------|--|---|------------------|--------------------|---------------|--------------------|--------------|-------------------|-------------|-----------|------------------------|------------------------|-----------------------|-------------------|
|         |  |   |                  |                    |               |                    |              |                   |             |           |                        |                        |                       |                   |
| 1       | Chembond Biosciences Limited (formerly known as Chembond Industrial Coatings Limited)                        | 01.07.11  |                  | INR                | 190           | (100.19)           | 1,208.39     | 1,118.58          | -           | 2,230.97  | (120.58)               | (6.73)                 | (113.85)              | 100               |
| 2       | Chembond Calvatis Industrial Hygiene Systems Limited   | 12.12.08  | 01               | INR                | 49.99         | 88.58              | 203.93       | 65.36             | 80.60       | 353.97    | 14.07                  | 8.38                   | 5.70                  | 55                |
| 3       | Chembond Clean Water Technologies Limited  | 17.04.10  | Apr 2019         | INR                | 827.81        | 15.27              | 965.66       | 122.59            | 25.41       | 1,198.17  | 332.07                 | 84.90                  | 247.17                | 100*              |
| 4       | Chembond Distribution Limited  | 14.12.06  | 2019 till 31     | INR                | 5.00          | 299.01             | 649.32       | 345.32            | -           | 2,122.77  | 190.00                 | 86.65                  | 103.35                | 100               |
| 5       | Chembond Material Technologies Private Limited (formerly known as Protochem Industries Private Limited)      | 24.03.00  | Mar 2020         | INR                | 151.50        | 376.83             | 2,790.82     | 2,262.49          | -           | 4,232.65  | (582.57)               | (3.07)                 | (579.50)              | 100               |
| 6       | Chembond Polymers and Materials Limited  | 14.12.06  |                  | INR                | 30.00         | 483.04             | 691.21       | 178.17            | 246.66      | 295.38    | (24.52)                | 1.13                   | (25.65)               | 100               |
| 7       | Chembond Water Technologies (Malaysia) SDN. BHD \$ (formerly known as Chembond Chemicals Malaysia Sdn. Bhd.) | 24.02.16  |                  | RM**               | 29.30         | 32.88              | 81.53        | 19.35             | -           | 165.41    | 21.22                  | 6.43                   | 14.79                 | 100               |
| 8       | Chembond Water Technologies Limited  | 12.12.84  |                  | INR                | 50.00         | 5,105.56           | 7,319.34     | 2,163.77          | 758.34      | 12,423.19 | 1,032.97               | 255.78                 | 777.18                | 100               |
| 9       | Gramos Chemicals India Private Limited \$  | 17.11.17  |                  | INR                | 48.00         | 736.76             | 842.42       | 57.66             | 245.93      | 767.23    | 90.05                  | 47.56                  | 42.49                 | 100               |
| 10      | Phiroze Sethna Private Limited   | 17.11.17  |                  | INR                | 4.00          | 1,071.15           | 1,419.29     | 344.13            | 470.21      | 1,742.73  | (183.96)               | 23.04                  | (206.99)              | 100               |

\*52% is owned by Your Company and 48% is owned by Chembond Water Technologies Limited (A Wholly owned subsidiary of your Company).

\$ Step-down subsidiary company of Your Company.

\*\* Malaysia Ringgit - 1 RM = INR 17.46 as on 31.03.2020.

1. Name of Subsidiaries which are yet to commence operations: None.

2. Names of Subsidiaries which have been liquidated and sold during the year: None

### Annexure 3

Information required under Section 197(12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

a) Ratio of remuneration of each Director to the median employee's remuneration for the financial year.

| Name           | Designation                         | Ratio to median remuneration |
|----------------|-------------------------------------|------------------------------|
| Sameer V. Shah | Chairman and Managing Director      | 9.67 : 1                     |
| Nirmal V. Shah | Vice Chairman and Managing Director | 8.13 : 1                     |

b) Percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary.

| Name            | Designation                         | % increase |
|-----------------|-------------------------------------|------------|
| Sameer V. Shah  | Chairman and Managing Director      | (39.40)*   |
| Nirmal V. Shah  | Vice Chairman and Managing Director | 6          |
| Rashmi S. Gavli | Chief Financial Officer             | 6.8        |
| Suchita Singh   | Company Secretary                   | 17         |

\*The decrease in % is due to decrease in remuneration from CCL and drawing the same from other subsidiaries.

c) The percentage increase in the median remuneration of employees: 4.72%

d) The number of permanent employees: 114

The number of permanent employees has decreased materially due to inter-company transfer of the employees within the group. Before transferring them they were taken into confidence and the justification to the need of your Company's action has been informed to the employees well in advance .

e) Average percentile increase made in the salaries of employees other than key managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:

Average increase made in the salaries of employees other than key managerial personnel during the year is 10.86% versus (2.4%) increase in managerial remuneration. There are no other exceptional circumstances for increase in the remuneration of key managerial personnel and increase in remuneration has been in accordance with the Company's policies. The increment given to each individual employee is based on the employees' potential, experience as also their performance and contribution to the Company's progress over a period of time.

f) The Company affirms that the remuneration is as per the Remuneration Policy of the Company.

**Annexure 4**  
**CERTIFICATE OF CORPORATE GOVERNANCE**

To,

**The Members of Chembond Chemicals Limited**

I have examined the compliance of Corporate Governance by Chembond Chemicals Limited ('the Company') for the year ended 31st March, 2020, as stipulated in Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI Listing Regulations') as referred to in Regulation 15(2) of the SEBI Listing Regulations for the year ended 31<sup>st</sup> March, 2020.

The compliance of conditions of Corporate Governance is the responsibility of the Company's Management. My examination has been limited to a review of the procedures and implementations thereof, adopted by the Company for ensuring the Compliance with the conditions of Corporate Governance as stipulated in the said Regulations. It is neither an audit nor an expression of Corporate Governance as stipulated in the abovementioned SEBI Listing Regulations, as applicable.

In my opinion and to the best of my information and according to the explanation given to me and based on the representations made by the Management, I am of the opinion that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned SEBI Listing Regulations, as applicable.

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

**Virendra G. Bhatt**  
**Practicing Company Secretary**  
**ACS No.: 1157; CP No.: 124**  
**UDIN: A001157B000290591**

**Place: Mumbai**

**Date: 28<sup>th</sup> May, 2020**

## Annexure 5

**Annual Report on Corporate Social Responsibility (CSR) activities for the financial year 2019 -20**  
 [Pursuant to Companies (Corporate Social Responsibility Policy) Rules, 2014]

(₹ in lakhs)

|    |   |  |
|----|---|--|
| 1. | A brief outline of the Company's CSR Policy including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR Policy and Projects or Programs.    | The Company has done various CSR activities through Visan Trust in the areas of education to underprivileged children, healthcare, women empowerment, health training and vocational training center etc. Some of the Projects are Visan Trust Girls Education Project and Chembond Children's Centre which runs non-formal education centres at Pasthal and Shirgaon near Tarapur. CSR Policy of Company has been uploaded on the Company's website <a href="http://www.chembondindia.com/policy.html">http://www.chembondindia.com/policy.html</a> . |
| 2. | Composition of Committee  | Mr. Nirmal V. Shah - Chairman<br>Mr. Sameer V. Shah – Member<br>Mr. Ashwin Nagarwadia – Member<br>Mr. Sushil Lakhani – Member  |
| 3. | Average Net Profit of the Company for the last 3 Fy's   | ₹687.08 lakhs  |
| 4. | Prescribed CSR Expenditure (2% of the amount mentioned in item 3 above)   | ₹13.74 lakhs   |
| 5. | Details of CSR spent during the Financial Year<br>a. Total amount spent for the Financial year.<br>b. Amount unspent, if any.<br>c. Manner in which the amount spent during the financial year. | ₹13.75 lakhs<br>Nil<br>Details provided in the table given below.  |
| 6. | Reason for not spending the amount earmarked.   | NA   |

**Details of amount spent on CSR activities during the financial year 2019-20.**

(₹ in lakhs)

| Sr. No. | CSR Project or activity identified                                | Sector in which the project is covered (Clause no. of Schedule VII to the Companies Act, 2013). | Project or Program (1) Local area or other (2) specify the State and District where projects or programs was undertaken | Amount Outlay (Budget) Project or Program wise | Amount spent on the Projects or Programs Sub heads: (1) Direct Expenditure on Projects or Programs (2) Overheads | Cumulative Expenditure upto the reporting period i.e. FY 2019-20 | Amount spent through Implementing Agency |
|---------|---|---|---|--|--|--|--|
| 1       | Promotion of Education, Women empowerment and vocational training | Education Clause (ii) Women Empowerment (iii) Vocational Training (vii)                         | Pasthal and Shirgaon near Tarapur, Maharashtra  | 13.74  | 13.75  | 63.05  | Through Visan Trust 13.75                |



## Annexure 6

### Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

Particulars required under Section 134 of the Companies Act, 2013 including rules framed there under:-

#### (A) Conservation of Energy

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

The Company continues measures to reduce energy consumption at its plants and offices by improving energy intensive manufacturing process.

(ii) The steps taken by the Company for utilizing alternate sources of energy:

The Company has installed solar power systems at its head office.

(iii) The capital investment on energy conservation equipment: Nil

#### (B) Technology Absorption

(i) The efforts made towards Technology Absorption:

The Company has an on-going process of Research & Development and the Company continues its efforts to assimilate group technology for introducing new products and improving product quality. The management is focused on introduction of high-end technology within the country and abroad.

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

In view of the measures taken by the Company, the consumption of energy reduced by satisfactory levels.

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

The details of technology imported:

The year of import:

Whether the technology has been fully absorbed:

If not fully absorbed, areas where absorption has not taken place, and the reasons thereof:

} NA

(iv) The expenditure incurred on Research & Development

(₹ in lakhs)

| Particulars         | 2019-20       | 2018-19       |
|---------------------|---------------|---------------|
| Revenue Expenditure | 104.21        | 132.86        |
| Capital Expenditure | 56.36         | 95.36         |
| <b>Total</b>        | <b>160.57</b> | <b>228.22</b> |

(C) Foreign Exchange Earnings and Outgo:

(₹ in lakhs)

| Particulars  | 2019-20 | 2018-19  |
|--|---------|----------|
| Total Foreign Exchange Earned in terms of actual inflows | 79.11   | 116.27   |
| Total Foreign Exchange Outgo in terms of actual outflows | 515.66  | 2,033.63 |

On behalf of the Board

**Sameer V. Shah**  
Chairman & Managing Director

**Nirmal V. Shah**  
VC & Managing Director

28<sup>th</sup> May, 2020

## Annexure 7

## Form MGT-9

The Extract of the Annual Return as on the financial year ended 31<sup>st</sup> March, 2020

## I. Registration and other details

|   |  |
|---|--|
| CIN   | L24100MH1975PLC018235  |
| Registration Date   | 22 <sup>nd</sup> March, 1975   |
| Name of the Company   | Chembond Chemicals Limited   |
| Category/Sub-Category of the Company                                      | Company having Share Capital   |
| Address of the Registered Office and Contact details                      | EL-71, Chembond Centre, MIDC, Mahape,<br>Navi Mumbai 400710<br>Contact Person: Suchita H. Singh<br>Company Secretary and Compliance Officer<br>Email: <a href="mailto:cs@chembondindia.com">cs@chembondindia.com</a><br>Tel No. (+9122) 62643000<br>Fax No. (+9122) 2768 1294  |
| Whether listed company  | Yes (Listed on BSE Limited and National Stock Exchange of India Limited)   |
| Name, address and contact details of Registrar and Transfer Agent, if any | TSR Darashaw Consultants Private Limited,<br>(Formerly known as TSR Darashaw Limited) 6 - 10,<br>Haji Moosa Patrawala Indl.<br>Estate, 20, Dr. E Moses Road, Mahalaxmi, Mumbai-400 011.<br>Contact Person : Ms. Madhuri Narang<br>Tel: 022- 6656 8484 Fax: 022- 6656 8494<br>E-mail : <a href="mailto:csg-unit@tsrdarashaw.com">csg-unit@tsrdarashaw.com</a><br>Web : <a href="http://www.tsrdarashaw.com">www.tsrdarashaw.com</a> |

## II. Principal Business Activities of the Company

All the business activities contributing 10 % or more of the total turnover of the Company are given below:-

| Sr. No. | Name and Description of main products / services | NIC Code of the Product/ service* | % to total turnover of the Company# |
|---------|--|-----------------------------------|-------------------------------------|
| 1       | Chemicals  | 2029                              | 92.51                               |

\* As per National Industries Classification – Ministry of Statistics and Programme Implementation

### III. Particulars of Holding, Subsidiary and Step-down Subsidiary

| Name and address of the Company   | CIN/GLN               | Holding/<br>subsidiary/<br>associate | % of<br>shares<br>held | Applicable<br>section |
|---|-----------------------|--------------------------------------|------------------------|-----------------------|
| Chembond Biosciences Limited<br>EL-71, Chembond Centre, MIDC, Mahape, Navi<br>Mumbai 400710   | U36100MH2011PLC219324 | Subsidiary                           | 100                    | 2(87)                 |
| Chembond Calvatis Industrial Hygiene Systems<br>Limited<br>EL-71, Chembond Centre, MIDC, Mahape, Navi<br>Mumbai 400710  | U73100MH2008PLC188852 | Subsidiary                           | 55                     | 2(87)                 |
| Chembond Clean Water Technologies Limited<br>EL-37, Chembond Centre, MIDC, Mahape, Navi<br>Mumbai 400710  | U29248MH2010PLC202124 | Subsidiary                           | 52                     | 2(87)                 |
| Chembond Distribution Limited<br>EL-71, Chembond Centre, MIDC, Mahape, Navi<br>Mumbai 400710  | U24117MH2006PLC166227 | Subsidiary                           | 100                    | 2(87)                 |
| Chembond Material Technologies Private Limited<br>A-737/5, TTC MIDC area, Mahape village, Thane<br>Belapur road, Vashi, Navi Mumbai 400710                                    | U24200MH2000PTC125231 | Subsidiary                           | 100                    | 2(87)                 |
| Chembond Polymers and Materials Limited<br>EL-71, Chembond Centre, MIDC, Mahape,<br>Navi Mumbai 400710  | U24117MH2006PLC166224 | Subsidiary                           | 100                    | 2(87)                 |
| Chembond Water Technologies (Malaysia) Sdn.<br>Bhd.*<br>Suite 39.1.6, First Floor, Jalan Kenari 17C, Bandar<br>Puchong Jaya, 47100 Puchong, Selangor Darul<br>Ehsan, Malaysia | Foreign Company       | Step-down<br>Subsidiary              | 100                    | 2(87)                 |
| Chembond Water Technologies Limited<br>EL-71, Chembond Centre, MIDC, Mahape, Navi<br>Mumbai 400710  | U24110MH1984PLC143564 | Subsidiary                           | 100                    | 2(87)                 |
| Gramos Chemicals India Private Limited<br>W-268, TTC Industrial Area,<br>Rabale, Navi Mumbai 400701   | U99999MH1985PTC035486 | Step-down<br>Subsidiary              | 100                    | 2(87)                 |
| Phiroze Sethna Private Limited<br>Royal Insurance Building,<br>1 <sup>st</sup> Floor, 14, Jamshedji Tata Road,<br>Mumbai 400020   | U25209MH1975PTC018396 | Subsidiary                           | 100                    | 2(87)                 |

\*In July, 2019, Chembond Water Technologies Malaysia Sdn. Bhd (formerly known as Chembond Chemicals (Malaysia) Sdn. Bhd.) became a step down subsidiary of your Company pursuant to sale of 100% shares to Chembond Water Technologies Limited.

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

##### i) Category- wise Share Holding

| Category of Shareholders                                  | No. of Shares held at the beginning of the year 01-04-2019 |               |                  |                   | No. of Shares held at the end of the year 31-03-2020 |               |                  |                   | % Change during the year |
|---|--|---------------|------------------|-------------------|--|---------------|------------------|-------------------|--------------------------|
|   | Demat  | Physical      | Total            | % of Total Shares | Demat  | Physical      | Total            | % of Total Shares |                          |
| <b>A. Promoters</b>                                       |  |               |                  |                   |  |               |                  |                   |                          |
| <b>(1) Indian</b>   |  |               |                  |                   |  |               |                  |                   |                          |
| a) Individual / HUF                                       | 6,924,651  | 0             | 6,924,651        | 51.49             | 6,933,321  | 0             | 6,933,321        | 51.56             | 0.06                     |
| b) Central Govt.  | 0  | 0             | 0                | 0.00              | 0  | 0             | 0                | 0                 | 0.00                     |
| c) State Govt.(s)   | 0  | 0             | 0                | 0.00              | 0  | 0             | 0                | 0                 | 0.00                     |
| d) Bodies Corporate                                       | 1,670,400  | 0             | 1,670,400        | 12.42             | 1,753,410  | 0             | 1,753,410        | 13.04             | 0.62                     |
| e) Banks / FI   | 0  | 0             | 0                | 0.00              | 0  | 0             | 0                | 0                 | 0.00                     |
| f) Any Other....  | 0  | 0             | 0                | 0.00              | 0  | 0             | 0                | 0                 | 0.00                     |
| <b>Sub-total (A) (1):-</b>                                | <b>8,595,051</b>   | <b>0</b>      | <b>8,595,051</b> | <b>63.91</b>      | <b>8,686,731</b>                                     | <b>0</b>      | <b>8,686,731</b> | <b>64.59</b>      | <b>0.68</b>              |
| <b>(2) Foreign</b>  |  |               |                  |                   |  |               |                  |                   |                          |
| a) NRIs –Individuals                                      | 0  | 0             | 0                | 0.00              | 0  | 0             | 0                | 0.00              | 0.00                     |
| b) Other –Individuals                                     | 0  | 0             | 0                | 0.00              | 0  | 0             | 0                | 0.00              | 0.00                     |
| c) Bodies Corp.   | 0  | 0             | 0                | 0.00              | 0  | 0             | 0                | 0.00              | 0.00                     |
| d) Banks / FI   | 0  | 0             | 0                | 0.00              | 0  | 0             | 0                | 0.00              | 0.00                     |
| e) Any Other....  | 0  | 0             | 0                | 0.00              | 0  | 0             | 0                | 0.00              | 0.00                     |
| <b>Sub-total (A) (2):-</b>                                | <b>0</b>   | <b>0</b>      | <b>0</b>         | <b>0.00</b>       | <b>0</b>   | <b>0</b>      | <b>0</b>         | <b>0.00</b>       | <b>0.00</b>              |
| <b>Total shareholding of Promoter (A) = (A)(1)+(A)(2)</b> | <b>8,595,051</b>   | <b>0</b>      | <b>8,595,051</b> | <b>63.91</b>      | <b>8,686,731</b>                                     | <b>0</b>      | <b>8,686,731</b> | <b>64.59</b>      | <b>0.68</b>              |
| <b>B.Public Shareholding</b>                              |  |               |                  |                   |  |               |                  |                   |                          |
| <b>1. Institutions</b>                                    |  |               |                  |                   |  |               |                  |                   |                          |
| a) Mutual Funds   | 0  | 0             | 0                | 0.00              | 0  | 0             | 0                | 0.00              | 0.00                     |
| b) Banks / FI   | 0  | 47,600        | 47,600           | 0.35              | 0  | 47,600        | 47,600           | 0.35              | 0.00                     |
| c) Central Govt   | 0  | 0             | 0                | 0.00              | 0  | 0             | 0                | 0.00              | 0.00                     |
| d) State Govt(s)  | 0  | 0             | 0                | 0.00              | 0  | 0             | 0                | 0.00              | 0.00                     |
| e) Venture Capital Funds                                  | 0  | 0             | 0                | 0.00              | 0  | 0             | 0                | 0.00              | 0.00                     |
| f) Insurance Companies                                    | 0  | 0             | 0                | 0.00              | 0  | 0             | 0                | 0.00              | 0.00                     |
| g) FIs  | 0  | 0             | 0                | 0.00              | 0  | 0             | 0                | 0.00              | 0.00                     |
| h) Foreign Venture Capital Funds                          | 0  | 0             | 0                | 0.00              | 0  | 0             | 0                | 0.00              | 0.00                     |
| i) Others (specify)                                       | 0  | 0             | 0                | 0.00              | 0  | 0             | 0                | 0.00              | 0.00                     |
| <b>Sub-total (B)(1):-</b>                                 | <b>0</b>   | <b>47,600</b> | <b>47,600</b>    | <b>0.35</b>       | <b>0</b>   | <b>47,600</b> | <b>47,600</b>    | <b>0.35</b>       | <b>0.00</b>              |

| Category of Shareholders   | No. of Shares held at the beginning of the year 01-04-2019 |                |                   |                   | No. of Shares held at the end of the year 31-03-2020 |                |                   |                   | % Change during the year |
|--|--|----------------|-------------------|-------------------|--|----------------|-------------------|-------------------|--------------------------|
|  | Demat  | Physical       | Total             | % of Total Shares | Demat  | Physical       | Total             | % of Total Shares |                          |
| <b>2. Non-Institutions</b>   |  |                |                   |                   |  |                |                   |                   |                          |
| a) Bodies Corp.  |  |                |                   |                   |  |                |                   |                   |                          |
| i) Indian  | 907,090  | 400            | 907,490           | 6.75              | 823,386  | 400            | 823,786           | 6.13              | (0.62)                   |
| ii) Overseas   | 0  | 0              | 0                 | 0.00              | 0  | 0              | 0                 | 0.00              | 0.00                     |
| b) Individuals   |  |                |                   |                   |  |                |                   |                   |                          |
| i) Individual shareholders holding nominal share capital upto ₹ 1 lakh         | 1,985,662  | 165,124        | 2,150,786         | 15.99             | 2,260,089  | 179,164        | 2,439,253         | 18.14             | 2.15                     |
| ii) Individual shareholders holding nominal share capital in excess of ₹1 lakh | 1,207,255  | 49,520         | 1,256,775         | 9.35              | 772,145  | 49,520         | 821,665           | 6.11              | (3.24)                   |
| c) Others (specify)  |  |                |                   |                   |  |                |                   |                   |                          |
| NRI  | 151,942  | 0              | 151,942           | 1.13              | 165,505  | 12,000         | 177,505           | 1.32              | 0.19                     |
| HUF  | 244,422  | 0              | 244,422           | 1.82              | 244,553  | 0              | 244,553           | 1.82              | 0.00                     |
| Clearing Member  | 39,544   | 0              | 39,544            | 0.29              | 84,474   | 0              | 84,474            | 0.63              | 0.33                     |
| LLP  | 27,594   | 0              | 27,594            | 0.21              | 93,437   | 0              | 93,437            | 0.69              | 0.49                     |
| IEPF Account   | 27,084   | 0              | 27,084            | 0.20              | 29,284   | 0              | 29,284            | 0.22              | 0.02                     |
| FPI-CORPS  | 0  | 0              | 0                 | 0                 | 0  | 0              | 0                 | 0                 | 0.00                     |
| BC-NBFC  | 0  | 0              | 0                 | 0.00              | 0  | 0              | 0                 | 0                 | 0.00                     |
| Directors  | 0  | 0              | 0                 | 0.00              | 0  | 0              | 0                 | 0                 | 0.00                     |
| <b>Sub-total (B)(2)</b>  | <b>4,590,593</b>   | <b>215,044</b> | <b>4,805,637</b>  | <b>35.73</b>      | <b>4,472,873</b>                                     | <b>241,084</b> | <b>4,713,957</b>  | <b>35.05</b>      | <b>(0.68)</b>            |
| <b>Total Public shareholding (B) = (B)(1)+(B)(2)</b>                           | <b>4,590,593</b>   | <b>262,644</b> | <b>4,853,237</b>  | <b>36.09</b>      | <b>4,472,873</b>                                     | <b>288,684</b> | <b>4,761,557</b>  | <b>35.41</b>      | <b>(0.68)</b>            |
| <b>TOTAL (A)+(B)</b>   | <b>13,185,644</b>  | <b>262,644</b> | <b>13,448,288</b> | <b>100.00</b>     | <b>13,159,604</b>                                    | <b>288,684</b> | <b>13,448,288</b> | <b>100.00</b>     | <b>0.00</b>              |
| C. Shares held by Custodian for GDRs & ADRs                                    | 0  | 0              | 0                 | 0.00              | 0  | 0              | 0                 | 0.00              | 0.00                     |
| Promoter and Promoter Group  | 0  | 0              | 0                 | 0.00              | 0  | 0              | 0                 | 0.00              | 0.00                     |
| Public   | 0  | 0              | 0                 | 0.00              | 0  | 0              | 0                 | 0.00              | 0.00                     |
| <b>Grand Total (A+B+C)</b>   | <b>13,185,644</b>  | <b>262,644</b> | <b>13,448,288</b> | <b>100.00</b>     | <b>13,159,604</b>                                    | <b>288,684</b> | <b>13,448,288</b> | <b>100.00</b>     | <b>0.00</b>              |



## (ii) Shareholding of Promoters

| Sr. No | Shareholder's Name            | Shareholding at the beginning of the year 01 <sup>st</sup> April, 2019 |                                  |  | Share holding at the end of the year 31 <sup>st</sup> March, 2020 |                                  |  | % change in share holding during the year |
|--------|-------------------------------|--|----------------------------------|--|---|----------------------------------|--|---|
|        |                               | No. of Shares  | % of total Shares of the company | % of Shares Pledged / encumbered to total shares | No. of Shares   | % of total Shares of the company | % of Shares Pledged / encumbered to total shares |   |
| 1      | Alpana Sandeep Shah           | 128,550  | 0.96                             | 0.00   | 1,28,550  | 0.96                             | 0.00   | 0.00                                      |
| 2      | Amrita Sameer Shah            | 43,368   | 0.32                             | 0.00   | 43,368  | 0.32                             | 0.00   | 0.00                                      |
| 3      | Ashwin R. Nagarwadia          | 566,240  | 4.21                             | 0.00   | 5,00,000  | 3.72                             | 0.00   | (0.49)                                    |
| 4      | Bhadresh Shah                 | 188,934  | 1.40                             | 0.00   | 1,88,934  | 1.40                             | 0.00   | 0.00                                      |
| 5      | Jyoti N. Mehta                | 94,480   | 0.70                             | 0.00   | 94,480  | 0.70                             | 0.00   | 0.00                                      |
| 6      | Kalpana Sunil Shah            | 43,200   | 0.32                             | 0.00   | 43,200  | 0.32                             | 0.00   | 0.00                                      |
| 7      | Kshitija N. Shah              | 21,650   | 0.16                             | 0.00   | 21,650  | 0.16                             | 0.00   | 0.00                                      |
| 8      | Kumud Ashwin Nagarwadia       | 483,760  | 3.60                             | 0.00   | 500,000   | 3.72                             | 0.00   | 0.12                                      |
| 9      | Mallika S. Shah               | 33,600   | 0.25                             | 0.00   | 33,600  | 0.25                             | 0.00   | 0.00                                      |
| 10     | Mamta N. Shah                 | 95,300   | 0.71                             | 0.00   | 95,400  | 0.71                             | 0.00   | 0.00                                      |
| 11     | Nikhil Jaysukhlal Mehta       | 40,400   | 0.30                             | 0.00   | 40,400  | 0.30                             | 0.00   | 0.00                                      |
| 12     | Nikhil Jaysukhlal Mehta (HUF) | 8,400  | 0.06                             | 0.00   | 8,400   | 0.06                             | 0.00   | 0.00                                      |
| 13     | Nirmal V. Shah                | 1,645,230  | 12.23                            | 0.00   | 1,699,291   | 12.64                            | 0.00   | 0.41                                      |
| 14     | Nirmal V. Shah (HUF)          | 4,341  | 0.03                             | 0.00   | 4,341   | 0.03                             | 0.00   | 0.00                                      |
| 15     | Padma V. Shah                 | 1,517,410  | 11.28                            | 0.00   | 1,568,234   | 11.66                            | 0.00   | 0.38                                      |
| 16     | Parul Shah                    | 55,600   | 0.41                             | 0.00   | 55,600  | 0.41                             | 0.00   | 0.00                                      |
| 17     | Raunaq S. Shah                | 6,800  | 0.05                             | 0.00   | 6,810   | 0.05                             | 0.00   | 0.00                                      |
| 18     | Sameer V. Shah                | 1,531,274  | 11.39                            | 0.00   | 1,586,124   | 11.79                            | 0.00   | 0.40                                      |
| 19     | Sameer V Shah (HUF)           | 103,456  | 0.77                             | 0.00   | 103,981   | 0.77                             | 0.00   | 0.00                                      |
| 20     | Sandip Shah                   | 63,960   | 0.48                             | 0.00   | 62,960  | 0.47                             | 0.00   | (0.01)                                    |
| 21     | Sandeep H Shah (HUF)          | 21,724   | 0.16                             | 0.00   | 21,724  | 0.16                             | 0.00   | 0.00                                      |
| 22     | Shilpa Sameer Shah            | 75,174   | 0.56                             | 0.00   | 75,274  | 0.56                             | 0.00   | 0.00                                      |
| 23     | Sunil Dahyalal Shah           | 51,000   | 0.38                             | 0.00   | 51,000  | 0.38                             | 0.00   | 0.00                                      |
| 24     | Trupti A. Nagarwadia          | 0.00   | 0.00                             | 0.00   | 0   | 0.00                             | 0.00   | 0.00                                      |
| 25     | Vinod D. Shah (HUF)           | 100,800  | 0.75                             | 0.00   | 0   | 0.00                             | 0.00   | (0.75)                                    |
| 26     | Finor Piplaj Chemicals Ltd    | 184,446  | 1.37                             | 0.00   | 240,951   | 1.79                             | 0.00   | 0.42                                      |
| 27     | S and N Ventures Ltd          | 191,335  | 1.42                             | 0.00   | 206,639   | 1.54                             | 0.00   | 0.12                                      |
| 28     | Visan Holdings Pvt Ltd        | 1,294,619  | 9.63                             | 0.00   | 1,305,820   | 9.71                             | 0.00   | 0.08                                      |
|        | <b>TOTAL</b>                  | <b>8,494,251</b>   | <b>63.16</b>                     | <b>0.00</b>                                      | <b>8,686,731</b>  | <b>64.59</b>                     | <b>0.00</b>                                      | <b>1.43</b>                               |

## (iii) Change in Promoters' Shareholding (Please specify, if there is no change)

| Sr. No | Name of the Shareholder       | Shareholding at the beginning of the year (01-04-2019) |                                  | Transaction details |                   |                               | Cumulative holding during the year / end of the year (31-03-2020) |                                  |
|--------|-------------------------------|--|----------------------------------|---------------------|-------------------|-------------------------------|---|----------------------------------|
|        |                               | No of Shares   | % of total Shares of the Company | Date                | Reason            | Increase/d decrease in Shares | No. of Shares   | % of total Shares of the Company |
| 1      | Alpana Sandeep Shah           | 128,550  | 0.96                             | No change           |                   |                               | 128,550   | 0.96                             |
| 2      | Amrita Sameer Shah            | 43,368   | 0.32                             | No change           |                   |                               | 43,368  | 0.32                             |
| 3      | Ashwin Ratilal Nagarwadia     | 566,240  | 4.21                             | 23-08-2019          | Sale              | 50,000                        | 516,240   | 3.84                             |
|        |                               |  |                                  | 23-08-2019          | Inter-se transfer | 16,240                        | 500,000   | 3.72                             |
| 4      | Bhadresh Shah                 | 188,934  | 1.40                             | No change           |                   |                               | 188,934   | 1.40                             |
| 5      | Jyoti N. Mehta                | 94,480   | 0.70                             | No change           |                   |                               | 94,480  | 0.70                             |
| 6      | Kalpana Sunil Shah            | 43,200   | 0.32                             | No change           |                   |                               | 43,200  | 0.32                             |
| 7      | Kshitija N. Shah              | 21,650   | 0.16                             | No change           |                   |                               | 21,650  | 0.16                             |
| 8      | Kumud Ashwin Nagarwadia       | 483,760  | 3.60                             | 23-08-2019          | Inter-se transfer | 16,240                        | 5,00,000  | 3.72                             |
| 9      | Mallika S. Shah               | 33,600   | 0.25                             | No change           |                   |                               | 33,600  | 0.25                             |
| 10     | Mamta N. Shah                 | 95,300   | 0.71                             | 01-11-2019          | Purchase          | 100                           | 95,400  | 0.71                             |
| 11     | Nikhil Jaysukhlal Mehta       | 40,400   | 0.30                             | No change           |                   |                               | 40,400  | 0.30                             |
| 12     | Nikhil Jaysukhlal Mehta (HUF) | 8,400  | 0.06                             | No change           |                   |                               | 8,400   | 0.06                             |
| 13     | Nirmal V. Shah                | 1,645,230  | 12.23                            | 31-05-2019          | Transmission      | 50,400                        | 1,695,630   | 12.61                            |
|        |                               |  |                                  | 23-08-2019          | Purchase          | 3,000                         | 1,698,630   | 12.63                            |
|        |                               |  |                                  | 01-11-2019          | Purchase          | 111                           | 1,698,741   | 12.63                            |
|        |                               |  |                                  | 22-11-2019          | Purchase          | 550                           | 1,699,291   | 12.64                            |
| 14     | Nirmal V. Shah (HUF)          | 4,341  | 0.03                             | No change           |                   |                               | 4,341   | 0.03                             |
| 15     | Padma V. Shah                 | 1,517,410  | 11.28                            | 30-08-2019          | Purchase          | 50,000                        | 1,567,410   | 11.66                            |
|        |                               |  |                                  | 01-11-2019          | Purchase          | 146                           | 1,567,556   | 11.66                            |
|        |                               |  |                                  | 27-03-2020          | Purchase          | 678                           | 1,568,234   | 11.66                            |
| 16     | Parul Shah                    | 55,600   | 0.41                             | No change           |                   |                               | 55,600  | 0.41                             |
| 17     | Raunaq S. Shah                | 6,800  | 0.05                             | 01-11-2019          | Purchase          | 10                            | 6,810   | 0.05                             |
| 18     | Sameer V. Shah                | 1,531,274  | 11.39                            | 24-05-2019          | Transmission      | 50,400                        | 1,581,674   | 11.76                            |
|        |                               |  |                                  | 23-08-2019          | Purchase          | 3,000                         | 1,584,674   | 11.78                            |
|        |                               |  |                                  | 01-11-2019          |                   | 200                           | 1,584,874   | 11.78                            |
|        |                               |  |                                  | 15-11-2019          |                   | 250                           | 1,585,124   | 11.79                            |
|        |                               |  |                                  | 22-11-2019          |                   | 1,000                         | 1,586,124   | 11.79                            |

| Sr. No | Name of the Shareholder        | Shareholding at the beginning of the year (01-04-2019) |                                  | Transaction details |              |                               | Cumulative holding during the year / end of the year (31-03-2020) |                                  |
|--------|--------------------------------|--|----------------------------------|---------------------|--------------|-------------------------------|---|----------------------------------|
|        |                                | No of Shares   | % of total Shares of the Company | Date                | Reason       | Increase/d decrease in Shares | No. of Shares   | % of total Shares of the Company |
| 19     | Sameer V. Shah (HUF)           | 103,456  | 0.77                             | 01-11-2019          | Purchase     | 25                            | 103,481   | 0.77                             |
|        |                                |  |                                  | 08-11-2019          |              | 500                           | 103,981   | 0.77                             |
| 20     | Sandip Shah                    | 63,960   | 0.48                             | 31-05-2019          | Sale         | 1000                          | 62,960  | 0.48                             |
| 21     | Sandeep Shah (HUF)             | 21,724   | 0.16                             | No change           |              |                               | 21,724  | 0.16                             |
| 22     | Shilpa Sameer Shah             | 75,174   | 0.56                             | 01-11-2019          | Purchase     | 100                           | 75,274  | 0.56                             |
| 23     | Sunil Dahyalal Shah            | 51,000   | 0.38                             | No change           |              |                               | 51,000  | 0.38                             |
| 24     | Trupti A. Nagarwadia           | 0  | 0                                | -                   | -            | 0                             | 0   | 0                                |
| 25     | Vinod D. Shah (HUF)            | 1,00,800   | 0.75                             | 24-05-2019          | Transmission | 1,00,800                      | 0   | 0.00                             |
| 26     | Finor Piplaj Chemicals Limited | 184,446  | 1.37                             | 27-09-2019          | Purchase     | 40,000                        | 224,446   | 1.67                             |
|        |                                |  |                                  | 01-11-2019          |              | 1,000                         | 225,446   | 1.67                             |
|        |                                |  |                                  | 08-11-2019          |              | 1,561                         | 227,007   | 1.69                             |
|        |                                |  |                                  | 22-11-2019          |              | 11,250                        | 238,257   | 1.77                             |
|        |                                |  |                                  | 29-11-2019          |              | 2,694                         | 240,951   | 1.79                             |
| 27     | S and N Ventures Limited       | 191,335  | 1.42                             | 09-08-2019          | Purchase     | 10,396                        | 201,731   | 1.50                             |
|        |                                |  |                                  | 16-08-2019          |              | 4,908                         | 206,639   | 1.54                             |
| 28     | Visan Holdings Private Limited | 1,294,619  | 9.63                             | 16-08-2019          | Purchase     | 8,901                         | 1,303,520   | 9.69                             |
|        |                                |  |                                  | 23-08-2019          |              | 2,300                         | 1,305,820   | 9.69                             |

## (iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs)

| Sr. No | Name of the Shareholder                   | Shareholding at the beginning of the year (01-04-2019) |                                  | Transaction details |          |                               | Cumulative holding during the year / at the end of the year (31-03-2020) |                                  |
|--------|---|--|----------------------------------|---------------------|----------|-------------------------------|--|----------------------------------|
|        |   | No of Shares   | % of total Shares of the Company | Date                | Reason   | Increase / decrease in Shares | No. of Shares  | % of total Shares of the Company |
| 1      | Ajay Chinubhai Laloo                      | 225,764  | 1.68                             | 26-04-2019          | Purchase | 400                           | 226,164  | 1.68                             |
|        |   |  |                                  | 27-12-2019          | Purchase | 5,000                         | 231,164  | 1.72                             |
|        |   |  |                                  | 27-12-2019          | Sale     | 6,000                         | 225,164  | 1.67                             |
| 2      | Chartered Finance and Leasing Limited     | 169,058  | 1.26                             | No change           |          |                               | 169,058  | 1.26                             |
| 3      | Banda Real Estate Private Limited         | 187,460  | 1.39                             | 27-09-2019          | Sale     | 31,000                        | 156,460  | 1.16                             |
|        |   |  |                                  | 04-10-2019          |          | 1,000                         | 155,460  | 1.16                             |
|        |   |  |                                  | 10-01-2020          |          | 12,240                        | 143,220  | 1.06                             |
| 4      | Girish Gulati (HUF)                       | 96,288   | 0.72                             | 09-08-2019          | Sale     | 500                           | 95,788   | 0.71                             |
| 5      | Meena Bharat Sheth                        | 79,431   | 0.59                             | 24-05-2019          | Purchase | 505                           | 79,936   | 0.59                             |
|        |   |  |                                  | 26-07-2019          | Purchase | 4,996                         | 84,932   | 0.63                             |
|        |   |  |                                  | 02-08-2019          | Sale     | 2,514                         | 82,418   | 0.61                             |
| 6      | Awriga Capital Advisors Llp               | 0  | 0                                | 19-07-2019          | Purchase | 80,000                        | 80,000   | 0.59                             |
| 7      | Ara Trusteeship Company Private Limited   | 68,203   | 0.51                             | 26-04-2019          | Purchase | 2,200                         | 70,403   | 0.52                             |
| 8      | V M Salgaocar Corporation Private Limited | 70,354   | 0.52                             | 27-09-2019          | Sale     | 9,000                         | 61,354   | 0.46                             |
| 9      | Anant Jain                                | 61,070   | 0.45                             | No change           |          |                               | 61,070   | 0.45                             |
| 10     | Haresh Chamanlal Sheth                    | 52,244   | 0.39                             | No change           |          |                               | 52,244   | 0.39                             |

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

| Sr. No | Name of the Shareholder  | Shareholding at the beginning of the year (01-04-2019) |                                  | Transaction details |                   |                               | Cumulative holding during the year / at the end of the year (31-03-2020) |                                  |
|--------|--------------------------|--|----------------------------------|---------------------|-------------------|-------------------------------|--|----------------------------------|
|        |                          | No of Shares   | % of total Shares of the Company | Date                | Reason            | Increase / decrease in Shares | No. of Shares  | % of total Shares of the company |
| 1      | Nirmal V. Shah           | 1,645,230  | 12.23                            | 31-05-2019          | Transmission      | 50,400                        | 1,695,630  | 12.61                            |
|        |                          |  |                                  | 23-08-2019          | Purchase          | 3,000                         | 1,698,630  | 12.63                            |
|        |                          |  |                                  | 01-11-2019          | Purchase          | 111                           | 1,698,741  | 12.63                            |
|        |                          |  |                                  | 22-11-2019          | Purchase          | 550                           | 1,699,291  | 12.64                            |
| 2      | Sameer V. Shah           | 1,531,274  | 11.39                            | 24-05-2019          | Transmission      | 50,400                        | 1,581,674  | 11.76                            |
|        |                          |  |                                  | 23-08-2019          | Purchase          | 3,000                         | 1,584,674  | 11.78                            |
|        |                          |  |                                  | 01-11-2019          | Purchase          | 200                           | 1,584,874  | 11.78                            |
|        |                          |  |                                  | 15-11-2019          | Purchase          | 250                           | 1,585,124  | 11.78                            |
|        |                          |  |                                  | 22-11-2019          | Purchase          | 1,000                         | 1,586,124  | 11.79                            |
| 3      | Mr. Ashwin R. Nagarwadia | 566,240  | 4.21                             | 23-08-2019          | Sale              | 50,000                        | 516,240  | 3.84                             |
|        |                          |  |                                  | 23-08-2019          | Inter-se transfer | 16,240                        | 500,000  | 3.72                             |
| 4      | Rashmi Sameer Gavli      | 3530   | 0.03                             | No change           |                   |                               | 3530   | 0.03                             |
| 5      | Suchita Singh            | 0  | 0                                |                     | -                 |                               | 0  | 0                                |

**V. Indebtedness**

There are Nil debts as on 31st March, 2020.



## VI. Remuneration of Directors and Key Managerial Personnel

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

(₹ In lakhs)

| Sr. No. | Particulars of Remuneration  | Mr. Sameer V. Shah (MD) | Mr. Nirmal V. Shah (MD) | Total Amount |
|---------|--|-------------------------|-------------------------|--------------|
| 1.      | Gross salary<br>(a) Salary as per provisions contained in Section 17(1) of the Incometax Act, 1961 | 41.35                   | 38.16                   | 79.51        |
|         | (b) Value of perquisites u/s 17(2) Income tax Act, 1961  | -                       | -                       | -            |
|         | © Profits in lieu of salary under Section 17(3) Income tax Act, 1961                               | -                       | -                       | -            |
| 2.      | Stock Option   | -                       | -                       | -            |
| 3.      | Sweat Equity   | -                       | -                       | -            |
| 4.      | Commission<br>- as % of profit<br>- others, specify  | -                       | -                       | -            |
| 5.      | Others, please specify (Incentive)   | 5.00                    | -                       | -            |
|         | Total (A)  | 46.35                   | 38.16                   | 79.51        |
|         | Ceiling as per the Act   | 84.00*                  | 84.00*                  | 168.00       |

\* Ceiling in terms of the provisions of the extant statute at the time of appointment.

### B. Remuneration to Other Directors:

(₹ in lakhs)

| Sr. No. | Particulars of Remuneration                    | Name of Directors                       |                       |                       |                        |                          | Total Amount |
|---------|--|---|-----------------------|-----------------------|------------------------|--------------------------|--------------|
| 1       | <b>Independent Directors</b>                   | Mr. Mahendra K. Ghelani                 | Mr. Sushil U. Lakhani | Mrs. Saraswati Sankar | Dr. Prakash D. Trivedi | Mr. Ashwin R. Nagarwadia | -            |
|         | - Fee for attending board / committee meetings | 3.50                                    | 2.00                  | 1.00                  | 0.50                   | 3.50                     | 10.50        |
|         | -Commission                                    | -                                       | -                     | -                     | -                      | -                        | -            |
|         | -Others, please specify                        | NA                                      | NA                    | NA                    | NA                     | NA                       | NA           |
|         | Total (B) (1)                                  | 3.50                                    | 2.00                  | 1.00                  | 0.50                   | 3.50                     | 10.50        |
| 2       | <b>Other Non Executive Directors</b>           |   |                       |                       |                        |                          |              |
|         | -Fee for attending board / committee meetings  | -                                       | -                     | -                     | -                      | -                        | -            |
|         | -Commission                                    | -                                       | -                     | -                     | -                      | -                        | -            |
|         | -Others, please specify                        | -                                       | -                     | -                     | -                      | -                        | -            |
|         | Total (B)(2)                                   | -                                       | -                     | -                     | -                      | -                        | -            |
|         | <b>Total (B)(1)+(B)(2)</b>                     | 3.50                                    | 2.00                  | 1.00                  | 0.50                   | 3.50                     | 10.50        |
|         | <b>Total Managerial Remuneration</b>           | 10.50                                   |                       |                       |                        |                          |              |
|         | <b>Overall Ceiling as per the Act</b>          | As stipulated under Companies Act, 2013 |                       |                       |                        |                          |              |

**C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD**

(₹ in lakhs)

| Sr. No. | Particulars of Remuneration  | Key Managerial Personnel |                   |              |
|---------|--|--------------------------|-------------------|--------------|
|         |  | Chief Financial Officer  | Company Secretary | Total Amount |
| 1.      | Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | 50.81                    | 12.99             | 63.80        |
|         | (b) Value of perquisites u/s 17(2) Income tax Act, 1961  | -                        | -                 | -            |
|         | (c) Profits in lieu of salary under section 17(3) Income tax Act, 1961                           | -                        | -                 | -            |
| 2.      | Stock Option   | -                        | -                 | -            |
| 3.      | Sweat Equity   | -                        | -                 | -            |
| 4.      | Commission<br>- as % of profit<br>- others, specify...   | -                        | -                 | -            |
| 5.      | Others   | -                        | -                 | -            |
|         | <b>Total ( C )</b>   | <b>50.81</b>             | <b>12.99</b>      | <b>63.80</b> |

**VII. Penalties / Punishment/ Compounding of Offences:**

No penalties/punishment/compounding of offences were levied on the Company or Director or any of its officers during the year under review.

On behalf of the Board

**Sameer V. Shah**  
Chairman & Managing Director

**Nirmal V. Shah**  
VC & Managing Director

**Mumbai**  
**28<sup>th</sup> May, 2020**

## Annexure 9 Business Responsibility Report

As per Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

### SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

1. Corporate Identity Number (CIN) of the Company: L24100MH1975PLC018235
2. Name of the Company: Chembond Chemicals Limited
3. Registered address: Chembond Centre, EL 71, MIDC, Mahape, Navi Mumbai, Maharashtra – 400710
4. Website: [www.chembondindia.com](http://www.chembondindia.com)
5. E-mail id: [cs@chembondindia.com](mailto:cs@chembondindia.com)
6. Financial Year reported: 1<sup>st</sup> April, 2019 to 31<sup>st</sup> March, 2020
7. Sector(s) that the Company is engaged in (industrial activity code-wise):

| NIC Code of the Product | Description                                      |
|-------------------------|--|
| 2029                    | Manufacturing of Chemicals and Chemical products |

8. List three key products/services that the Company manufactures/provides (as in balance sheet): Specialty Chemicals
9. Total number of locations where business activity is undertaken by the Company:
  - a) Number of International Locations: 1 (Malaysia)
  - b) Number of National Locations:
    - Manufacturing Facilities: 8
    - R&D Centre: 2
    - Depot: 3
    - Offices: 6
10. Markets served by the Company: National and International

### SECTION B: FINANCIAL DETAILS OF THE COMPANY

1. Paid up Capital: ₹672.41 lakhs
2. Total Turnover (Gross): ₹5,854.29 lakhs
3. Total Profit after Taxes: ₹554.15 lakhs
4. Total Spending on Corporate Social Responsibility (CSR) as a percentage of profit after tax (%): 2.48%
5. List of Activities in which expenditure in 4 as above has

been incurred:

a) A Children's Centre has been established in Village Pasthal, Boisar which provides education to economically underserved sections, specially girls.

b) Women empowerment and Vocational training.

### SECTION C: OTHER DETAILS

1. Does the Company have any Subsidiary Company/ Companies? Yes
2. Do the Subsidiary Company/ Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s): Yes, 1 subsidiary participated through its CSR policy / initiatives.
3. Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]: No

### SECTION D: BUSINESS RESPONSIBILITY (BR) INFORMATION

#### 1. Details of Director responsible for BR

a) Details of the Director/Directors responsible for implementation of the BR policy/policies: The Corporate Social Responsibility (CSR) Committee of the Board of Directors is responsible for implementation of BR policies. The details of the Committee are provided in the Corporate Governance section of this Report.

b) Details of BR head: The CSR committee of the parent company is under the Chairmanship of Mr. Nirmal V. Shah, Vice Chairman and Managing Director;

Tel No.: 022 6264 3000

Email: [cs@chembondindia.com](mailto:cs@chembondindia.com)

2. Principle-wise [as per National Voluntary Guidelines (NVGs)] BR Policy/Policies: As per the NVG guidelines released by the Ministry of Corporate Affairs, we have adopted 9 areas of Business Responsibility, which are as under:

|                  |  |
|------------------|--|
| Principle 1 (P1) | Business should conduct and govern themselves with Ethics, Transparency and Accountability   |
| Principle 2 (P2) | Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle                                      |
| Principle 3 (P3) | Businesses should promote the well-being of all employees  |
| Principle 4 (P4) | Businesses should respect the interests of, and be responsive towards, all stakeholders, especially those who are disadvantaged, vulnerable and marginalized |
| Principle 5 (P5) | Businesses should respect and promote human rights   |
| Principle 6 (P6) | Businesses should respect, protect and make efforts to restore the environment   |
| Principle 7 (P7) | Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner   |
| Principle 8 (P8) | Businesses should support inclusive growth and equitable development   |
| Principle 9 (P9) | Businesses should engage with, and provide value to, their customers and consumers in a responsible manner   |

Details of compliance (Reply Y/N):

| Questions  | P1  | P2                     | P3               | P4                      | P5           | P6                           | P7            | P8  | P9               |
|--|---|------------------------|------------------|-------------------------|--------------|------------------------------|---------------|-----|------------------|
|  | Business  | Product Responsibility | Employee welfare | Stakeholders Engagement | Human Rights | Safety, Health & Environment | Public Policy | CSR | Customer centric |
| Do you have policies for   | Y   | Y                      | Y                | Y                       | Y            | Y                            | N             | Y   | Y                |
| Has the policy been formulated in consultation with relevant stakeholders?   | Y   | Y                      | Y                | Y                       | Y            | Y                            | N             | Y   | Y                |
| Does the policy conform to any national / international standards? If yes, specify (50 words)                              | Policies have been formulated in accordance with laws of the land and in compliance with regulatory requirements. |                        |                  |                         |              |                              |               |     |                  |
| Has the policy been approved by the Board? If yes, has it been signed by MD /owner /CEO /appropriate Board Director?       | Y   | Y                      | Y                | Y                       | Y            | Y                            | N             | Y   | Y                |
|  | Yes, all policies are approved by the Company's Board/ Committee and signed by the Authorized person.             |                        |                  |                         |              |                              |               |     |                  |
| Does the company have a specified committee of the Board / Director /Official to oversee implementation of the policy?     | Y   | Y                      | Y                | Y                       | Y            | Y                            | N             | Y   | Y                |
| Indicate the link for the policy to be viewed online   | <a href="http://www.chembondindia.com/policy.html">http://www.chembondindia.com/policy.html</a>                   |                        |                  |                         |              |                              |               |     |                  |
| Has the policy been communicated to all relevant internal & external stakeholders?   | Y   | Y                      | Y                | Y                       | Y            | Y                            | N             | Y   | Y                |
| Does the company have in-house structure to implement the policy/policies?   | Y   | Y                      | Y                | Y                       | Y            | Y                            | N             | Y   | Y                |
| Is there a grievance redressal mechanism in place w.r.t policies to address stakeholders' grievances related to them?      | Y   | Y                      | Y                | Y                       | Y            | Y                            | N             | Y   | Y                |
| Has the company carried out independent audit /evaluation of the working of this policy by an internal or external agency? | N   | Y                      | Y                | N                       | Y            | Y                            | N             | N   | Y                |

If answer to any principle, is 'No', please explain why: (Tick up to 2 options)

| Particulars  | P1 | P2 | P3 | P4 | P5 | P6 | P7 | P8 | P9 |
|--|----|----|----|----|----|----|----|----|----|
| The company has not understood the Principles  | -  | -  | -  | -  | -  | -  | -  | -  | -  |
| The company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles                              | -  | -  | -  | -  | -  | -  | -  | -  | -  |
| The company does not have financial or manpower resources available for the task   | -  | -  | -  | -  | -  | -  | -  | -  | -  |
| It is planned to be done within next 6 months  | -  | -  | -  | -  | -  | -  | -  | -  | -  |
| It is planned to be done within the next 1 year  | -  | -  | -  | -  | -  | -  | √  | -  | -  |
| Any other reason (please specify) Since BRR is applicable to the Company for the first time, the Company shall formulate and implement the same in due course. | -  | -  | -  | -  | -  | -  | √  | -  | -  |

### 3. Governance related to BR

a. Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, Less than 1 year: The BR performance is reviewed Annually.

b. Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?

This is the first year for the Company for publication of BR. The BRR shall be attached to the respective Annual Report of the Company for every financial year. The Annual Report of the Company is available at the website of the Company at <http://www.chembondindia.com/annual-report.html>

#### SECTION E: PRINCIPLE-WISE PERFORMANCE

##### Principle 1: Business Ethics, Transparency and Accountability

1. Does the policy relating to ethics, bribery and corruption cover only the company? Yes/ No. Does it extend to the Group/Joint Ventures/ Suppliers/ Contractors/NGOs/Others?

The Company's Corporate Governance principles are based on accountability, transparency and ethical conduct which is an integral part of our value system. There are defined set of policies and guidelines which are put in place and applicable to the entire Group.

2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide

details thereof, in about 50 words or so. During FY 2019-20 Nil complaints were received from shareholders / whistle blowers.

##### Principle 2: Product Responsibility

1. List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.

a. Concrete admixtures and curing compounds – help save water used in concrete and during its curing.

b. Cooling water treatment chemicals – help deliver water and energy savings in plants.

c. Material treatment chemicals – help save energy through low temperature phosphating chemicals.

2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product(optional):

a. Reduction during sourcing/production/distribution achieved since the previous year throughout the value chain?

Logistics cost savings where possible have been achieved by combining material dispatches across the company's plants.

b. Reduction during usage by consumers (energy, water) has been achieved since the previous year?

Each m<sup>3</sup> of concrete produced using water reducing admixture saves up to 20% of water used in concrete made without using water reducing admixture. Each kilometre of 10 metre width concrete surface treated with curing compound saves up to 30 kilolitres of water during concrete curing phase.



Each m3 of recirculating cooling water reused reduces the energy consumption of freshwater intake pumps proportionately. Each m3 of water reused also reduces up to 85% of freshwater intake.

Each degree of heat reduced in phosphating batch for metal treatment directly reduces energy consumption to heat the bath to a higher degree.

3. Does the Company have procedures in place for sustainable sourcing (including transportation)? If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.

Beyond logistics optimization and moving away from environmentally hazardous substances, the Company's sustainable sourcing initiatives are still a work-in-progress.

4. Has the Company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work? If yes, what steps have been taken to improve their capacity and capability of local and small vendors?

The Company sources food for its personnel at some of its locations from communities surrounding the location. It contributes to their improvement through education on enhanced hygiene and staff training. It also employs local contractors where possible to supply rent a car service. For some of the small and localized raw material suppliers to the Company, safety and environment awareness training is imparted by the Company.

5. Does the Company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.

The Company recycles > 95% packing material at all plants directly or through a sub-contractor.

100% food waste is composted at the plant and used in landscape fertilization.

100% sewage water is treated and reused for landscaping at the plant.

Principle 3: Employee Welfare

1. Please indicate the Total number of employees: 114
2. Please indicate the Total number of employees hired on temporary/contractual/casual basis: 3
3. Please indicate the Number of permanent women employees : 11

4. Please indicate the Number of permanent employees with disabilities: Nil

5. Do you have an employee association that is recognized by management: No

6. What percentage of your permanent employees is members of this recognized employee association? NA

7. Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year: Nil

8. What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?

- a. Permanent Employees – 82.5%
- b. Permanent Women Employees – 80%
- c. Casual/Temporary/Contractual Employees – 80%
- d. Employees with Disabilities - Nil

Principle 4: Stakeholders Engagement

1. Has the Company mapped its internal and external stakeholders? - Yes
2. Out of the above, has the Company identified disadvantaged, vulnerable & marginalized stakeholders - Yes
3. Are there any special initiatives taken by the Company to engage with the disadvantaged, vulnerable and marginalized stakeholders? If so, provide details thereof, in about 50 words or so.

The Company acknowledges its responsibility towards its stakeholders and connects with them on regular basis. We endeavor to understand their concerns and resolve differences with stakeholders in a just, fair and equitable manner.

Principle 5: Human Rights

1. Does the policy of the Company on human rights cover only the Company or extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?

Employee and welfare related policies of the Company are extended to Subsidiary / Step down subsidiaries and Joint Venture Companies of the Company.

2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?

Nil complaints were received in the period under review.

### Principle 6: Safety, Health and Environment

1. Does the policy related to Principle 6 cover only the Company or extends to the Group/Joint Ventures/Suppliers/Contractors/NGOs/others

Yes, the policy related to P6 is extended to subsidiary/step-down subsidiary/Joint Ventures of the Company.

2. Does the Company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc. - No

3. Does the Company identify and assess potential environmental risks? - Yes, the Company has an ISO 14001 certification and conducts Environmental Impact Assessments.

4. Does the Company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed? - No

5. Has the Company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc

Yes, the Company generates and uses electricity from a captive 285KW rooftop solar power unit at its Registered Office.

6. Are the Emissions/Waste generated by the Company within the permissible limits given by CPCB/SPCB for the financial year being reported?

Yes, they are well within the guidelines and regulations as per local pollution control requirements / environmental returns.

7. Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year. - None

### Principle 7: Policy Advocacy

1. Is your Company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:

Indian Chemical Council, National Safety Council, Small Scale Entrepreneurs Association, Tarapur Industrial Manufacturers Association, Chemicals Export Promotion Council, Gujarat Safety Council, The Fertiliser Association of India, Thane Belapur Industries Association, CLFMA of India, Indian Federation of Animal Health Companies, Construction Chemicals Manufacturers Association, etc.

2. Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)

These are ongoing activities of the associations and we participate in these initiatives through our membership in them.

### Principle 8: Corporate Social Responsibility

1. Does the Company have specified programmes/initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof.

Yes, Company has its own programmes/initiatives /projects. Some of them are Children's Centre provides education to economically undeserved sections, specially girls and Women Empowerment and Vocational Training.

2. Are the programmes/projects undertaken through in-house team/own foundation/external NGO/government structures/any other organization?

Company undertakes these programmes through its own foundation namely Visan Trust. The Company also contributes to a few select projects in skill development and healthcare segments undertaken by independent NGO's/welfare trusts.

3. Have you done any impact assessment of your initiative?

The Chairman of the CSR committee keeps a check on the programmes and initiatives of the Trust.

4. What is your Company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken?

Company and its subsidiary company contribute minimum of 2% of its last three years average net profits on CSR expenditure for undertaking the projects mentioned above. The details of the expenditure are given in the CSR Report which forms part of the Annual Report.

5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.

Yes, Company ensures that the funds contributed to Visan Trust are allocated by the trust only for the cause enlisted.

Principle 9: Customer Centric

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

2. Does the Company display product information on the product label, over and above what is mandated as per local laws?

Yes, product information as mandated by local laws is mentioned on product labels.

3. Is there any case filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so. - No

4. Did your Company carry out any consumer survey/ consumer satisfaction trends?

The Company regularly interacts with customers to understand and serve their needs. Feedback from them is analyzed and incorporated into our actions to enhance the quality and delivery of our products and services to customers.

For and on behalf of the Board

**Sameer V. Shah**

Chairman and Managing Director

Place: Mumbai  
Date: 28<sup>th</sup> May, 2020

## Report on Corporate Governance

The detailed report on Corporate Governance for the financial year ended 31<sup>st</sup> March, 2020 as per Regulation 34(3) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the Listing Regulations), in the prescribed format is given below.

### Company's Philosophy on Corporate Governance

Corporate Governance is an integral part of our system improving productivity and expansion and enhancing investor confidence. The Company's philosophy underlying Corporate Governance seeks to create a system of "checks and balances" based on transparency, integrity, clarity and consistency in the dealings of the Company with its stakeholders. Good Governance ensures that the best corporate practices are followed by the Company. Implementation of good governance indicates not only the compliance of the Laws and Regulations of the land but also indicates the values, practices, and culture of your organization. Your Company is committed to adopt the best Corporate Governance practices and endeavors continuing to implement the code of Corporate Governance in its true spirit. Your Company has made Corporate Governance a practice and a process of development right across the Organization.

The Company's Governance Structure comprises of the Board of Directors and Committees of the Board, which function on the principles of prompt decision making, statutory compliance, accurate and timely disclosures, transparency and monitoring in order to create a value addition for its stakeholders.

The Company emphasizes the need for full transparency and accountability and conducting its business in a highly professional and ethical manner.

### Board of Directors

The Company is managed by the Board of Directors. The Board formulates strategy, regularly reviews the performance of the Company and ensures that the previously agreed objectives are met on a consistent basis. The Managing Directors are responsible for day-to-day operations of the Company.

The Board of Directors of the Company comprises of a fair combination of Executive, Non-executive and Independent Directors with diverse professional background complying with the provisions of the Companies Act, 2013 (the Act) and the Listing Regulations.

### a) The composition of the Board as on 31<sup>st</sup> March, 2020 and details of Board and Annual General Meetings held, the attendance of the Directors, Committee Chairmanship / Directorship etc. is as follows:

| Name of the Directors               | PD / NPD* | ED / NED / ID / NID* | No. of Board Meetings |          | Attendance at last AGM | Other Companies as on 31 <sup>st</sup> March 2020 |                       |                           |                             | Directorship in other listed entity (Category of Directorship) |
|-------------------------------------|-----------|----------------------|-----------------------|----------|------------------------|---|-----------------------|---------------------------|-----------------------------|--|
|                                     |           |                      | Held                  | Attended |                        | Board Directorship **                             | Board Chairmanship ** | Committee Memberships *** | Committee Chairmanships *** |  |
| Sameer V. Shah (DIN:00105721)       | PD        | ED / NID             | 5                     | 4        | Yes                    | 7   | -                     | -                         | -                           | -  |
| Nirmal V. Shah (DIN:00083853)       | PD        | ED / NID             | 5                     | 5        | Yes                    | 8   | -                     | 1                         | 1                           | -  |
| Ashwin R. Nagarwadia (DIN:00466681) | PD        | NED / NID            | 5                     | 4        | Yes                    | 3   | -                     | 2                         | -                           | Hitech Corporation Ltd. (NED /NID)                             |
| Mahendra K. Ghelani (DIN:01108297)  | NPD       | NED / ID             | 5                     | 4        | Yes                    | 1   | -                     | 1                         | -                           | -  |
| Sushil U. Lakhani (DIN:01578957)    | NPD       | NED / ID             | 5                     | 5        | No                     | 1   | -                     | -                         | -                           | -  |
| Saraswati Sankar (DIN:07133249)     | NPD       | NED / ID             | 5                     | 3        | Yes                    | -   | -                     | -                         | -                           | -  |
| Prakash D. Trivedi (DIN:00231288)   | NPD       | NED / ID             | 5                     | 4        | Yes                    | 1   | -                     | -                         | -                           | -  |

\* PD – Promoter Director, NPD – Non-Promoter Director, ED - Executive Director, NED - Non-executive Director, ID - Independent Director, NID – Non-Independent Director

\*\* Directorships in Foreign Companies, Private Limited Companies, Companies under Section 8 of the Act are excluded for this purpose.

\*\*\* Considered Membership/Chairmanship of Audit Committees and Stakeholders' Relationship Committee of other Indian Public Limited Companies.

**Note :** Mr. Sameer V. Shah and Mr. Nirmal V. Shah are relatives (siblings) in terms of Section 2 (77) of the Act read with Companies (Specification of Definitions Details) Rules, 2014. Apart from the above none of the Directors are in any manner related to each other.

**b) Details of Board Meetings held during the year**

| Dates of Board Meeting   | 18-May-19 | 03-Aug-19 | 19-Oct-19 | 08-Feb-20 | 05-Mar-20 |
|--------------------------|-----------|-----------|-----------|-----------|-----------|
| Board Strength           | 7         | 7         | 7         | 7         | 7         |
| No. of Directors Present | 6         | 7         | 7         | 5         | 4         |

**c) Skill Matrix of the Board of Directors**

Pursuant to the Listing Regulations, the Skill Matrix of the Board of Directors of your Company is given below –

| List of core skills / expertise identified by the Board of Directors | Name of Directors of the Company |                    |                          |                         |                       |                       |                        |
|--|----------------------------------|--------------------|--------------------------|-------------------------|-----------------------|-----------------------|------------------------|
|  | Mr. Sameer V. Shah               | Mr. Nirmal V. Shah | Mr. Ashwin R. Nagarwadia | Mr. Mahendra K. Ghelani | Mr. Sushil U. Lakhani | Mrs. Saraswati Sankar | Dr. Prakash D. Trivedi |
| Business Strategy  | ✓                                | ✓                  | ✓                        | ✓                       | ✓                     |                       | ✓                      |
| Industry Experience  | ✓                                | ✓                  | ✓                        |                         |                       |                       | ✓                      |
| General Management   | ✓                                | ✓                  | ✓                        | ✓                       | ✓                     | ✓                     | ✓                      |
| Accounting/Auditing  |                                  |                    |                          | ✓                       | ✓                     | ✓                     |                        |
| Corporate Finance  |                                  |                    |                          | ✓                       | ✓                     | ✓                     |                        |
| Legal / Secretarial / Compliance                                     |                                  |                    |                          | ✓                       | ✓                     | ✓                     |                        |
| Human Resource Management  | ✓                                | ✓                  | ✓                        | ✓                       | ✓                     | ✓                     | ✓                      |
| Risk Management  | ✓                                | ✓                  | ✓                        | ✓                       | ✓                     | ✓                     | ✓                      |
| Information Technology   | ✓                                | ✓                  |                          | ✓                       | ✓                     | ✓                     |                        |
| Marketing  | ✓                                | ✓                  | ✓                        |                         |                       |                       | ✓                      |

**d) Separate meeting of Independent Directors**

In accordance with the provisions of Schedule IV of the Listing Regulations a separate meeting of the Independent Directors was held during the year on 19<sup>th</sup> February, 2020 for transacting stipulated business. The meeting chaired by Mr. Mahendra K. Ghelani was attended by Mr. Sushil U. Lakhani and Dr. Prakash D. Trivedi. The Independent Directors discussed matters pertaining to the Company's affairs and functioning of the Board and the evaluation of the Members of Board.

**e) Independent Directors confirmation by the Board**

All Independent Directors have given declarations that they meet the criteria of independence as laid down under Section 149(6) of the Act and Regulation 16(1)(b) and Regulation 25 of the Listing Regulations. A formal letter of appointment to Independent Directors as provided in the Act has been issued and disclosed on website of the Company viz. [www.chembondindia.com](http://www.chembondindia.com).

**f) Number of Independent Directorships**

As per Regulation 17A of the Listing Regulations, Independent Directors of the Company do not serve as

Independent Director in more than seven listed companies. Further, the Managing Director of the Company does not serve as an Independent Director in any listed entity.

**g) Familiarization Programme**

During the FY 2019-20, Company organized two in-house familiarization programs for the Independent Directors on regular basis. The details of such Familiarization Programme for Independent Directors are disclosed on the website of the Company i.e. [www.chembondindia.com](http://www.chembondindia.com).

**h) Details of Directors being re-appointed**

Mr. Nirmal V. Shah (DIN: 00083853), Executive Director retires by rotation at the ensuing Annual General Meeting (AGM) and being eligible, offers himself for re-appointment.

A brief resume of Director re-appointed / eligible for re-appointment along with the additional information required under Regulation 36 (3) of the Listing Regulations has been provided at the end of this report.



**i) Code of Conduct**

The Board has laid down a code of conduct for all the Members of the Board and senior management of the Company which is also posted on the Company's website at [www.chembondindia.com](http://www.chembondindia.com). All Board Members and senior management have complied with the code of conduct for the year ended 31<sup>st</sup> March, 2020. The Annual Report contains a declaration to this effect signed by the Chairman and Managing Director.

**Audit Committee****A. Powers of Audit Committee:**

- (i) To investigate any activity within its terms of reference;
- (ii) To seek information from any employee;
- (iii) To obtain outside legal or other professional advice; and
- (iv) To secure attendance of outsiders with relevant expertise, if it considers necessary.

**B. Role / Terms of Reference:**

i. The role of the Audit Committee includes the following:

Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;

ii. recommendation for appointment, remuneration and terms of appointment of auditors;

iii. approval of payment to statutory auditors for any other services rendered by the Statutory Auditors;

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

(a) matters required to be included in the Director's responsibility statement to be included in the Board's report in terms of Clause (c) of sub-section (3) of Section 134 of the Act;

(b) changes, if any, in accounting policies and practices and reasons for the same;

(c) major accounting entries involving estimates based on the exercise of judgment by management;

(d) significant adjustments made in the financial statements arising out of audit findings;

(e) compliance with listing and other legal requirements relating to financial statements;

(f) disclosure of any related party transactions;

(g) modified opinion(s) in the draft audit report;

v. reviewing, with the management, the quarterly financial statements before submission to the board for approval;

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

vii. reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;

viii. approval or any subsequent modification of transactions of the Company with related parties;

ix. scrutiny of inter-corporate loans and investments;

x. valuation of undertakings or assets of the Company, wherever it is necessary;

xi. evaluation of internal financial controls and risk management systems;

xii. reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;

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

xiv. discussion with internal auditors of any significant findings and follow up there on;

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

xvi. discussion with statutory auditors before the audit

commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;

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

xviii. to review the functioning of the whistle blower mechanism;

xix. approval of appointment of Chief Financial Officer after assessing the qualifications, experience and background, etc. of the candidate;

xx. Carrying out any other function as is mentioned in the terms of reference of the audit committee.

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

ii. management discussion and analysis of financial condition and results of operations;

ii. statement of significant related party transactions (as defined by the audit committee), submitted by management;

iii. management letters / letters of internal control weaknesses issued by the statutory auditors;

iv. internal audit reports relating to internal control weaknesses;

v. the appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the audit committee; and

vi. statement of deviations:

a. quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1) of the Listing Regulations.

b. annual statement of funds utilized for purposes other than those stated in the offer document /prospectus / notice in terms of Regulation 32(7) of the Listing Regulations.

### C. Composition of Audit Committee and attendance of Members:

| Name of the Member  | Designation | Meetings / Attendance |           |           |           |           |
|---------------------|-------------|-----------------------|-----------|-----------|-----------|-----------|
|                     |             | 18-May-19             | 03-Aug-19 | 19-Oct-19 | 08-Feb-20 | 05-Mar-20 |
| Mahendra K. Ghelani | Chairman    | A                     | P         | P         | P         | P         |
| Sushil U. Lakhani   | Member      | P                     | P         | P         | P         | P         |
| Saraswati Sankar    | Member      | P                     | P         | P         | A         | P         |
| Nirmal V. Shah      | Member      | P                     | P         | P         | P         | P         |

P – Present, A - Absent

The Auditors, Internal Auditors, Managing Directors, concerned executives and Chief Financial Officer are invitees to the Audit Committee Meetings. The Company Secretary acts as the Secretary to the Committee. Mr. Mahendra K. Ghelani, Chairman of the Audit Committee attended the 44<sup>th</sup> AGM of the Company held on 3<sup>rd</sup> August, 2019.

## Nomination and Remuneration Committee

### a. Role / Terms of Reference:

i. Formulation of the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board of Directors a policy relating to, the remuneration of the Directors, Key Managerial Personnel and other Employees;

ii. Formulation of criteria for evaluation of performance of Independent Directors and the Board of Directors;

iii. Devising a policy on diversity of Board of Directors;

iv. Identifying persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board of Directors their appointment and removal;

v. Whether to extend or continue the term of appointment of the Independent Director, based on the report of performance evaluation of Independent Directors;

vi. Providing of the following information to the shareholders in case of appointment of new Director or reappointment of a Director:

a. Brief resume of the Director;

b. Nature of expertise in specific functional areas;

c. Disclosure of relationships between Directors inter-se;

d. Names of listed entities in which the person also holds the Directorship and the Membership of Committees of the Board; and

e. Shareholding of Non-Executive Directors.

vii. Providing of General shareholder information in the Annual Report;

viii. Review of HR Policies / Initiatives & senior level appointments;

ix. Administer and supervise Employees Stock Option Schemes including allotment of shares arising out of conversion of Employee Stock Option Scheme(s) or under any other Employee Compensation Scheme;

x. Frame suitable Policies and systems for implementation, take appropriate decisions and monitor implementation of the following Regulations:

a. SEBI (Prohibition of Insider Trading) Regulations, 2015; and

b. SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market) Regulations, 2003;

xi. Perform such other functions consistent with regulatory requirements.

### b. Composition as on 31<sup>st</sup> March, 2020 of Nomination and Remuneration Committee (NRC) and Attendance of Members:

| Name of the Member   | Designation | No. of meetings attended |           |
|----------------------|-------------|--------------------------|-----------|
|                      |             | 29-Apr-19                | 08-Feb-20 |
| Mahendra K. Ghelani  | Chairman    | P                        | P         |
| Ashwin R. Nagarwadia | Member      | P                        | P         |
| Saraswati Sankar     | Member      | P                        | A         |
| Sushil U. Lakhani    | Member      | P                        | P         |
| Sameer V. Shah       | Member      | P                        | P         |

P – Present, A - Absent

Mr. Mahendra K. Ghelani, Chairman of the Nomination and Remuneration Committee attended the 44<sup>th</sup> AGM of the Company held on 3<sup>rd</sup> August, 2019.

### c. Performance Evaluation criteria for Independent Directors

The performance evaluation criteria for Independent Directors are determined by NRC. The criteria for performance evaluation includes the areas relevant to the functioning of Independent Directors such as participation, conduct and effectiveness. The performance evaluation of Independent Directors was done by the entire Board of Directors except for the Directors who are subject to evaluation.

### d. Criteria for determining qualifications, positive attributes and independence of a Director:

A. Appointment criteria and qualifications:

- The NRC shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and recommend to the Board his / her appointment.
- A person should possess adequate qualification, expertise and experience for the position he / she is considered for appointment. The NRC has discretion to decide whether qualification, expertise and experience possessed by a person is sufficient / satisfactory for the concerned position.
- The provisions of the Act and the Listing Regulations should be adhered to while considering the appointment of a Director or KMP or Senior Management Personnel.

#### B. Independent Director (ID):

- Appointment of IDs shall be in accordance with the provisions of the Act and as per the Listing Regulations.
- NRC to check whether a person to be nominated or appointed as an ID meets the criterion of independence as prescribed under Section 149(6) of the Act and under Regulation 25 of the Listing Regulation.
- While nominating any person to be appointed as an ID, the Committee should satisfy itself that the person gives a declaration as prescribed under the Act declaring that he/she meets the criterion of independence prescribed under the Act and Listing Regulation.

### Remuneration of Directors:

#### i. Remuneration to Directors:

(₹ in lakhs)

| Name of Director                  | Basic (₹) | Perquisites /Allowances | Bonus | Incentive /Commission# | Sitting Fees | Total | Service Contract /Notice Period /Severance Fees /Pension | No. of shares held as on 31.03.20 |
|-----------------------------------|-----------|-------------------------|-------|------------------------|--------------|-------|--|-----------------------------------|
| <b>a. Executive Directors</b>     |           |                         |       |                        |              |       |  |                                   |
| Sameer V. Shah                    | 20.68     | 13.02                   | 4.13  | 5.00                   | NA           | 46.35 | Not liable to retire by rotation                         | 1,586,124                         |
| Nirmal V. Shah                    | 19.20     | 15.12                   | 3.84  | -                      | NA           | 38.16 | Retirement by rotation                                   | 1,699,291                         |
| <b>b. Non-Executive Directors</b> |           |                         |       |                        |              |       |  |                                   |
| Ashwin R. Nagarwadia**            | -         | -                       | -     | -                      | 3.50         | 3.50  | Retirement by rotation                                   | 500,000                           |
| Mahendra K. Ghelani               | -         | -                       | -     | -                      | 3.50         | 3.50  | \$   | -                                 |
| Sushil U. Lakhani                 | -         | -                       | -     | -                      | 2.00         | 2.00  | \$   | -                                 |
| Saraswati Sankar                  | -         | -                       | -     | -                      | 1.00         | 1.00  | \$   | -                                 |
| Prakash D. Trivedi @              | -         | -                       | -     | -                      | 0.50         | 0.50  | \$   | -                                 |

\*\* Apart from sitting fees Mr. Ashwin Nagarwadia was paid reimbursement of expenses of ₹2.60 lakhs

# During the year the Company has not paid any Commission to its Directors.

\$ Mr. Mahendra K. Ghelani and Mr. Sushil U. Lakhani were re-appointed as Independent Director at the 44<sup>th</sup> AGM held on 3<sup>rd</sup> August 2019 for a period of 5 years till 8<sup>th</sup> August 2024. Mrs. Saraswati Sankar and Dr. Prakash D. Trivedi were re-appointed as Independent Director at the 44<sup>th</sup> AGM held on 3<sup>rd</sup> August, 2019 for a period of 5 years till 23<sup>rd</sup> March, 2025 and 20<sup>th</sup> May, 2025 respectively. These Directors are not liable to retire by rotation.

@ Dr. Prakash Trivedi also receives Professional fees of ₹7.20 lakhs p.a. from Chembond Polymers and Materials Limited (WOS) of the Company.

**Note:** 1. Currently, the Company does not have any Stock Option plan(s) / scheme(s).

2. Apart from the above, the Company does not have any other pecuniary relationship or transactions with the Directors.

## Remuneration Policy

Policy relating to remuneration for Directors, KMPs and other employees:

### A. Remuneration Process:

- The NRC considers and determines the Remuneration Policy, based on the performance and ensures that the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate members of the Board / Management.
- NRC ensure that remuneration is based on performance benchmarks.
- NRC also ensures that the remuneration to Directors, KMPs, and Senior Management Personnel of the Company involves a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals.

### Executive Directors:

- Remuneration to Executive Directors are governed as per the provisions of the Act, and the Rules made thereunder and the approvals obtained from the Members of the Company. Remuneration to Chairman and Managing Director / Vice Chairman and Managing Director is in accordance with the agreement entered with them.

### C. Non-executive Directors:

- Criteria for making payments to Non-executive Directors is disseminated on the website of the Company at [www.chembondindia.com](http://www.chembondindia.com).
- Sitting fee, reimbursement of expenses and profit related commission:

A Director is eligible to receive remuneration by way of sitting fees for attending meetings of Board or Committee thereof as per Section 197(5) of the Act.

Independent Director shall be eligible for reimbursement of expenses, if any, for participation in the Board and other meetings and profit related commission as may be approved.

- Stock Options:

Independent Directors are not entitled to any stock option of the Company.

### Stakeholders' Relationship Committee

The constitution of Stakeholders' Relationship Committee as of 31<sup>st</sup> March, 2020 is as follows:

| Name of the Member   | Designation | No. of meetings held | No. of meetings attended |
|----------------------|-------------|----------------------|--------------------------|
| Mahendra K. Ghelani  | Chairman    | 4                    | 3                        |
| Sameer V. Shah       | Member      | 4                    | 4                        |
| Nirmal V. Shah       | Member      | 4                    | 4                        |
| Ashwin R. Nagarwadia | Member      | 4                    | 4                        |

Mr. Mahendra K. Ghelani, Chairman of the Stakeholders' Relationship Committee attended the 44<sup>th</sup> AGM of the Company held on 3<sup>rd</sup> August, 2019.

The Committee deals with matters relating to transfer / transmission of Shares, issue of duplicate share certificates, review of shares dematerialized and matters relating to transfer of shares to IEPF account of the Government. Mrs. Suchita H. Singh, Company Secretary & Compliance Officer is responsible for coordinating all such matters and those relating to share transfer and shareholders grievances with the Registrar and Transfer Agent.

The Company has designated an e-mail id [cs@chembondindia.com](mailto:cs@chembondindia.com) exclusively for the purpose of registering complaints by investors electronically.

This e-mail id is displayed on the Company's website i.e., <http://www.chembondindia.com/investor-grievance.html>.

During the year, the Company did not receive any shareholder complaints.

## Other Committees

### A. Corporate Social Responsibility (CSR) Committee

The Composition of CSR Committee is as detailed below:

| Name of the Member   | Designation | No. of Meetings held | No. of meetings attended |
|----------------------|-------------|----------------------|--------------------------|
| Nirmal V. Shah       | Chairman    | 2                    | 2                        |
| Ashwin R. Nagarwadia | Member      | 2                    | 2                        |
| Sameer V. Shah       | Member      | 2                    | 2                        |
| Sushil U. Lakhani    | Member      | 2                    | 2                        |

The CSR Committee has the power to frame the CSR policy and review it from time to time, to ensure effective implementation and monitoring of the CSR activities as per the approved policy, plans & budget, to ensure compliance with the capital Law, Rules & Regulations governing the CSR.

### B. Risk Management Committee (Non-Mandatory Committee)

The composition of Risk Management Committee is as detailed below:

| Name of the Member   | Designation | No. of meetings held | No. of meetings attended |
|----------------------|-------------|----------------------|--------------------------|
| Sameer V. Shah       | Chairman    | 4                    | 4                        |
| Mahendra K. Ghelani  | Member      | 4                    | 3                        |
| Ashwin R. Nagarwadia | Member      | 4                    | 4                        |
| Sushil U. Lakhani    | Member      | 4                    | 2                        |

The Committee deals with matters relating to identification and assessment of material business risk, technological risk, strategic business risk, operational risk, financial risk, human resource risk and legal & regulatory risk.

### C. Executive Committee (Non – Mandatory Committee)

The composition of Executive Committee is as detailed below:

| Name of the Member | Designation | No. of meetings held | No. of meetings attended |
|--------------------|-------------|----------------------|--------------------------|
| Sameer V. Shah     | Chairman    | 2                    | 2                        |
| Nirmal V. Shah     | Member      | 2                    | 2                        |

The Board of Directors has delegated to the Executive Committee the authority to supervise and monitor the day-to-day affairs of the Company. The Executive Committee of the Board of Directors of the Company reviews in detail the business of the Company. The Head of Departments (HOD), Business/Divisional Heads are invited to the same to present the business details / information.

### D. Investment Committee (Non – Mandatory Committee)

The composition of Investment Committee is as detailed below:

| Name of the Member   | Designation | No. of meetings held | No. of meetings attended |
|----------------------|-------------|----------------------|--------------------------|
| Sameer V. Shah       | Chairman    | 4                    | 4                        |
| Mahendra K. Ghelani  | Member      | 4                    | 3                        |
| Ashwin R. Nagarwadia | Member      | 4                    | 3                        |
| Nirmal V. Shah       | Member      | 4                    | 4                        |

The Committee has been constituted with a view to effectively use the funds. The investment committee has a number of other responsibilities, but they are generally categorized into two key areas: developing sound investment objectives and ensuring that it is implemented efficiently and effectively.



### Whistle Blower Policy

The Company is committed to adhere to the highest standards of ethical, moral and legal conduct of business operations. The Company has a Vigil Mechanism & Whistle Blower Policy which encourages its employees who have concerns about suspected misconduct to come forward and express these concerns without fear of punishment or unfair treatment. A Vigil (Whistle Blower) Mechanism provides a channel to the employees and Directors to report to the management concerns about unethical behavior, actual or suspected fraud or violation of the codes of conduct or policies. The Audit Committee of the Company oversees the vigil mechanism. The policy on vigil mechanism & whistle blower policy may be accessed on the Company's website

<http://www.chembondindia.com/Investors/Policy/VigilMechanism&WhistleBlowerPolicy>.

### Subsidiary and Step Down Subsidiary Companies

The Company has eight subsidiaries and two step down subsidiary namely :

i. Chembond Biosciences Limited

- ii. Chembond Calvatis Industrial Hygiene Systems Limited
- iii. Chembond Clean Water Technologies Limited
- iv. Chembond Distribution Limited
- v. Chembond Material Technologies Private Limited
- vi. Chembond Polymers and Materials Limited
- vii. Chembond Water Technologies (Malaysia) Sdn Bhd (step-down subsidiary)
- viii. Chembond Water Technologies Limited
- ix. Gramos Chemicals India Private Limited (step-down subsidiary)
- x. Phiroze Sethna Private Limited

Mr. Mahendra K. Ghelani, Independent Director of Chembond Chemicals Limited is on the Board of material subsidiaries of the Company, Chembond Water Technologies Limited and Chembond Material Technologies Private Limited. The Audit Committee of the Company reviews the financial statements of the subsidiaries. The Minutes of the Board meetings of subsidiaries are placed at the Board Meetings of your Company.

### General Body Meetings

i) Details of general body meetings held in last 3 years:

| Year | AGM / EGM     | LOCATION   | DATE/ TIME               | SPECIAL RESOLUTION(S) PASSED   |
|------|---------------|--|--------------------------|--|
| 2017 | AGM           | EL-37, Chembond Centre, Mahape, MIDC, Navi Mumbai 400 710. | 24.06.2017<br>11.30 a.m. | 1) To approve payment of commission to Non-Executive Directors<br>2) To approve Related Party Transactions   |
| 2018 | AGM           | Mahape, MIDC, Navi Mumbai 400 710.                         | 11.08.2018<br>2.30 p.m.  | NA   |
| 2019 | Postal Ballot | Navi Mumbai  | 25.03.2019               | 1) Continuation of Directorship of Mr. Ashwin Nagarwadia (DIN: 00466681) beyond the age of 75 years.<br>2) Alteration in the Memorandum of Association.<br>3) Adoption of new Articles of Association.   |
| 2019 | AGM           | EL-37, Chembond Centre, Mahape, MIDC, Navi Mumbai 400 710  | 03.08.2019<br>2.30 p.m.  | 1) Continuation of Directorship of Mr. Ashwin Nagarwadia (DIN: 00466681) beyond the age of 75 years.<br>2) Re-appointment of Mr. Mahendra K. Ghelani (DIN: 01108297) as an Independent Director.<br>3) Continuation of Directorship of Mr. Mahendra K. Ghelani (DIN: 01108297) beyond the age of 75 years.<br>4) Re-appointment of Mr. Sushil U. Lakhani (DIN: 01578957) as an Independent Director.<br>5) Re-appointment of Mrs. Saraswati Sankar (DIN: 07133249) as an Independent Director.<br>6) Re-appointment of Dr. Prakash D. Trivedi (DIN: 00231288) as an Independent Director.<br>7) Re-appointment of Mr. Sameer V. Shah (DIN:00105721) as the Chairman and Managing Director for a period of 3 years.<br>8) Re-appointment of Mr. Nirmal V. Shah (DIN:00083853) as the Vice Chairman and Managing Director for a period of 3 years. |

- ii) No Postal Ballot was conducted during the year.
- iii) Person who conducted the Postal Ballot exercise: Not Applicable.
- iv) Whether special resolutions are proposed to be conducted through postal ballot: No Special resolution is proposed to be conducted.
- v) Postal Ballot whenever conducted will be carried out as per the procedure mentioned in Rule 22 of Companies (Management and Administration) Rules, 2014, including any amendment thereof.
- vi) Details of Extra Ordinary General Meeting held in last 3 years :  
No Extra Ordinary General Meetings were held in last 3 years.

### **Means of Communication**

#### **a. Quarterly Results**

The quarterly, half-yearly and yearly financial results are submitted to BSE Limited and National Stock Exchange of India Limited (NSE Limited) within 30 minutes after the conclusion of the Board meeting.

#### **b. Publication of Quarterly Results**

The quarterly, half-yearly and yearly financial results are published in The Free Press Journal & Navshakti, within the prescribed time limit, usually on the next immediate working day.

#### **c. Website where displayed**

The results are also displayed on the website of the Company at [www.chembondindia.com](http://www.chembondindia.com) and uploaded on the website of BSE Limited and NSE Limited.

#### **d. Whether it also displays official news releases**

Press Release, if any, made by the Company from time to time are also displayed on the Company's website and uploaded on the website of BSE Limited and NSE Limited.

## General Shareholders Information

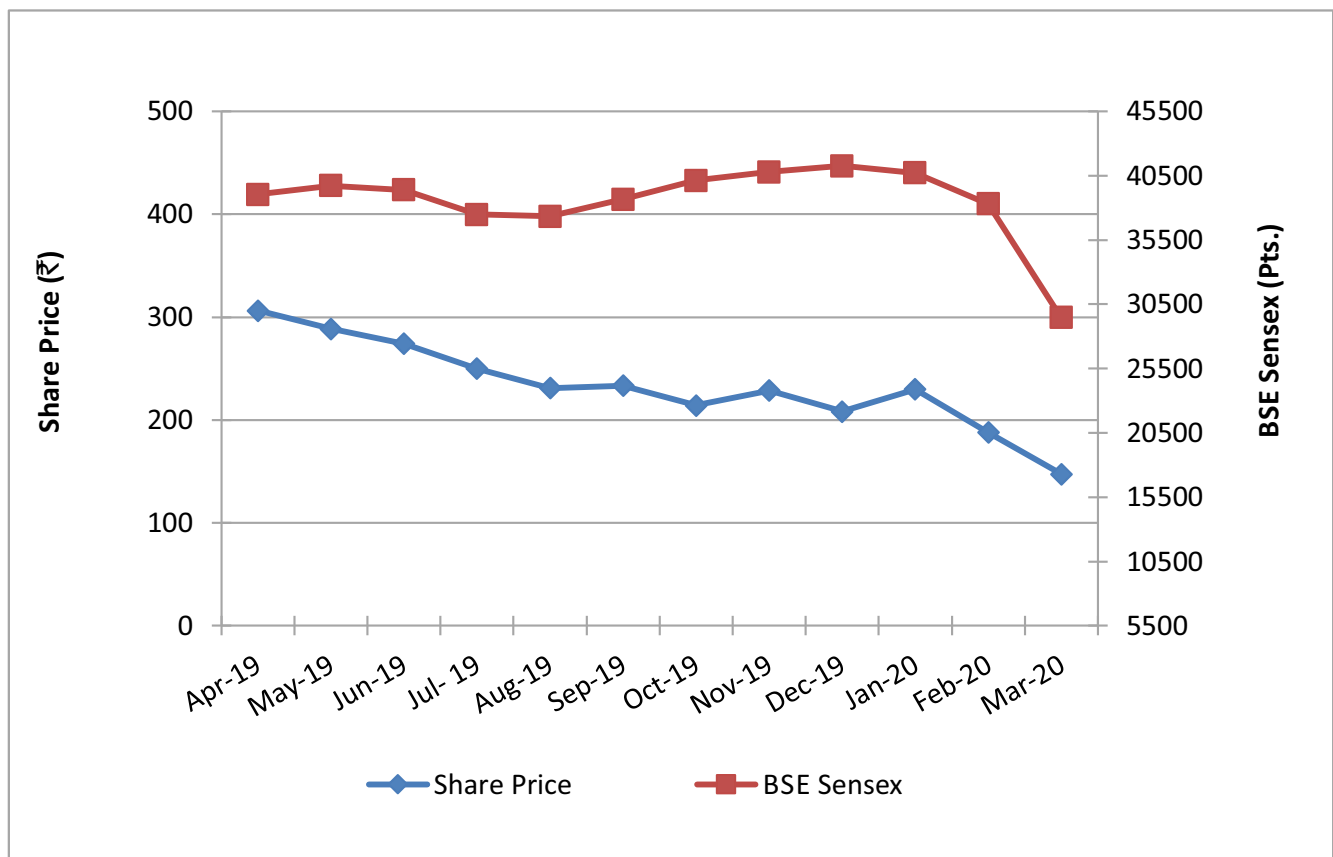
|    |   |  |        |                        |        |        |                        |
|----|---|--|--------|------------------------|--------|--------|------------------------|
| a. | Corporate Identification Number (CIN)   | L24100MH1975PLC018235  |        |                        |        |        |                        |
| b. | Date, Time & Venue of Annual General Meeting (AGM).   | Friday, 31 <sup>st</sup> July, 2020 at 3.30 pm. The Company is conducting AGM through VC / OAVM pursuant to the MCA /SEBI Circulars, hence there is no requirement to have a venue for the AGM.<br>For details please refer to the Notice of AGM separately provided in the Annual Report.                                     |        |                        |        |        |                        |
| c. | Financial Year  | The Financial Year covers the period from 1 <sup>st</sup> April, 2020 to 31 <sup>st</sup> March, 2021  |        |                        |        |        |                        |
| d. | Financial Calendar for 2020-2021 (tentative & subject to change)  | Financial Reporting for the quarter ending<br>30.06.2020 on or before 14 <sup>th</sup> August, 2020<br>30.09.2020 on or before 14 <sup>th</sup> November 2020<br>31.12.2020 on or before 14 <sup>th</sup> February 2021<br>31.03.2021 on or before 30 <sup>th</sup> May 2021   |        |                        |        |        |                        |
| e. | Dividend Payment date   | Not Applicable   |        |                        |        |        |                        |
| f. | Listing on Stock Exchange<br>Stock Exchange Address<br><br>Stock Code<br>ISIN<br><br>Confirmation about payment of Annual Listing fee to Stock Exchange | BSE Limited & National Stock Exchange of India Limited<br>BSE Limited P.J. Towers, Dalal Street, Fort, Mumbai – 400 001.<br>National Stock Exchange of India Limited Exchange Plaza, Plot no. C/1, G Block, Bandra-Kurla Complex, Mumbai-400051.<br>530871 & CHEMBOND<br>INE995D01025<br><br>Listing fees paid for FY 2020-21. |        |                        |        |        |                        |
| g. | Market Price data   | BSE  |        |                        | NSE*   |        |                        |
|    | Month   | High   | Low    | Volume (No. of shares) | High   | Low    | Volume (No. of shares) |
|    | April 2019  | 327.90   | 295.10 | 27,385                 | -      | -      | -                      |
|    | May 2019  | 318.70   | 260.00 | 70,401                 | -      | -      | -                      |
|    | June 2019   | 296.55   | 255.00 | 51,398                 | -      | -      | -                      |
|    | July 2019   | 280.00   | 229.90 | 1,61,530               | -      | -      | -                      |
|    | August 2019   | 252.50   | 215.25 | 1,16,136               | -      | -      | -                      |
|    | September 2019  | 255.00   | 226.00 | 57,575                 | -      | -      | -                      |
|    | October 2019  | 240.00   | 201.00 | 32,156                 | -      | -      | -                      |
|    | November 2019   | 230.00   | 200.00 | 81,984                 | 240.40 | 221.15 | 14,360                 |
|    | December 2019   | 231.65   | 197.00 | 23,436                 | 221.00 | 205.00 | 41,768                 |
|    | January 2020  | 248.45   | 201.50 | 1,43,295               | 240.95 | 225.50 | 96,378                 |
|    | February 2020   | 230.00   | 187.50 | 16,123                 | 198.5  | 185.95 | 61,692                 |
|    | March 2020  | 195.00   | 131.00 | 7,771                  | 155.00 | 142.10 | 57,418                 |

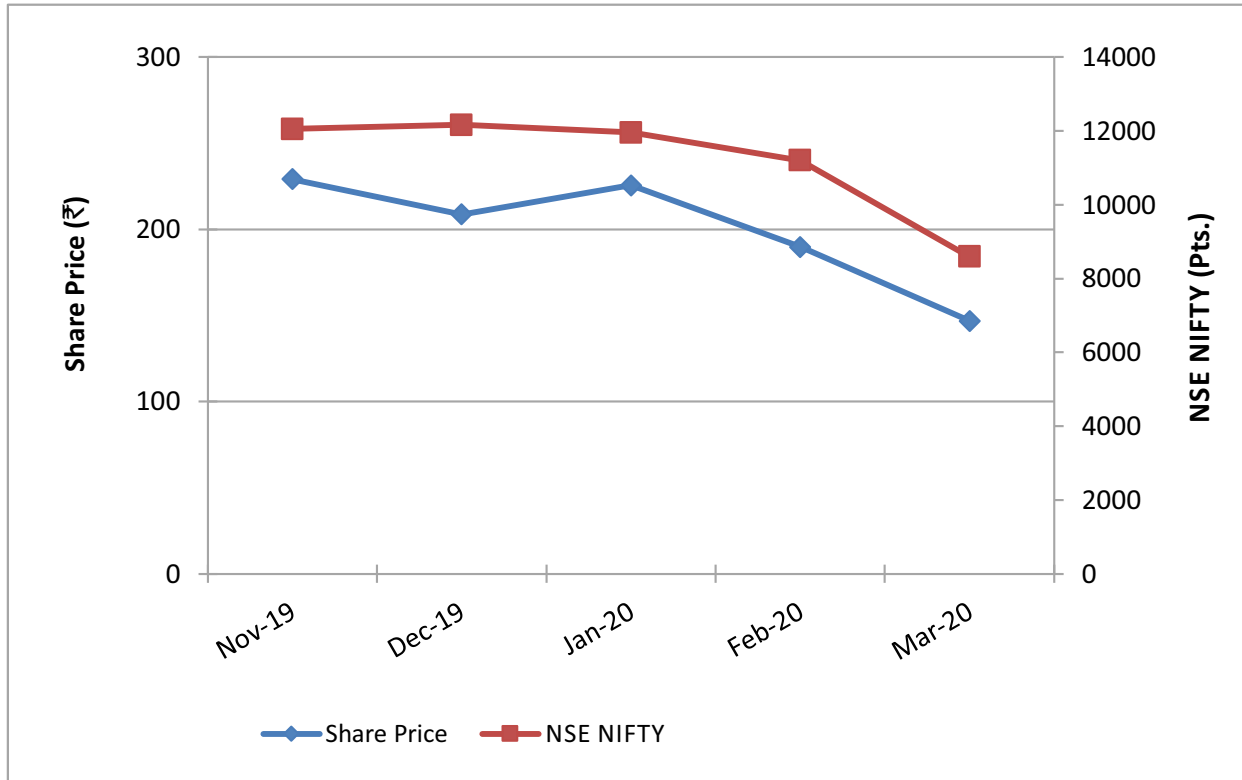
\* Company was listed on NSE w.e.f. 20<sup>th</sup> November, 2019.

h. Chembond Share performance in comparison to broad-based indices.

| MONTH          | Chembond Chemicals Limited |        | Sensex   | NIFTY    |
|----------------|----------------------------|--------|----------|----------|
|                | BSE                        | NSE*   | BSE      | NSE*     |
| April 2019     | 306.35                     | -      | 39031.55 | -        |
| May 2019       | 288.70                     | -      | 39714.20 | -        |
| June 2019      | 274.20                     | -      | 39394.64 | -        |
| July 2019      | 250.00                     | -      | 37481.12 | -        |
| August 2019    | 231.15                     | -      | 37332.79 | -        |
| September 2019 | 233.30                     | -      | 38667.33 | -        |
| October 2019   | 214.10                     | -      | 40129.05 | -        |
| November 2019  | 228.65                     | 229.15 | 40793.81 | 12056.05 |
| December 2019  | 208.30                     | 208.70 | 41253.74 | 12168.45 |
| January 2020   | 229.90                     | 225.55 | 40723.49 | 11962.10 |
| February 2020  | 187.80                     | 189.75 | 38297.29 | 11201.75 |
| March 2020     | 147.35                     | 146.80 | 29468.49 | 8597.75  |

\* Company was listed on NSE w.e.f. 20<sup>th</sup> November, 2019.





|    |                                    |   |
|----|------------------------------------|---|
| i. | Registrar and Share Transfer Agent | <p>TSR Darashaw Consultants Private Limited (formerly known as TSR Darashaw Limited) 6-10, Haji Moosa Patrawala Industrial Estate, 20, Dr. E Moses Road, Mahalaxmi, Mumbai – 400 011.<br/>           Tel: 022 – 6656 8484 Fax: 022 – 6656 8494<br/>           E-mail : <a href="mailto:csg-unit@tsrdarashaw.com">csg-unit@tsrdarashaw.com</a><br/>           Web : <a href="http://www.tsrdarashaw.com">www.tsrdarashaw.com</a></p>   |
| j. | Share Transfer System              | <p>Registrar and Transfer Agent carry out share transfer activities. Share transfers are processed and the share certificates duly endorsed are returned within a period of 15 days from the date of receipt, subject to the documents being valid and complete in all respect. The Company obtains from a Practicing Company Secretary a half yearly certificate of compliance with the share transfer formalities as required under Regulation 40(9) of the Listing Regulations and files a copy of the compliance certificate with the Stock Exchanges where the shares of the Company are listed.</p> |

**Distribution of shareholding as on 31<sup>st</sup> March, 2020.**

Distribution of shares according to size of holding

| No. of Equity Shares Held | No. of Shareholders | % of Shareholders | No. of shares     | % of Shareholding |
|---------------------------|---------------------|-------------------|-------------------|-------------------|
| 1 - 2000                  | 3086                | 89.24             | 1,089,841         | 8.10              |
| 2001 - 3000               | 85                  | 2.46              | 215,423           | 1.60              |
| 3001 - 4000               | 58                  | 1.68              | 207,124           | 1.54              |
| 4001 - 5000               | 25                  | 0.72              | 112,536           | 0.84              |
| 5001- 10000               | 103                 | 2.98              | 757,084           | 5.63              |
| 10001 - 20000             | 36                  | 1.04              | 519,305           | 3.86              |
| 20001 - 30000             | 16                  | 0.46              | 391,244           | 2.91              |
| 30001 - 40000             | 9                   | 0.26              | 311,533           | 2.32              |
| 40001 - 50000             | 9                   | 0.26              | 411,019           | 3.06              |
| 50001 - 100000            | 14                  | 0.40              | 979,172           | 7.28              |
| 100001 & above            | 17                  | 0.49              | 8,454,007         | 62.86             |
| <b>Total</b>              | <b>3458</b>         | <b>100.00</b>     | <b>13,448,288</b> | <b>100.00</b>     |

**Distribution of Shares by categories of shareholders:**

| Category of Shareholding as of 31 <sup>st</sup> March, 2020              | No. of Shares     | % of total shares |
|--|-------------------|-------------------|
| Promoters & their relatives  | 8,686,731         | 64.59             |
| Banks/ FIs/Insurance Co. (Central/ State Govt./ Non- Govt. Institutions) | 47,600            | 0.35              |
| Corporate Bodies   | 1,001,697         | 7.45              |
| NRIs/OCBs  | 177,505           | 1.32              |
| IEPF Account   | 29,284            | 0.22              |
| FPI-CORPS  | 0                 | 0.00              |
| Indian Public  | 3,505,471         | 26.07             |
| <b>Total</b>   | <b>13,448,288</b> | <b>100.00</b>     |

**Top 10 Shareholders:**

| Sr. No. | Name of the Shareholder             | Category       | No. of Shares | % of shareholding |
|---------|-------------------------------------|----------------|---------------|-------------------|
| 1       | Ajay Chinubhai Laloo                | Individual     | 225,164       | 1.67              |
| 2       | Chartered Finance and Leasing Ltd   | Body Corporate | 169,058       | 1.26              |
| 3       | Banda Real Estate Pvt. Ltd.         | Body Corporate | 143,220       | 1.06              |
| 4       | Girish Gulati (Huf)                 | HUF            | 95,788        | 0.71              |
| 5       | Meena Bharat Sheth                  | Individual     | 82,418        | 0.61              |
| 6       | Awriga Capital Advisors LLP         | LLP            | 80,000        | 0.59              |
| 7       | Ara Trusteeship Company Pvt. Ltd.   | Body Corporate | 70,403        | 0.52              |
| 8       | V M Salgaocar Corporation Pvt. Ltd. | Body Corporate | 61,354        | 0.46              |
| 9       | Anant Jain                          | Individual     | 61,070        | 0.45              |
| 10      | Hareh Chamanlal Sheth               | Individual     | 52,244        | 0.39              |



|  |  |
|--|--|
| Dematerialization of shares and liquidity  | The shares of the Company are actively traded on BSE Limited & NSE Limited. Trading of shares is permitted only in dematerialized form. As of 31 <sup>st</sup> March, 2020, 13,209,124 equity shares are held in Demat form i.e. 98.22% of the total share capital.  |
| Details about the outstanding Global Depository receipts or American depository receipts or warrants or any convertible instruments, conversion date and likely impact on equity | The Company has not issued any ADR / GDR.  |
| Commodity price risk or foreign exchange risk and hedging activities   | During the year ended 31 <sup>st</sup> March 2020, the Company had managed the foreign exchange risk and hedged to the extent considered necessary. The Company enters into forward contracts for hedging foreign exchange exposures against imports. The details of foreign currency exposure are disclosed in Notes to the Standalone and Consolidated financial statements.   |
| Plant Locations  | 1) Plot No. E-6/3 & 4, MIDC Tarapur, Maharashtra 401 506.<br>2) Khasra177/2, Village Theda, Himachal Pradesh 174 101.<br>3) Survey No. 404/B-01, Dudhwada, Dist. Vadodara, Gujarat.<br>4) S-50, Phase III, SIPCOT, Ranipet, Tamilnadu.<br>5) W-268, TTC Area, MIDC, Rabale, Navi Mumbai, Maharashtra.<br>6) Plot No. A-101, Road No. 16, Wagle Esate, Thane 400604.<br>7) Unit 2, Gat No. 226, Alandi Markal Road, Pune.<br>8) A - 737/5, MIDC, Mahape, Navi Mumbai. |
| Address of Correspondence  | Chembond Chemicals Limited<br>Chembond Centre, EL-71, MIDC Mahape, Navi Mumbai 400 710.<br>Tel: 022 6264 3000 Fax: 022 2768 1294<br>website: <a href="http://www.chembondindia.com">www.chembondindia.com</a><br>Email for Investor Grievance: <a href="mailto:cs@chembondindia.com">cs@chembondindia.com</a>  |
| Credit Ratings   | Total Bank Loan – 19 Crore<br>Long term Rating – CRISIL A- /Stable (Reaffirmed)<br>Short term Rating – CRISIL A1 (Reaffirmed)  |

### Other Disclosures

a. Disclosures on materially significant related party transactions of the Company that may have potential conflict with the interests of the Company at large.

The Audit Committee of the Company has granted omnibus approval to the related party transactions and the company does not have related party transactions which have or may have potential conflict with the interest of entity at large. The Company has a Related Party Transaction Policy in place, which has been posted on the website of the Company at <http://www.chembondindia.com/investors/Policy>. The necessary disclosures regarding the transactions with Related Parties are given in the notes to the Accounts. None of these transactions have potential conflict with the interest of the Company at large.

b. Non-compliance by the Company, penalties, and strictures imposed on the Company by the Stock Exchange, or SEBI or any statutory authority, on any matter related to capital markets, during the last three years:

There was no such instance in the last 3 years.

c. Details of establishment of Vigil Mechanism, Whistle Blower Policy and affirmation that no personnel have been denied access to the Audit Committee.

The Company has adopted Vigil Mechanism & Whistle Blower Policy and the same is available on the website of the Company i.e.

<http://www.chembondindia.com/investors/Policy>. During the year there were no instances and no personnel have been denied access to the Audit Committee.

d. Details of compliance with mandatory requirements and adoption of the non-mandatory requirements of this clause.

The Company confirms that it has complied with all mandatory requirements prescribed in the Listing Regulations for the FY 2019-20. Also, pursuant to the provisions of Regulation 34(3) of the Listing Regulations read with Part B of Schedule II to the Listing Regulations, the Chairman and Managing Director (CEO) and the Chief Financial Officer (CFO) have issued a certificate to the Board for the year ended 31<sup>st</sup> March, 2020.

e. Web link where policies for determining material subsidiary and dealing with related party transactions are disclosed:

The required information can be accessed from the Company's website

<http://www.chembondindia.com/policy.html>

f. Details of utilization of funds raised through preferential allotment or qualified institutions placement as specified under Regulation 32 (7A).

No funds have been raised through preferential allotment or qualified institutional placement.

g. A certificate from a company secretary in practice that none of the directors on the board of the company have been debarred or disqualified from being appointed or continuing as directors of companies by the Board/Ministry of Corporate Affairs or any such statutory authority.

The certificate from Mr. Virendra G. Bhatt, Practicing Company Secretary forms part of this Report.

h. Where the Board had not accepted any recommendation of any Committee of the Board which is mandatorily required, in the relevant financial year, the same to be disclosed along with reasons thereof.

No such disclosure.

i. Total fees for all services paid by the listed entity and its subsidiaries, on a consolidated basis, to the statutory auditor and all entities in the network firm/network entity of which the statutory auditor is part is ₹22.11 lakhs for F.Y. 2019-20.

j. Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

i. Number of complaints filed during the financial year - 0

ii. Number of complaints disposed of during the financial year - 0

iii. Number of complaints pending as on end of the financial year - 0.

**Details of non-compliance of any requirement of Corporate Governance report or sub-para (2) to (10) above, with reasons thereof:**

There is no non-compliance with any requirement of Corporate Governance Report of sub-para (2) to (10) of the Corporate Governance report as given in Schedule V of the Listing Regulation. The disclosures of the compliance with Corporate Governance requirements specified in Regulation 17 to 27 of the Listing Regulations, have been made in this Corporate Governance report. Details required under clauses (b) to (i) of sub-regulation (2) of Regulation 46 of the said Regulations are displayed on the website of the Company at [www.chembondindia.com](http://www.chembondindia.com).

The non-mandatory requirements as stipulated in Part E of Schedule II of the Listing Regulations have been adopted to the extent and in the manner as stated under the appropriate headings in this Report.

**Discretionary Requirements**

i) The Board

The Board has an Executive Chairman and his office with required facilities is provided and maintained by the Company.

ii) Shareholders Rights

Financial Results for the half year / quarter ended 30th September, 2019, were published in The Free Press Journal and NavShakti newspapers and were also displayed on the website of the Company [www.chembondindia.com](http://www.chembondindia.com) and disseminated to BSE Limited where its equity shares are listed, hence separately not circulated to shareholders.

iii) Audit Qualifications

There is no audit qualification.

iv) Separate posts of Chairman and Chief Executive Officer

The Company will consider segregation of the post of Chairman and CEO of the Company at appropriate time. Presently, Mr. Sameer V. Shah is the Chairman and Managing Director of the Company.

#### v) Reporting of Internal Auditors

The Internal Auditors report directly to the Audit Committee for its review.

#### Legal Proceedings

As on 31<sup>st</sup> March, 2020 there are no pending cases against the Company, in any courts and hence no contingent liability has been provided.

#### Unpaid / Unclaimed Dividend

Sections 124 and 125 of the Act, read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ('IEPF Rules'), both of which were applicable with effect from 7<sup>th</sup> September, 2016, dividend which remains unpaid or unclaimed for a period of seven years from the date of its transfer to unpaid

dividend account, is required to be transferred by the Company to the Investor Education and Protection Fund (IEPF), established by the Central Government.

The Company has issued reminders to all such shareholders in respect of the Unclaimed / Unpaid Dividend for the FY 2012-13 whose dividends remain unclaimed, as is customarily sent by the Company every year, before crediting the balance Unclaimed Dividend Amount to the IEPF. A statement showing the year / month(s) in which unpaid/unclaimed dividend(s) is / are due for transfer to the IEPF is given below:

| Dividend Particulars  | Rate ₹ | Date of Declaration | Due Date for Transfer to IEPF |
|-----------------------|--------|---------------------|-------------------------------|
| FY 2012 – 13          | 2.85   | 10/08/2013          | 09/09/2020                    |
| FY 2013 – 14          | 3.00   | 09/08/2014          | 08/09/2021                    |
| FY 2014 – 15          | 3.00   | 08/08/2015          | 07/09/2022                    |
| FY 2015 - 16(Interim) | 6.00   | 05/11/2015          | 04/12/2022                    |
| FY 2015 – 16(Interim) | 3.00   | 10/03/2016          | 09/04/2023                    |
| FY 2016 – 17          | 1.65   | 24/06/2017          | 23/07/2024                    |
| FY 2017-18            | 1.85   | 11/08/2018          | 10/09/2025                    |
| FY 2018 - 19          | 2.00   | 03/08/2019          | 02/09/2026                    |
| FY 2019 -20 (Interim) | 2.00   | 05/03/2020          | 04/04/2027                    |

#### Equity Shares in Suspense Account

There are no shares in Suspense account.

### CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

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

To,

The Members of

**Chembond Chemicals Limited**

Plot No.: EL-71, Chembond Centre,  
MIDC, Mahape, Navi Mumbai- 400710.

I have examined the relevant registers, records, forms, returns and disclosures received from the Directors of **Chembond Chemicals Limited** having CIN: L24100MH1975PLC018235 and having registered office at Plot No.: EL-71, Chembond Centre, MIDC, Mahape, Navi Mumbai- 400710 (Hereinafter referred to as "the Company"), produced before me by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C sub-clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal [www.mca.gov.in](http://www.mca.gov.in)) as considered necessary and explanations furnished to me by the Company & its officers, I hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31<sup>st</sup> March, 2020 have been disqualified from being appointed or continuing as Directors of Companies by the Securities and Exchange Board of India and Ministry of Corporate Affairs.

| Sr. No. | Name of the Director      | DIN      | Date of Appointment at current Designation | Original Date of Appointment |
|---------|---------------------------|----------|--|------------------------------|
| 1       | Nirmal Vinod Shah         | 00083853 | 28/07/2012                                 | 10/01/2000                   |
| 2       | Sameer Vinod Shah         | 00105721 | 18/08/2007                                 | 10/01/2000                   |
| 3       | Prakash Druman Trivedi    | 00231288 | 08/08/2015                                 | 21/05/2015                   |
| 4       | Ashwin Ratilal Nagarwadia | 00466681 | 10/05/1994                                 | 10/05/1994                   |
| 5       | Mahendra Kalyanji Ghelani | 01108297 | 14/09/1994                                 | 14/09/1994                   |
| 6       | Sushil Uttamchand Lakhani | 01578957 | 18/09/2010                                 | 11/05/2010                   |
| 7       | Saraswati Sankar          | 07133249 | 08/08/2015                                 | 24/03/2015                   |

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

**Date: 28<sup>th</sup> May, 2020**

**Place: Mumbai**

**Virendra G. Bhatt**  
**Practicing Company Secretary**  
**ACS No.: 1157 / COP No.: 124**  
**UDIN: A001157B000290600**

**Note:**

Due to COVID - 19 and continued lockdown, we are unable to verify the information physically, therefore we rely on the information provided by the Company in electronic mode.

**DECLARATION ON COMPLIANCE OF THE COMPANY'S CODE OF CONDUCT**

As required under Schedule V(D) of the Listing Regulations, the Board Members and the Senior Management Personnel have confirmed compliance with the Code of Conduct for the Board of Directors and the Senior Management for the year ended 31<sup>st</sup> March, 2020.

For Chembond Chemicals Limited  
**Sameer V. Shah**  
 Chairman & Managing Director

**Place :** Mumbai

**Date :** 28<sup>th</sup> May, 2020

**INFORMATION ON DIRECTOR(S) RECOMMENDED FOR APPOINTMENT / RE-APPOINTMENT AT THE ENSUING ANNUAL GENERAL MEETING.**

Mr. Nirmal V. Shah – Vice Chairman & Managing Director is liable to retire by rotation and being eligible offers himself for re-appointment.

|   |  |
|---|--|
| Name of Director  | Mr. Nirmal V. Shah   |
| DIN   | 00083853   |
| Date of Birth/ Age  | 18 <sup>th</sup> November, 1971/ 48 Years  |
| Date of Appointment / last re-appointment   | 1 <sup>st</sup> August, 2019   |
| Expertise in specific functional area   | More than 26 years of experience and exposure to managing diverse business and more than 19 years of experience in water treatment chemicals division.   |
| Qualification   | Diploma in Business Management   |
| No. of Shares held in the Company   | 1,699,291  |
| Directorships held in other Companies   | Finor Piplaj Chemicals Ltd. Chembond Water Technologies Ltd., Visan Holdings Private Ltd., Chembond Distribution Ltd., S and N Ventures Ltd., Chembond Polymers and Materials Ltd., Chembond Material Technologies Private Ltd., Chembond Clean Water Technologies Ltd., Chembond Calvatis Industrial Hygiene Systems Ltd., Chembond Biosciences Ltd., Protochem Investment Private Ltd., Phiroze Sethna Private Ltd., Gramos Chemicals India Private Ltd. |
| Chairperson / Members of the Committee of the Board of Directors of the Company   | Chairman of Corporate Social Responsibility Committee, Member of Audit Committee and Stakeholders Relationship Committee.  |
| Chairman / Member of the Committee of the Board of Directors of other public Companies (includes only Audit Committee and Stakeholders' Relationship Committee) | Member of Audit Committee in Chembond Water Technologies Ltd.  |
| Brief Resume  | Mr. Nirmal V. Shah has over 26 years of experience and exposure to manage diverse businesses. He has been in charge of the Water Treatment Chemical division for the past 19 years. His expertise is in Organisational Management.   |
| No. of Board Meetings attended during F.Y. 2019-20  | 5  |
| Relationship with other Directors, Manager and other Key Managerial Personnel of the Company  | Mr. Sameer V. Shah and Mr. Nirmal V. Shah are siblings.  |

## INDEPENDENT AUDITOR'S REPORT

To the Members of

**Chembond Chemicals Limited**

### **Report on the Audit of the Standalone Financial Statements:**

#### **Opinion**

We have audited the standalone financial statements of Chembond Chemicals Limited ("the Company"), which comprise the standalone balance sheet as at 31st March 2020, the standalone statement of Profit and Loss (including other comprehensive income), the standalone statement of changes in equity, the standalone statement of cash flows for the year then ended and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at 31st March 2020, and profit and 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 Standalone Financial Statements section of our report.

We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Emphasis of Matter – Effects of COVID-19**

We draw attention to Note 44 in the standalone financial statements, which describes the uncertainties and the impact of the Covid-19 pandemic on the Company's operations and financial statements as assessed by the management. The actual results may differ from such estimates depending on future developments. Our opinion is not modified in respect of this matter.

#### **Key Audit Matters**

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



| Key Audit Matters  | Auditor's Responses   |
|--|---|
| <p><b>Contingent liabilities for tax matters</b></p> <p>The Company has disclosed in Note 43 to the standalone financial statements the contingent liabilities as at 31st March, 2020 which includes disputed liabilities in respect of income tax and service tax matters.</p> <p>These involve a high degree of judgement to determine the possible outcomes and estimates relating to the timing and the amount of outflows of resources embodying economic benefits.</p> | <p>The audit procedures included but were not limited to:</p> <p>a) Obtained the summary of all disputed tax matters of the Company and assessed the management's position through discussions.</p> <p>b) Obtaining a detailed understanding of processes and controls of the Management with respect to disputed matters.</p> <p>c) Making corroborative inquiries with appropriate level of the management personnel including status update, expectation of outcomes with basis and future course of action contemplated by the Company and perusing legal opinions, if any, obtained by the management.</p> <p>d) Evaluating the evidences supporting the judgement of the management about the possible outcomes and the reasonableness of the estimates.</p> <p>e) Evaluating appropriateness of adequate disclosures in accordance with the applicable accounting standards.</p> |

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

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Corporate Governance and Shareholders Information but does not include the standalone financial statements and our auditor's report thereon.

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

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

#### Responsibilities of management and Those Charged with Governance for the Standalone Financial Statements

The Company's Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian accounting Standards (Ind AS) specified under section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

#### **Auditor's Responsibilities for the Audit of the Standalone Financial Statements:**

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

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

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(b) 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 standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

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

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

From the matters communicated with those charged with

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

### Report on Other Legal and Regulatory Requirements

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

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

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

b. In our opinion proper books of account as required by law relating to preparation of the standalone financial statements have been kept by the Company so far as it appears from our examination of those books;

c. The standalone balance sheet, the standalone statement of profit and loss (including Other Comprehensive Income), the standalone statement of changes in equity and the standalone cash flow statement dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of these standalone financial statements;

d. In our opinion, the aforesaid standalone financial statements comply with the Indian Accounting Standards

specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

e. On the basis of the written representations received from the directors as on 31st March, 2020, taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2020, 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 over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B";

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

i. the Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements – Refer Note no. 43 to the standalone financial statements;

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

iii. there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

4. With respect to the matter to be included in the Auditors' Report under section 197(16):

In our opinion and according to the information and explanations given to us, the Company has paid and / or provided remuneration to its directors during the year ended 31st March, 2020 in accordance with the provisions of Section 197 of the Act.

For **Bathiya & Associates LLP**  
Chartered Accountants  
Firm Registration No. 101046W / W100063

**Jatin A. Thakkar**  
Partner  
Membership No.: 134767  
**Place** : Mumbai  
**Date** : 28<sup>th</sup> May, 2020  
**UDIN** : 20134767AAAAK9969

## Annexure - A to the Independent Auditors' Report

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date for the year ended 31st March, 2020)

### Report on Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of Section 143(11) of the Companies Act, 2013 ("the Act") of the Company.

#### (i) In respect of Fixed Assets:

(a) The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) As per the information and explanations given to us, some of the fixed assets of the Company have been physically verified during the year by the management in accordance with a phased program of verification designed to cover all assets over a period of three years, which in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on physical verification.

(c) According to the information and explanations given to us and in the basis of our examination of the conveyance deeds / registered sale deed provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings which are freehold, are held in the name of Company as at the balance sheet date. In respect of immovable properties of land and building that have been taken on lease and disclosed as fixed assets in the standalone financial statements, the lease agreements are held in the name of the Company.

#### (ii) In respect of its Inventories:

As per the information and explanations given to us, the inventories have been physically verified during the year by the management. The intervals at which the inventories have been verified are, in our opinion, reasonable in relation to the size of the Company and the nature of its business. The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.

(iii) The Company has granted unsecured loans to two wholly owned subsidiary companies, covered in the register maintained under section 189 of the Companies Act, 2013.

(a) In our opinion and according to the information and explanations given to us, the terms and conditions of the grant of such loans are not prejudicial to the company's

interest.

(b) In our opinion and according to the information and explanations given to us, the payment of interest has been specified and the receipts are regular and loan is repayable on demand and during the year there is no repayment of principal amount.

(c) In our opinion and according to the information and explanations given to us, no amount is overdue as the loans are repayable on demand.

(iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Act, in respect of loans, investments, guarantees, and security given for the year under report.

(v) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public during the year under sections 73 to 76 or any other relevant provisions of the Act and the rules framed thereunder. Therefore, clause (v) of the Order is not applicable to the Company.

(vi) On the basis of explanation and representation given by the management and on our broad review of the cost records maintained by the Company pursuant to the Companies (cost records and audit) Rules, 2014 prescribed by the Central Government under Section 148(1) of the Act, we are of the opinion that prima facie the prescribed cost 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) As per information and explanations given to us, undisputed statutory dues including provident fund, employees' state insurance, income tax, profession tax, Goods and Service Tax, custom duty, cess and other statutory dues applicable to the Company have generally been regularly deposited with the appropriate authorities though there has been delays in deposit in a few cases which are not serious. Further, there are no undisputed amounts payable in respect of above mentioned statutory dues which were in arrears, as at 31st March, 2020 for a period of more than six months from the date they became payable.

(b) According to the information and explanation given to us, there are no dues of income tax, sales tax, service tax, Goods and Service Tax, custom duty, excise duty and cess, which have not been deposited on account of any dispute except in the case of the following disputes which are pending:

| Name of statute                 | Nature of the Dues                | Amount (₹ In lakhs) | Period to which the amount relates                | Forum where dispute is pending   |
|---------------------------------|-----------------------------------|---------------------|---|--|
| Income Tax Act, 1961            | Income Tax                        | 0.29                | FY 2013-14  | Commissioner of Income Tax (Appeals)   |
| Income Tax Act, 1961            | Income Tax                        | 10.28               | FY 2011-12  | Commissioner of Income Tax (Appeals)   |
| Income Tax Act, 1961            | Income Tax                        | 5.05                | FY 2016-17  | Commissioner of Income Tax (Appeals)   |
| Finance Act, 1994 (Service Tax) | Service Tax & Cess                | 285.31              | FY 2014-15 to FY 2017-18 (Up to June)             | Dy. Commissioner (Audit)   |
| Income Tax Act, 1961            | Demands pending for rectification | 52.31               | FY 2006-07, FY 2009-10, FY 2010-11 and FY 2014-15 | Assistant Commissioner of Income Tax Circle 6(2)(1), Central Processing Center Bengaluru |
| <b>TOTAL</b>                    |                                   | <b>353.24</b>       |   |  |

(viii) In our opinion and according to the information and explanations given to us and on the basis of our examination of the books of accounts and the records of the Company, the Company has not defaulted in repayments of dues to the banks. The Company has not taken any loan or borrowings either from financial institutions or from the government and has not issued any debentures.

(ix) On the basis of records of the Company examined by us and according to the information and explanations given to us, the Company has not raised money by way of initial public offer or further public offer (including debt instruments) or term loan during the year. Therefore, the clause (ix) of the aforesaid Order is not applicable to the Company.

(x) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instances of fraud by the Company or any fraud on the Company by its officers or employees noticed or reported during the year, nor we have been informed of such case by the management.

(xi) On the basis of records of the Company examined by us and according to the information and explanations given to us, the managerial remuneration has been paid and / or provided in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

For **Bathiya & Associates LLP**  
Chartered Accountants  
Firm Registration No. 101046W / W100063

**Jatin A. Thakkar**  
Partner  
Membership No.: 134767  
Place : Mumbai  
Date : 28<sup>th</sup> May, 2020  
UDIN : 20134767AAAAK9969

(xii) The Company is not a Nidhi company, hence the clause (xii) of the aforesaid Order is not applicable to the Company.

(xiii) On the basis of records of the Company examined by us and according to the information and explanations given to us, the Company has entered into all transactions with related parties in compliance with Section 177 and Section 188 of the Act, where applicable and the same is disclosed in the standalone financial statements as required by the applicable accounting standards.

(xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotments or private placement of shares or fully or partly convertible debentures during the year under review. Therefore, clause (xiv) of the aforesaid Order is not applicable to the Company.

(xv) On the basis of records of the Company examined by us and according to the information and explanations given to us, we are of the opinion that the Company has not entered into any non-cash transactions with directors or persons connected with directors. Therefore, clause (xv) of the aforesaid Order is not applicable to the Company.

(xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934, hence clause (xvi) of the aforesaid Order is not applicable to the Company.



## **Annexure - B to the Independent Auditors' Report**

(Referred to in paragraph 2(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date for the year ended 31st March, 2020)

### **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 Chembond Chemicals Limited ("the Company") as of 31st March, 2020 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

### **Management's Responsibility for Internal Financial Controls**

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

### **Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls 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 auditors' judgment, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system 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 standalone 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 standalone financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of Management and directors of the Company; and
- (3) Provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the standalone financial statements.

### **Inherent Limitations of Internal Financial Controls over Financial Reporting**

Because of the inherent limitations of internal financial controls 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.

For **Bathiya & Associates LLP**  
Chartered Accountants  
Firm Registration No. 101046W / W100063

**Jatin A. Thakkar**  
Partner  
Membership No.: 134767

**Place** : Mumbai  
**Date** : 28<sup>th</sup> May, 2020

### **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 31st March, 2020, 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.

Standalone Balance Sheet as at 31<sup>st</sup> March 2020

|  | Notes | As at 31/03/2020<br>(₹ In lakhs) | As at 31/03/2019<br>(₹ In lakhs) |
|--|-------|----------------------------------|----------------------------------|
| <b>Assets</b>                            |       |                                  |                                  |
| <b>Non-current assets</b>                |       |                                  |                                  |
| (a) Property, Plant and Equipment        | 2     | 3,590.08                         | 3,514.64                         |
| (b) Capital work-in-progress             | 2     | 21.96                            | 200.39                           |
| (c) Other Intangible assets              | 2     | 40.35                            | 48.61                            |
| (d) Financial Assets                     |       |                                  |                                  |
| i) Investments                           | 3     | 13,371.60                        | 13,235.63                        |
| ii) Other financial assets               | 4     | 42.61                            | 41.48                            |
| (e) Income tax asset (net)               | 5     | 198.89                           | 163.22                           |
| (f) Other non-current assets             | 6     | 1.10                             | 8.21                             |
| <b>Total Non-current assets</b>          |       | <b>17,266.59</b>                 | <b>17,212.18</b>                 |
| <b>Current Assets</b>                    |       |                                  |                                  |
| (a) Inventories                          | 7     | 463.62                           | 842.47                           |
| (b) Financial Assets                     |       |                                  |                                  |
| i) Investments                           | 8     | 2,433.64                         | 2,512.37                         |
| ii) Trade receivables                    | 9     | 1,697.76                         | 3,958.84                         |
| iii) Cash and cash equivalents           | 10    | 5.94                             | 152.43                           |
| iv) Bank balances other than (iii) above | 11    | 92.62                            | 87.74                            |
| v) Loans                                 | 12    | 1,711.04                         | 6.77                             |
| vi) Other financial assets               | 13    | 31.61                            | 40.98                            |
| (c) Current Tax (net)                    | 14    | 75.30                            | 30.50                            |
| (d) Other current assets                 | 15    | 194.05                           | 181.10                           |
| <b>Total current assets</b>              |       | <b>6,705.58</b>                  | <b>7,813.20</b>                  |
| <b>Total</b>                             |       | <b>23,972.16</b>                 | <b>25,025.38</b>                 |
| <b>Equity and Liabilities</b>            |       |                                  |                                  |
| <b>Equity</b>                            |       |                                  |                                  |
| (a) Share capital                        | 16    | 672.41                           | 672.41                           |
| (b) Other equity                         | 17    | 22,291.87                        | 22,282.45                        |
| <b>Total Equity</b>                      |       | <b>22,964.28</b>                 | <b>22,954.86</b>                 |
| <b>Non-Current Liabilities</b>           |       |                                  |                                  |
| (a) Provisions                           | 18    | 48.62                            | 68.51                            |
| (b) Deferred tax liabilities (net)       | 19    | 91.31                            | 196.06                           |
| <b>Total Non-current liabilities</b>     |       | <b>139.93</b>                    | <b>264.57</b>                    |
| <b>Current liabilities</b>               |       |                                  |                                  |
| (a) Financial liabilities                |       |                                  |                                  |
| i) Trade payables                        |       |                                  |                                  |
| Trade payables -MSMED                    | 20    | 78.27                            | 42.73                            |
| Trade payables -Others                   | 20    | 550.83                           | 1,199.94                         |
| ii) Other financial liabilities          | 21    | 187.98                           | 447.20                           |
| (b) Other current liabilities            | 22    | 48.32                            | 107.88                           |
| (c) Provisions                           | 23    | 2.55                             | 8.20                             |
| <b>Total current liabilities</b>         |       | <b>867.95</b>                    | <b>1,805.95</b>                  |
| <b>Total</b>                             |       | <b>23,972.16</b>                 | <b>25,025.38</b>                 |

Significant Accounting Policies and Notes on Financial Statements 1-45

As per our attached report of even date **On behalf of the Board of Directors**

**For Bathiya & Associates LLP**  
Chartered Accountants  
FRN - 101046W/W100063

**Sameer V. Shah**  
Chairman  
& Managing Director

**Nirmal V. Shah**  
Vice Chairman  
& Managing Director

**Sushil U. Lakhani**  
Director

**Jatin A. Thakkar**  
Partner  
Membership No. : 134767  
Mumbai, 28<sup>th</sup> May 2020

**Rashmi S. Gavli**  
Chief Financial Officer  
Mumbai, 28<sup>th</sup> May 2020

**Suchita Singh**  
Company Secretary

Statement of Profit and Loss for the year ended 31<sup>st</sup> March 2020

|  | Notes | 2019-2020<br>(₹ In lakhs) | 2018-2019<br>(₹ In lakhs) |
|--|-------|---------------------------|---------------------------|
| Revenue From Operations  | 24    | 5,854.29                  | 15,628.96                 |
| Other Income   | 25    | 655.81                    | 564.58                    |
| <b>Total Revenue</b>   |       | <b>6,510.10</b>           | <b>16,193.54</b>          |
| <b>Expenses :</b>  |       |                           |                           |
| Cost of Materials Consumed   | 26    | 2,819.91                  | 9,997.23                  |
| Purchases of Stock-in-trade  | 27    | 258.42                    | 1,098.15                  |
| Changes in Inventories of Finished goods, Work-in-progress and Stock-in-Trade    | 28    | 141.64                    | 67.40                     |
| Employee Benefits Expense  | 29    | 874.26                    | 1,957.12                  |
| Finance Costs  | 30    | 4.86                      | 29.12                     |
| Depreciation and Amortisation expense  | 31    | 279.84                    | 287.77                    |
| Other Expenses   | 32    | 1,600.38                  | 2,050.49                  |
| <b>Total Expenses</b>  |       | <b>5,979.29</b>           | <b>15,487.28</b>          |
| <b>Profit before Tax</b>   |       | <b>530.81</b>             | <b>706.26</b>             |
| Current Tax  |       | 81.39                     | 163.93                    |
| Deferred Tax   |       | (104.75)                  | (90.82)                   |
| <b>Total Tax Expenses</b>  |       | <b>(23.35)</b>            | <b>73.11</b>              |
| Profit for the Year  |       | 554.16                    | 633.15                    |
| Other Comprehensive Income   |       |                           |                           |
| 1 i) Items that will not be reclassified to profit or loss                       |       | 17.55                     | (9.58)                    |
| ii) Income Tax relating to items that will not be reclassified to profit or loss |       | (3.61)                    | 1.93                      |
| 2 i) Items that will be reclassified to profit or loss                           |       | -                         | -                         |
| ii) Income Tax relating to items that will be reclassified to profit or loss     |       | -                         | -                         |
| Other Comprehensive Income (1+2)   |       | 13.94                     | (7.65)                    |
| <b>Total Comprehensive Income</b>  |       | <b>568.10</b>             | <b>625.50</b>             |
| Earning Per Equity Share of Face Value of ₹5 each                                | 33    |                           |                           |
| Basic (in ₹)   |       | 4.12                      | 4.71                      |
| Diluted (in ₹)   |       | 4.12                      | 4.71                      |
|  | 1-45  |                           |                           |

As per our attached report of even date

On behalf of the Board of Directors

**For Bathiya & Associates LLP**  
Chartered Accountants  
FRN - 101046W/W100063

**Sameer V. Shah**  
Chairman  
& Managing Director

**Nirmal V. Shah**  
Vice Chairman  
& Managing Director

**Sushil U. Lakhani**  
Director

**Jatin A. Thakkar**  
Partner  
Membership No. : 134767  
Mumbai, 28<sup>th</sup> May 2020

**Rashmi S. Gavli**  
Chief Financial Officer  
Mumbai, 28<sup>th</sup> May 2020

**Suchita Singh**  
Company Secretary

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2020

## (a) Equity share capital

|   | No. of Shares | (₹ In lakhs) |
|---|---------------|--------------|
| Balance as at 31 <sup>st</sup> March 2018 | 134,48,288    | 672.41       |
| Changes in equity share capital           | -             | -            |
| Balance as at 31 <sup>st</sup> March 2019 | 134,48,288    | 672.41       |
| Changes in equity share capital           | -             | -            |
| Balance as at 31 <sup>st</sup> March 2020 | 134,48,288    | 672.41       |

## (b) Other Equity

| Particulars  | Reserves and Surplus |               |                   | OCI   | Total other equity |
|--|----------------------|---------------|-------------------|---|--------------------|
|  | General Reserve      | Share Premium | Retained earnings | Remeasurements of the net defined benefit Plans |                    |
| <b>Balance as at 31<sup>st</sup> March 2018</b>                        | <b>630.00</b>        | <b>613.05</b> | <b>20,660.20</b>  | <b>4.10</b>                                     | <b>21,907.35</b>   |
| Profit for the year  | -                    | -             | 633.15            | -   | 633.15             |
| Other comprehensive income for the year                                | -                    | -             | -                 | (7.65)  | (7.65)             |
| <b>Total Comprehensive Income</b>                                      | -                    | -             | 633.15            | (7.65)  | 625.49             |
| Dividend Paid  | -                    | -             | 248.79            | -   | 248.79             |
| Tax on Dividend Paid   | -                    | -             | 51.14             | -   | 51.14              |
| Set off of Dividend Tax in respect of Dividend from Subsidiary Company | -                    | -             | (49.53)           | -   | (49.53)            |
| <b>Balance as at 31<sup>st</sup> March 2019</b>                        | <b>630.00</b>        | <b>613.05</b> | <b>21,042.95</b>  | <b>(3.55)</b>                                   | <b>22,282.45</b>   |
| Profit for the year  | -                    | -             | 554.16            | -   | 554.16             |
| Other comprehensive income for the year                                | -                    | -             | -                 | 13.94   | 13.94              |
| <b>Total Comprehensive Income</b>                                      | -                    | -             | 554.16            | 13.94   | 568.10             |
| Dividend Paid  | -                    | -             | 537.93            | -   | 537.93             |
| Tax on Dividend Paid   | -                    | -             | 99.89             | -   | 99.89              |
| Set off of Dividend Tax in respect of Dividend from Subsidiary Company | -                    | -             | (79.14)           | -   | (79.14)            |
| <b>Balance as at 31<sup>st</sup> March 2020</b>                        | <b>630.00</b>        | <b>613.05</b> | <b>21,038.43</b>  | <b>10.39</b>                                    | <b>22,291.87</b>   |

As per our attached report of even date

On behalf of the Board of Directors

**For Bathiya & Associates LLP**  
Chartered Accountants  
FRN - 101046W/W100063

**Sameer V. Shah**  
Chairman  
& Managing Director

**Nirmal V. Shah**  
Vice Chairman  
& Managing Director

**Sushil U. Lakhani**  
Director

**Jatin A. Thakkar**  
Partner  
Membership No. : 134767  
Mumbai, 28<sup>th</sup> May 2020

**Rashmi S. Gavli**  
Chief Financial Officer  
Mumbai, 28<sup>th</sup> May 2020

**Suchita Singh**  
Company Secretary

Cash Flow Statement for the year ended 31<sup>st</sup> March 2020

(₹ In Lakhs)

|          |  | 2019-2020 |            | 2018-2019  |            |
|----------|--|-----------|------------|------------|------------|
| <b>A</b> | <b>Cash Flow from Operating Activities</b>   |           |            |            |            |
|          | Profit before tax  |           | 530.80     |            | 706.26     |
|          | Adjustments for :  |           |            |            |            |
|          | Depreciation and amortisation  | 279.84    |            | 287.77     |            |
|          | Loss on Sale of Property,Plant & Equipement  | -         |            | 0.03       |            |
|          | Finance Cost   | 4.86      |            | 29.12      |            |
|          | Less :   |           | 284.70     |            | 316.92     |
|          | Foreign Exchange Fluctuation   | 15.91     |            | 11.86      |            |
|          | Net Gain on Investments  | (15.23)   |            | 201.28     |            |
|          | Profit on Sale of Property,Plant & Equipement                                      | 20.72     |            | -          |            |
|          | Dividend Received  | 442.83    |            | 252.56     |            |
|          | Operating Profit before working capital changes                                    |           | (464.23)   |            | (465.69)   |
|          | Adjustments for :  |           | 351.27     |            | 557.48     |
|          | Trade and Other Receivables  | 559.22    |            | (183.39)   |            |
|          | Inventories  | 378.85    |            | 1,051.87   |            |
|          | Trade and Other Payables   | (924.45)  |            | (2,820.24) |            |
|          | Cash generated from operations   |           | 13.62      |            | (1,951.75) |
|          | Income taxes paid (Net of Refund)  |           | 364.89     |            | (1,394.27) |
|          |  |           | (165.47)   |            | (192.38)   |
|          | <b>Net Cash from Operating Activities (A)</b>                                      |           | 199.42     |            | (1,586.65) |
| <b>B</b> | <b>Cash Flow from Investing Activities</b>   |           |            |            |            |
|          | Payment to acquire Property, plant & equipments                                    |           | (395.25)   |            | (336.11)   |
|          | Proceeds from Sale of Property, plant & equipments                                 |           | 247.37     |            | 90.02      |
|          | Purchase of Investment   |           | (3,029.43) |            | (5,532.62) |
|          | Sale of Investment   |           | 2,956.97   |            | 7,349.83   |
|          | Dividend Income  |           | 442.83     |            | 252.56     |
|          | <b>Net Cash from Investing Activities (B)</b>                                      |           | 222.49     |            | 1,823.68   |
| <b>C</b> | <b>Cash Flow from Financing Activities</b>   |           |            |            |            |
|          | Proceeds/(Repayment) of Short Term Borrowings                                      |           | -          |            | (466.05)   |
|          | Dividend paid  |           | (537.93)   |            | (248.79)   |
|          | Tax on dividend paid   |           | (20.75)    |            | (1.61)     |
|          | Finance Cost   |           | (4.86)     |            | (29.12)    |
|          | <b>Net Cash from Financing Activities (C)</b>                                      |           | (563.55)   |            | (745.57)   |
|          | <b>Net (Decrease)/Increase in Cash &amp; Cash Activities (A+B+C)</b>               |           | (141.61)   |            | (508.54)   |
|          | Cash and Cash Equivalents and Other Bank Balances as on Opening                    |           | 240.17     |            | 748.71     |
|          | Cash and Cash Equivalents and Other Bank Balances as on Closing (Refer note 10,11) |           | 98.56      |            | 240.17     |

## Amendment to Ind AS 7 -

Amendment to Ind AS 7 effective from 01<sup>st</sup> April, 2017 require the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the Balance sheet for liabilities arising from financing activities, to meet disclosure requirement. Accordingly, the Company has given the said disclosure as below:

(₹ In Lakhs)

| Particulars                   | Note No. | As at 1 <sup>st</sup><br>April 2019 | Cashflow      | Foreign<br>Exchange<br>Movement | As at 31 <sup>st</sup><br>March 2020 |
|-------------------------------|----------|-------------------------------------|---------------|---------------------------------|--------------------------------------|
| Non-current liabilities       |          |                                     |               |                                 |                                      |
| - Borrowings                  |          | -                                   | -             | -                               | -                                    |
| Current Liabilities           |          |                                     |               |                                 |                                      |
| - Borrowings                  |          | -                                   | -             | -                               | -                                    |
| - Other financial liabilities |          |                                     |               |                                 |                                      |
| Unpaid dividends              | 23       | 14.91                               | (0.17)        | -                               | 14.74                                |
| <b>Total</b>                  |          | <b>14.91</b>                        | <b>(0.17)</b> | <b>-</b>                        | <b>14.74</b>                         |

As per our attached report of even date

On behalf of the Board of Directors

**For Bathiya & Associates LLP**  
Chartered Accountants  
FRN - 101046W/W100063

**Sameer V. Shah**  
Chairman  
& Managing Director

**Nirmal V. Shah**  
Vice Chairman  
& Managing Director

**Sushil U. Lakhani**  
Director

**Jatin A. Thakkar**  
Partner  
Membership No. : 134767  
Mumbai, 28<sup>th</sup> May 2020

**Rashmi S. Gavli**  
Chief Financial Officer  
Mumbai, 28<sup>th</sup> May 2020

**Suchita Singh**  
Company Secretary



**Notes to the Financial Statements For the year ended 31<sup>st</sup> March 2020****COMPANY INFORMATION:**

Chembond Chemicals Limited (the Company) is a Public Limited Company domiciled in India and incorporated under the provisions of the Companies Act, 1956. Its shares are listed on the BSE Limited (BSE) & National Stock Exchange of India Limited (NSE). The Registered office of the Company is situated at Chembond Centre, EL-71, MIDC Mahape, Navi Mumbai -400710, Maharashtra.

The Company is engaged in manufacturing of Speciality Chemicals.

**1. Significant Accounting Policies****1.1 Basis of preparation of financial statements and presentation**

The financial statements of the Company are prepared in Compliance with Indian Accounting Standards ('Ind AS') notified under Section 133 of the Companies Act, 2013, read together with the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016 and other relevant provisions of the Act. The Statements are prepared under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values.

Effective April 1, 2017 the Company has adopted all the Ind AS standards and the adoption as carried out in accordance with Ind AS 101, First-time Adoption of Indian Accounting Standards, with April 1, 2016 as the transition date. The transition was carried out from Indian Accounting Principles generally accepted in India as prescribed under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (IGAAP), which was the previous GAAP.

The accounting policies have been applied consistently over all the periods presented in these financial statements except where a newly-issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

The financial statements are prepared in INR, which is the company's functional currency.

**1.2 Summary of significant accounting policies**

a) Property, Plant and Equipment:

Property, plant and equipment (PPE) are stated at historical cost less accumulated depreciation and accumulated impairment losses, if any except freehold land which is carried at historical cost. Historical cost comprises of its purchase price including taxes (other than those subsequently recoverable from tax authorities), duties, freight and other directly attributable costs related to the acquisition or construction of the respective assets. Profit or Loss on disposal of tangible assets is recognised in the Statement of Profit and Loss.

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. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to the Statement of Profit and Loss during the reporting period in which they are incurred.

**b) Intangible Assets:**

Intangible Assets are stated at historical cost less accumulated amortisation and accumulated impairment loss, if any. Profit or Loss on disposal of intangible assets is recognised in the Statement of Profit and Loss.

**c) Capital Work in Progress & Capital Advances:**

Capital work-in-progress comprises the cost of assets that are yet not ready for their intended use at the balance sheet date. Advances given towards acquisition of fixed assets outstanding at each balance sheet date are classified as Capital Advances under Other Non-Current Assets.

**d) Depreciation and Amortization:**

Depreciation on PPE (other than free hold and lease hold land) has been provided based on useful life of the assets in accordance with Schedule II of the Companies Act, 2013, on Straight Line Method. Freehold land is not depreciated. Leasehold land and leasehold improvements are amortized over the primary period of lease.

Depreciation methods, useful lives and residual value are reviewed at each reporting date and adjusted prospectively, if appropriate.

**e) Revenue Recognition:**

## Notes to the Financial Statements For the year ended 31<sup>st</sup> March 2020

Revenue is measured at the fair value of consideration received or receivable. Amounts disclosed as revenue are inclusive of excise duty and net of returns, trade discount or rebates and applicable taxes and duties collected on behalf of the government and which are levied on such sales.

The Company recognises revenue when the amount of revenue can be reliably measured and it is probable that future economic benefits will flow to the Company.

i. Revenue from sale of goods is recognised on transfer of all significant risks and rewards of ownership to the buyer as per terms of Contract.

ii. Revenue from services is recognised pro-rata as and when services are rendered.

iii. Interest income is recognised using effective interest method on time proportion basis taking in to account the amount outstanding.

iv. Dividend income from investment is recognised when the Company's right to receive is established by the reporting date, which is generally when shareholders approve the dividend.

### f) Leases:

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

#### Company as a Lessee

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease.

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit and loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance

with the Company's general policy on the borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognised as an expense in the statement of profit and loss on straight line basis over the lease term.

#### Company as a Lessor

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income from operating lease is recognised on a straight-line basis over the term of the relevant lease.

Leases are classified as finance leases when substantially all of the risks and rewards of ownership transfer from the Company to the lessee. Amounts due from lessees under finance leases are recorded as receivables at the Company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of lease.

### g) Inventory:

Inventories are valued at lower of the cost determined on weighted average basis or net realisable value. The comparison of cost and net realisable value is made on an item-by-item basis. Damaged, unserviceable and inert stocks are valued at net realizable value.

Determination cost of raw materials, packing materials and stores spares and consumables Stocks is determined so as to exclude from the cost, taxes and duties which are subsequently recoverable from the taxing authorities.

Cost of finished goods and work-in-progress includes the cost of materials, an appropriate allocation of overheads and other costs incurred in bringing the inventories to their present location and condition.

### h) Impairment of assets:

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if event or changes are indicative in circumstances indicate that they

## Notes to the Financial Statements For the year ended 31<sup>st</sup> March 2020

might be impaired. Assets that have a definite useful life are tested for impairment whenever events or changes in circumstances that indicate that the carrying amount may not be recoverable. Management periodically assesses using external and internal sources, whether there is an indication that an asset may be impaired. An Impairment loss is recognised for the amount by which the assets carrying amount exceeds its recoverable amount. An impairment loss is charged to the Profit and Loss Account in the year in which an asset is identified as impaired. An impairment loss recognized in prior accounting periods is reversed if there has been change in the estimate of the recoverable amount.

### i) Financial Instruments:

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial instruments also include derivative contracts such as foreign currency foreign exchange forward contracts, futures and currency options.

#### 1. Financial assets

##### Classification

The Company shall classify financial assets as subsequently measured at amortised cost, fair value through other comprehensive income (FVOCI) or fair value through profit and loss (FVTPL) on the basis of its business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

##### Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

##### Debt instruments

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by considering any discount or premium and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit and loss.

Debt instruments included within the fair value through profit and loss (FVTPL) category are measured at fair value with all changes recognized in the statement of profit and loss.

Investments in subsidiaries, associates, and joint venture

Investments in subsidiaries and joint venture are carried at cost less accumulated impairment losses, if any. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. On disposal of investments in subsidiaries and joint venture, the difference between net disposal proceeds and the carrying amounts are recognized in the statement of profit and loss.

##### Equity instruments

The Company subsequently measures all equity investments in companies/Mutual funds other than equity investments in subsidiaries, at fair value. Dividends from such investments are recognised in profit and loss as other income when the Company's right to receive payments is established.

##### De-recognition

A financial asset derecognised only when:

The rights to receive cash flows from the asset have expired, or

The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either

(a) the Company has transferred substantially all the risks and rewards of the asset, or

(b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

## Notes to the Financial Statements For the year ended 31<sup>st</sup> March 2020

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

### Impairment of financial assets

In accordance with Ind-AS 109, the Company applies the expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- a) Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, and bank balance
- b) Trade receivables or any contractual right to receive cash or another financial asset that result from transaction that are within the scope of IND AS 18.- The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

## 2. Financial liabilities

### Initial recognition and measurement

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts.

### Financial liabilities at fair value through profit and loss

Financial liabilities at fair value through profit and loss

include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit and loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind-AS 109.

Gains or losses on liabilities held for trading are recognised in the profit and loss.

### Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

## 3. Hedge accounting

Forward exchange contracts entered to hedge highly probable forecast revenues are recorded using the principles of hedge accounting as per Ind AS 109. Such forward exchange contracts which qualify for cash flow hedge accounting and where the conditions of Ind AS 109 have been met are initially measured at fair value and are re-measured at subsequent reporting dates. Changes in the fair value of these derivatives that are designated and effective as hedges of the future cash flows are recognized directly under shareholder's funds in the cash flow hedging reserve and the ineffective portion is recognised immediately in the statement of profit and loss.

At the inception of a hedge relationship, the Company formally designates and documents the hedge relationship to which the Company wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes the Company's risk management objective and strategy for undertaking hedge, the hedging/economic relationship, the hedged item or transaction, the nature of the risk being hedged, hedge ratio and how the entity will assess the effectiveness of changes in the hedging instrument's fair



## Notes to the Financial Statements For the year ended 31<sup>st</sup> March 2020

value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value of cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedge accounting is discontinued when the hedging instrument expires or is sold or terminated or exercised or no longer qualifies for hedge accounting. Cumulative gain or loss on the hedging instrument recognised in shareholder's funds is transferred to statement of profit and loss when the forecasted transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in shareholder's funds is transferred to the statement of profit and loss.

### j) Fair Value Measurement:

The Company's measures Financial Instruments at fair value at each Balance sheet date.

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

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

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

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

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

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

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

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

c) Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

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

### k) Foreign Currency and Translation balances:

Transactions in foreign currencies entered into by the Company are accounted in the functional currency at the exchange rates prevailing on the date of the transaction. Monetary assets and liabilities denominated in foreign currency are translated at functional currency closing rate of exchange at the reporting date. Exchange differences arising on foreign exchange transactions settled during the year are recognised in the statement of profit and loss.

### l) Trade Receivables:

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

### m) Income Taxes:

Income tax expenses comprises of current and deferred tax expense and is recognised in the statement of profit or loss except to the extent that it relates to items recognized directly in equity or in OCI, in which case, the tax is also recognised in directly in equity or OCI respectively.

### Current tax:

Current tax is the amount expected tax payable or recoverable on the taxable profit or loss for the year and any adjustment to the tax payable or recoverable in respect of previous years. It is measured using tax rates enacted or

## Notes to the Financial Statements For the year ended 31<sup>st</sup> March 2020

substantively enacted by the end of reporting period. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate

### Deferred tax:

Deferred tax is recognized 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 under Income Tax Act, 1961.

Deferred tax assets and liabilities are measured at the tax rates that have been enacted or substantively enacted by the Balance Sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The carrying amount of Deferred tax liabilities and assets are reviewed at the end of each reporting period.

### n) Cash and Cash Equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash in hand, demand deposits with banks, other short term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown in current liabilities in the balance sheet.

### o) Employee Benefits

#### Short Term Employee Benefits:

All employee benefits payable wholly within twelve months of rendering the service are classified as short term employee benefits and they are recognized in the period in which the employee renders the related service. The Company recognizes the undiscounted amount of short term employee benefits expected to be paid in exchange for services rendered as a liability (accrued expense) after deducting any amount already paid. The Company does not allow any accumulation of leave balance or encashment thereof.

#### Post-Employment Benefits:

#### I. Defined Contribution plans:

Defined contribution plans are Employee's Provident Fund scheme, Employee state insurance scheme for all applicable employees and superannuation scheme for

eligible employees. The Company contribution for the year paid / payable to a defined contribution plan as an expense in the Statement of Profit and Loss.

#### II. Defined Benefit plans:

##### Pension Scheme:

The Company operates a defined benefit pension plan for certain specified employees and is payable upon the employee satisfying certain conditions, as approved by the Board of Directors.

##### Gratuity:

The Company operates a defined benefit gratuity plan for employees. The Company contributes to a separate entity (a fund) administered by LIC, towards meeting the Gratuity obligation.

The cost of providing defined benefits is determined using the Projected Unit Credit method with actuarial valuations being carried out at each reporting date. The defined benefit obligations recognized in the Balance Sheet represent the present value of the defined benefit obligations as reduced by the fair value of plan assets, if applicable. Any defined benefit asset (negative defined benefit obligations resulting from this calculation) is recognized representing the present value of available refunds and reductions in future contributions to the plan.

All expenses represented by current service cost, past service cost, if any, and net interest on the defined benefit liability / (asset) are recognized in the statement of profit and loss. Remeasurements of the net defined benefit liability / (asset) comprising actuarial gains and losses and the return on the plan assets (excluding amounts included in net interest on the net defined benefit liability/asset), are recognized in Other Comprehensive Income. Such remeasurements are not reclassified to the Statement of Profit and Loss in the subsequent periods.

The Company presents the above liability/(asset) as current and non-current in the Balance Sheet as per actuarial valuation by the independent actuary.

#### p) Research and Development

Revenue expenditure on Research and Development is charged to Profit and Loss Account as incurred. Capital expenditure on assets acquired for Research and Development is added to PPE and depreciated in accordance with the policies stated for Property, Plant and Equipment and Intangible Assets.



**Notes to the Financial Statements For the year ended 31<sup>st</sup> March 2020****q) Borrowing Cost**

Borrowing costs, that are, attributable to the acquisition, construction or production of qualifying are capitalized as part of the costs of such assets. A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use or sale. All other borrowing costs are expensed in the period in which they occur. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

**r) Earnings per share**

Earnings per share (EPS) is calculated by dividing the net profit for the year attributable to the equity shareholders by weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit for the period attributable to equity shareholders and weighted average number of shares outstanding during the period is adjusted for the effects of all diluted potential equity shares.

**s) Current / Non-Current Classification:**

For the purpose of current / non-current classification of assets and liabilities, the Company has ascertained its normal operating cycle as 12 months and other criteria set out in the Schedule III to the Companies Act, 2013. This is based on the nature of product/services and the time taken between the acquisition of assets for processing and their realization in cash and cash equivalents.

**t) Provisions, Contingent Liabilities and Contingent Assets**

Provisions are recognized for liabilities that can be measured only by using a substantial degree of estimation, if

(a) the Company has a present obligation as a result of a past event;

(b) a probable outflow of resources is expected to settle the obligation; and

(c) the amount of the obligation can be reliably estimated.

Reimbursement expected in respect of expenditure required to settle a provision is recognised only when it is virtually certain that the reimbursement will be received.

Contingent liability is disclosed in case of

(a) a present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation;

(b) a present obligation when no reliable estimate is possible; and

(c) a possible obligation arising from past events where the probability of outflow of resources is not remote.

Contingent Assets are neither recognised, nor disclosed.

Provision, Contingent Liabilities and Contingent Assets are reviewed at each balance Sheet date.

**u) Key accounting estimates and judgements**

The preparation of the Company's financial statements requires the management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The areas involving critical estimates or judgements are:

a. Estimation of taxes

b. Determination of the estimated useful lives of intangible assets and determining intangible assets having an indefinite useful life.

c. Determination of the estimated useful lives of tangible assets and the assessment as to which components of the cost may be capitalized

d. Recognition and measurement of defined benefit obligations, key actuarial assumptions

e. Recognition and measurement of provisions and contingencies, key assumptions about the likelihood and magnitude of an outflow of resources

f. Fair value of financial instrument

Notes to the Financial Statements For the year ended 31<sup>st</sup> March 20202 Property, plant and equipment, Intangibles and Capital work in progress as at 31<sup>st</sup> March 2020

(₹ In lakhs)

| Description                          | GROSS BLOCK (AT COST) |               |              |                     | DEPRECIATION INCLUDING AMORTISATION |               |             |                     | NET BLOCK           |                     |
|--------------------------------------|-----------------------|---------------|--------------|---------------------|-------------------------------------|---------------|-------------|---------------------|---------------------|---------------------|
|                                      | As at<br>1.04.2019    | Additions     | Deductions   | As at<br>31.03.2020 | As at<br>1.04.2019                  | Additions     | Deductions  | As at<br>31.03.2020 | As at<br>31.03.2020 | As at<br>31.03.2019 |
| <b>Property, plant and equipment</b> |                       |               |              |                     |                                     |               |             |                     |                     |                     |
| <b>Tangible Assets</b>               |                       |               |              |                     |                                     |               |             |                     |                     |                     |
| Leasehold Land                       | 61.71                 | -             | -            | 61.71               | 2.70                                | 0.90          | -           | 3.60                | 58.11               | 59.01               |
| Freehold Land                        | 89.15                 | -             | -            | 89.15               | -                                   | -             | -           | -                   | 89.15               | 89.15               |
| Buildings                            | 2,260.39              | 14.36         | 20.89        | 2253.86             | 204.88                              | 69.17         | 1.38        | 272.67              | 1981.19             | 2055.51             |
| Equipment & Machinery*               | 1,156.95              | 255.29        | 10.00        | 1402.24             | 161.67                              | 128.48        | 5.39        | 284.76              | 1117.48             | 995.28              |
| Computers                            | 60.37                 | 4.43          | 3.12         | 61.68               | 26.41                               | 16.27         | 2.39        | 40.29               | 21.39               | 33.96               |
| Furniture & Fixtures                 | 121.28                | 53.19         | 0.18         | 174.28              | 52.80                               | 15.15         | 0.16        | 67.79               | 106.49              | 68.48               |
| Motor Cars                           | 112.09                | -             | 1.10         | 110.99              | 34.19                               | 17.80         | 0.64        | 51.34               | 59.65               | 77.90               |
| Electric Fittings & Installations    | 176.42                | 43.93         | -            | 220.35              | 41.09                               | 22.66         | -           | 63.75               | 156.60              | 135.33              |
| <b>Sub- total</b>                    | <b>4038.36</b>        | <b>371.18</b> | <b>35.28</b> | <b>4374.26</b>      | <b>523.73</b>                       | <b>270.41</b> | <b>9.96</b> | <b>784.19</b>       | <b>3590.08</b>      | <b>3514.64</b>      |
| <b>Intangible Assets</b>             |                       |               |              |                     |                                     |               |             |                     |                     |                     |
| Computer Software                    | 76.32                 | 1.16          | -            | 77.48               | 27.72                               | 9.43          | -           | 37.14               | 40.34               | 48.60               |
| <b>Sub-total</b>                     | <b>76.32</b>          | <b>1.16</b>   | <b>-</b>     | <b>77.48</b>        | <b>27.72</b>                        | <b>9.43</b>   | <b>0.00</b> | <b>37.14</b>        | <b>40.34</b>        | <b>48.61</b>        |
| <b>Total</b>                         | <b>4114.69</b>        | <b>372.34</b> | <b>35.28</b> | <b>4451.75</b>      | <b>551.45</b>                       | <b>279.84</b> | <b>9.96</b> | <b>821.33</b>       | <b>3630.42</b>      | <b>3563.23</b>      |
| Previous Year                        | 5025.02               | 337.13        | 17.60        | 5344.55             | 1407.41                             | 268.56        | 12.28       | 1663.69             | 3680.86             | 3617.61             |
| Capital Work in Progress             | -                     | -             | -            | -                   | -                                   | -             | -           | -                   | 21.96               | 200.39              |

\* Additions to Equipment & Machinery Includes:- R&D Lab equipments addition for Mahape Lab-1- ₹0.20 Lacs (Previous year ₹61.73 Lacs), Dudhwada Lab-2- ₹56.16 Lacs (Previous Year ₹33.63 Lacs).

## 3 Financial Assets (Non-Current)

## Investments

## Investment in equity instruments of subsidiaries amortised at cost

## Unquoted

5,00,000 (5,00,000) Equity Shares of Chembond

Water Technologies Ltd of ₹10/- each fully paid up.

(Constituting 100.00%(100.00%) of the said Company's paid up capital)

4,887.86

4,887.86

15,15,000 (10,00,000) Equity Shares of Chembond Material Technologies

Pvt. Ltd of ₹10/- each fully paid up

(Constituting 100 %(100%) of the said Company's paid up capital)

1,552.32

1,052.25

43,04,590 (43,04,590) Equity Shares of Chembond Clean Water Technologies Ltd.

of ₹10/- each fully paid up

(Constituting 52.00%(70.17%) of the said Company's paid up capital)

430.46

430.46

19,00,000 (19,00,000) Equity Shares of Chembond Biosciences Limited (formerly

known as Chembond Industrial Coatings Limited)of ₹10/- each fully paid up

(Constituting 100 %(100.00%) of the said Company's paid up capital)

190.00

190.00

30,00,000 (30,00,000) Equity Shares of Chembond Polymers and Materials Limited

of ₹1/- each fully paid up. (Constituting 100.00%(100.00%) of the said Company's

paid up capital)

486.76

486.76

27,49,414 (27,49,414) Equity Shares of Chembond Calvatis

Industrial Hygiene Systems Limited of ₹1/- each fully paid up

(Constituting 55.00 %(55.00%) of the said Company's paid up capital)

32.39

32.39

Nil (2,00,000) Equity Shares of Chembond Water Technologies (Malaysia)

SDN. BHD of RM.1/- each fully paid up

(Constituting 100 %(100%) of the said Company's paid up capital)

-

47.73

Notes to the Financial Statements For the year ended 31<sup>st</sup> March 2020

|  | As at 31/03/2020<br>(₹ In lakhs) | As at 31/03/2019<br>(₹ In lakhs) |
|--|----------------------------------|----------------------------------|
| 4,000 (4,000) Equity Shares of Phiroze Sethna Private Ltd. of ₹100/- each fully paid up.<br>(Constituting 100.00%(Nil) of the said Company's paid up capital)            | 4,126.90                         | 4,126.90                         |
| 5,00,000 ( 5,00,000) Equity Shares of Chembond Distribution Ltd. Ltd of ₹1/- each fully paid up.<br>(Constituting 100.00%(47.00%) of the said Company's paid up capital) | 92.40                            | 92.40                            |
| <b>Investment in Government Securities amortised at cost (Unquoted)</b><br>Investment in National Saving Certificate   | -                                | 0.01                             |
| <b>Other Investments amortised at Cost (Unquoted)</b><br>2,848 (2,848) Equity Shares of Tarapur Environment Protection Organisation Ltd. of ₹100/- each fully paid up.   | 4.69                             | 4.65                             |
| Nil (1,00,000) Cumulative, Non participating Compulsorily Convertible Preference Shares of Tata Motors Finance Ltd. of ₹100/- Each Fully paid                            | -                                | 100.00                           |
| <b>Investments in Equity Shares carried at fair value through Profit and Loss Quoted</b>   |                                  |                                  |
| 1,205 (3,285) Equity Shares of Kotak Mahindra Bank Ltd.of ₹5/- each fully paid up.   | 15.62                            | 43.84                            |
| 16,200 (16,200)Equity Shares of Hindustan Petroleum Corporation Ltd.of ₹10/- each fully paid up.   | 30.80                            | 45.93                            |
| Nil (1,800) Equity Shares of Godrej Consumer Products Ltd.of ₹1/- each fully paid up.  | -                                | 12.37                            |
| <b>Investments in Gilt fund carried at fair value through Profit and Loss Quoted</b>   |                                  |                                  |
| 11,93,855.836 (11,93,855.836) Units of ICICI Prudential Short Term Gilt Fund-Growth  | 855.10                           | 761.84                           |
| <b>Other Investments Quoted (carried at fair value through Profit and Loss)</b>  |                                  |                                  |
| Nil (20,00,000) units of Kotak FMP Series 187 - Growth   |                                  | 261.25                           |
| 20,00,000 (20,00,000) units of Axis Fixed Term Plan Series 976 - Growth  | 215.85                           | 208.98                           |
| 45,000 (45,000) units of Tata Capital Financial Services Ltd. NCD  | 450.45                           | 450.00                           |
| <b>Total</b>   | <b>13,371.60</b>                 | <b>13,235.63</b>                 |
| Aggregate amount of Quoted Investments and market value there of   | 1,567.81                         | 1,784.21                         |
| Aggregate amount of Unquoted Investments   | 11,803.79                        | 11,451.42                        |
| Aggregate amount of Impairment in value of investment  |                                  | -                                |

Notes to the Financial Statements For the year ended 31<sup>st</sup> March 2020

|   | As at 31/03/2020<br>(₹ In lakhs) | As at 31/03/2019<br>(₹ In lakhs) |
|---|----------------------------------|----------------------------------|
| <b>4 Other Non- Current Financial Assets</b><br>(Unsecured & considered good)                 |                                  |                                  |
| Other Deposits  | 42.61                            | 41.48                            |
| <b>Total</b>  | <b>42.61</b>                     | <b>41.48</b>                     |
| <b>5 Income tax asset (net)</b><br>Income Tax (Net of Provision)                              | 198.89                           | 163.22                           |
| <b>Total</b>  | <b>198.89</b>                    | <b>163.22</b>                    |
| <b>6 Other non-current assets</b>   |                                  |                                  |
| Capital Advances  | 0.85                             | 6.83                             |
| Prepaid expenses  | 0.25                             | 1.38                             |
| <b>Total</b>  | <b>1.10</b>                      | <b>8.21</b>                      |
| <b>7 Inventories</b><br>(At lower of Cost and Net Realisable Value)                           |                                  |                                  |
| Raw Material  | 213.31                           | 419.21                           |
| Packing Material  | 35.32                            | 66.72                            |
| Finished Goods  | 170.37                           | 279.89                           |
| Stock-in-Trade  | 44.33                            | 76.45                            |
| Stock in Transit  | 0.28                             | 0.19                             |
| <b>Total</b>  | <b>463.62</b>                    | <b>842.47</b>                    |
| <b>8 Investments (Current)</b>  |                                  |                                  |
| <b>Investments in Equity Shares carried at fair value through Profit and Loss Quoted</b>      |                                  |                                  |
| 986 (9,206) Equity Shares of Coromandel International Ltd. of ₹1/- each fully paid up.        | 5.39                             | 46.72                            |
| 7,259 (17,978) Equity Shares of Kalpatru power Transmission Ltd. of ₹2/- each fully paid up.  | 13.26                            | 84.63                            |
| Nil (26,065) Equity Shares of Kec International Ltd. of ₹2/- each fully paid up.              | -                                | 78.13                            |
| Nil (3,311) Equity Shares of Simplex Infrastructures Ltd. of ₹2/- each fully paid up.         | -                                | 5.95                             |
| Nil (10,676) Equity Shares of Carbondum Universal Ltd. of ₹1/- each fully paid up.            | -                                | 43.81                            |
| 8,410 (Nil) Equity Shares of Sun Pharmaceutical Industries Ltd. of ₹1/- each fully paid up.   | 29.63                            | -                                |
| Nil (8,813) Equity Shares of Container Corporation of India Ltd. of ₹10/- each fully paid up. | 0.00                             | 46.29                            |
| 11,834 (Nil) Equity Shares of ICICI Bank Ltd. of ₹10/- each fully paid up.                    | 38.31                            | -                                |
| Nil (6,705) Equity Shares of Mahindra & Mahindra Limited of ₹5/- each fully paid up.          | -                                | 45.19                            |
| 1,870 (Nil) Equity Shares of HDFC Bank Ltd.   | 16.12                            | -                                |
| 1,155 (Nil) Equity Shares of Infosys Ltd  | 7.41                             | -                                |
| 2,055 (Nil) Equity Shares of ACC Ltd  | 19.90                            | -                                |

Notes to the Financial Statements For the year ended 31<sup>st</sup> March 2020

|  | As at 31/03/2020<br>(₹ In lakhs) | As at 31/03/2019<br>(₹ In lakhs) |
|--|----------------------------------|----------------------------------|
| 887 (Nil) Equity Shares of Divis Laboratories Ltd                                      | 17.64                            | -                                |
| 1,812 (Nil) Equity Shares of Vardhaman Textiles Ltd.                                   | 11.33                            | -                                |
| 712 (Nil) Equity Shares of Bajaj Finance Ltd   | 15.78                            | -                                |
| 8,520 (Nil) Equity Shares of Biocon Ltd  | 23.05                            | -                                |
| 740 (Nil) Equity Shares of Bajaj Auto Ltd  | 14.97                            | -                                |
| 3,550 (Nil) Equity Shares of Bharat Petroleum Corporation Ltd                          | 11.25                            | -                                |
| 275 (Nil) Equity Shares of Britannia Industries Ltd                                    | 7.39                             | -                                |
| 4,850 (Nil) Equity Shares of Investment in DLF Ltd                                     | 6.67                             | -                                |
| 2,580 (Nil) Equity Shares of The Ramco Cements Ltd                                     | 13.23                            | -                                |
| 810 (Nil) Equity Shares of Trent Ltd   | 3.92                             | -                                |
| <b>Investments in Mutual Funds carried at fair value through Profit and Loss</b>       |                                  |                                  |
| 49,542 (49,542) Units of Reliance Liquid Fund -Treasury Plan - Daliy Dividend          | 0.79                             | 0.76                             |
| Nil (8,965.49) Units of Franklin India Prima Plus -Growth                              | -                                | 54.03                            |
| 1,56,277.345 (1,56,277.345) Units of Kotak Select Focus Fund Regular Plan Growth       | 42.21                            | 55.44                            |
| 1,35,931.375 (1,35,931.375) Units of SBI Blue Chip Fund Regular Plan Growth            | 40.44                            | 53.30                            |
| Nil (62,226.441) Units of HDFC Core and Satellite Fund -Growth                         | -                                | 49.03                            |
| 2,25,408.723 (2,25,408.723) Units of DSP Black Rock Focus 25 Fund Growth               | 39.46                            | 51.99                            |
| 21,56,825.895 (21,56,825.895) Units of ICICI prudentianl Short Term Growth Option      | 439.26                           | 407.22                           |
| 3.4584 (Nil) Units of Kotak Money Market Scheme Regular Plan Growth                    | 0.11                             | -                                |
| 6,19,690.746 (6,19,690.746) Units of Kotak Treasury Advantage Fund Regular Plan Growth | 198.88                           | 185.73                           |
| 28,180.987 (28,180.987) Units of Kotak low Duration Fund                               | 694.48                           | 644.34                           |
| Nil (9,71,604.848) Units of Franklin India Low Duration Fund                           | -                                | 211.23                           |
| 1,140.678 (3,375.833) Units of Kotak Liquid Scheme Regular Plan Growth                 | 45.63                            | 127.36                           |
| Nil (2,769.000) Units of HDFC Overnight Fund Growth                                    | -                                | 78.10                            |
| 56.218 (93,931.074) Units of ICICI prudentianl Money Market Fund Regular Plan Growth   | 0.16                             | 243.12                           |
| 67,333.945 (Nil) Units of SBI - EQUITY HYBRID FUND REG (G)                             | 79.92                            | -                                |
| 7,17,045.32 (Nil) Units of ICICI PRU - BALANCED ADVANTAGE FUND                         | 219.20                           | -                                |
| 6,94,136.292 (Nil) Units of AXIS – BLUECHIP FUND (G)                                   | 180.48                           | -                                |
| 17,61,386.103 (Nil) Units of HDFC Ultra Short term fund Reg- Grwt                      | 197.37                           | -                                |
| <b>Total</b>   | <b>2,433.64</b>                  | <b>2,512.37</b>                  |
| Aggregate amount of Quoted Investments and Market Value thereof                        | 2,433.64                         | 2,512.37                         |
| <b>9 Trade Receivables</b>   |                                  |                                  |
| Unsecured Considered Good  | 1,697.76                         | 3,958.84                         |
| Unsecured Considered doubtful  | 46.58                            | 4.83                             |
| Less : Provision for Doubtful Debts  | 46.58                            | 4.83                             |
|  | <b>1,697.76</b>                  | <b>3,958.84</b>                  |
| a For Related party transactions Refer Note No.40                                      |                                  |                                  |
| <b>10 Cash and Cash equivalents</b>  |                                  |                                  |
| Balances with banks  |                                  |                                  |
| In Current accounts  | 4.71                             | 148.78                           |
| Cash on hand   | 1.23                             | 3.65                             |
|  | <b>5.94</b>                      | <b>152.43</b>                    |

Notes to the Financial Statements For the year ended 31<sup>st</sup> March 2020

|   | As at 31/03/2020<br>(₹ In lakhs) | As at 31/03/2019<br>(₹ In lakhs) |
|---|----------------------------------|----------------------------------|
| <b>11 Bank balances other than cash and cash equivalents</b>  |                                  |                                  |
| Margin money (Including deposits with original maturity of more than 3 months and less than 12 months)          | 77.88                            | 72.83                            |
| In Unpaid Dividend Accounts   | 14.74                            | 14.91                            |
|   | <b>92.62</b>                     | <b>87.74</b>                     |
| <b>12 Loans</b><br>(Unsecured & considered good)  |                                  |                                  |
| Loan and advance to Employees   | 4.04                             | 6.77                             |
| Loans and advances to Group Co.   | 1,707.00                         | -                                |
|   | <b>1,711.04</b>                  | <b>6.77</b>                      |
| <b>13 Other Current Financial Assets</b><br>(Unsecured & considered good)                                       |                                  |                                  |
| Security Deposits   | 29.44                            | 37.83                            |
| Deposit - Excise  | 2.17                             | 3.15                             |
|   | <b>31.61</b>                     | <b>40.98</b>                     |
| <b>14 Current Tax (Net)</b>   |                                  |                                  |
| Current Tax (Net)   | 75.30                            | 30.50                            |
|   | <b>75.30</b>                     | <b>30.50</b>                     |
| <b>15 Other Current Assets</b>  |                                  |                                  |
| Accrued Interest  | 21.74                            | 17.96                            |
| Prepaid expenses  | 27.40                            | 39.86                            |
| Advances for supply of goods and services   | 38.47                            | 68.82                            |
| Balance With Government authorities   | 49.42                            | 46.62                            |
| Other Current Assets  | 57.02                            | 7.85                             |
|   | <b>194.05</b>                    | <b>181.10</b>                    |
| <b>16 Share Capital</b>   |                                  |                                  |
| <b>Authorised</b><br>2,00,00,000 (2,00,00,000) Equity Shares of ₹5/- each                                       | <b>1,000.00</b>                  | 1,000.00                         |
| <b>Issued, Subscribed and Paid up</b><br>134,48,288 (134,48,288) Equity Shares of ₹5/- each fully paid up       | <b>672.41</b>                    | 672.41                           |
| <b>Total</b>  | <b>672.41</b>                    | <b>672.41</b>                    |
| <b>a Reconciliation of the equity shares outstanding at the beginning and at the end of the reporting year:</b> |                                  |                                  |
| Number of shares outstanding at the beginning of the year   | 134,48,288                       | 134,48,288                       |
| Additions during the year   | -                                | -                                |
| Deductions during the year  | -                                | -                                |
| Number of shares outstanding at the end of the year   | <b>134,48,288</b>                | <b>134,48,288</b>                |



Notes to the Financial Statements For the year ended 31<sup>st</sup> March 2020

## b Details of Shareholders holding more than 5% Shares

| Name of the Shareholder                      | As at 31/3/2020<br>No of Shares | As at 31/3/2019<br>No of Shares |
|--|---------------------------------|---------------------------------|
| Nirmal V. Shah                               | 16,99,291                       | 16,45,230                       |
| % held                                       | 12.64%                          | 12.23%                          |
| Sameer V. Shah                               | 15,86,124                       | 15,31,274                       |
| % held                                       | 11.79%                          | 11.39%                          |
| Padma V. Shah                                | 15,68,234                       | 15,17,410                       |
| % held                                       | 11.66%                          | 11.28%                          |
| Visan Holding & Financial Services Pvt. Ltd. | 13,05,820                       | 12,94,619                       |
| % held                                       | 9.71%                           | 9.63%                           |

## c Terms and rights attached to Equity Shares

The Company has only one class of Equity Shares having a par value of ₹5/- per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian Rupees. The dividend proposed by the Board of Directors is subject to approval of the share holders in the ensuing annual general meeting. In the event of liquidation of the Company, the holders of Equity Shares 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.

## 17 Other Equity

|  | As at 31/03/2020<br>(₹ In lakhs) | As at 31/03/2019<br>(₹ In lakhs) |
|--|----------------------------------|----------------------------------|
| <b>General Reserve</b>   |                                  |                                  |
| As per last year   | 630.00                           | 630.00                           |
| Add: Transfer from Profit & Loss A/c.                                  | -                                | -                                |
|  | 630.00                           | 630.00                           |
| <b>Share Premium</b>   |                                  |                                  |
| As per last year   | 613.05                           | 613.05                           |
| Add: Received on Shares Issue  | -                                | -                                |
|  | 613.05                           | 613.05                           |
| <b>Retained Earnings</b>   |                                  |                                  |
| As per last year   | 21,042.95                        | 20,660.20                        |
| Add: Profit for the Year   | 554.16                           | 633.16                           |
| Add: Transfer from Revaluation Reserve                                 | -                                | -                                |
|  | 21,597.11                        | 21,293.36                        |
| Less: Appropriations   |                                  |                                  |
| Transferred to General Reserve   | -                                | -                                |
| Set off of Dividend Tax in respect of Dividend from Subsidiary Company | (79.14)                          | (49.53)                          |
| Interim Dividend   | 268.97                           | -                                |
| Tax on Interim Dividend  | 54.22                            | -                                |
| Dividend Paid  | 268.96                           | 248.79                           |
| Tax on Dividend Paid   | 45.67                            | 51.14                            |
|  | 21,038.44                        | 21,042.95                        |
| <b>Other Comprehensive Income (OCI)</b>                                |                                  |                                  |
| Remeasurements of the net defined benefit Plans                        |                                  |                                  |
| As per last year   | (3.55)                           | 4.10                             |
| Movement During the Year   | 13.94                            | (7.65)                           |
|  | 10.38                            | (3.55)                           |
| <b>Total</b>   | <b>22,291.87</b>                 | <b>22,282.45</b>                 |

Notes to the Financial Statements For the year ended 31<sup>st</sup> March 2020

| 18 Provisions  | As at 31/03/2020<br>(₹ In lakhs) | As at 31/03/2019<br>(₹ In lakhs) |
|--|----------------------------------|----------------------------------|
| Provision for Gratuity   | 48.62                            | 68.51                            |
| <b>Total</b>   | <b>48.62</b>                     | <b>68.51</b>                     |
| <b>19 Deferred Tax Liability (Net)</b>   |                                  |                                  |
| <b>Deferred Tax Liability</b>  |                                  |                                  |
| Depreciation   | 456.80                           | 480.34                           |
| Investments at Fair Value  | 49.03                            | 48.77                            |
|  | <b>505.83</b>                    | <b>529.10</b>                    |
| <b>Deferred Tax Asset</b>  |                                  |                                  |
| Gratuity   | 5.82                             | 22.34                            |
| MAT Credit   | 392.23                           | 305.34                           |
| Other Deferred tax Asset   | 2.90                             | 3.96                             |
| Provision for Doubtful Debts   | 13.57                            | 1.41                             |
| Net Deferred Tax Liability   | <b>414.52</b>                    | <b>333.04</b>                    |
| <b>Total</b>   | <b>91.31</b>                     | <b>196.06</b>                    |
| <b>20 Trade Payables</b>   |                                  |                                  |
| Micro, Small and Medium Enterprises  | 78.27                            | 42.73                            |
| Others   | 550.83                           | 1,199.94                         |
| <b>Total</b>   | <b>629.09</b>                    | <b>1,242.67</b>                  |
| a For Related party transaction Refer Note No.40   |                                  |                                  |
| b The Company has amounts due to suppliers under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) as at the year end. The disclosure pursuant to the said Act is as under:                                  |                                  |                                  |
| Principal amount due to suppliers under MSMED Act, 2006  | 78.27                            | 42.73                            |
| Interest accrued and due to suppliers under MSMED Act, 2006 on the above amount  | 0.24                             | 0.25                             |
| Payment made to suppliers (other than interest) beyond the appointed day, during the year  | 42.73                            | 33.90                            |
| Interest paid/adjusted to suppliers under MSMED Act, 2006 (other than section 16)  | 0.25                             | 1.38                             |
| Interest paid/adjusted to suppliers under MSMED Act, 2006 (section 16)   | NIL                              | NIL                              |
| Interest due and payable to suppliers under MSMED Act, 2006 for payments already made  | 0.24                             | 0.25                             |
| Interest accrued and remaining unpaid at the end of the year to suppliers under MSMED Act, 2006  | 0.24                             | 0.25                             |
| The information regarding Micro, Small and Medium Enterprises has been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the Auditors. |                                  |                                  |
| <b>21 Other Current Financial Liabilities</b>  |                                  |                                  |
| Current Maturities of Long Term Debt   | -                                | -                                |
| Employee Benefits & Other Payables   | 162.27                           | 404.10                           |
| Creditors for Capital Expenditure  | 10.97                            | 28.19                            |
| Unclaimed Dividend *   | 14.74                            | 14.91                            |
| <b>Total</b>   | <b>187.98</b>                    | <b>447.20</b>                    |
| * Not due for Deposit to Investor Education and Protection Fund  |                                  |                                  |

Notes to the Financial Statements For the year ended 31<sup>st</sup> March 2020

| 22 Other Current Liabilities   | As at 31/03/2020<br>(₹ In lakhs) | As at 31/03/2019<br>(₹ In lakhs) |
|--|----------------------------------|----------------------------------|
| Advance Received From Customers  | 40.33                            | 34.16                            |
| Statutory Dues   | 7.99                             | 73.72                            |
| <b>Total</b>   | <b>48.32</b>                     | <b>107.88</b>                    |
|  |                                  |                                  |
| 23 Short-term Provisions   |                                  |                                  |
| Provision for Gratuity   | 2.55                             | 8.20                             |
| <b>Total</b>   | <b>2.55</b>                      | <b>8.20</b>                      |
|  |                                  |                                  |
| 24 Revenue from Operations   | 2019-2020<br>(₹ In lakhs)        | 2018-2019<br>(₹ In lakhs)        |
| <b>Sale of Goods</b>   | <b>5,565.78</b>                  | 14,966.80                        |
| <b>Sales of Services</b>   |                                  |                                  |
| Technical Service Income   | 9.50                             | 17.57                            |
| <b>Other Operating revenue</b>   |                                  |                                  |
| Management Services Charges from Related Party                         | 225.39                           | 100.00                           |
| Bad Debts Recovered  | 0.02                             | 33.55                            |
| Compensation on Termination of Toll manufacturing                      | -                                | 500.00                           |
| Miscellaneous Income   | 53.60                            | 11.04                            |
| <b>Total</b>   | <b>279.00</b>                    | <b>644.59</b>                    |
| <b>Total</b>   | <b>5,854.29</b>                  | <b>15,628.96</b>                 |
|  |                                  |                                  |
| 25 Other Income  |                                  |                                  |
| Dividend from Subsidiary Company                                       | 437.00                           | 240.95                           |
| Dividend from Equity Investments                                       | 5.80                             | 11.57                            |
| Dividend from Mutual Funds   | 0.03                             | 0.04                             |
| <b>Total</b>   | <b>442.83</b>                    | <b>252.56</b>                    |
| Net gain on Sale/fair valuation of investments through profit & loss * | -                                | 201.28                           |
| Gross Interest {TDS ₹4.16 lakhs (P.Y ₹2.69 lakhs)}                     | 84.29                            | 31.83                            |
| Gross Rental Income {TDS ₹5.43 lakhs (P.Y ₹4.58 lakhs)}                | 72.13                            | 47.57                            |
| Profit on Sale of Fixed Assets   | 20.72                            | -                                |
| Foreign Exchange Fluctuation Gain/ (Loss)                              | 15.91                            | 11.86                            |
| Corporate Gurantee fee   | 19.93                            | 19.50                            |
| <b>Total</b>   | <b>655.81</b>                    | <b>564.58</b>                    |

\* Adjusted fair value gain/(loss) as at 31<sup>st</sup> March 2020 amounting to ₹Nil (31<sup>st</sup> March 2019 (₹691.56) lakhs)

Notes to the Financial Statements For the year ended 31<sup>st</sup> March 2020

| 26        | <b>Cost of materials consumed</b>  | <b>2019-2020</b><br>(₹ In lakhs) | <b>2018-2019</b><br>(₹ In lakhs) |
|-----------|--|----------------------------------|----------------------------------|
|           | Raw Materials Consumed   | 2,567.33                         | 9,069.88                         |
|           | Packing Material   | 252.57                           | 927.35                           |
|           | <b>Total</b>   | <b>2,819.90</b>                  | <b>9,997.23</b>                  |
| <b>27</b> | <b>Purchases of stock-in-trade</b>   |                                  |                                  |
|           | Purchases of Stock-in-trade  | 258.42                           | 1,098.15                         |
|           | <b>Total</b>   | <b>258.42</b>                    | <b>1,098.15</b>                  |
| <b>28</b> | <b>Changes in inventory of Finished goods, Work in progress and Traded goods</b> |                                  |                                  |
|           | Finished products/ Stock in Trade (At Close)                                     | 214.70                           | 356.34                           |
|           | Finished products/ Stock in Trade (At commencement)                              | 356.34                           | 423.74                           |
|           | <b>Total</b>   | <b>141.64</b>                    | <b>67.40</b>                     |
| <b>29</b> | <b>Employee benefit expenses</b>   |                                  |                                  |
|           | Director Remuneration  | 82.02                            | 110.12                           |
|           | Salaries & Wages   | 678.61                           | 1,684.59                         |
|           | Contribution to Provident & other funds  | 65.51                            | 86.51                            |
|           | Staff Welfare Expenses   | 48.13                            | 75.91                            |
|           | <b>Total</b>   | <b>874.26</b>                    | <b>1,957.12</b>                  |
| a         | For Related party transaction Refer Note No.40                                   |                                  |                                  |
| <b>30</b> | <b>Finance Cost</b>  |                                  |                                  |
|           | Interest Expense   |                                  |                                  |
|           | - Banks  | 1.70                             | 20.58                            |
|           | - MSMED  | 0.24                             | 0.25                             |
|           | - Others   | -                                | 0.14                             |
|           | Bank Guarantee fees & charges  | 2.92                             | 8.16                             |
|           | <b>Total</b>   | <b>4.86</b>                      | <b>29.12</b>                     |
| <b>31</b> | <b>Depreciation and Amortisation expenses</b>                                    |                                  |                                  |
|           | Depreciation and Amortisation Expenses   | 279.84                           | 287.77                           |
|           | <b>Total</b>   | <b>279.84</b>                    | <b>287.77</b>                    |

Notes to the Financial Statements For the year ended 31<sup>st</sup> March 2020

## 32 Other Expenses

**Manufacturing Expenses**

|   |        |        |
|---|--------|--------|
| Consumable stores   | 22.89  | 31.04  |
| Octroi  | -      | 0.19   |
| Power, Fuel & Water Charges   | 60.44  | 66.14  |
| Research and Development (see note 'a' below)   | 104.21 | 132.86 |
| Lab Expenses  | 1.30   | 0.40   |
| Repairs and Renewals to Plant & Machinery   | 31.86  | 31.41  |
| Godown Rent   | 0.94   | 3.97   |
| Labour Charges  | 211.27 | 218.71 |
| Security Expenses   | 68.11  | 69.49  |
| Factory Maintenance   | 25.39  | 25.25  |
| Compensation Expenses (see note 'b' below)  | -      | 42.22  |
| Profit Transferred to Subsidiary on Industrial Coatings Business (see note 'c' below) | -      | 10.07  |

|          |               |               |
|----------|---------------|---------------|
| <b>A</b> | <b>526.42</b> | <b>631.77</b> |
|----------|---------------|---------------|

**Administrative Expenses**

|  |        |         |
|--|--------|---------|
| Director's Sitting Fees  | 10.50  | 13.60   |
| Rates & Taxes  | 10.67  | 14.22   |
| Electricity charges  | 43.20  | 45.39   |
| Printing and stationary  | 8.27   | 9.89    |
| Telephone & Postage Expenses   | 15.85  | 42.50   |
| Insurance  | 22.66  | 27.73   |
| Motor car expenses   | 29.39  | 42.87   |
| Auditors Remuneration  | 16.36  | 14.88   |
| Legal, Professional & consultancy fees                                 | 156.70 | 248.47  |
| Repairs & Maintenance Buildings  | 9.77   | 2.53    |
| Repairs & Maintenance Others   | 116.68 | 138.27  |
| Miscellaneous expenses   | 47.37  | 40.16   |
| Donation   | 0.27   | 0.25    |
| CSR Expenditure  | 13.75  | 9.90    |
| Sales Tax & Other Taxes  | 19.97  | 4.86    |
| Loss on Sale of Fixed Asset  | -      | 0.03    |
| Net loss on Sale/fair valuation of investments through profit & loss * | 15.23  | -       |
| Input GST Disallowed   | 2.21   | 28.28   |
| Debit Balance Written Off  | -      | 0.25    |
| Provision for Doubtful Debts   | 41.75  | (58.49) |
| Bad Debts Written Off  | 92.24  | 137.82  |

|          |               |               |
|----------|---------------|---------------|
| <b>B</b> | <b>672.86</b> | <b>763.44</b> |
|----------|---------------|---------------|

**Selling and Distribution Expenses**

|                                  |        |        |
|----------------------------------|--------|--------|
| Carriage outwards                | 174.49 | 343.09 |
| Rent                             | 19.72  | 24.42  |
| Commission on sales              | 39.22  | 85.88  |
| Travelling Expenses              | 63.74  | 166.89 |
| Conveyance expenses              | 37.27  | 93.67  |
| Royalty Expenses                 | 27.56  | 28.63  |
| Advertising & Publicity Expenses | 5.75   | 25.81  |
| Warehousing Charges              | 4.09   | 4.36   |
| Packing Expenses                 | 7.58   | 6.41   |
| Sales Promotion Expenses         | 21.66  | 99.35  |

|          |               |               |
|----------|---------------|---------------|
| <b>C</b> | <b>401.10</b> | <b>878.51</b> |
|----------|---------------|---------------|

|                |                 |                 |
|----------------|-----------------|-----------------|
| <b>(A+B+C)</b> | <b>1,600.38</b> | <b>2,273.72</b> |
|----------------|-----------------|-----------------|

|                                 |   |        |
|---------------------------------|---|--------|
| LESS :Reimbursement of expenses | - | 223.23 |
|---------------------------------|---|--------|

|              |                 |                 |
|--------------|-----------------|-----------------|
| <b>Total</b> | <b>1,600.38</b> | <b>2,050.49</b> |
|--------------|-----------------|-----------------|

\* Adjusted fair value gain/(loss) as at 31<sup>st</sup> March 2020 amounting to ₹226.34 lakhs) (31<sup>st</sup> March 2019 ₹Nil)

Notes to the Financial Statements For the year ended 31<sup>st</sup> March 2020

## a Research and Development Expenses:

Research and Development Lab Mahape  
Research and Development Lab Dudhwada

|              | 2019-2020<br>(₹In lakhs) | 2018-2019<br>(₹In lakhs) |
|--------------|--------------------------|--------------------------|
|              | 54.29                    | 58.10                    |
|              | 49.92                    | 74.77                    |
| <b>Total</b> | <b>104.21</b>            | <b>132.86</b>            |

b Compensation Expenses of ₹Nil (Previous year ₹42.44 Lakhs) represents amount payable to related party Chembond Material Technologies Pvt. Ltd. on account of their Proprietary products being manufactured & sold by Chembond Chemicals Limited.

c As per the terms of agreement, the Industrial Coating business of Chembond Chemicals Ltd had been merged with the Chembond Industrial Coatings Ltd. "Profit Transferred to Subsidiary on Industrial Coatings Business" aggregating ₹ Nil (Previous year ₹10.07 lakhs) included in manufacturing expenses represents transfer by overriding title to Chembond Industrial Coatings Ltd. the income arising on account of the said Industrial Coating business that arose in Chembond Chemicals Ltd.

## d Auditor's Remuneration consists of:

Statutory Audit Fees  
Tax Audit Fees  
Taxation and Other Matters

|              | 2019-2020<br>(₹In lakhs) | 2018-2019<br>(₹In lakhs) |
|--------------|--------------------------|--------------------------|
|              | 13.20                    | 12.00                    |
|              | 2.01                     | 1.83                     |
|              | 1.15                     | 1.05                     |
| <b>Total</b> | <b>16.36</b>             | <b>14.88</b>             |

## e Lease

The Company normally acquires offices, warehouses and vehicles under non-cancellable operational leases. Minimum lease payments outstanding at year end in respect of these assets are as under:

Due within one year  
Due later than one year and not later than five years  
Due later than five years  
Lease payments recognised in the Statement of Profit & Loss

|  | Total Minimum Lease Payment Outstanding as 31/03/2020<br>(₹ In lakhs) | Total Minimum Lease Payment Outstanding as 31/03/2019<br>(₹ In lakhs) |
|--|---|---|
|  | 6.84  | 34.29   |
|  | -   | 58.69   |
|  | -   | -   |
|  | 24.75   | 32.75   |

## 33 EARNINGS PER SHARE

Net Profit available to Equity Shareholders (₹ In Lakhs)  
Total number of Equity Shares (Face value of ₹ 5/- each fully paid up)  
Weighted No. of Equity Shares  
Basic Earnings per Share (in Rupees)  
Diluted No. of Equity Shares  
Diluted Earnings per Share (in Rupees)

|  | 2019-2020  | 2018-2019  |
|--|------------|------------|
|  | 554.15     | 633.15     |
|  | 134,48,288 | 134,48,288 |
|  | 134,48,288 | 134,48,288 |
|  | 4.12       | 4.71       |
|  | 134,48,288 | 134,48,288 |
|  | 4.12       | 4.71       |

## 34 VALUE OF IMPORTS CALCULATED ON CIF BASIS

Raw Materials and Finished Goods

|              | 2019-2020     | 2018-2019       |
|--------------|---------------|-----------------|
|              | 514.99        | 2,008.97        |
| <b>Total</b> | <b>514.99</b> | <b>2,008.97</b> |

## 35 EXPENDITURE IN FOREIGN CURRENCY

Professional Fees  
Travelling

|              | 2019-2020   | 2018-2019    |
|--------------|-------------|--------------|
|              | -           | 15.40        |
|              | 0.67        | 9.25         |
| <b>Total</b> | <b>0.67</b> | <b>24.65</b> |



Notes to the Financial Statements For the year ended 31<sup>st</sup> March 2020

## 36 EARNINGS IN FOREIGN EXCHANGE

Export of Goods on FOB Basis

|              | 2019-2020<br>(₹ In lakhs) | 2018-2019<br>(₹ In lakhs) |
|--------------|---------------------------|---------------------------|
|              | 79.11                     | 116.27                    |
| <b>Total</b> | <b>79.11</b>              | <b>116.27</b>             |

## 37 Segment Reporting

The Company is engaged in the manufacture of Specialty Chemicals, which in the context of Ind AS 108- Operating segment specified under section 133 of the Companies Act, 2013 is considered as a single business segment of the company.

## 38 Financial instruments – Fair values and risk management

## A. Accounting classification and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

|   | As at 31 <sup>st</sup> March 2020  |   |                 |                 |                 |          |          |                 |
|---|------------------------------------|---|-----------------|-----------------|-----------------|----------|----------|-----------------|
|   | Carrying amount                    |   |                 |                 | Fair value      |          |          |                 |
|   | Fair value through profit and loss | Fair value through other comprehensive income | Amotised Cost   | Total           | Level 1         | Level 2  | Level 3  | Total           |
| <b>Financial assets</b>   |                                    |   |                 |                 |                 |          |          |                 |
| Cash and cash equivalents (Including other bank balances)                 |                                    |   | 98.56           | 98.56           |                 |          |          | -               |
| Investments   |                                    |   |                 |                 |                 |          |          |                 |
| - Mutual Funds  | 3,249.35                           |   |                 | 3,249.35        | 3,249.35        |          |          | 3,249.35        |
| - Equity Shares (Quoted)  | 301.66                             |   |                 | 301.66          | 301.66          |          |          | 301.66          |
| - Equity Shares (Unquoted)  |                                    |   | 4.69            | 4.69            |                 |          |          | -               |
| - Preference shares, NCD and bonds  |                                    |   | 450.45          | 450.45          |                 |          |          | -               |
| Trade and other receivables   |                                    |   | 1,697.76        | 1,697.76        |                 |          |          | -               |
| Loans   |                                    |   | 1,711.04        | 1,711.04        |                 |          |          | -               |
| Other financial assets  |                                    |   | 74.22           | 74.22           |                 |          |          | -               |
| <b>TOTAL</b>  | <b>3,551.00</b>                    | <b>-</b>                                      | <b>4,036.72</b> | <b>7,587.72</b> | <b>3,551.00</b> | <b>-</b> | <b>-</b> | <b>3,551.00</b> |
| <b>Financial liabilities</b>  |                                    |   |                 |                 |                 |          |          |                 |
| Long term borrowings (Including current maturity of Long term borrowings) |                                    |   |                 | -               |                 |          |          | -               |
| Short term borrowings   |                                    |   |                 | -               |                 |          |          | -               |
| Trade and other payables  |                                    |   | 629.09          | 629.09          |                 |          |          | -               |
| Other financial liabilities   |                                    |   | 187.98          | 187.98          |                 |          |          | -               |
| <b>TOTAL</b>  | <b>-</b>                           | <b>-</b>                                      | <b>817.08</b>   | <b>817.08</b>   | <b>-</b>        | <b>-</b> | <b>-</b> | <b>-</b>        |

|   | As at 31 <sup>st</sup> March 2019  |   |                 |                 |                 |          |          |                 |
|---|------------------------------------|---|-----------------|-----------------|-----------------|----------|----------|-----------------|
|   | Carrying amount                    |   |                 |                 | Fair value      |          |          |                 |
|   | Fair value through profit and loss | Fair value through other comprehensive income | Amotised Cost   | Total           | Level 1         | Level 2  | Level 3  | Total           |
| <b>Financial assets</b>   |                                    |   |                 |                 |                 |          |          |                 |
| Cash and cash equivalents (Including other bank balances)                 |                                    |   | 240.17          | 240.17          |                 |          |          | -               |
| Investments   |                                    |   |                 |                 |                 |          |          |                 |
| - Mutual Funds  | 3,393.72                           |   |                 | 3,393.72        | 3,393.72        |          |          | 3,393.72        |
| - Equity Shares (Quoted)  | 452.86                             |   |                 | 452.86          | 452.86          |          |          | 452.86          |
| - Equity Shares (Unquoted)  |                                    |   | 4.65            | 4.65            |                 |          |          | -               |
| - Preference shares, NCD and bonds  |                                    |   | 550.01          | 550.01          |                 |          |          | -               |
| Trade and other receivables   |                                    |   | 3,958.84        | 3,958.84        |                 |          |          | -               |
| Loans   |                                    |   | 11.91           | 11.91           |                 |          |          | -               |
| Other financial assets  |                                    |   | 82.46           | 82.46           |                 |          |          | -               |
| <b>TOTAL</b>  | <b>3,846.58</b>                    | <b>-</b>                                      | <b>4,848.05</b> | <b>8,694.63</b> | <b>3,846.58</b> | <b>-</b> | <b>-</b> | <b>3,846.58</b> |
| <b>Financial liabilities</b>  |                                    |   |                 |                 |                 |          |          |                 |
| Long term borrowings (Including current maturity of Long term borrowings) |                                    |   |                 | -               |                 |          |          | -               |
| Short term borrowings   |                                    |   |                 | -               |                 |          |          | -               |
| Trade and other payables  |                                    |   | 1,242.67        | 1,242.67        |                 |          |          | -               |
| Other financial liabilities   |                                    |   | 447.20          | 447.20          |                 |          |          | -               |
| <b>TOTAL</b>  | <b>-</b>                           | <b>-</b>                                      | <b>1,689.87</b> | <b>1,689.87</b> | <b>-</b>        | <b>-</b> | <b>-</b> | <b>-</b>        |

## Notes to the Financial Statements For the year ended 31<sup>st</sup> March 2020

Fair values for financial instruments carried at amortised cost approximates the carrying amount, accordingly the fair values of such financial assets and financial liabilities have not been disclosed separately.

### B. Measurement of fair values

Ind AS 107, 'Financial Instrument - Disclosure' requires classification of the valuation method of financial instruments measured at fair value in the Balance Sheet, using a three level fair-value-hierarchy (which reflects the significance of inputs used in the measurements). The hierarchy gives the highest priority to un-adjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and lowest priority to un-observable inputs (Level 3 measurements). Fair value of derivative financial assets and liabilities are estimated by discounting expected future contractual cash flows using prevailing market interest rate curves. The three levels of the fair-value-hierarchy under Ind AS 107 are described below:

**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 are determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity specific estimates. If all 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 instrument is included in level 3. e.g. unlisted equity securities.

### Transfers between Levels

There are no transfers between the levels

### C. Financial risk management

The Company's activities expose it to Credit risk, liquidity risk and market risk.

#### I Risk management framework

Risk Management is an integral part of the Company's plans and operations. The Company's board of directors has overall responsibility for the establishment and oversight of the Company risk management framework. The board of directors is responsible for developing and monitoring the Company risk management policies. The audit committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

#### ii. Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and investments in debt securities, cash and cash equivalents, mutual funds, bonds etc.

The carrying amount of financial assets represents the maximum credit exposure.

#### Trade and other receivables

Credit risk is the risk of possible default by the counter party resulting in a financial loss. The Company manages credit risk through various internal policies and procedures set forth for effective control over credit exposure. These are managed by way of setting various credit approvals, evaluation of financial condition before supply terms, setting credit limits, industry trends, ageing analysis and continuously monitoring the credit worthiness of customers to which the Company grants credit terms in the normal course of business.

Based on prior experience and an assessment of the current economic environment, management believes that sufficient provision is made for credit risk wherever credit is extended to customers.

#### Cash and cash equivalents

Credit risk from balances with banks is managed by the Company's treasury department in accordance with the Company's policy. Investment of surplus funds are made in mainly in mutual funds with good returns and with high credit ratings assigned by International and domestic credit ratings agencies.

Other than trade and other receivables, the Company has no other financial assets that are past due but not impaired.

#### iii. Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company manages its liquidity risk by ensuring, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risk to the Company's reputation.

**Notes to the Financial Statements For the year ended 31<sup>st</sup> March 2020**

The Company has obtained fund and non-fund based working capital lines from various banks. The Company also constantly monitors funding options available in the debt and capital markets with a view to maintaining financial flexibility. Accordingly, liquidity risk is perceived to be low.

The following table shows the maturity analysis of financial liabilities of the Company based on contractually agreed undiscounted cash flows as at the Balance Sheet date:

(₹ In Lakhs)

| Sr No | As at 31 <sup>st</sup> March, 2020 | Notes | Carrying Values | Less than 12 Months | More than 12 Months |
|-------|------------------------------------|-------|-----------------|---------------------|---------------------|
| 1     | Trade payables                     | 22    | 629.09          | 629.09              | -                   |
| 2     | Other Financials Liability         | 23    | 187.98          | 187.98              | -                   |
| 3     | Other Current Liabilities          | 24    | 48.32           | 48.32               | -                   |
|       | <b>TOTAL</b>                       |       | <b>865.39</b>   | <b>865.39</b>       | -                   |

(₹ In Lakhs)

| Sr No | As at 31 <sup>st</sup> March, 2019 | Notes | Carrying Values | Less than 12 Months | More than 12 Months |
|-------|------------------------------------|-------|-----------------|---------------------|---------------------|
| 1     | Trade payables                     | 22    | 1,242.67        | 1,242.67            | -                   |
| 2     | Other Financials Liability         | 23    | 447.20          | 447.20              | -                   |
| 3     | Other Current Liabilities          | 24    | 107.88          | 107.88              | -                   |
|       | <b>TOTAL</b>                       |       | <b>1,797.75</b> | <b>1,797.75</b>     | -                   |

**iv. Market risk**

Market risk is the risk of loss of future earnings, fair values or future cash flows that may result from adverse changes in market rates and prices (such as interest rates, foreign currency exchange rates). Market risk is attributable to all market risk-sensitive financial instruments, all foreign currency receivables and payables and all short term and long-term debt. The Company is exposed to market risk primarily related to foreign exchange rate risk, interest rate risk and the market value of its investments. Thus, the Company's exposure to market risk is a function of investing and borrowing activities and revenue generating and operating activities in foreign currencies.

**a) Currency risk**

The Company is exposed to currency risk to the extent that there is a mismatch between the currencies in which sales, purchase, and other expenses are denominated and the functional currency of the Company. The functional currency of the Company is Indian Rupees (INR). The currencies in which these transactions are primarily denominated are EURO and USD.

## Notes to the Financial Statements For the year ended 31<sup>st</sup> March 2020

### Exposure to currency risk

The summary quantitative data about the Company's exposure to currency risk as reported to the management of the Company is as follows:

- a The Company has entered into forward contracts to hedge the foreign currency risks arising from amounts designated in foreign currency. The counter party to such forward contract is a bank. Forward contracts outstanding at the year end are:

| Currency | Exposure to buy/sell | As at 31/03/2020<br>(₹ In Lakhs) |                 | As at 31/03/2019<br>(₹ In Lakhs) |                 |
|----------|----------------------|----------------------------------|-----------------|----------------------------------|-----------------|
|          |                      | Foreign Currency                 | Indian Currency | Foreign Currency                 | Indian Currency |
| USD      | Buy                  | -                                | -               | -                                | -               |

- b Foreign Currency Exposures at the year end not hedged by derivative instruments:

|            |      | As at 31/03/2020<br>(₹ In Lakhs) |                 | As at 31/03/2019<br>(₹ In Lakhs) |                 |
|------------|------|----------------------------------|-----------------|----------------------------------|-----------------|
|            |      | Foreign Currency                 | Indian Currency | Foreign Currency                 | Indian Currency |
| US Dollars | Buy  | 0.12                             | 8.87            | 0.50                             | 34.67           |
| Euro       | Buy  | 0.03                             | 2.17            | 0.03                             | 2.35            |
| US Dollars | Sell | 0.28                             | 20.80           | 0.25                             | 17.30           |

### b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Investment committee manages and constantly reviews the interest rate movements in the market. This risk is mitigated by the Company by investing the funds in various tenors depending on the liquidity needs of the Company. The Company's exposures to interest rate risk is not significant.

## 39 Employee Benefit obligations

### (A) Defined Benefit Plan

The Company's obligation towards the Gratuity Fund is a Defined Benefit Plan. Based on the actuarial valuation obtained in this respect, details of Actuarial Valuation are as follows:

|  | (₹ In Lakhs)                         |                                      |
|--|--------------------------------------|--------------------------------------|
|  | As at 31 <sup>st</sup><br>March 2020 | As at 31 <sup>st</sup><br>March 2019 |
|  | (Funded plan)                        |                                      |
| <b>(i) Change in Defined Benefit Obligation</b>  |                                      |                                      |
| Opening defined benefit obligation               | 230.32                               | 228.75                               |
| Amount recognised in profit and loss             |                                      |                                      |
| Current service cost                             | 11.49                                | 18.19                                |
| Interest cost                                    | 17.85                                | 17.73                                |
| Amount recognised in other comprehensive income  |                                      |                                      |
| Actuarial loss / (gain) arising from:            |                                      |                                      |
| Return on Plan Assets                            |                                      |                                      |
| Financial assumptions                            | (96.91)                              | (9.88)                               |
| Other  |                                      |                                      |
| Benefits paid                                    | (32.93)                              | (24.48)                              |
| Closing defined benefit obligation               | 129.82                               | 230.32                               |
| <b>(ii) Change in Fair Value of Assets</b>       |                                      |                                      |
| Opening fair value of plan assets                | 153.61                               | 136.08                               |
| Amount recognised in profit and loss             |                                      |                                      |
| Interest income                                  | 11.90                                | 10.55                                |
| Amount recognised in other comprehensive income  |                                      |                                      |
| Actuarial gain / (loss)                          |                                      |                                      |
| Return on Plan Assets, Excluding Interest Income | (1.83)                               | (0.30)                               |
| Other  |                                      |                                      |
| Contributions by employer                        | 25.44                                | 31.76                                |

Notes to the Financial Statements For the year ended 31<sup>st</sup> March 2020

|   | As at 31<br>March 2020     | As at 31<br>March 2019     |
|---|----------------------------|----------------------------|
|   | <b>(Funded plan)</b>       |                            |
| Equitable fund transfer out                       | <b>(77.53)</b>             |                            |
| Benefits paid                                     | <b>(32.93)</b>             | (24.48)                    |
| Closing fair value of plan assets                 | <b>78.66</b>               | 153.61                     |
| Actual return on Plan Assets                      | <b>10.07</b>               | <b>10.25</b>               |
| <b>(ii) Change in Fair Value of Assets</b>        |                            |                            |
| Opening fair value of plan assets                 | <b>153.61</b>              | 136.08                     |
| Amount recognised in profit and loss              |                            |                            |
| Interest income                                   | <b>11.90</b>               | 10.55                      |
| Amount recognised in other comprehensive income   |                            |                            |
| Actuarial gain / (loss)                           |                            |                            |
| Return on Plan Assets, Excluding Interest Income  | <b>(1.83)</b>              | (0.30)                     |
| Other   |                            |                            |
| Contributions by employer                         | <b>25.44</b>               | 31.76                      |
| Equitable fund transfer out                       | <b>(77.53)</b>             |                            |
| Benefits paid                                     | <b>(32.93)</b>             | (24.48)                    |
| Closing fair value of plan assets                 | <b>78.66</b>               | 153.61                     |
| Actual return on Plan Assets                      | <b>10.07</b>               | <b>10.25</b>               |
| <b>(iii) Plan assets comprise the following</b>   |                            |                            |
| Insurance fund (100%)                             | <b>Unquoted<br/>153.61</b> | <b>Unquoted<br/>153.61</b> |
| <b>(iv) Principal actuarial assumptions used</b>  | %                          | %                          |
| Discount rate                                     | <b>6.75</b>                | 7.75                       |
| Withdrawal Rate                                   | <b>1.00</b>                | 1.00                       |
| Future Salary Increase                            | <b>5.00</b>                | 5.00                       |
| <b>(v) Amount recognised in the Balance Sheet</b> |                            |                            |
| Present value of obligations as at year end       | <b>129.82</b>              | <b>230.32</b>              |
| Fair value of plan assets as at year end          | <b>78.66</b>               | <b>153.61</b>              |
| Net (asset) / liability recognised as at year end | <b>51.16</b>               | <b>76.71</b>               |
| Recognised under :                                |                            |                            |
| Short term provisions                             | <b>2.55</b>                | <b>8.20</b>                |
| Long term provisions                              | <b>48.62</b>               | <b>68.51</b>               |
|   | <b>51.16</b>               | <b>76.71</b>               |

**(vi) Sensitivity analysis**

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions

|  | As at 31st March, 2020 |                | As at 31st March, 2019 |          |
|--|------------------------|----------------|------------------------|----------|
|  | Increase               | Decrease       | Increase               | Decrease |
| Discount rate 0.5%/(1%) movement - Gratuity        | <b>(11.77)</b>         | <b>13.72</b>   | (14.89)                | 17.45    |
| Future salary growth 0.5%/(1%) movement - Gratuity | <b>13.82</b>           | <b>(12.06)</b> | 17.77                  | (15.39)  |

The above sensitivity analyses have been calculated to show the movement in defined benefit obligation in isolation and assuming there are no other changes in market conditions the reporting date. In practice, generally it does not occur. When we change one variable, it affects others. In calculating the sensitivity, project unit credit method at the end of the reporting period has been applied

Notes to the Financial Statements For the year ended 31<sup>st</sup> March 2020

## (vii) Expected future cash flows

| The expected maturity analysis is as follows : | For year ended<br>31.3.2020 | For year ended<br>31.3.2019 |
|--|-----------------------------|-----------------------------|
| Expected benefits for year 1                   | 6.10                        | 13.47                       |
| Expected benefits for year 2                   | 12.26                       | 7.43                        |
| Expected benefits for year 3                   | 19.67                       | 14.98                       |
| Expected benefits for year 4                   | 10.71                       | 25.91                       |
| Expected benefits for year 5                   | 18.10                       | 11.41                       |
| Expected benefits for year 6 and above         | 290.89                      | 579.23                      |

## 40 RELATED PARTY DISCLOSURES

Related party disclosures as required under Accounting Standard on "Related Party Disclosures" issued by the Institute of Chartered Accountants of India are given below:

**Relationship:**a) i. **Subsidiary Companies:**

Chembond Water Technologies Ltd., Chembond Material Technologies Pvt Ltd (formely Protochem Industries Pvt. Ltd.), Chembond Clean Water Technologies Ltd, Chembond Biosciences Limited (formely Chembond Industrial Coatings Ltd), Chembond Polymers and Materials Ltd, and Chembond Calvatis Industrial Hygiene Systems Ltd., Phiroze Sethna Pvt Ltd, Chembond Water Technologies (Malaysia) SDN.BHD, Chembond Distribution Ltd and Gramos Chemical India Pvt.Ltd.

ii. **Key Management Personnel and their relatives (KMP)**

Key Management Personnel:

Sameer V. Shah, Nirmal V. Shah, Ashwin R. Nagarwadia, Mahendra K.Ghelani, Sushil U.Lakhani, Dr.Praakash Trivedi, Saraswati Sankar.

**Relatives :**

Dr.Vinod D.Shah, Padma V. Shah, Dr. Shilpa S. Shah, Mamta N. Shah, Alpana S. Shah, Jyoti N. Mehta, Zarna K. Shah, Amrita S. Shah, Malika S. Shah, Gauri N. Mehta, Karishma N. Mehta Entities over which Key Management personnel are able to

**Exercise influence :**

CCL Optoelectronics Pvt Ltd., Finor Piplaj Chemicals Ltd., S and N Ventures Ltd., GTK Intermediates Pvt. Ltd., Visan Holdings Pvt Ltd and Oriano Clean Energy Pvt Ltd.

b) **The following transactions were carried out with related parties in the ordinary course of business**

(₹ In lakhs)

| For the year ended / as on<br>Description of the nature of transactions | 31.03.2020      |            |               |                 | 31.03.2019      |            |               |                 |
|---|-----------------|------------|---------------|-----------------|-----------------|------------|---------------|-----------------|
|   | Subsidiary      | Associates | KMP           | Total           | Subsidiary      | Associates | KMP           | Total           |
| <b>Sales of Goods</b>   | <b>1,393.11</b> | -          | <b>17.38</b>  | <b>1,410.49</b> | <b>5,396.32</b> | -          | <b>7.83</b>   | <b>5,404.15</b> |
| Chembond Water Technologies Ltd   | 409.86          | -          | -             | 409.86          | 4,124.82        | -          | -             | 4124.82         |
| Chembond Material Technologies Pvt Ltd                                  | 749.60          | -          | -             | 749.60          | 432.27          | -          | -             | 432.27          |
| Chembond Clean Water Technologies Ltd                                   | -               | -          | -             | -               | 0.20            | -          | -             | 0.20            |
| Chembond Calvatis Industrial Hygiene Systems Ltd                        | 144.99          | -          | -             | 144.99          | 211.72          | -          | -             | 211.72          |
| Chembond Distribution Ltd   | 26.63           | -          | -             | 26.63           | 297.82          | -          | -             | 297.82          |
| Finor Piplaj Chemicals Ltd.   | -               | -          | 17.38         | 17.38           | -               | -          | 7.83          | 7.83            |
| Phiroze Sethna Pvt Ltd  | 3.92            | -          | -             | 3.92            | 28.90           | -          | -             | 28.90           |
| Chembond Polymers and Materials Ltd                                     | 0.25            | -          | -             | 0.25            | 84.15           | -          | -             | 84.15           |
| Chembond Biosciences Limited  | 57.87           | -          | -             | 57.87           | 216.44          | -          | -             | 216.44          |
| <b>Purchase of Goods</b>  | <b>783.27</b>   | -          | <b>294.80</b> | <b>1,078.07</b> | <b>537.05</b>   | -          | <b>703.96</b> | <b>1,241.01</b> |
| Chembond Water Technologies Ltd   | 43.46           | -          | -             | 43.46           | 43.08           | -          | -             | 43.08           |
| Chembond Material Technologies Pvt Ltd                                  | 380.46          | -          | -             | 380.46          | 189.89          | -          | -             | 189.89          |
| Chembond Clean Water Technologies Ltd                                   | 1.33            | -          | -             | 1.33            | -               | -          | -             | -               |
| Chembond Biosciences Limited  | 61.00           | -          | -             | 61.00           | 21.84           | -          | -             | 21.84           |
| Chembond Distribution Ltd   | 290.87          | -          | -             | 290.87          | 185.76          | -          | -             | 185.76          |
| Finor Piplaj Chemicals Ltd.   | -               | -          | 294.80        | 294.80          | -               | -          | 703.96        | 703.96          |
| Phiroze Sethna Pvt Ltd  | 5.63            | -          | -             | 5.63            | 93.61           | -          | -             | 93.61           |
| Chembond Polymers and Materials Ltd                                     | 0.53            | -          | -             | 0.53            | -               | -          | -             | -               |
| Chembond Calvatis Industrial Hygiene Systems Ltd                        | -               | -          | -             | -               | 2.87            | -          | -             | 2.87            |
| <b>Purchase of Fixed Assets</b>   | <b>25.12</b>    | -          | -             | <b>25.12</b>    | <b>127.15</b>   | -          | -             | <b>127.15</b>   |
| Chembond Clean Water Technologies Ltd                                   | 23.58           | -          | -             | 23.58           | -               | -          | -             | -               |
| Chembond Water Technologies Ltd   | -               | -          | -             | -               | 121.98          | -          | -             | 121.98          |
| Chembond Material Technologies Pvt Ltd                                  | 1.34            | -          | -             | 1.34            | 4.97            | -          | -             | 4.97            |
| Phiroze Sethna Pvt Ltd  | 0.20            | -          | -             | 0.20            | 0.20            | -          | -             | 0.20            |
| <b>Sale of Fixed Assets</b>   | <b>4.00</b>     | -          | <b>3.00</b>   | <b>7.00</b>     | <b>204.56</b>   | -          | -             | <b>204.56</b>   |
| Chembond Water Technologies Ltd   | 0.37            | -          | -             | 0.37            | 196.79          | -          | -             | -               |
| Chembond Material Technologies Pvt Ltd                                  | 1.24            | -          | -             | 1.24            | 1.47            | -          | -             | 1.47            |
| Phiroze Sethna Pvt Ltd  | 2.18            | -          | -             | 2.18            | 6.29            | -          | -             | 6.29            |



Notes to the Financial Statements For the year ended 31<sup>st</sup> March 2020

(₹ In Lakhs)

| For the year ended / as on<br>Description of the nature of transactions | 31.03.2020      |            |              |                 | 31.03.2019    |            |               |               |
|---|-----------------|------------|--------------|-----------------|---------------|------------|---------------|---------------|
|   | Subsidiary      | Associates | KMP          | Total           | Subsidiary    | Associates | KMP           | Total         |
| Chembond Polymers and Materials Ltd                                     | 0.21            | -          | -            | 0.21            | -             | -          | -             | -             |
| Finor Piplaj Chemicals Ltd.   | -               | -          | 3.00         | 3.00            | -             | -          | -             | -             |
| <b>Sale of Consumable</b>   | <b>2.29</b>     | -          | -            | <b>2.29</b>     | -             | -          | -             | -             |
| Chembond Water Technologies Ltd   | 0.91            | -          | -            | 0.91            | -             | -          | -             | -             |
| Phiroze Sethna Pvt Ltd  | 1.38            | -          | -            | 1.38            | -             | -          | -             | -             |
| <b>Reimbursement of Expenses</b>  | -               | -          | -            | -               | <b>223.23</b> | -          | <b>0.00</b>   | <b>223.23</b> |
| Chembond Water Technologies Ltd   | -               | -          | -            | -               | 223.23        | -          | -             | 223.23        |
| <b>Rent Income</b>  | <b>59.65</b>    | -          | <b>12.24</b> | <b>71.89</b>    | <b>35.14</b>  | -          | <b>12.24</b>  | <b>47.38</b>  |
| Chembond Water Technologies Ltd   | 50.94           | -          | -            | 50.94           | 27.72         | -          | -             | 27.72         |
| Chembond Clean Water Technologies Ltd                                   | 5.70            | -          | -            | 5.70            | 5.78          | -          | -             | 5.78          |
| Chembond Material Technologies Pvt Ltd                                  | 1.15            | -          | -            | 1.15            | -             | -          | -             | 0.00          |
| Chembond Polymers and Materials Ltd                                     | 0.42            | -          | -            | 0.42            | 0.42          | -          | -             | 0.42          |
| Chembond Distribution Ltd   | 0.24            | -          | -            | 0.24            | 0.24          | -          | -             | 0.24          |
| Chembond Calvatis Industrial Hygiene Systems Ltd                        | 1.20            | -          | -            | -               | 0.98          | -          | -             | -             |
| Finor Piplaj Chemicals Ltd.   | -               | -          | 3.00         | 3.00            | -             | -          | 3.00          | 3.00          |
| Oriano Clean Energy Pvt Ltd   | -               | -          | 9.24         | 9.24            | -             | -          | 9.24          | 9.24          |
| <b>SubContract Receipt (Revenue)</b>                                    | <b>1,271.14</b> | -          | -            | <b>1,271.14</b> | <b>678.37</b> | -          | <b>0.00</b>   | <b>678.37</b> |
| Chembond Water Technologies Ltd   | 890.83          | -          | -            | 890.83          | 619.04        | -          | -             | 619.04        |
| Chembond Material Technologies Pvt Ltd                                  | 273.57          | -          | -            | 273.57          | 58.23         | -          | -             | 58.23         |
| Chembond Biosciences Limited  | 106.73          | -          | -            | 106.73          | 1.10          | -          | -             | 1.10          |
| <b>Service Charges(BSS) Income</b>                                      | <b>225.39</b>   | -          | -            | <b>225.39</b>   | <b>100.00</b> | -          | <b>0.00</b>   | <b>100.00</b> |
| Chembond Water Technologies Ltd   | 200.00          | -          | -            | 200.00          | 100.00        | -          | -             | 100.00        |
| Chembond Calvatis Industrial Hygiene Systems Ltd                        | 25.39           | -          | -            | 25.39           | -             | -          | -             | -             |
| <b>Corporate Gurantee Fees Income</b>                                   | <b>19.93</b>    | -          | -            | <b>19.93</b>    | <b>19.50</b>  | -          | <b>0.00</b>   | <b>19.50</b>  |
| Chembond Water Technologies Ltd   | 18.43           | -          | -            | 18.43           | 17.00         | -          | -             | 17.00         |
| Chembond Clean Water Technologies Ltd                                   | 1.50            | -          | -            | 1.50            | 2.50          | -          | -             | 2.50          |
| <b>Dividend Income</b>  | <b>437.00</b>   | -          | -            | <b>437.00</b>   | <b>240.95</b> | -          | <b>0.00</b>   | <b>240.95</b> |
| Chembond Water Technologies Ltd   | 360.00          | -          | -            | 360.00          | 240.95        | -          | -             | 240.95        |
| Chembond Clean Water Technologies Ltd                                   | 52.00           | -          | -            | 52.00           | -             | -          | -             | -             |
| Phiroze Sethna Pvt Ltd  | 25.00           | -          | -            | 25.00           | -             | -          | -             | -             |
| <b>Interest Income</b>  | <b>36.32</b>    | -          | -            | -               | -             | -          | -             | -             |
| Chembond Material Technologies Pvt Ltd                                  | 8.97            | -          | -            | -               | -             | -          | -             | -             |
| Chembond Biosciences Limited  | 27.35           | -          | -            | -               | -             | -          | -             | -             |
| <b>Rental Expenses</b>  | -               | -          | <b>12.77</b> | <b>12.77</b>    | -             | -          | <b>12.60</b>  | <b>12.60</b>  |
| Finor Piplaj Chemicals Ltd.   | -               | -          | 12.77        | 12.77           | -             | -          | 12.60         | 12.60         |
| <b>Director Remuneration</b>  | -               | -          | <b>84.52</b> | <b>84.52</b>    | -             | -          | <b>113.82</b> | <b>113.82</b> |
| Sameer V .Shah  | -               | -          | 46.35        | 46.35           | -             | -          | 77.82         | 77.82         |
| Nirmal V. Shah  | -               | -          | 38.16        | 38.16           | -             | -          | 36.00         | 36.00         |
| <b>Director Sitting Fees</b>  | -               | -          | <b>10.50</b> | <b>10.50</b>    | -             | -          | <b>13.60</b>  | <b>13.60</b>  |
| Ashwin Nagarwadia   | -               | -          | 3.50         | 3.50            | -             | -          | 6.00          | 6.00          |
| Perviz H. Dastur  | -               | -          | -            | -               | -             | -          | 0.40          | 0.40          |
| Mahendra Ghelani  | -               | -          | 3.50         | 3.50            | -             | -          | 3.00          | 3.00          |
| Sushil Lakhani  | -               | -          | 2.00         | 2.00            | -             | -          | 2.00          | 2.00          |
| Sarswati Sankar   | -               | -          | 1.00         | 1.00            | -             | -          | 1.20          | 1.20          |
| Dr.Prakash Trivedi  | -               | -          | 0.50         | 0.50            | -             | -          | 1.00          | 1.00          |
| <b>Retirement Benefits</b>  | -               | -          | -            | -               | -             | -          | <b>5.00</b>   | <b>5.00</b>   |
| Dr.Vinod D. Shah  | -               | -          | -            | -               | -             | -          | 5.00          | 5.00          |
| <b>Legal &amp; Professional Fees</b>                                    | -               | -          | <b>33.64</b> | <b>33.64</b>    | -             | -          | <b>30.50</b>  | <b>30.50</b>  |
| Bhadresh D. Shah  | -               | -          | 33.64        | 33.64           | -             | -          | 30.50         | 30.50         |
| <b>WTC/Enzyme/Industrial Coatings</b>                                   | -               | -          | -            | -               | -             | -          | -             | -             |
| <b>Compensation/Protochem Compensation Expenses</b>                     | -               | -          | -            | -               | <b>52.30</b>  | -          | -             | <b>52.30</b>  |
| Chembond Water Technologies Ltd   | -               | -          | -            | -               | -             | -          | -             | -             |
| Chembond Material Technologies Pvt Ltd                                  | -               | -          | -            | -               | 42.22         | -          | -             | 42.22         |
| Chembond Biosciences Limited  | -               | -          | -            | -               | 10.07         | -          | -             | 10.07         |
| <b>Royalty</b>  | -               | -          | <b>27.56</b> | <b>27.56</b>    | -             | -          | <b>28.63</b>  | <b>28.63</b>  |
| S and N Ventures Ltd  | -               | -          | 27.56        | 27.56           | -             | -          | 28.63         | 28.63         |
| <b>Bad Debts recovered</b>  | -               | -          | -            | -               | <b>30.78</b>  | -          | -             | <b>30.78</b>  |
| Chembond Clean Water Technologies Ltd                                   | -               | -          | -            | -               | -             | -          | -             | -             |
| Chembond Biosciences Limited  | -               | -          | -            | -               | 30.78         | -          | -             | 30.78         |

**Notes to the Financial Statements For the year ended 31<sup>st</sup> March 2020**

(₹ In Lakhs)

| For the year ended / as on<br>Description of the nature of transactions | 31.03.2020       |            |              |                  | 31.03.2019       |            |              |                  |
|---|------------------|------------|--------------|------------------|------------------|------------|--------------|------------------|
|   | Subsidiary       | Associates | KMP          | Total            | Subsidiary       | Associates | KMP          | Total            |
| <b>Balance at the end of the year</b>                                   |                  |            |              |                  |                  |            |              |                  |
| <b>A. Loans Given</b>   | <b>1,707.00</b>  | -          | -            | -                | -                | -          | -            | -                |
| Chembond Material Technologies Pvt Ltd                                  | 1,288.00         | -          | -            | -                | -                | -          | -            | -                |
| Chembond Biosciences Limited  | 419.00           | -          | -            | -                | -                | -          | -            | -                |
| <b>B. Sundry Debtors</b>  | <b>347.91</b>    | -          | -            | <b>347.91</b>    | <b>1,584.77</b>  | -          | -            | <b>1,584.77</b>  |
| Chembond Water Technologies Ltd   | 109.35           | -          | -            | 109.35           | 548.27           | -          | -            | 548.27           |
| Chembond Clean Water Technologies Ltd                                   | 1.28             | -          | -            | 1.28             | 5.32             | -          | -            | 5.32             |
| Chembond Distribution Ltd   | -                | -          | -            | -                | 284.11           | -          | -            | 284.11           |
| Chembond Calvatis Industrial Hygiene Systems Ltd                        | 44.59            | -          | -            | 44.59            | 39.27            | -          | -            | 39.27            |
| Chembond Material Technologies Pvt Ltd                                  | 41.45            | -          | -            | 41.45            | 495.33           | -          | -            | 495.33           |
| Chembond Water Technologies (Malaysia) SDN.BHD                          | -                | -          | -            | -                | 7.08             | -          | -            | 7.08             |
| Chembond Polymers and Materials Ltd                                     | 0.05             | -          | -            | 0.05             | 0.24             | -          | -            | 0.24             |
| Chembond Biosciences Limited  | 149.97           | -          | -            | 149.97           | 205.14           | -          | -            | 205.14           |
| Phiroze Sethna Pvt Ltd  | 0.57             | -          | -            | 0.57             | -                | -          | -            | -                |
| Gramos Chemicals India Pvt. Ltd   | 0.65             | -          | -            | 0.65             | -                | -          | -            | -                |
| <b>C. Sundry Creditors</b>  | -                | -          | <b>67.85</b> | <b>67.85</b>     | <b>7.09</b>      | -          | <b>48.88</b> | <b>55.97</b>     |
| Chembond Polymers and Materials Ltd                                     | -                | -          | -            | -                | -                | -          | -            | -                |
| Chembond Calvatis Industrial Hygiene Systems Ltd                        | -                | -          | -            | -                | -                | -          | -            | -                |
| S and N Ventures Ltd  | -                | -          | 9.60         | 9.60             | -                | -          | 3.26         | 3.26             |
| Finor Piplaj Chemicals Ltd.   | -                | -          | 58.26        | 58.26            | -                | -          | 45.62        | 45.62            |
| Phiroze Sethna Pvt Ltd  | -                | -          | -            | -                | 7.09             | -          | -            | 7.09             |
| Chembond Distribution Ltd   | 47.54            | -          | -            | -                | -                | -          | -            | -                |
| <b>D. Investments</b>   | <b>11,799.09</b> | -          | -            | <b>11,799.09</b> | <b>11,346.76</b> | -          | -            | <b>11,346.76</b> |
| Chembond Water Technologies Ltd   | 4,887.86         | -          | -            | 4,887.86         | 4,887.86         | -          | -            | 4,887.86         |
| Chembond Material Technologies Pvt Ltd                                  | 1,552.32         | -          | -            | 1,552.32         | 1,052.25         | -          | -            | 1,052.25         |
| Chembond Clean Water Technologies Ltd                                   | 430.46           | -          | -            | 430.46           | 430.46           | -          | -            | 430.46           |
| Chembond Biosciences Limited  | 190.00           | -          | -            | 190.00           | 190.00           | -          | -            | 190.00           |
| Chembond Calvatis Industrial Hygiene Systems Ltd                        | 32.39            | -          | -            | 32.39            | 32.39            | -          | -            | 32.39            |
| Chembond Distribution Ltd   | 92.40            | -          | -            | 92.40            | 92.40            | -          | -            | 92.40            |
| Chembond Polymers and Materials Ltd                                     | 486.76           | -          | -            | 486.76           | 486.76           | -          | -            | 486.76           |
| Chembond Water Technologies (Malaysia) SDN BHD                          | -                | -          | -            | -                | 47.73            | -          | -            | 47.73            |
| Phiroze Sethna Pvt Ltd  | 4126.90          | -          | -            | 4126.90          | 4126.90          | -          | -            | 4126.90          |

Notes to the Financial Statements For the year ended 31<sup>st</sup> March 2020**41 Capital Management**

For the purpose of the Company's capital management, capital includes issued capital and all other equity reserves attributable to the equity shareholders of the Company. The primary objective of the Company when managing capital is to safeguard its ability to continue as a going concern and to maintain an optimal capital structure so as to maximize shareholder value.

As at 31<sup>st</sup> March, 2020, the Company has only one class of equity shares and has low debt. Consequent to such capital structure, there are no externally imposed capital requirements. In order to maintain or achieve an optimal capital structure, the Company allocates its capital for distribution as dividend or re-investment into business based on its long term financial plans.

**42 Tax Reconciliation**

(a) The income tax expense consists of the followings:

Current Income Tax  
Deferred Tax Expense  
**Tax expense for the year**

|  | <b>2019-2020</b><br><b>(₹ In lakhs)</b> | <b>2018-2019</b><br><b>(₹ In lakhs)</b> |
|--|---|---|
|  | <b>81.39</b>                            | 163.93                                  |
|  | <b>(104.75)</b>                         | (90.82)                                 |
|  | <b>(23.35)</b>                          | 73.11                                   |
| (b) Reconciliation of tax expense and the accounting profit multiplied by India's tax Rate |   |   |
| Profit before income tax expense   | <b>530.80</b>                           | 706.26                                  |
| Indian statutory income tax rate (MAT)   | <b>16.69%</b>                           | 20.59%                                  |
| Expected Income Tax expenses   | <b>88.60</b>                            | 145.40                                  |
| Part A   |   |   |
| Tax effect of amounts which are not deductible (allowable) in calculating taxable income:  |   |   |
| Income exempt from income taxes  | <b>(73.92)</b>                          | (51.99)                                 |
| Additional allowances/deduction  | <b>15.82</b>                            | (0.95)                                  |
| Transition gain  | <b>56.38</b>                            | 69.54                                   |
| Others   | <b>(5.50)</b>                           | 1.93                                    |
| <b>Current Tax (A)</b>   | <b>81.39</b>                            | 163.93                                  |
| Part B   |   |   |
| Deferred Tax Effect at the rate of:  | <b>29.12%</b>                           | 29.12%                                  |
| Depreciation   | <b>(23.54)</b>                          | 52.80                                   |
| Investments at Fair Value  | <b>0.26</b>                             | (107.77)                                |
| Less:  |   |   |
| Gratuity   | <b>(16.52)</b>                          | (0.82)                                  |
| MAT Credit   | <b>86.89</b>                            | 53.20                                   |
| Other Deferred tax Asset   | <b>(1.06)</b>                           | 0.50                                    |
| Provision for Doubtful Debts   | <b>12.16</b>                            | (17.03)                                 |
| <b>Deferred Tax (B)</b>  | <b>(104.75)</b>                         | (90.82)                                 |
| <b>Tax Expense (A+B)</b>   | <b>(23.35)</b>                          | 73.11                                   |

Notes to the Financial Statements For the year ended 31<sup>st</sup> March 2020**43 Contingent Liabilities not provided for are in respect of :**

| Particulars  | As at 31/03/2020<br>(₹ In lakhs) | As at 31/03/2019<br>(₹ In lakhs) |
|--|----------------------------------|----------------------------------|
| a. Income Tax matter under Appeal  | 15.62                            | 22.83                            |
| b. Outstanding L.C & Bank Guarantees issued by Bankers.  | 18.21                            | 239.89                           |
| c. Corporate Guarantee given to Bank of India by the Company on behalf of Subsidiaries Chembond Solenis Water Technologies Ltd. & Chembond Clean Water Technologies Ltd. | 2,050.00                         | 1,950.00                         |
| d. Service tax due as per EA 2000 audit**  | 285.31                           | -                                |
| e. Income tax demands pending for rectification  | 52.31                            | -                                |
| f. Excise matter under Appeal<br>(₹1.12 Lakhs already paid as predeposit for appeal)   | -                                | 14.90                            |
| g. Sales tax matter under appeal   | -                                | 0.24                             |

\*\* Show cause notice not received.

**44 COVID-19 Assessment:**

The COVID-19 pandemic is an evolving human tragedy declared a global pandemic by the World Health Organisation with adverse impact on economy and business globally. Supply Chain disruptions in India as a result of the outbreak started with restrictions on movement of goods, closure of borders etc. in several states followed by a nationwide lockdown announced by the Indian Government, to stem the spread of COVID-19. This has impacted normal business operations of the Company. Manufacturing, supply chain, cashflows etc. have been disrupted. All plants of the Company were shut down on 23<sup>rd</sup> March, 2020 only to restart at considerably lower productivity during the period 8<sup>th</sup> April, 2020 and 25<sup>th</sup> April, 2020 in a phased manner. We have implemented the necessary precaution measures to ensure hygiene, safety and well being of all our employees at all plants and locations. The Company has considered the possible effects COVID-19 may have on the recover ability and carrying value of its assets comprising Property Plant and Equipment, Investments, Inventories and Trade Receivables. Based on current indicators of future economic conditions the Company expects to recover the carrying amount of these assets and there is no significant impact on its standalone financial statements as on 31<sup>st</sup> March, 2020. The situation is changing rapidly giving rise to inherent uncertainty around the extent and timing of the potential future impact of the COVID-19 which may be different from that estimated as at the date of approval of these standalone financial statements. The Company will continue to closely monitor any material changes arising of future economic conditions and impact on its business.

**45** The previous year figures have been regrouped, reallocated or reclassified wherever necessary to confirm to current year classification and presentation.

As per our attached report of even date

**On behalf of the Board of Directors**

**For Bathiya & Associates LLP**  
Chartered Accountants  
FRN - 101046W/W100063

**Sameer V. Shah**  
Chairman  
& Managing Director

**Nirmal V. Shah**  
Vice Chairman  
& Managing Director

**Sushil U. Lakhani**  
Director

**Jatin A. Thakkar**  
Partner  
Membership No. : 134767  
Mumbai, 28<sup>th</sup> May 2020

**Rashmi S. Gavli**  
Chief Financial Officer  
Mumbai, 28<sup>th</sup> May 2020

**Suchita Singh**  
Company Secretary

## INDEPENDENT AUDITOR'S REPORT

To the Members of  
**Chembond Chemicals Limited**

### Report on the Audit of the Consolidated Financial Statements:

#### Opinion

We have audited the consolidated financial statements of Chembond Chemicals Limited ("the Company") and its subsidiaries listed in **Annexure - A** (the Company and its subsidiaries together referred to as "the Group"), which comprise the consolidated balance sheet as at 31st March 2020, the consolidated statement of Profit and Loss, the consolidated statement of changes in equity, the consolidated statement of cash flows for the year then ended and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the consolidated state of affairs of the Group as at 31<sup>st</sup> March 2020, of its consolidated profit and other comprehensive income, consolidated changes in equity and consolidated cash flows for the year then ended on that date.

#### Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's

Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We are independent of the 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 consolidated financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Emphasis of Matter – Effects of COVID-19

We draw attention to Note 45 in the consolidated financial statements, which describes the uncertainties and the impact of the Covid-19 pandemic on the Group's operations and financial statements as assessed by the management. The actual results may differ from such estimates depending on future developments. Our opinion is not modified in respect of this matter.

#### Key Audit Matters

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

| Key Audit Matters   | Responses   |
|---|---|
| <p><b>Contingent liabilities for tax matters</b></p> <p>The Group has disclosed in Note 44 to the consolidated financial statements the contingent liabilities as at 31<sup>st</sup> March, 2020 which includes disputed liabilities in respect of income tax, sales tax and service tax matters. These involve a high degree of judgement to determine the possible outcomes and estimates relating to the timing and the amount of outflows of resources embodying economic benefits.</p> | <p>The audit procedures included but were not limited to:</p> <p>a) Obtained the summary of all disputed tax matters of the Group and assessed the management's position through discussions.</p> <p>b) Obtaining a detailed understanding of processes and controls of the Management with respect to disputed matters.</p> <p>c) Making corroborative inquiries with appropriate level of the management personnel including status update, expectation of outcomes with basis and future course of action contemplated by the Group and perusing legal opinions, if any, obtained by the management.</p> <p>d) Evaluating the evidences supporting the judgement of the management about the possible outcomes and the reasonableness of the estimates.</p> <p>e) Evaluating appropriateness of adequate disclosures in accordance with the applicable accounting standards.</p> |

#### Other Matters

a) We did not audit the financial statements of three Indian subsidiaries and one step down subsidiary that are included in the Consolidated Financial Statements, whose financial statement reflect total asset of ₹6,260.74 lakhs as at 31<sup>st</sup> March, 2020, total revenues of ₹ 9,107.65 lakhs for the year ended 31<sup>st</sup> March, 2020, total loss after tax of ₹(857.29) lakhs for the year ended 31<sup>st</sup> March, 2020, other comprehensive income of ₹42.28 lakhs for the year ended 31<sup>st</sup> March, 2020 respectively and net cash outflows of ₹429.91 lakhs for the year ended 31<sup>st</sup> March, 2020 as considered in the Consolidated Financial Statements. These financial statements have been audited by the other auditors, whose reports have been furnished to us by the management and our opinion on the Consolidated Financial Statements, in so far as it relates to the amounts and disclosure included in respect of these subsidiaries and step down subsidiary is based solely on the reports of the other auditors.

b) The financial statements of one of the step down foreign subsidiary included in the Consolidated Financial Statements, whose financial statements reflects revenue of ₹165.42 lakhs, total net profit of ₹14.79 lakhs and other comprehensive income of Nil for the year ended 31<sup>st</sup>

March, 2020 are audited by other auditors according to accounting principles generally accepted in that foreign country. The Company's management has converted the financial statements of such foreign subsidiary from accounting principles generally accepted in that foreign country to accounting principles generally accepted in India. Accordingly, our report on the Consolidated Financial Statements, in so far as it relates to the amounts and disclosures included in respect of the said subsidiary is based solely on the basis of the said financial statements certified by the management.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters.

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

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Corporate Governance and Shareholders Information but does not include the consolidated financial statements and our auditor's report thereon.



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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, 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 Consolidated Financial Statements**

The Company's Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance, consolidated total comprehensive income, consolidated changes in equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the accounting Standards specified under section 133 of the Act.

The respective Board of Directors of the entities included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of each entity and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Company, as aforesaid.

In preparing the consolidated financial statements, the respective management and Board of Directors of the entities included in the Group are responsible for assessing the ability of each entity to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the entities included in the Group is responsible for overseeing the financial reporting process of each entity.

### **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements:**

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3) 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 consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of such entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of financial information of such entities.

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including

any significant deficiencies in internal control that we identify during our audit.

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

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

#### **Report on Other Legal and Regulatory Requirements**

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

- a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements;
- b. In our opinion proper books of account as required by law relating to preparation of the consolidated financial statements have been kept by the Company so far as it appears from our examination of those books;
- c. The consolidated balance sheet, the consolidated statement of profit and loss including Other Comprehensive Income, the consolidated statement of changes in equity and the consolidated cash flow statement dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of these consolidated financial statements;
- d. In our opinion, the aforesaid consolidated financial statements comply with the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

e. On the basis of the written representations received from the directors as on March 31, 2020, taken on record by the Board of Directors of the Company and its subsidiaries incorporated in India and the reports of the statutory auditors of its subsidiaries incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on March 31, 2020, 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 over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in “Annexure - B”;

2. With respect to the other matters to be included in the Auditors’ 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 consolidated financial statements disclose impact of pending litigations on the financial position of the

For **Bathiya & Associates LLP**  
Chartered Accountants  
Firm Registration No. 101046W / W100063

**Jatin A. Thakkar**  
Partner  
Membership No.: 134767  
**Place** : Mumbai  
**Date** : 28<sup>th</sup> May, 2020  
**UDIN** : 20134767AAAAAL7887

Group. – Refer Note no. 44 to the consolidated financial statements;

ii. the Group does not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

iii. there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company and its subsidiary companies incorporated in India.

3. With respect to the matter to be included in the Auditors’ Report under section 197(16):

In our opinion and according to the information and explanations given to us, the Company and its subsidiaries where applicable has paid and / or provided remuneration to its directors during the year ended 31st March, 2020 in accordance with the provisions of Section 197 of the Act.

#### Annexure - A List of subsidiaries included in the Consolidated Financial Statements

| Sr. No. | Name of the entity  | Relationship                 |
|---------|---|------------------------------|
| 1.      | Chembond Water Technologies Limited   | Subsidiary Company           |
| 2.      | Chembond Clean Water Technologies Limited   | Subsidiary Company           |
| 3.      | Chembond Polymers and Materials Limited   | Subsidiary Company           |
| 4.      | Chembond Calvatis Industrial Hygiene Systems Limited  | Subsidiary Company           |
| 5.      | Chembond Material Technologies Private Limited  | Subsidiary Company           |
| 6.      | Chembond Biosciences Limited  | Subsidiary Company           |
| 7.      | Phiroze Sethna Private Limited  | Subsidiary Company           |
| 8.      | Chembond Distribution Limited   | Subsidiary Company           |
| 9.      | Chembond Water Technologies (Malaysia) Sdn. Bhd. (formerly know as Chembond Chemicals (Malaysia) Sdn. Bhd.) | Step down Subsidiary Company |
| 10.     | Gramos Chemicals India Private Limited  | Step down Subsidiary Company |

## **Annexure - B to the Independent Auditors' Report**

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date for the year ended 31st March, 2020)

### **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")**

In conjunction with our audit of the consolidated financial statements of the Company for the year ended 31st March, 2020, we have audited the internal financial controls over financial reporting of Chembond Chemicals Limited ("the Company") and its subsidiaries which are incorporated in India as of 31st March, 2020.

#### **Management's Responsibility for Internal Financial Controls**

The respective Board of Directors of the Company and its subsidiary companies, which are companies incorporated in India are responsible for establishing and maintaining internal financial controls based on the respective internal control over financial reporting criteria established by the Company and its subsidiary companies incorporated in India considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditors' 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 Companies Act, 2013, to the extent

applicable to an audit of internal financial controls, 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 judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in Other Matter paragraph below is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Company.

#### **Meaning of Internal Financial Controls over Financial Reporting**

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

company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the consolidated financial statements.

#### **Inherent Limitations of Internal Financial Controls over Financial Reporting**

Because of the inherent limitations of internal financial controls 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 and to the best of our information and according to the explanations given to us, the Company

For **Bathiya & Associates LLP**  
Chartered Accountants  
Firm Registration No. 101046W / W100063

**Jatin A. Thakkar**  
Partner  
Membership No.: 134767

**Place** : Mumbai  
**Date** : 28<sup>th</sup> May, 2020

and its subsidiaries incorporated in India have, 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 31st March, 2020, based on the internal control over financial reporting criteria established by the Company and its subsidiaries incorporated in India considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

#### **Other Matter**

Our aforesaid reports under Section 143(3)(If the Act on the adequacy and operating effectiveness of the Internal Financial Controls over financial reporting in so far as it relates to three subsidiary companies and one step down subsidiary, which are companies incorporated in India, is based on the corresponding reports of the Auditors of such companies incorporated in India.

Our opinion is not qualified in respect of this matter.

Consolidated Balance Sheet as at 31<sup>st</sup> March 2020

|  | Notes | As at 31/03/2020<br>(₹ In lakhs) | As at 31/03/2019<br>(₹ In lakhs) |
|--|-------|----------------------------------|----------------------------------|
| <b>Assets</b>  |       |                                  |                                  |
| <b>Non-current assets</b>                            |       |                                  |                                  |
| (a) Property, plant and equipment                    | 2     | 4,824.79                         | 4,527.52                         |
| (b) Capital work-in-progress                         | 2     | 7.08                             | 201.89                           |
| (c) Goodwill   | 2     | 7,489.45                         | 6,311.02                         |
| (d) Other Intangible Assets                          | 2     | 77.02                            | 83.24                            |
| (e) Financial Assets                                 |       |                                  |                                  |
| i) Investments                                       | 3     | 2,063.95                         | 2,404.64                         |
| ii) Other financial assets                           | 4     | 787.49                           | 1,180.27                         |
| (f) Deferred Tax Assets (net)                        | 5     | 157.10                           | 153.46                           |
| (g) Income Tax Asset (net)                           | 6     | 569.81                           | 428.88                           |
| (h) Other non-current assets                         | 7     | 20.49                            | 21.71                            |
| <b>Total Non-current assets</b>                      |       | <b>15,997.18</b>                 | <b>15,312.63</b>                 |
| <b>Current Assets</b>                                |       |                                  |                                  |
| (a) Inventories                                      | 8     | 2,732.98                         | 2,471.39                         |
| (b) Financial Assets                                 |       |                                  |                                  |
| i) Investments                                       | 9     | 3,066.47                         | 3,410.79                         |
| ii) Trade receivables                                | 10    | 8,240.61                         | 9,082.21                         |
| iii) Cash and cash equivalents                       | 11    | 245.73                           | 537.51                           |
| iv) Bank balances other than (iii) above             | 12    | 1,106.79                         | 760.05                           |
| v) Loans   | 13    | 45.87                            | 41.29                            |
| vi) Other financial assets                           | 14    | 66.26                            | 79.73                            |
| (c) Current Tax (Net)                                | 15    | 175.92                           | 81.38                            |
| (d) Other current assets                             | 16    | 529.84                           | 447.45                           |
| <b>Total current assets</b>                          |       | <b>16,210.46</b>                 | <b>16,911.80</b>                 |
| <b>Total</b>   |       | <b>32,207.65</b>                 | <b>32,224.43</b>                 |
| <b>Equity And Liabilities</b>                        |       |                                  |                                  |
| <b>Equity</b>  |       |                                  |                                  |
| (a) Share capital                                    | 17    | 672.41                           | 672.41                           |
| (b) Other equity                                     | 18    | 26,195.52                        | 25,471.56                        |
| (c) Equity attributable to the owners of the company |       | <b>26,867.93</b>                 | <b>26,143.97</b>                 |
| (d) Non Controlling interest                         | 19    | 524.91                           | 405.01                           |
| <b>Total Equity</b>                                  |       | <b>27,392.84</b>                 | <b>26,548.98</b>                 |
| <b>Non-Current Liabilities</b>                       |       |                                  |                                  |
| (a) Financial liabilities                            |       |                                  |                                  |
| i) Borrowings  | 20    | 74.20                            | 52.15                            |
| (b) Provisions                                       | 21    | 113.38                           | 134.53                           |
| <b>Total Non-current liabilities</b>                 |       | <b>187.57</b>                    | <b>186.68</b>                    |
| <b>Current liabilities</b>                           |       |                                  |                                  |
| (a) Financial liabilities                            |       |                                  |                                  |
| i) Borrowings  | 22    | 263.62                           | 618.08                           |
| ii) Trade payables                                   |       |                                  |                                  |
| Trade payables-MSMED                                 | 23    | 605.03                           | 205.80                           |
| Trade payables-Others                                | 23    | 2,810.53                         | 3,405.56                         |
| iii) Other financial liabilities                     | 24    | 699.81                           | 823.68                           |
| (b) Other current liabilities                        | 25    | 239.36                           | 428.55                           |
| (c) Provisions                                       | 26    | 8.89                             | 7.11                             |
| <b>Total current liabilities</b>                     |       | <b>4,627.24</b>                  | <b>5,488.77</b>                  |
| <b>Total</b>   |       | <b>32,207.65</b>                 | <b>32,224.43</b>                 |

Significant Accounting Policies and Notes on Financial Statements 1-46

As per our attached report of even date

On behalf of the Board of Directors

**For Bathiya & Associates LLP**  
Chartered Accountants  
FRN - 101046W/W100063

**Sameer V. Shah**  
Chairman  
& Managing Director

**Nirmal V. Shah**  
Vice Chairman  
& Managing Director

**Sushil U. Lakhani**  
Director

**Jatin A. Thakkar**  
Partner  
Membership No. : 134767  
Mumbai, 28<sup>th</sup> May 2020

**Rashmi S. Gavli**  
Chief Financial Officer  
Mumbai, 28<sup>th</sup> May 2020

**Suchita Singh**  
Company Secretary



Statement of Profit and Loss for the year ended 31<sup>st</sup> March 2020

|  | Notes | 2019-2020<br>(₹ In lakhs) | 2018-2019<br>(₹ In lakhs) |
|--|-------|---------------------------|---------------------------|
| Revenue From Operations  | 27    | 26,804.28                 | 30,130.94                 |
| Other Income   | 28    | 303.78                    | 393.14                    |
| <b>Total Revenue</b>   |       | <b>27,108.07</b>          | <b>30,524.08</b>          |
| <b>Expenses :</b>  |       |                           |                           |
| Cost of Materials Consumed   | 29    | 12,333.30                 | 14,637.66                 |
| Purchases of Stock-in-trade  | 30    | 1,970.57                  | 2,467.76                  |
| Changes in Inventories of Finished goods, Work-in-progress and Stock-in-Trade    | 31    | (116.75)                  | (345.22)                  |
| Employee Benefits Expense  | 32    | 5,716.43                  | 5,109.07                  |
| Finance Costs  | 33    | 78.29                     | 78.20                     |
| Depreciation and Amortisation expense  | 34    | 434.80                    | 423.98                    |
| Other Expenses   | 35    | 5,902.21                  | 5,712.04                  |
| <b>Total Expenses</b>  |       | <b>26,318.87</b>          | <b>28,083.50</b>          |
| <b>Profit before Tax</b>   |       | <b>789.21</b>             | <b>2,440.58</b>           |
| Current Tax  |       | 496.05                    | 746.49                    |
| Deferred Tax   |       | (7.30)                    | (289.55)                  |
| Short/Excess provision of IT for earlier year                                    |       | (8.04)                    | -                         |
| <b>Total Tax Expense</b>   |       | <b>480.71</b>             | <b>456.94</b>             |
| <b>Profit for the Year</b>   |       | <b>308.50</b>             | <b>1,983.64</b>           |
| <b>Other Comprehensive Income</b>  |       |                           |                           |
| 1 i) Items that will not be reclassified to profit or loss                       |       | 39.37                     | (47.78)                   |
| ii) Income Tax relating to items that will not be reclassified to profit or loss |       | 1.38                      | 9.18                      |
| 2 i) Items that will be reclassified to profit or loss                           |       | -                         | -                         |
| ii) Income Tax relating to items that will be reclassified to profit or loss     |       | -                         | -                         |
| <b>Other Comprehensive Income (1+2)</b>  |       | <b>40.75</b>              | <b>(38.60)</b>            |
| <b>Total Comprehensive Income</b>  |       | <b>349.25</b>             | <b>1,945.04</b>           |
| Profit attributable to:  |       |                           |                           |
| Owners of the Company  |       | 187.28                    | 1,732.21                  |
| Non Controlling Interests  |       | 121.21                    | 251.43                    |
| Other Comprehensive Income attributable to-                                      |       |                           |                           |
| Owners of the Company  |       | 42.06                     | (38.60)                   |
| Non Controlling Interests  |       | (1.31)                    | -                         |
| Total Comprehensive Income attributable to-                                      |       |                           |                           |
| Owners of the Company  |       | 229.33                    | 1,693.60                  |
| Non Controlling Interests  |       | 119.90                    | 251.43                    |
| Earning Per Equity Share of Face Value of ₹ 5 each                               | 36    |                           |                           |
| Basic (in ₹)   |       | 1.39                      | 12.88                     |
| Diluted (in ₹)   |       | 1.39                      | 12.88                     |
|  | 1-46  |                           |                           |

As per our attached report of even date

On behalf of the Board of Directors

**For Bathiya & Associates LLP**  
Chartered Accountants  
FRN - 101046W/W100063

**Sameer V. Shah**  
Chairman  
& Managing Director

**Nirmal V. Shah**  
Vice Chairman  
& Managing Director

**Sushil U. Lakhani**  
Director

**Jatin A. Thakkar**  
Partner  
Membership No. : 134767  
Mumbai, 28<sup>th</sup> May 2020

**Rashmi S. Gavli**  
Chief Financial Officer  
Mumbai, 28<sup>th</sup> May 2020

**Suchita Singh**  
Company Secretary

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2020

## (a) Equity share capital

|   | No. of Shares | (₹ In lakhs) |
|---|---------------|--------------|
| Balance as at 31 <sup>st</sup> March 2018 | 134,48,288    | 672.41       |
| Changes in equity share capital           | -             | -            |
| Balance as at 31 <sup>st</sup> March 2019 | 134,48,288    | 672.41       |
| Changes in equity share capital           | -             | -            |
| Balance as at 31 <sup>st</sup> March 2020 | 134,48,288    | 672.41       |

## (b) Other Equity

(₹ In lakhs)

| Particulars  | Reserves and Surplus             |                 |               |                   | OCI Remeasurements of the net defined benefit Plans | Total other equity | Non-Controlling interests |
|--|----------------------------------|-----------------|---------------|-------------------|---|--------------------|---------------------------|
|  | Capital Reserve on Consolidation | General Reserve | Share Premium | Retained earnings |   |                    |                           |
| <b>Balance as at 31<sup>st</sup> March 2018</b>                        | <b>14.72</b>                     | <b>1,064.53</b> | <b>613.05</b> | <b>22,464.65</b>  | <b>5.38</b>   | <b>24,162.33</b>   | <b>167.74</b>             |
| Profit for the year  | -                                | -               | -             | 1,732.22          | -   | 1,732.22           | 149.42                    |
| Effect of previous year transaction                                    | -                                | -               | -             | 4.54              | -   | 4.54               | -                         |
| Other comprehensive income for the year                                | -                                | -               | -             | -                 | (38.77)   | (38.77)            | -                         |
| <b>Total comprehensive income for the year</b>                         | <b>-</b>                         | <b>-</b>        | <b>-</b>      | <b>1,736.76</b>   | <b>(38.77)</b>                                      | <b>1,698.00</b>    | <b>149.42</b>             |
| Transfer to General Reserve  | -                                | 87.89           | -             | (70.00)           | -   | 17.89              | -                         |
| Dividend Paid  | -                                | -               | -             | 248.79            | -   | 248.79             | -                         |
| Tax on Dividend Paid   | -                                | -               | -             | 100.67            | -   | 100.67             | -                         |
| Set off of Dividend Tax in respect of Dividend from Subsidiary Company | -                                | -               | -             | (49.53)           | -   | (49.53)            | -                         |
| Deduction during the year  | -                                | -               | -             | (106.71)          | -   | (106.71)           | (87.84)                   |
| <b>Balance as at 31<sup>st</sup> March 2019</b>                        | <b>14.72</b>                     | <b>1,152.42</b> | <b>613.05</b> | <b>23,724.77</b>  | <b>(33.38)</b>                                      | <b>25,471.56</b>   | <b>405.01</b>             |
| Profit for the year  | -                                | -               | -             | 187.29            | -   | 187.29             | 121.21                    |
| Effect of previous year transaction                                    | -                                | -               | -             | -                 | -   | -                  | -                         |
| Other comprehensive income for the year                                | -                                | -               | -             | -                 | 42.06   | 42.06              | (1.31)                    |
| <b>Total comprehensive income for the year</b>                         | <b>-</b>                         | <b>-</b>        | <b>-</b>      | <b>187.29</b>     | <b>42.06</b>  | <b>229.35</b>      | <b>119.90</b>             |
| Transfer to General Reserve  | -                                | 70.00           | -             | (70.00)           | -   | -                  | -                         |
| Interim Dividend   | -                                | -               | -             | 245.00            | -   | 245.00             | -                         |
| Tax on Interim Dividend  | -                                | -               | -             | 55.50             | -   | 55.50              | -                         |
| Dividend Paid  | -                                | -               | -             | 292.93            | -   | 292.93             | -                         |
| Tax on Dividend Paid   | -                                | -               | -             | 149.22            | -   | 149.22             | -                         |
| Set off of Dividend Tax in respect of Dividend from Subsidiary Company | -                                | -               | -             | (84.28)           | -   | (84.28)            | -                         |
| Deduction during the year  | -                                | -               | -             | 1,152.99          | -   | 1,152.99           | -                         |
| <b>Balance as at 31<sup>st</sup> March 2020</b>                        | <b>14.72</b>                     | <b>1,222.42</b> | <b>613.05</b> | <b>24,336.68</b>  | <b>8.67</b>   | <b>26,195.52</b>   | <b>524.91</b>             |

As per our attached report of even date

On behalf of the Board of Directors

For Bathiya &amp; Associates LLP

Chartered Accountants  
FRN - 101046W/W100063Sameer V. Shah  
Chairman  
& Managing DirectorNirmal V. Shah  
Vice Chairman  
& Managing DirectorSushil U. Lakhani  
Director

Jatin A. Thakkar

Partner  
Membership No. : 134767  
Mumbai, 28<sup>th</sup> May 2020Rashmi S. Gavli  
Chief Financial Officer  
Mumbai, 28<sup>th</sup> May 2020Suchita Singh  
Company Secretary

Consolidated Cash Flow Statement for the year ended 31<sup>st</sup> March 2020

(₹ In Lakhs)

| Particulars |  | 2019-2020  |                   | 2018-2019  |                   |
|-------------|--|------------|-------------------|------------|-------------------|
| <b>A</b>    | <b>Cash Flow from Operating Activities</b>                           |            |                   |            |                   |
|             | Profit before tax  |            | 789.20            |            | 2,440.58          |
|             | Adjustments for :  |            |                   |            |                   |
|             | Depreciation and amortisation  | 434.80     |                   | 423.98     |                   |
|             | Loss on Sale of Property, plant & equipments                         | 0.05       |                   | (0.17)     |                   |
|             | Finance Cost   | 78.29      |                   | 78.20      |                   |
|             |  |            | 513.14            |            | 502.01            |
|             | Less :   |            |                   |            |                   |
|             | Foreign Exchange Fluctuation   | 55.49      |                   | 19.59      |                   |
|             | Net Gain on sale of Investments                                      | 223.47     |                   | 806.65     |                   |
|             | Fair valuation of Investments (Net)                                  | (397.65)   |                   | (619.45)   |                   |
|             | Effect of previous year transaction/Preacquisition profits           | (1,223.46) |                   | 75.43      |                   |
|             | Dividend Received  | 10.32      |                   | 25.56      |                   |
|             |  |            | 1,331.83          |            | (307.78)          |
|             | Operating Profit before working capital changes                      |            | 2,634.17          |            | 2,634.81          |
|             | Adjustments for :  |            |                   |            |                   |
|             | Trade and Other Receivables  | 1,162.11   |                   | (1,444.82) |                   |
|             | Inventories  | (267.66)   |                   | (21.70)    |                   |
|             | Trade and Other Payables   | (433.37)   |                   | (1,450.90) |                   |
|             |  |            | 461.07            |            | (2,917.42)        |
|             | Cash generated from operations                                       |            | 3,095.24          |            | (282.61)          |
|             | Income taxes paid (Net of Refund)                                    |            | (729.25)          |            | (938.24)          |
|             | <b>Net Cash from Operating Activities (A)</b>                        |            | <b>2,366.00</b>   |            | <b>(1,220.85)</b> |
| <b>B</b>    | <b>Cash Flow from Investing Activities</b>                           |            |                   |            |                   |
|             | Payment to acquire Property, plant & equipments                      |            | (1,959.55)        |            | (925.22)          |
|             | Proceeds from Sale of Property, plant & equipments                   |            | 250.03            |            | 258.07            |
|             | Purchase of Investment   |            | (3,309.32)        |            | (14,381.52)       |
|             | Sale of Investment   |            | 3,820.16          |            | 16,400.94         |
|             | Dividend Income  |            | 10.32             |            | 25.56             |
|             | <b>Net Cash used in Investing Activities (B)</b>                     |            | <b>(1,188.36)</b> |            | <b>1,377.83</b>   |
| <b>C</b>    | <b>Cash Flow from Financing Activities</b>                           |            |                   |            |                   |
|             | Proceeds/(Repayment) of Short Term Borrowings                        |            | (353.38)          |            | (240.41)          |
|             | Dividend paid  |            | (537.93)          |            | (248.79)          |
|             | Tax on dividend paid   |            | (175.11)          |            | (51.14)           |
|             | Proceeds/(Repayment) of Long Term Borrowings                         |            | 22.05             |            | 2.75              |
|             | Finance Cost   |            | (78.29)           |            | (78.20)           |
|             | <b>Net Cash from Financing Activities (C)</b>                        |            | <b>(1,122.66)</b> |            | <b>(615.79)</b>   |
|             | <b>Net (Decrease)/Increase in Cash &amp; Cash Activities (A+B+C)</b> |            | <b>54.97</b>      |            | <b>(458.82)</b>   |
|             | Cash and Cash Equivalents and Other Bank Balances as on Opening      |            | 1,297.55          |            | 1,756.37          |
|             | Cash and Cash Equivalents and Other Bank Balances as on Closing      |            | 1,352.52          |            | 1,297.55          |

## Amendment to Ind AS 7-

Amendment to Ind AS 7 effective from 01 April, 2017 require the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the Balance sheet for liabilities arising from financing activities, to meet disclosure requirement. Accordingly, the Company has given the said disclosure as below:

|                               |          |  |                 |                                 | (₹ In Lakhs)                            |
|-------------------------------|----------|--|-----------------|---------------------------------|---|
| Particulars                   | Note No. | As at<br>1 <sup>st</sup> April<br>2019 | Cashflow        | Foreign<br>Exchange<br>Movement | As at<br>31 <sup>st</sup> March<br>2020 |
| Non-current liabilities       |          |  |                 |                                 |   |
| - Borrowings                  | 20       | 52.15                                  | 22.05           | -                               | 74.20                                   |
| Current Liabilities           |          |  |                 |                                 |   |
| - Borrowings                  | 22       | 618.08                                 | (353.38)        | -                               | 263.62                                  |
| - Other financial liabilities |          |  |                 |                                 |   |
| Unpaid dividends              | 24       | 14.91                                  | (0.17)          | -                               | 14.74                                   |
| <b>Total</b>                  |          | <b>685.14</b>                          | <b>(331.50)</b> | <b>-</b>                        | <b>352.56</b>                           |

As per our attached report of even date

On behalf of the Board of Directors

**For Bathiya & Associates LLP**Chartered Accountants  
FRN - 101046W/W100063**Sameer V. Shah**Chairman  
& Managing Director**Nirmal V. Shah**Vice Chairman  
& Managing Director**Sushil U. Lakhani**

Director

**Jatin A. Thakkar**Partner  
Membership No. : 134767  
Mumbai, 28<sup>th</sup> May 2020**Rashmi S. Gavli**Chief Financial Officer  
Mumbai, 28<sup>th</sup> May 2020**Suchita Singh**

Company Secretary

## Notes to the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2020

### COMPANY INFORMATION

Chembond Chemicals Limited (the Company) is a public limited Company domiciled in India and incorporated under the provisions of the Companies Act, 1956. Its shares are listed on the BSE Limited (BSE) & National Stock Exchange of India Limited (NSE). The Registered office of the Company is situated at Chembond Centre, EL-71, MIDC Mahape, Navi Mumbai -400710, Maharashtra.

These consolidated financial statements comprise the Company and its subsidiaries (collectively the 'Group' and individually 'Group companies').

The group is engaged in manufacturing of Speciality Chemicals.

### 1. Significant Accounting Policies

#### 1.1 Basis of preparation of consolidated financial statements and presentation

The consolidated financial statements of the Company are prepared in Compliance with Indian Accounting Standards ('Ind AS') notified under Section 133 of the Companies Act, 2013, read together with the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016 and other relevant provisions of the Act. The consolidated Statements are prepared under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values.

Effective 1<sup>st</sup> April 2017 the Company has adopted all the Ind AS standards and the adoption as carried out in accordance with Ind AS 101, First-time Adoption of Indian Accounting Standards, with 1<sup>st</sup> April 2016 as the transition date. The transition was carried out from Indian Accounting Principles generally accepted in India as prescribed under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (IGAAP), which was the previous GAAP.

The accounting policies have been applied consistently over all the periods presented in these consolidated financial statements except where a newly-issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

The consolidated financial statements are prepared in INR, which is the company's functional currency.

#### 1.2 Basis of consolidation

Subsidiaries are all entities over which the Company has control. Control exist when the company is exposed to or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The group combines the financial statements of the parent and its subsidiaries line by line adding together like items of assets, liabilities, equity, income and expenses. Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries has been changed wherever necessary to ensure consistency with the policies adopted by the group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit and loss, consolidated statement of changes in equity and balance sheet respectively.

Notes to the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2020

| Sr.No | Name of the Subsidiary Company & Associates  | Country of Incorporation | Proportion of ownership interest either directly or through subsidiary |
|-------|--|--------------------------|--|
|       | <b>Direct Subsidiaries</b>   |                          |  |
| 1.    | Chembond Water Technologies Limited (CWTL)   | India                    | 100%   |
| 2.    | Chembond Material Technologies Private Limited (Formerly known Protochem Industries Private Limited) (CMTPL) | India                    | 100%   |
| 3.    | Chembond Clean Water Technologies Limited (CCWTL)  | India                    | 52.00%   |
| 4.    | Chembond Biosciences Limited (Formerly known Chembond Industrial Coatings Limited) (CBL)                     | India                    | 100%   |
| 5.    | Chembond Polymers and Materials Limited (CPML)   | India                    | 100%   |
| 6.    | Chembond Calvatis Industrial Hygiene Systems Limited (CCIHSL)  | India                    | 55.00%   |
| 7.    | Phiroze Sethna Private Limited (PSPL)  | India                    | 100%   |
| 8.    | Chembond Distribution Limited (CDL)  | India                    | 100%   |
|       | <b>Indirect Subsidiaries</b>   |                          |  |
| 9.    | Chembond Water Technologies (Malaysia) SDN. BHD.   | Malaysia                 | 100%   |
| 10.   | Gramos Chemicals India Private Limited (GCIPL)   | India                    | 100%   |

**1.3 Summary of significant accounting policies****a) Property, Plant and Equipment**

Property, plant and equipment (PPE) are stated at historical cost less accumulated depreciation and accumulated impairment losses if any except freehold land which is carried at historical cost.

Historical cost comprises of its purchase price including taxes (other than those subsequently recoverable from tax authorities), duties, freight and other directly attributable costs related to the acquisition or construction of the respective assets. Profit or Loss on disposal of tangible assets is recognised in the Statement of Profit and Loss.

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. The carrying amount of any component accounted for as a separate

asset is derecognised when replaced. All other repairs and maintenance are charged to the Statement of Profit and Loss during the reporting period in which they are incurred.

**b) Intangible Assets**

Intangible Assets are stated at historical cost less accumulated amortisation and accumulated impairment loss, if any. Profit or Loss on disposal of intangible assets is recognised in the Statement of Profit and Loss.

**c) Capital Work in Progress & Capital Advances**

Capital work-in-progress comprises the cost of assets that are yet not ready for their intended use at the balance sheet date are classified as Capital Advances under Other Non-Current Assets.

**d) Depreciation and Amortisation**

Depreciation on PPE (other than free hold and lease hold land) has been provided based on useful life of the assets in accordance with Schedule II of the Companies Act, 2013,



## Notes to the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2020

on Straight Line Method. Freehold land is not depreciated. Leasehold land and leasehold improvements are amortized over the primary period of lease.

Depreciation methods, useful lives and residual value are reviewed at each reporting date and adjusted prospectively, if appropriate.

Depreciation in the case of Subsidiary Companies, Chembond Water Technologies Ltd. (CWTL), Chembond Clean Water Technologies Ltd. (CCWTL), Chembond Calvatis Industrial Hygiene Systems Ltd. (CCIHSL), Chembond Distribution Ltd.(CDL), Phiroze Sethna Private Ltd.(PSPL) and Gramos Chemicals India Pvt. Ltd.(GCIPL) are provided on written down value method at the rates specified in part C of Schedule II of the Companies Act, 2013.

Depreciation on Fixed Assets in case of Subsidiary Companies, Chembond Material Technologies Pvt Ltd (CMTPL) & Chembond Biosciences Ltd. (CBL) are provided on the straight line method at the rates and in the manner specified in part C of Schedule II of the Companies Act, 2013.

### e) Revenue Recognition

Revenue is measured at the fair value of consideration received or receivable. Amounts disclosed as revenue are inclusive of excise duty and net of returns, trade discount or rebates and applicable taxes and duties collected on behalf of the government and which are levied on such sales.

The Company recognises revenue when the amount of revenue can be reliably measured and it is probable that future economic benefits will flow to the Company.

- i) Revenue from sale of goods is recognised on transfer of all significant risks and rewards of ownership to the buyer as per terms of Contract.
- ii. Revenue from services is recognised pro-rata as and when services are rendered.
- iii. Interest income is recognised using effective interest method on time proportion basis taking in to account the amount outstanding.
- iv. Dividend income from investment is recognised when the Company's right to receive is established by the reporting date, which is generally when shareholders approve the dividend.

### f) Leases:

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

#### Company as a Lessee

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Group is classified as a finance lease.

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit and loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on the borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognised as an expense in the statement of profit and loss on straight line basis over the lease term.

#### Company as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income from operating lease is recognised on a straight-line basis over the term of the relevant lease.

Leases are classified as finance leases when substantially all of the risks and rewards of ownership transfer from the Group to the lessee. Amounts due from lessees under finance leases are recorded as receivables at the Group's net investment in the leases. Finance lease income is

## Notes to the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2020

allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of lease.

### g) Inventory:

Inventories are valued at lower of the cost determined on weighted average basis or net realisable value. The comparison of cost and net realisable value is made on an item-by-item basis. Damaged, unserviceable and inert stocks are valued at net realizable value.

Cost of raw materials, packing materials and stores spares and consumables Stocks is determined so as to exclude from the cost, taxes and duties which are subsequently recoverable from the taxing authorities.

Cost of finished goods and work-in-progress includes the cost of materials, an appropriate allocation of overheads and other costs incurred in bringing the inventories to their present location and condition.

### h) Impairment of Assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if event or changes are indicative in circumstances indicate that they might be impaired. Assets that have a definite useful life are tested for impairment whenever events or changes in circumstances that indicate that the carrying amount may not be recoverable. Management periodically assesses using external and internal sources, whether there is an indication that an asset may be impaired. An Impairment loss is recognised for the amount by which the assets carrying amount exceeds its recoverable amount. An impairment loss is charged to the Profit and Loss Account in the year in which an asset is identified as impaired. An impairment loss recognized in prior accounting periods is reversed if there has been change in the estimate of the recoverable amount.

### i) Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial instruments also include derivative contracts such as foreign currency foreign exchange forward contracts, futures and currency options.

### a. Financial assets

#### Classification

The Company shall classify financial assets as subsequently measured at amortised cost, fair value through other comprehensive income (FVOCI) or fair value through profit and loss (FVTPL) on the basis of its business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

#### Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

#### Debt instruments

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

- a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit and loss.

Debt instruments included within the fair value through profit and loss (FVTPL) category are measured at fair value with all changes recognized in the statement of profit and loss.

#### Equity instruments

## Notes to the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2020

The Company subsequently measures all equity investments in companies/Mutual funds other than equity investments in subsidiaries, at fair value. Dividends from such investments are recognised in profit and loss as other income when the Company's right to receive payments is established.

### De-recognition

A financial asset derecognised only when:

The rights to receive cash flows from the asset have expired, or

The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

### Impairment of financial assets

In accordance with Ind-AS 109, the Company applies the expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

a) Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities,

deposits, and bank balance

b) Trade receivables or any contractual right to receive cash or another financial asset that result from transaction that are within the scope of IND AS 18. - The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

### b. Financial Liabilities

#### Initial recognition and measurement

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts.

#### Financial liabilities at fair value through profit and loss

Financial liabilities at fair value through profit and loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit and loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind-AS 109.

Gains or losses on liabilities held for trading are recognised in the profit and loss.

#### Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

### C. Hedge accounting

## Notes to the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2020

Forward exchange contracts entered to hedge highly probable forecast revenues are recorded using the principles of hedge accounting as per Ind AS 109. Such forward exchange contracts which qualify for cash flow hedge accounting and where the conditions of Ind AS 109 have been met are initially measured at fair value and are re-measured at subsequent reporting dates. Changes in the fair value of these derivatives that are designated and effective as hedges of the future cash flows are recognized directly under shareholder's funds in the cash flow hedging reserve and the ineffective portion is recognised immediately in the statement of profit and loss.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes the Group's risk management objective and strategy for undertaking hedge, the hedging/economic relationship, the hedged item or transaction, the nature of the risk being hedged, hedge ratio and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value of cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedge accounting is discontinued when the hedging instrument expires or is sold or terminated or exercised or no longer qualifies for hedge accounting. Cumulative gain or loss on the hedging instrument recognised in shareholder's funds is transferred to statement of profit and loss when the forecasted transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in shareholder's funds is transferred to the statement of profit and loss.

### j) Fair Value Measurement

The Company's measures Financial Instruments at fair value at each Balance sheet date.

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

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- a) In the principal market for the asset or liability, or
- b) 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 are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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

- a) Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- b) Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- c) Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

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

## Notes to the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2020

### k) Foreign Currency Transactions and Translation:

Transactions in foreign currencies entered into by the Company are accounted in the functional currency at the exchange rates prevailing on the date of the transaction. Monetary assets and liabilities denominated in foreign currency are translated at functional currency closing rate of exchange at the reporting date. Exchange differences arising on foreign exchange transactions settled during the year are recognised in the statement of profit and loss.

### l) Trade Receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

### m) Income Taxes

Income tax expenses comprises of current and deferred tax expense and is recognised in the statement of profit or loss except to the extent that it relates to items recognized directly in equity or in OCI, in which case, the tax is also recognised in directly in equity or OCI respectively.

#### Current tax:

Current tax is the amount expected tax payable or recoverable on the taxable profit or loss for the year and any adjustment to the tax payable or recoverable in respect of previous years. It is measured using tax rates enacted or substantively enacted by the end of reporting period. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate

#### Deferred tax:

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit under Income Tax Act, 1961.

Deferred tax assets and liabilities are measured at the tax rates that have been enacted or substantively enacted by the Balance Sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The carrying amount of Deferred tax liabilities and assets are reviewed at the end of each reporting period.

### n) Cash and Cash Equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash in hand, demand deposits with banks, other short term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown in current liabilities in the balance sheet.

### o) Employee Benefits

#### Short Term Employee Benefits

All employee benefits payable wholly within twelve months of rendering the service are classified as short term employee benefits and they are recognized in the period in which the employee renders the related service. The Company recognizes the undiscounted amount of short term employee benefits expected to be paid in exchange for services rendered as a liability (accrued expense) after deducting any amount already paid. The Company does not allow any accumulation of leave balance or encashment thereof.

#### Post-Employment Benefits:

##### I. Defined Contribution plans:

Defined contribution plans are Employee's Provident Fund scheme, Employee state insurance scheme for all applicable employees and superannuation scheme for eligible employees. The Company contribution for the year paid / payable to a defined contribution plan as an expense in the Statement of Profit and Loss.

##### II. Defined Benefit plans:

#### Pension Scheme

The Company operates a defined benefit pension plan for certain specified employees and is payable upon the employee satisfying certain conditions, as approved by the Board of Directors.

#### Gratuity

The Company operates a defined benefit gratuity plan for employees. The Company contributes to a separate entity (a fund) administered by LIC, towards meeting the Gratuity obligation.



## Notes to the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2020

The cost of providing defined benefits is determined using the Projected Unit Credit method with actuarial valuations being carried out at each reporting date. The defined benefit obligations recognized in the Balance Sheet represent the present value of the defined benefit obligations as reduced by the fair value of plan assets, if applicable. Any defined benefit asset (negative defined benefit obligations resulting from this calculation) is recognized representing the present value of available refunds and reductions in future contributions to the plan.

All expenses represented by current service cost, past service cost, if any, and net interest on the defined benefit liability / (asset) are recognized in the statement of profit and loss. Remeasurements of the net defined benefit liability / (asset) comprising actuarial gains and losses and the return on the plan assets (excluding amounts included in net interest on the net defined benefit liability/asset), are recognized in Other Comprehensive Income. Such remeasurements are not reclassified to the Statement of Profit and Loss in the subsequent periods.

The Company presents the above liability/(asset) as current and non-current in the Balance Sheet as per actuarial valuation by the independent actuary.

### p) Research and Development

Revenue expenditure on Research and Development is charged to Profit and Loss Account as incurred. Capital expenditure on assets acquired for Research and Development is added to PPE and depreciated in accordance with the policies stated for Property, Plant and Equipment and Intangible Assets.

### q) Borrowing Cost

Borrowing costs, that are, attributable to the acquisition, construction or production of qualifying are capitalized as part of the costs of such assets. A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use or sale. All other borrowing costs are expensed in the period in which they occur. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

### r) Earnings per share

Earnings per share (EPS) is calculated by dividing the net profit for the year attributable to the equity shareholders by weighted average number of equity shares outstanding

during the year.

For the purpose of calculating diluted earnings per share, the net profit for the period attributable to equity shareholders and weighted average number of shares outstanding during the period is adjusted for the effects of all diluted potential equity shares.

### s) Current / Non-Current Classification:

For the purpose of current / non-current classification of assets and liabilities, the Company has ascertained its normal operating cycle as 12 months and other criteria set out in the Schedule III to the Companies Act, 2013. This is based on the nature of product/services and the time taken between the acquisition of assets for processing and their realization in cash and cash equivalents.

### t) Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognized for liabilities that can be measured only by using a substantial degree of estimation, if

- (a) the Company has a present obligation as a result of a past event;
- (b) a probable outflow of resources is expected to settle the obligation; and
- (c) the amount of the obligation can be reliably estimated.

Reimbursement expected in respect of expenditure required to settle a provision is recognised only when it is virtually certain that the reimbursement will be received.

Contingent liability is disclosed in case of

- (a) a present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation;
- (b) a present obligation when no reliable estimate is possible; and
- (c) a possible obligation arising from past events where the probability of outflow of resources is not remote.

Contingent Assets are neither recognised, nor disclosed.

Provision, Contingent Liabilities and Contingent Assets are reviewed at each balance Sheet date.

## Notes to the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2020

### u) Key accounting estimates and judgements

The preparation of the Company's consolidated financial statements requires the management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The areas involving critical estimates or judgements are:

- a. Estimation of taxes
- b. Determination of the estimated useful lives of intangible assets and determining intangible assets having an indefinite useful life.
- c. Determination of the estimated useful lives of tangible assets and the assessment as to which components of the cost may be capitalized
- d. Recognition and measurement of defined benefit obligations, key actuarial assumptions
- e. Recognition and measurement of provisions and contingencies, key assumptions about the likelihood and magnitude of an outflow of resources
- f. Fair value of financial instrument



Notes to the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 20202 Property, plant and equipment, Intangibles and Capital work in progress as at 31<sup>st</sup> March 2020

| Description                          | GROSS BLOCK (AT COST) |                 |               |                     | DEPRECIATION INCLUDING AMORTISATION |               |              |                     | NET BLOCK           |                     |
|--------------------------------------|-----------------------|-----------------|---------------|---------------------|-------------------------------------|---------------|--------------|---------------------|---------------------|---------------------|
|                                      | As at<br>1.04.2019    | Additions       | Deductions    | As at<br>31.03.2020 | As at<br>1.04.2019                  | Additions     | Deductions   | As at<br>31.03.2020 | As at<br>31.03.2020 | As at<br>31.03.2019 |
| <b>Property, plant and equipment</b> |                       |                 |               |                     |                                     |               |              |                     |                     |                     |
| <b>Tangible Assets</b>               |                       |                 |               |                     |                                     |               |              |                     |                     |                     |
| Leasehold Land                       | 73.30                 | -               | -             | 73.30               | 3.16                                | 1.04          | -            | 4.19                | 69.10               | 70.14               |
| Freehold Land                        | 152.61                | -               | -             | 152.61              | -                                   | -             | -            | -                   | 152.61              | 152.61              |
| Buildings                            | 2,589.12              | 86.37           | 20.89         | 2,654.60            | 256.95                              | 76.98         | 1.38         | 332.55              | 2,322.06            | 2,332.17            |
| Equipment & Machinery                | 1,995.57              | 518.32          | 34.21         | 2,479.68            | 412.10                              | 241.20        | 7.57         | 645.72              | 1,833.96            | 1,583.47            |
| Computers Hardware                   | 126.84                | 29.97           | 4.48          | 152.33              | 66.25                               | 31.58         | 3.68         | 94.14               | 58.19               | 60.60               |
| Furniture & Fixtures                 | 161.11                | 60.25           | 0.18          | 221.18              | 64.06                               | 19.34         | 0.16         | 83.24               | 137.94              | 97.05               |
| Motor Cars                           | 134.35                | -               | 1.10          | 133.25              | 48.56                               | 19.38         | 0.64         | 67.30               | 65.95               | 85.79               |
| Electric Fittings & Installations    | 188.40                | 63.71           | -             | 252.11              | 42.71                               | 24.42         | -            | 67.13               | 184.98              | 145.69              |
| <b>Sub- total</b>                    | <b>5,421.30</b>       | <b>758.62</b>   | <b>60.85</b>  | <b>6,119.06</b>     | <b>893.77</b>                       | <b>413.93</b> | <b>13.43</b> | <b>1,294.27</b>     | <b>4,824.79</b>     | <b>4,527.52</b>     |
| <b>Intangible Assets</b>             |                       |                 |               |                     |                                     |               |              |                     |                     |                     |
| Goodwill                             | 6,311.02              | 1,178.43        | -             | 7,489.45            | -                                   | -             | -            | -                   | 7,489.45            | 6,311.02            |
| Technical Know How                   | 52.71                 | -               | -             | 52.71               | 21.38                               | 7.60          | -            | 28.98               | 23.73               | 31.33               |
| Computer Software                    | 81.23                 | 14.65           | -             | 95.88               | 29.32                               | 13.27         | -            | 42.59               | 53.29               | 51.91               |
| <b>Sub- total</b>                    | <b>6,444.96</b>       | <b>1,193.08</b> | <b>-</b>      | <b>7,638.04</b>     | <b>50.70</b>                        | <b>20.87</b>  | <b>-</b>     | <b>71.57</b>        | <b>7,566.47</b>     | <b>6,394.26</b>     |
| <b>Total</b>                         | <b>11,866.25</b>      | <b>1,951.70</b> | <b>60.85</b>  | <b>13,757.10</b>    | <b>944.47</b>                       | <b>434.80</b> | <b>13.43</b> | <b>1,365.84</b>     | <b>12,391.26</b>    | <b>10,921.78</b>    |
| <b>Previous Year</b>                 | <b>11,387.54</b>      | <b>740.33</b>   | <b>261.61</b> | <b>11,866.25</b>    | <b>573.78</b>                       | <b>423.98</b> | <b>53.29</b> | <b>944.47</b>       | <b>10,921.78</b>    | <b>10,813.77</b>    |
| <b>Capital Work in Progress</b>      |                       |                 |               |                     |                                     |               |              |                     | <b>7.08</b>         | <b>201.89</b>       |

## 3 Financial Assets (Non-Current)

## Investments

|   | As at 31/03/2020<br>(₹ In lakhs) | As at 31/03/2019<br>(₹ In lakhs) |
|---|----------------------------------|----------------------------------|
| <b>Investment in Government Securities amortised at cost (Unquoted)</b>   |                                  |                                  |
| Investment in National Saving Certificate   | -                                | 0.01                             |
| <b>Other Investments amortised at Cost (Unquoted)</b>   |                                  |                                  |
| 2,848 (2,848) Equity Shares of Tarapur Environment Protection Organisation Ltd. of ₹100/- each fully paid up.                                 | <b>4.69</b>                      | 4.65                             |
| Nil (1,00,000) Cumulative, Non participating Compulsorily Convertible Preference Shares of Tata Motors Finance Ltd. of ₹100/- Each Fully paid | -                                | 100.00                           |
| <b>Investments in Equity Shares carried at fair value through Profit and Loss Quoted</b>  |                                  |                                  |
| 1,205 (3,285) Equity Shares of Kotak Mahindra Bank Ltd. of ₹5/- each fully paid up.   | <b>15.62</b>                     | 43.84                            |
| 16,200 (16,200) Equity Shares of Hindustan Petroleum Corporation Ltd. of ₹10/- each fully paid up.  | <b>30.80</b>                     | 45.93                            |
| Nil (1,800) Equity Shares of Godrej Consumer Products Ltd. of ₹1/- each fully paid up.  | -                                | 12.37                            |
| 7,250 (7,250) Equity Shares of HDFC Limited of ₹2/- each fully paid up  | <b>118.21</b>                    | 142.63                           |
| 3,800 (3,800) Equity Shares Tata Consultancy Services Limited of ₹1/- each fully paid up  | <b>69.28</b>                     | 38.01                            |

Notes to the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2020

|   | As at 31/03/2020<br>(₹ In lakhs) | As at 31/03/2019<br>(₹ In lakhs) |
|---|----------------------------------|----------------------------------|
| <b>Investments in Mutual fund carried at fair value through Profit and Loss</b>     |                                  |                                  |
| <b>Quoted</b>   |                                  |                                  |
| Regular plan Growth   |                                  |                                  |
| 12,74,878.225 (12,74,878.225) Units of ICICI Prudential Short Term Gilt Fund-Growth | 913.13                           | 813.55                           |
| 4,40,958.165 (4,40,958.165) Units of Kotak Standard Multicap Fund- Growth           | 149.56                           | 156.44                           |
| 2,48,158.061 (2,48,158.061) Units of Mirae Assets India Equity Fund Regular- Growth | 96.37                            | 126.98                           |
| <b>Other Investments</b>  |                                  |                                  |
| <b>Quoted (carried at fair value through Profit and Loss)</b>                       |                                  |                                  |
| Nil (20,00,000) units of Kotak FMP Series 187 - Growth                              | -                                | 261.25                           |
| 20,00,000 (20,00,000) units of Axis Fixed Term Plan Series 976 - Growth             | 215.85                           | 208.98                           |
| 45,000 (45,000) units of Tata Capital Financial Services Ltd. NCD                   | 450.45                           | 450.00                           |
| <b>Total</b>  | <b>2,063.95</b>                  | <b>2,404.64</b>                  |
| Aggregate amount of Quoted Investments and market value there of                    | 1,608.80                         | 1,849.97                         |
| Aggregate amount of Unquoted Investments  | 455.15                           | 554.67                           |
| Aggregate amount of Impairment in value of investment                               | -                                | -                                |
| <b>4 Other Non- Current Financial Assets</b><br>(Unsecured & considered good)       |                                  |                                  |
| Fixed Deposit of Maturity of More than 12 Months                                    | 731.85                           | 1,124.46                         |
| Other Deposits  | 55.64                            | 55.81                            |
| <b>Total</b>  | <b>787.49</b>                    | <b>1,180.27</b>                  |
| <b>5 Deferred Tax Asset (Net)</b>   |                                  |                                  |
| Deferred tax Asset  |                                  |                                  |
| Gratuity  | 10.70                            | 33.04                            |
| MAT Credit  | 670.85                           | 646.55                           |
| Other Deferred tax Asset  | 10.49                            | 6.60                             |
| Provision for Doubtful Debts  | 35.32                            | 2.51                             |
| Deferred tax Liability  | 727.37                           | 688.69                           |
| Depreciation  | 519.31                           | 492.85                           |
| Investments at Fair Value   | 50.95                            | 42.39                            |
|   | 570.26                           | 535.24                           |
| <b>Total</b>  | <b>157.10</b>                    | <b>153.46</b>                    |
| <b>6 Income tax asset (net)</b>   |                                  |                                  |
| Income Tax (Net of Provision)   | 569.81                           | 428.88                           |
| <b>Total</b>  | <b>569.81</b>                    | <b>428.88</b>                    |
| <b>7 Other non-current assets</b>   |                                  |                                  |
| Capital Advances  | 3.52                             | 6.83                             |
| Other Advances  | 2.77                             | 2.77                             |
| Prepaid expenses  | 0.25                             | 1.38                             |
| Gratuity  | 3.23                             | -                                |
| VAT Refund Receivable   | 10.73                            | 10.73                            |
| <b>Total</b>  | <b>20.49</b>                     | <b>21.71</b>                     |

Notes to the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2020

| 8 Inventories<br>(At lower of Cost and Net Realisable Value)                                  | As at 31/03/2020<br>(₹ In lakhs) | As at 31/03/2019<br>(₹ In lakhs) |
|---|----------------------------------|----------------------------------|
| Raw Material  | 1,368.24                         | 1,298.20                         |
| Packing Material  | 152.68                           | 101.49                           |
| Finished Goods  | 929.83                           | 784.27                           |
| Stock-in-Trade  | 297.31                           | 296.40                           |
| Stock in Transit  | 0.27                             | 0.32                             |
|   | <b>2,748.34</b>                  | <b>2,480.68</b>                  |
| Less: Stock Reserve   | 15.37                            | 9.29                             |
| <b>Total</b>  | <b>2,732.98</b>                  | <b>2,471.39</b>                  |
| <br>  |                                  |                                  |
| 9 Investments (Current)   |                                  |                                  |
| <b>Investments in Equity Shares carried at fair value through Profit and Loss Quoted</b>      |                                  |                                  |
| 986 (9,206) Equity Shares of Coromandel International Ltd. of ₹1/- each fully paid up.        | 5.39                             | 46.72                            |
| 7,259 (17,978) Equity Shares of Kalpatru power Transmission Ltd. of ₹2/- each fully paid up.  | 13.26                            | 84.63                            |
| Nil (26,065) Equity Shares of Kec International Ltd. of ₹2/- each fully paid up.              | -                                | 78.13                            |
| Nil (3,311) Equity Shares of Simplex Infrastructures Ltd. of ₹2/- each fully paid up.         | -                                | 5.95                             |
| Nil (10,676) Equity Shares of Carbondum Universal Ltd. of ₹1/- each fully paid up.            | -                                | 43.81                            |
| 8,410 (Nil) Equity Shares of Sun Pharmaceutical Industries Ltd. of ₹1/- each fully paid up.   | 29.63                            | -                                |
| Nil (8,813) Equity Shares of Container Corporation of India Ltd. of ₹10/- each fully paid up. | -                                | 46.29                            |
| 11,834 (Nil) Equity Shares of ICICI Bank Ltd. of ₹10/- each fully paid up.                    | 38.31                            | -                                |
| Nil (6,705) Equity Shares of Mahindra & Mahindra Limited of ₹5/- each fully paid up.          | -                                | 45.19                            |
| 1,870 (Nil) Equity Shares of HDFC Bank Ltd.   | 16.12                            | -                                |
| 1,155 (Nil) Equity Shares of Infosys Ltd  | 7.41                             | -                                |
| 2,055 (Nil) Equity Shares of ACC Ltd  | 19.90                            | -                                |
| 887 (Nil) Equity Shares of Divis Laboratories Ltd   | 17.64                            | -                                |
| 1,812 (Nil) Equity Shares of Vardhaman Textiles Ltd.  | 11.33                            | -                                |
| 712 (Nil) Equity Shares of Bajaj Finance Ltd  | 15.78                            | -                                |
| 8,520 (Nil) Equity Shares of Biocon Ltd   | 23.05                            | -                                |
| 740 (Nil) Equity Shares of Bajaj Auto Ltd   | 14.97                            | -                                |
| 3,550 (Nil) Equity Shares of Bharat Petroleum Corporation Ltd                                 | 11.25                            | -                                |
| 275 (Nil) Equity Shares of Britannia Industries Ltd   | 7.39                             | -                                |
| 4,850 (Nil) Equity Shares of Investment in DLF Ltd  | 6.67                             | -                                |
| 2,580 (Nil) Equity Shares of The Ramco Cements Ltd  | 13.23                            | -                                |
| 810 (Nil) Equity Shares of Trent Ltd  | 3.92                             | -                                |

Notes to the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2020

|  | As at 31/03/2020<br>(₹ In lakhs) | As at 31/03/2019<br>(₹ In lakhs) |
|--|----------------------------------|----------------------------------|
| <b>Investments in Mutual Funds carried at fair value through Profit and Loss</b>       |                                  |                                  |
| 49,542 (49,542) Units of Reliance Liquid Fund -Treasury Plan - Daliy Dividend          | 0.79                             | 0.76                             |
| 13,834.912 (86,356.915) Units of ICICI Prudential Liquid- Regular Plan-Growth          | 148.50                           | 237.84                           |
| Nil (3,061.379) Units of Kotak Floater Short term-Growth (Regular Plan)                | (0.00)                           | 95.29                            |
| Nil (8,965.490) Units of Franklin India Prima Plus -Growth                             | -                                | 54.03                            |
| 3,03,034.345 (3,03,034.345) Units of Kotak Select Focus Fund Regular Plan Growth       | 81.85                            | 107.51                           |
| 1,35,931.375 (1,35,931.375) Units of SBI Blue Chip Fund Regular Plan Growth            | 40.44                            | 53.30                            |
| Nil (62,226.441) Units of HDFC Core and Satellite Fund -Growth                         | -                                | 49.03                            |
| 2,25,408.723 (2,25,408.723) Units of DSP Black Rock Focus 25 Fund Growth               | 39.46                            | 51.99                            |
| 21,56,825.895 (21,56,825.895) Units of ICICI prudentiall Short Term Growth Option      | 439.26                           | 407.22                           |
| 3.4584 (Nil) Units of Kotak Money Market Scheme Regular Plan Growth                    | 0.11                             | -                                |
| 6,19,690.746 (6,19,690.746) Units of Kotak Treasury Advantage Fund Regular Plan Growth | 198.88                           | 185.73                           |
| 28,180.987 (28,180.987) Units of Kotak low Duration Fund                               | 694.48                           | 644.34                           |
| Nil (9,71,604.848) Units of Franklin India Low Duration Fund                           | -                                | 211.23                           |
| 1,140.678 (3,375.833) Units of Kotak Liquid Scheme Regular Plan Growth                 | 45.63                            | 127.36                           |
| Nil (2,769.000) Units of HDFC Overnight Fund Growth                                    | -                                | 78.10                            |
| 56.218 (93,931.074) Units of ICICI prudentiall Money Market Fund Regular Plan Growth   | 0.16                             | 243.12                           |
| 67,333.945 (Nil) Units of SBI - EQUITY HYBRID FUND REG (G)                             | 79.92                            | -                                |
| 11,11,990.033 (Nil) Units of ICICI PRU - BALANCED ADVANTAGE FUND                       | 339.94                           | -                                |
| 6,94,136.292 (Nil) Units of AXIS – BLUECHIP FUND (G)                                   | 180.48                           | -                                |
| 17,61,386.103 (Nil) Units of HDFC Ultra Short term fund Reg- Grwt                      | 197.37                           | -                                |
| 9,194.84 Units (NIL) ICICI Prudential Money Market Fund - Growth                       | 25.41                            | -                                |
| Nil (9,725) Units of Aditya Birla Sun Life ' 95 Balanced Growth                        | -                                | 73.94                            |
| 48,686 (48,686) Units of HDFC Balanced Fund Regular Plan Growth                        | 59.32                            | 76.06                            |
| 7,390 (7,390) Units of HDFC Equity Fund-Regular Plan Growth                            | 33.83                            | 50.34                            |
| Nil (2,78,510) Units of L & T Hybrid Equity Fund-Growth                                | -                                | 72.74                            |
| 1,00,295 (1,00,295) Units of Mirae Asset Equity Fund Fund-Regular Growth               | 38.95                            | 51.32                            |
| Nil (1,83,143) Units of Motilal Oswal MOST Focused Multicap 35 Fund-Regular Growth     | -                                | 47.58                            |
| 1,27,019 (1,27,019) Units of SBI Blue Chip Fund-Regular Plan Growth                    | 37.79                            | 49.80                            |
| 57,933 (57,933) Units of SBI Equity Hybrid Fund-Regular Plan Growth                    | 68.76                            | 77.82                            |
| 1,975.5950 (Nil) Units of NIPPON INDIA - MONEY MARKET FUND (G)                         | 59.91                            | -                                |
| Nil (481.9) units of RIL Growth Fund   | -                                | 13.61                            |
| <b>Total</b>   | <b>3,066.47</b>                  | <b>3,410.79</b>                  |
| Aggregate amount of Quoted Investments and Market Value thereof                        | 3,066.47                         | 3,410.79                         |
| <b>10 Trade Receivables</b><br>(Unsecured)   |                                  |                                  |
| Unsecured Considered Good  | 8,374.28                         | 9,095.75                         |
| Unsecured Considered doubtful  | 133.68                           | 13.54                            |
| Less : Provision for Doubtful Debts  | 133.68                           | 13.54                            |
| <b>Total</b>   | <b>8,240.61</b>                  | <b>9,082.21</b>                  |

a For Related party transactions Refer Note No.41

Notes to the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2020

|  | As at 31/03/2020<br>(₹ In lakhs) | As at 31/03/2019<br>(₹ In lakhs) |
|--|----------------------------------|----------------------------------|
| <b>11 Cash and Cash equivalents</b>  |                                  |                                  |
| Balances with banks  |                                  |                                  |
| In Current Accounts  | 241.01                           | 532.02                           |
| Cash on hand   | 4.71                             | 5.49                             |
| <b>Total</b>   | <b>245.73</b>                    | <b>537.51</b>                    |
| <b>12 Bank balances other than cash and cash equivalents</b>                   |                                  |                                  |
| Margin money (Including deposits with original maturity of more than 3 months) | 1,092.05                         | 745.13                           |
| In Unpaid Dividend Accounts  | 14.74                            | 14.91                            |
| <b>Total</b>   | <b>1,106.79</b>                  | <b>760.05</b>                    |
| <b>13 Loans</b>  |                                  |                                  |
| (Unsecured & considered good)  |                                  |                                  |
| Loan and advance to Employees  | 20.37                            | 26.40                            |
| Loans and Advances others  | 25.50                            | 14.89                            |
| Prepaid expenses   |                                  |                                  |
| <b>Total</b>   | <b>45.87</b>                     | <b>41.29</b>                     |
| <b>14 Other Current Financial Assets</b>                                       |                                  |                                  |
| (Unsecured & considered good)  |                                  |                                  |
| Security Deposits  | 61.79                            | 73.60                            |
| Deposit - Excise   | 4.47                             | 6.13                             |
| <b>Total</b>   | <b>66.26</b>                     | <b>79.73</b>                     |
| <b>15 Current Tax (Net)</b>  |                                  |                                  |
| Current Tax (Net)  | 175.92                           | 81.38                            |
| <b>Total</b>   | <b>175.92</b>                    | <b>81.38</b>                     |
| <b>16 Other Current Assets</b>   |                                  |                                  |
| Accrued Interest   | 22.37                            | 18.59                            |
| Prepaid expenses   | 56.63                            | 61.25                            |
| Advances for supply of goods and services                                      | 202.39                           | 215.87                           |
| Balances with government authorities   | 143.88                           | 143.12                           |
| Other Current Assets   | 104.58                           | 8.62                             |
| <b>Total</b>   | <b>529.84</b>                    | <b>447.45</b>                    |
| <b>17 Share Capital</b>  |                                  |                                  |
| <b>Authorised</b>  |                                  |                                  |
| 2,00,00,000 (P.Y 2,00,00,000) Equity Shares of ₹5/- each                       | 1,000.00                         | 1,000.00                         |
| <b>Issued, Subscribed and Paid up</b>  |                                  |                                  |
| 134,48,288 (P.Y 134,48,288) Equity Shares of ₹5/- each fully paid up           | 672.41                           | 672.41                           |
| <b>Total</b>   | <b>672.41</b>                    | <b>672.41</b>                    |

Notes to the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2020

|   | As at 31/3/2020<br>(₹ In Lakh) | As at 31/3/2019<br>(₹ In Lakh) |
|---|--------------------------------|--------------------------------|
| <b>a Reconciliation of the equity shares outstanding at the beginning and at the end of the reporting year:</b>   |                                |                                |
| Number of shares outstanding at the beginning of the year   | 134,48,288                     | 134,48,288                     |
| Additions during the year   | -                              | -                              |
| Deductions during the year  | -                              | -                              |
| Number of shares outstanding at the end of the year   | <u>134,48,288</u>              | <u>134,48,288</u>              |
| <b>b Details of Shareholders holding more than 5% Shares</b>  |                                |                                |
| Name of the Shareholder   | <b>No of Shares</b>            | No of Shares                   |
| Nirmal V. Shah  | 16,99,291                      | 16,45,230                      |
| % held  | 12.64%                         | 12.23%                         |
| Sameer V. Shah  | 15,86,124                      | 15,31,274                      |
| % held  | 11.79%                         | 11.39%                         |
| Padma V. Shah   | 15,68,234                      | 15,17,410                      |
| % held  | 11.66%                         | 11.28%                         |
| Visan Holding & Financial Services Pvt. Ltd.  | 13,05,820                      | 12,94,619                      |
| % held  | 9.71%                          | 9.63%                          |
| <b>c Terms and rights attached to Equity Shares</b>   |                                |                                |
| The Company has only one class of Equity Shares having a par value of ₹5/- per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian Rupees. The dividend proposed by the Board of Directors is subject to approval of the shareholders in the ensuing Annual General Meeting. |                                |                                |
| In the event of liquidation of the Company, the holders of Equity Shares 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.   |                                |                                |
| <b>18 Other Equity</b>  |                                |                                |
| <b>Capital Reserve on Consolidation</b>   |                                |                                |
| As per last year  | 14.72                          | 14.72                          |
| Less : Transfer to Profit & Loss A/c  | -                              | -                              |
|   | <u>14.72</u>                   | <u>14.72</u>                   |
| <b>General Reserve</b>  |                                |                                |
| As per last year  | 1,152.42                       | 1,064.53                       |
| Add: Transfer from Profit & Loss A/c  | 70.00                          | 87.89                          |
| Less: Transfer to Minority Interest   | -                              | -                              |
|   | <u>1,222.42</u>                | <u>1,152.41</u>                |
| <b>Share Premium</b>  |                                |                                |
| As per last year  | 613.05                         | 613.05                         |
| Add: Received on ESOP Shares Issue  | -                              | -                              |
|   | <u>613.05</u>                  | <u>613.05</u>                  |
| <b>Retained Earnings</b>  |                                |                                |
| As per last year  | 23,724.77                      | 22,464.65                      |
| Add: Depreciation expense for earlier years   | -                              | 4.54                           |
| Add: Profit for the Year  | 187.29                         | 1,732.22                       |
| Addition / (Deduction) during the year  | 1,152.99                       | (106.71)                       |
|   | <u>25,065.04</u>               | <u>24,094.70</u>               |
| Less: Appropriations  |                                |                                |
| Transferred to General Reserve  | 70.00                          | 70.00                          |
| Set off of Dividend Tax in respect of Dividend from Subsidiary Company  | (84.28)                        | (49.53)                        |
| Interim Dividend  | 245.00                         | -                              |
| Tax on Interim Dividend   | 55.50                          | -                              |
| Dividend Paid   | 292.93                         | 248.79                         |
| Tax on Dividend Paid  | 149.22                         | 100.67                         |
|   | <u>24,336.67</u>               | <u>23,724.77</u>               |



Notes to the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2020

|   | As at 31/03/2020<br>(₹ In lakhs) | As at 31/03/2019<br>(₹ In lakhs) |
|---|----------------------------------|----------------------------------|
| <b>Other Comprehensive Income (OCI)</b>         |                                  |                                  |
| Remeasurements of the net defined benefit Plans |                                  |                                  |
| As per last year                                | (33.38)                          | 5.38                             |
| Addition during the year                        | 40.75                            | (38.77)                          |
| Less: Non Controlling Interest                  | (1.31)                           | -                                |
|   | <u>8.68</u>                      | <u>(33.38)</u>                   |
| <b>Total</b>                                    | <u><u>26,195.52</u></u>          | <u><u>25,471.56</u></u>          |
| <b>19 Non Controlling Interest</b>              |                                  |                                  |
| <b>Share Capital</b>                            |                                  |                                  |
| Opening Balance                                 | 419.84                           | 272.08                           |
| Addition during the year                        | -                                | 150.41                           |
| Deduction during the year                       | -                                | 2.65                             |
| Closing Balance                                 | <u>419.84</u>                    | <u>419.84</u>                    |
| <b>Share Premium</b>                            |                                  |                                  |
| As per last year                                | 4.05                             | 4.05                             |
| Add: Received during the year                   | -                                | -                                |
|   | <u>4.05</u>                      | <u>4.05</u>                      |
| <b>General Reserve</b>                          |                                  |                                  |
| Opening Balance                                 | -                                | 17.89                            |
| Addition during the year                        | -                                | -                                |
| Deduction during the year                       | -                                | 17.89                            |
| Closing Balance                                 | <u>-</u>                         | <u>-</u>                         |
| <b>Retained Earnings</b>                        |                                  |                                  |
| Opening Balance                                 | (18.88)                          | (126.27)                         |
| Less : Dividend Paid                            | -                                | -                                |
| Addition during the year                        | 121.21                           | 149.42                           |
| Add: Non Controlling Interest (OCI)             | (1.31)                           | -                                |
| Deduction during the year                       | -                                | 42.03                            |
| Closing Balance                                 | <u>101.02</u>                    | <u>(18.88)</u>                   |
| <b>Total</b>                                    | <u><u>524.91</u></u>             | <u><u>405.01</u></u>             |
| <b>20 Borrowings- Non current</b>               |                                  |                                  |
| <b>Unsecured</b>                                |                                  |                                  |
| Loans from Related Parties                      | 10.00                            | -                                |
| Loans from Others                               | 64.20                            | 52.15                            |
|   | <u>74.20</u>                     | <u>52.15</u>                     |
| <b>Total</b>                                    | <u><u>74.20</u></u>              | <u><u>52.15</u></u>              |
| <b>21 Provisions- Non Current</b>               |                                  |                                  |
| Provision for Gratuity                          | 113.38                           | 134.53                           |
| <b>Total</b>                                    | <u><u>113.38</u></u>             | <u><u>134.53</u></u>             |

Notes to the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2020

|  | As at 31/03/2020<br>(₹ In lakhs) | As at 31/03/2019<br>(₹ In lakhs) |
|--|----------------------------------|----------------------------------|
| <b>22 Current Borrowings (Repayable on demand)</b> |                                  |                                  |
| <b>Secured</b>                                     |                                  |                                  |
| Over Draft Facilities from Banks                   | 168.62                           | 135.75                           |
| Working Capital Loan from Banks                    | -                                | 392.33                           |
| <b>Unsecured</b>                                   |                                  |                                  |
| Working Capital Loan                               | -                                | 90.00                            |
| Loan From Related parties                          | 95.00                            | -                                |
| <b>Total</b>                                       | <b>263.62</b>                    | <b>618.08</b>                    |

- a Over draft facility are Secured against Fixed Deposit.
- b Working Capital / Buyers Credit loan is secured by charge on current asset, Mortgage of Tangible Immovable Properties and charge on other Property, Plant and Equipments.

|                                     |                 |                 |
|-------------------------------------|-----------------|-----------------|
| <b>23 Trade Payables</b>            |                 |                 |
| Micro, Small and Medium Enterprises | 605.03          | 205.80          |
| Others                              | 2,810.53        | 3,405.56        |
| <b>Total</b>                        | <b>3,415.56</b> | <b>3,611.36</b> |

- a For Related party transaction Refer Note No.41
- b The Company has amounts due to suppliers under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) as at the year end. The disclosure pursuant to the said Act is as under:

|   |        |        |
|---|--------|--------|
| Principal amount due to suppliers under MSMED Act, 2006   | 605.03 | 205.80 |
| Interest accrued and due to suppliers under MSMED Act, 2006 on the above amount                 | 0.90   | 0.25   |
| Payment made to suppliers (other than interest) beyond the appointed day, during the year       | 205.80 | 33.90  |
| Interest paid/adjusted to suppliers under MSMED Act, 2006 (other than section 16)               | 0.25   | 1.38   |
| Interest paid/adjusted to suppliers under MSMED Act, 2006 (section 16)                          | NIL    | NIL    |
| Interest due and payable to suppliers under MSMED Act, 2006 for payments already made           | 0.90   | 0.25   |
| Interest accrued and remaining unpaid at the end of the year to suppliers under MSMED Act, 2006 | 0.90   | 0.25   |

The information regarding Micro, Small and Medium Enterprises has been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the Auditors.

Notes to the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2020

| 24 Other Current Financial Liabilities                                 | As at 31/03/2020<br>(₹ In lakhs) | As at 31/03/2019<br>(₹ In lakhs) |
|--|----------------------------------|----------------------------------|
| Other Payables   | 77.30                            | 514.09                           |
| Employee benefits  | 593.28                           | 264.06                           |
| Creditors for Capital Expenditure                                      | 14.49                            | 30.62                            |
| Unclaimed Dividend *   | 14.74                            | 14.91                            |
| <b>Total</b>   | <b>699.81</b>                    | <b>823.68</b>                    |
| * Not due for Deposit to Investor Education and Protection Fund        |                                  |                                  |
| 25 Other Current Liabilities   |                                  |                                  |
| Advance Received From Customers  | 90.92                            | 73.36                            |
| Statutory Dues   | 58.85                            | 230.02                           |
| Other payable  | 89.58                            | 125.17                           |
| <b>Total</b>   | <b>239.36</b>                    | <b>428.55</b>                    |
| 26 Short-term Provisions   |                                  |                                  |
| Provision for Expenses   | 5.35                             | -                                |
| Provision for Gratuity   | 3.55                             | 7.11                             |
| <b>Total</b>   | <b>8.89</b>                      | <b>7.11</b>                      |
| 27 Revenue from Operations   | 2019-2020<br>(₹ In lakhs)        | 2018-2019<br>(₹ In lakhs)        |
| <b>Sale of Goods</b>   | 24,843.67                        | 27,509.00                        |
| <b>Sales of Services</b>   |                                  |                                  |
| Technical Service Income   | 1,850.85                         | 2,033.13                         |
| <b>Other Operating revenue</b>   |                                  |                                  |
| Bad Debts Recovered  | 0.02                             | 2.78                             |
| Compensation on Termination of Toll manufacturing                      | -                                | 500.00                           |
| Miscellaneous Income   | 109.75                           | 86.03                            |
|  | 109.77                           | 588.81                           |
| <b>Total</b>   | <b>26,804.28</b>                 | <b>30,130.94</b>                 |
| 28 Other Income  |                                  |                                  |
| Dividend from Equity Investments                                       | 10.30                            | 14.02                            |
| Dividend from Mutual Funds   | 0.03                             | 11.54                            |
|  | 10.32                            | 25.56                            |
| Net gain on Sale/fair valuation of investments through profit & loss * | -                                | 187.20                           |
| Gross Interest   | 158.84                           | 139.68                           |
| Gross Rental Income  | 12.48                            | 12.43                            |
| Profit on Sale of Fixed Assets   | 21.03                            | -                                |
| Foreign Exchange Fluctuation Gain/ (Loss)                              | 55.49                            | 19.59                            |
| Discount Received  | 10.92                            | -                                |
| Miscellaneous Income   | 34.70                            | 8.68                             |
| <b>Total</b>   | <b>303.78</b>                    | <b>393.14</b>                    |

\* Adjusted fair value gain/(loss) as at 31<sup>st</sup> March 2020 amounting to ₹Nil lakhs (31<sup>st</sup> March 2019 (₹619.45) lakhs)

Notes to the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2020

|   | 2019-2020<br>(₹ In lakhs) | 2018-2019<br>(₹ In lakhs) |
|---|---------------------------|---------------------------|
| <b>29 Cost of materials consumed</b>  |                           |                           |
| Raw Materials Consumed  | 11,143.10                 | 13,542.60                 |
| Packing Material  | 1,190.20                  | 1,095.06                  |
| <b>Total</b>  | <b>12,333.30</b>          | <b>14,637.66</b>          |
| <b>30 Purchases of stock-in-trade</b>   |                           |                           |
| Purchases of Stock-in-trade   | 1,970.57                  | 2,467.76                  |
| <b>Total</b>  | <b>1,970.57</b>           | <b>2,467.76</b>           |
| <b>31 Changes in inventory of Finished goods, Work in progress and Traded goods</b> |                           |                           |
| Finished products/ Stock in Trade (At Close)  | 1,133.86                  | 1,017.11                  |
| Finished products/ Stock in Trade (At commencement)                                 | 1,017.12                  | 671.89                    |
| <b>Total</b>  | <b>(116.75)</b>           | <b>(345.22)</b>           |
| <b>32 Employee benefit expenses</b>   |                           |                           |
| Director Remuneration   | 297.82                    | 168.18                    |
| Salaries & Wages  | 4,854.84                  | 4,468.94                  |
| Contribution to Provident & other funds   | 377.39                    | 303.66                    |
| Staff Welfare Expenses  | 186.38                    | 168.29                    |
| <b>Total</b>  | <b>5,716.43</b>           | <b>5,109.07</b>           |
| a For Related party transaction Refer Note No.41                                    |                           |                           |
| <b>33 Finance Cost</b>  |                           |                           |
| Interest Expense  |                           |                           |
| - Banks   | 55.66                     | 47.07                     |
| - MSMED   | 0.90                      | 0.25                      |
| - Others  | 1.09                      | 0.13                      |
| Bank Guarantee fees & charges   | 20.65                     | 30.75                     |
| <b>Total</b>  | <b>78.29</b>              | <b>78.20</b>              |
| <b>34 Depreciation and Amortisation expenses</b>                                    |                           |                           |
| Depreciation and Amortisation Expenses  | 434.80                    | 423.98                    |
| <b>Total</b>  | <b>434.80</b>             | <b>423.98</b>             |
| <b>35 Other Expenses</b>  |                           |                           |
| <b>Manufacturing Expenses</b>   |                           |                           |
| Freight Inwards   | 8.00                      | -                         |
| Consumable stores   | 366.61                    | 356.79                    |
| Octroi  | -                         | 0.19                      |
| Power, Fuel & Water Charges   | 103.70                    | 107.71                    |
| Research and Development  | 123.35                    | 137.61                    |
| Lab Expenses  | 23.10                     | 27.37                     |
| Repairs and Renewals to Plant & Machinery   | 47.48                     | 41.75                     |
| Godown Rent   | 36.11                     | 19.83                     |
| Labour Charges  | 706.05                    | 629.78                    |
| Security Expenses   | 87.06                     | 88.40                     |
| Factory Maintenance   | 59.00                     | 54.08                     |
| Technical Service Charges   | 107.19                    | 248.55                    |
| <b>A</b>  | <b>1,667.65</b>           | <b>1,712.07</b>           |

Notes to the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2020

|  | 2019-2020<br>(₹ In lakhs) | 2018-2019<br>(₹ In lakhs) |
|--|---------------------------|---------------------------|
| <b>Administrative Expenses</b>   |                           |                           |
| Director's Sitting Fees  | 12.90                     | 20.50                     |
| Rates & Taxes  | 51.49                     | 47.05                     |
| Electricity charges  | 46.15                     | 47.93                     |
| Printing and stationary  | 30.93                     | 31.00                     |
| Telephone & Postage Expenses   | 72.63                     | 89.75                     |
| Insurance  | 54.35                     | 54.15                     |
| Motor car expenses   | 68.67                     | 52.94                     |
| Auditors Remuneration (See note a)                                     | 34.26                     | 32.42                     |
| Legal, Professional & consultancy fees                                 | 499.53                    | 426.23                    |
| Repairs & Maintenance Buildings  | 19.70                     | 14.61                     |
| Repairs & Maintenance Others   | 161.69                    | 155.54                    |
| Miscellaneous expenses   | 126.79                    | 100.03                    |
| Donation   | 0.27                      | 0.25                      |
| Corporate Social responsibility  | 37.00                     | 9.90                      |
| Sales Tax & Other Taxes  | 22.53                     | 29.26                     |
| Loss on Sale of Fixed Asset  | 0.05                      | (0.17)                    |
| Net loss on Sale/fair valuation of investments through profit & loss * | 174.17                    | -                         |
| Provision for Doubtful Debts   | 120.14                    | (54.71)                   |
| Input Service Tax Disallowed   | 0.37                      | 1.30                      |
| Input GST Disallowed   | 12.67                     | 31.52                     |
| Foreign Exchange Fluctuation Loss/ (Gain)                              | 4.66                      | 5.29                      |
| Debit Balance Written Off  | 0.66                      | 0.25                      |
| Bad Debts Written Off  | 162.78                    | 282.39                    |
| Computer Expense   | 20.21                     | 17.19                     |
| <b>B</b>   | <b>1,734.59</b>           | <b>1,394.64</b>           |
| <b>Selling and Distribution Expenses</b>                               |                           |                           |
| Carriage outwards  | 952.94                    | 986.14                    |
| Rent   | 75.29                     | 95.05                     |
| Commission on sales  | 227.94                    | 271.43                    |
| Travelling Expenses  | 611.61                    | 512.23                    |
| Conveyance expenses  | 186.21                    | 223.39                    |
| Royalty Expenses   | 27.56                     | 37.99                     |
| Advertising & Publicity Expenses                                       | 33.96                     | 27.79                     |
| Warehousing Charges  | 21.75                     | 4.36                      |
| Packing Expenses   | 7.58                      | 6.41                      |
| Sales Promotion Expenses   | 352.18                    | 440.55                    |
| Business Support Services  | 2.93                      | -                         |
| <b>C</b>   | <b>2,499.98</b>           | <b>2,605.34</b>           |
| <b>Total (A+B+C)</b>   | <b>5,902.21</b>           | <b>5,712.04</b>           |

\* Adjusted fair value gain/(loss) as at 31<sup>st</sup> March 2020 amounting to (₹397.65) lakhs (31<sup>st</sup> March 2019 ₹ Nil lakhs)

|  | 2019-2020<br>(₹ In lakhs)  | 2018-2019<br>(₹ In lakhs)  |
|--|--|--|
| <b>a Auditor's Remuneration consists of:</b>   |  |  |
| Statutory Audit Fees   | 25.52  | 20.90  |
| Tax Audit Fees   | 5.97   | 5.01   |
| Taxation and Other Matters   | 2.62   | 6.51   |
| Out of Pocket Expense  | 0.15   | -  |
| <b>Total</b>   | <b>34.26</b>   | <b>32.42</b>   |
| <b>b Lease</b>   |  |  |
| The Company normally acquires offices, warehouses and vehicles under non-cancellable operational leases. Minimum lease payments outstanding at year end in respect of these assets are as under: | <b>Total Minimum Lease Payment Outstanding as on 31/03/2020 (₹ In lakhs)</b> | <b>Total Minimum Lease Payment Outstanding as on 31/03/2019 (₹ In lakhs)</b> |
| Due within one year  | 41.37  | 94.73  |
| Due later than one year and not later than five years  | 8.17   | 260.38   |
| Due later than five years  | -  | -  |
| Lease payments recognised in the Statement of Profit & Loss  | 156.18   | 119.23   |

Notes to the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2020

## 36 EARNINGS PER SHARE

|   | 2019-2020<br>(₹ In lakhs) | 2018-2019<br>(₹ In lakhs) |
|---|---------------------------|---------------------------|
| Net Profit available to Equity Shareholders (₹In Lakhs)               | 187.28                    | 1,732.21                  |
| Total number of Equity Shares (Face value of ₹5/- each fully paid up) | 134,48,288                | 134,48,288                |
| Weighted No. of Equity Shares   | 134,48,288                | 134,48,288                |
| Basic Earnings per Share (in Rupees)                                  | 1.39                      | 12.88                     |
| Diluted No. of Equity Shares  | 134,48,288                | 134,48,288                |
| Diluted Earnings per Share (in Rupees)                                | 1.39                      | 12.88                     |

## 37 Segment Reporting

The Company is engaged in the manufacture of Specialty Chemicals, which in the context of IND AS 108- Operating segment specified under section 133 of the Companies Act, 2013 is considered as a single business segment of the company.

## 38 Financial instruments – Fair values and risk management

## A. Accounting classification and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

|   | As at 31 <sup>st</sup> March 2020  |   |                  |                  |                 |          |          |                 |
|---|------------------------------------|---|------------------|------------------|-----------------|----------|----------|-----------------|
|   | Carrying amount                    |   |                  |                  | Fair value      |          |          |                 |
|   | Fair value through profit and loss | Fair value through other comprehensive income | Amotised Cost    | Total            | Level 1         | Level 2  | Level 3  | Total           |
| <b>Financial assets</b>   |                                    |   |                  |                  |                 |          |          |                 |
| Cash and cash equivalents (Including other bank balances)                 |                                    |   | 1,352.52         | 1,352.52         |                 |          |          | -               |
| Investments   |                                    |   |                  |                  |                 |          |          |                 |
| - Mutual Funds  | 4,186.14                           |   |                  | 4,186.14         | 4,186.14        |          |          | 4,186.14        |
| - Equity Shares (Quoted)  | 489.14                             |   |                  | 489.14           | 489.14          |          |          | 489.14          |
| - Equity Shares (Unquoted)  |                                    |   | 4.69             | 4.69             |                 |          |          | -               |
| - Preference shares and bonds   |                                    |   | 450.45           | 450.45           |                 |          |          | -               |
| Trade and other receivables   |                                    |   | 8,240.61         | 8,240.61         |                 |          |          | -               |
| Loans   |                                    |   | 45.87            | 45.87            |                 |          |          | -               |
| Other financial assets  |                                    |   | 853.75           | 853.75           |                 |          |          | -               |
| <b>TOTAL</b>  | <b>4,675.28</b>                    | <b>-</b>                                      | <b>10,947.88</b> | <b>15,623.17</b> | <b>4,675.28</b> | <b>-</b> | <b>-</b> | <b>4,675.28</b> |
| <b>Financial liabilities</b>  |                                    |   |                  |                  |                 |          |          |                 |
| Long term borrowings (Including current maturity of Long term borrowings) |                                    |   | 74.20            | 74.20            |                 |          |          |                 |
| Short term borrowings   |                                    |   | 263.62           | 263.62           |                 |          |          | -               |
| Trade and other payables  |                                    |   | 3,415.56         | 3,415.56         |                 |          |          | -               |
| Other financial liabilities   |                                    |   | 699.81           | 699.81           |                 |          |          | -               |
| <b>TOTAL</b>  | <b>-</b>                           | <b>-</b>                                      | <b>4,453.19</b>  | <b>4,453.19</b>  | <b>-</b>        | <b>-</b> | <b>-</b> | <b>-</b>        |

Notes to the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2020

|   | As at 31 <sup>st</sup> March 2019  |   |                  |                  |                 |          |          |                 |
|---|------------------------------------|---|------------------|------------------|-----------------|----------|----------|-----------------|
|   | Carrying amount                    |   |                  |                  | Fair value      |          |          |                 |
|   | Fair value through profit and loss | Fair value through other comprehensive income | Amortised Cost   | Total            | Level 1         | Level 2  | Level 3  | Total           |
| <b>Financial assets</b>   |                                    |   |                  |                  |                 |          |          |                 |
| Cash and cash equivalents (Including other bank balances)                 |                                    |   | 1,297.55         | 1,297.55         |                 |          |          | -               |
| Investments   |                                    |   |                  |                  |                 |          |          |                 |
| - Mutual Funds  | 4,627.28                           |   |                  | 4,627.28         | 4,627.28        |          |          | 4,627.28        |
| - Equity Shares (Quoted)  | 633.50                             |   |                  | 633.50           | 633.50          |          |          | 633.50          |
| - Equity Shares (Unquoted)  |                                    |   | 4.65             | 4.65             |                 |          |          | -               |
| - Preference shares and bonds   |                                    |   | 550.01           | 550.01           |                 |          |          | -               |
| Trade and other receivables   |                                    |   | 9,082.21         | 9,082.21         |                 |          |          | -               |
| Loans   |                                    |   | 41.29            | 41.29            |                 |          |          | -               |
| Other financial assets  |                                    |   | 1,260.00         | 1,260.00         |                 |          |          | -               |
| <b>TOTAL</b>  | <b>5,260.77</b>                    | <b>-</b>                                      | <b>12,235.72</b> | <b>17,496.49</b> | <b>5,260.77</b> | <b>-</b> | <b>-</b> | <b>5,260.77</b> |
| <b>Financial liabilities</b>  |                                    |   |                  |                  |                 |          |          |                 |
| Long term borrowings (Including current maturity of Long term borrowings) |                                    |   | 52.15            | 52.15            |                 |          |          |                 |
| Short term borrowings   |                                    |   | 618.08           | 618.08           |                 |          |          | -               |
| Trade and other payables  |                                    |   | 3,611.36         | 3,611.36         |                 |          |          | -               |
| Other financial liabilities   |                                    |   | 823.68           | 823.68           |                 |          |          | -               |
| <b>TOTAL</b>  | <b>-</b>                           | <b>-</b>                                      | <b>5,105.27</b>  | <b>5,105.27</b>  | <b>-</b>        | <b>-</b> | <b>-</b> | <b>-</b>        |

Fair values for financial instruments carried at amortised cost approximates the carrying amount, accordingly the fair values of such financial assets and financial liabilities have not been disclosed separately.

#### B. Measurement of fair values

Ind AS 107, 'Financial Instrument - Disclosure' requires classification of the valuation method of financial instruments measured at fair value in the Balance Sheet, using a three level fair-value-hierarchy (which reflects the significance of inputs used in the measurements). The hierarchy gives the highest priority to un-adjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and lowest priority to un-observable inputs (Level 3 measurements). Fair value of derivative financial assets and liabilities are estimated by discounting expected future contractual cash flows using prevailing market interest rate curves. The three levels of the fair-value-hierarchy under Ind AS 107 are described below:

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 are determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity specific estimates. If all 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 instrument is included in level 3. e.g. unlisted equity securities.

#### Transfers between Levels

There are no transfers between the levels

#### C. Financial risk management

The Company's activities expose it to Credit risk, liquidity risk and market risk.

##### i. Risk management framework

Risk Management is an integral part of the Company's plans and operations. The Company's board of directors has overall responsibility for the establishment and oversight of the Company risk management framework. The board of directors is responsible for developing and monitoring the Company risk management policies.

The audit committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.



## Notes to the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2020

### ii. Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and investments in debt securities, cash and cash equivalents, mutual funds, bonds etc.

The carrying amount of financial assets represents the maximum credit exposure.

#### Trade and other receivables

Credit risk is the risk of possible default by the counter party resulting in a financial loss.

The Company manages credit risk through various internal policies and procedures set forth for effective control over credit exposure. These are managed by way of setting various credit approvals, evaluation of financial condition before supply terms, setting credit limits, industry trends, ageing analysis and continuously monitoring the credit worthiness of customers to which the Company grants credit terms in the normal course of business.

Based on prior experience and an assessment of the current economic environment, management believes that sufficient provision is made for credit risk wherever credit is extended to customers.

#### Cash and cash equivalents

Credit risk from balances with banks is managed by the Company's treasury department in accordance with the Company's policy. Investment of surplus funds are made in mainly in mutual funds with good returns and with high credit ratings assigned by International and domestic credit ratings agencies.

Other than trade and other receivables, the Company has no other financial assets that are past due but not impaired.

### iii. Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company manages its liquidity risk by ensuring, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risk to the Company's reputation.

The Company has obtained fund and non-fund based working capital lines from various banks. The Company also constantly monitors funding options available in the debt and capital markets with a view to maintaining financial flexibility. Accordingly, liquidity risk is perceived to be low.

The following table shows the maturity analysis of financial liabilities of the Company based on contractually agreed undiscounted cash flows as at the Balance Sheet date:

| Sr No | As at 31 <sup>st</sup> March, 2020 | Notes | Carrying Values | Less than 12 Months | More than 12 Months |
|-------|------------------------------------|-------|-----------------|---------------------|---------------------|
| 1     | Borrowings ( Non Current)          | 20    | 74.20           | -                   | 74.20               |
| 2     | Borrowings                         | 22    | 263.62          | 263.62              | -                   |
| 3     | Trade payables                     | 23    | 3,415.56        | 3,415.56            | -                   |
| 4     | Other Financials Liability         | 24    | 699.81          | 699.81              | -                   |
| 5     | Other Current Liabilities          | 25    | 239.36          | 239.36              | -                   |
|       | <b>TOTAL</b>                       |       | <b>4,692.56</b> | <b>4,618.36</b>     | <b>74.20</b>        |

| Sr No | As at 31 <sup>st</sup> March, 2020 | Notes | Carrying Values | Less than 12 Months | More than 12 Months |
|-------|------------------------------------|-------|-----------------|---------------------|---------------------|
| 1     | Borrowings ( Non Current)          | 20    | 52.15           | -                   | 52.15               |
| 2     | Borrowings                         | 22    | 618.08          | 618.08              | -                   |
| 3     | Trade payables                     | 23    | 3,611.36        | 3,611.36            | -                   |
| 4     | Other Financials Liability         | 24    | 823.68          | 823.68              | -                   |
| 5     | Other Current Liabilities          | 25    | 428.55          | 428.55              | -                   |
|       | <b>TOTAL</b>                       |       | <b>5,533.82</b> | <b>5,481.68</b>     | <b>52.15</b>        |

### iv. Market risk

Market risk is the risk of loss of future earnings, fair values or future cash flows that may result from adverse changes in market rates and prices (such as interest rates, foreign currency exchange rates). Market risk is attributable to all market risk-sensitive financial instruments, all foreign currency receivables and payables and all short term and long-term debt. The Company is exposed to market risk primarily related to foreign exchange rate risk, interest rate risk and the market value of its investments. Thus, the Company's exposure to market risk is a function of investing and borrowing activities and revenue generating and operating activities in foreign currencies.

#### a) Currency risk

The Company is exposed to currency risk to the extent that there is a mismatch between the currencies in which sales, purchase, and other expenses are denominated and the functional currency of the Company. The functional currency of the Company is Indian Rupees (INR). The currencies in which these transactions are primarily denominated are EURO and USD.

## Notes to the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2020

### Exposure to currency risk

The summary quantitative data about the Company's exposure to currency risk as reported to the management of the Company is as follows:

- a The Company has entered into forward contracts to hedge the foreign currency risks arising from amounts designated in foreign currency. The counter party to such forward contract is a bank. Forward contracts outstanding at the year end are:

| Currency | Exposure to buy/sell | (₹In Lakhs)      |                 |                  |                 |
|----------|----------------------|------------------|-----------------|------------------|-----------------|
|          |                      | As at 31/03/2020 |                 | As at 31/03/2019 |                 |
|          |                      | Foreign Currency | Indian Currency | Foreign Currency | Indian Currency |
| USD      | Buy                  | -                | -               | -                | -               |

- b Foreign Currency Exposures at the year end not hedged by derivative instruments:

|            |      | (₹In Lakhs)      |                 |                  |                 |
|------------|------|------------------|-----------------|------------------|-----------------|
|            |      | As at 31/03/2020 |                 | As at 31/03/2019 |                 |
|            |      | Foreign Currency | Indian Currency | Foreign Currency | Indian Currency |
| US Dollars | Buy  | 0.12             | 8.87            | 0.70             | 48.51           |
| Euro       | Buy  | 0.03             | 2.17            | 0.03             | 2.35            |
| US Dollars | Sell | 0.28             | 20.80           | 0.25             | 17.30           |

### b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Investment committee manages and constantly reviews the interest rate movements in the market. This risk is mitigated by the Company by investing the funds in various tenors depending on the liquidity needs of the Company. The Company's exposures to interest rate risk is not significant.

Notes to the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2020

## 39 Employee Benefit obligations

## (A) Defined Benefit Plan

The Company's obligation towards the Gratuity Fund is a Defined Benefit Plan. Based on the actuarial valuation obtained in this respect, details of Actuarial Valuation are as follows:

|  | (₹ In Lakhs)                         |                                      |
|--|--------------------------------------|--------------------------------------|
|  | As at 31 <sup>st</sup><br>March 2020 | As at 31 <sup>st</sup><br>March 2019 |
|  | <b>Funded Plan</b>                   |                                      |
| <b>(i) <u>Change in Defined Benefit Obligation</u></b>   |                                      |                                      |
| Opening defined benefit obligation                       | 852.68                               | 747.20                               |
| Amount recognised in profit and loss                     |                                      |                                      |
| Current service cost                                     | 72.27                                | 58.35                                |
| Interest cost  | 55.83                                | 49.64                                |
| Amount recognised in other comprehensive income          |                                      |                                      |
| Actuarial loss / (gain) arising from:                    |                                      |                                      |
| Return on Plan Assets                                    | -                                    | -                                    |
| Financial assumptions                                    | (40.34)                              | 3.07                                 |
| Experience adjustment                                    | (16.55)                              | 0.44                                 |
| Other  | (1.10)                               | 31.02                                |
| Benefits paid  | (239.48)                             | (37.04)                              |
| Closing defined benefit obligation                       | 683.31                               | 852.68                               |
| <b>(ii) <u>Change in Fair Value of Assets</u></b>        |                                      |                                      |
| Opening fair value of plan assets                        | 711.05                               | 582.54                               |
| Amount recognised in profit and loss                     |                                      |                                      |
| Interest income  | 46.11                                | 38.02                                |
| Amount recognised in other comprehensive income          |                                      |                                      |
| Actuarial gain / (loss)                                  |                                      |                                      |
| Return on Plan Assets, Excluding Interest Income         | (3.31)                               | 6.66                                 |
| Amount not recognised due to Asset limit (P.Y)           | (11.29)                              | -                                    |
| Other  | 0.89                                 | -                                    |
| Contributions by employer                                | 111.90                               | 120.87                               |
| Benefits paid  | (239.48)                             | (37.04)                              |
| Closing fair value of plan assets                        | 615.86                               | 711.05                               |
| Actual return on Plan Assets                             | 42.80                                | 44.62                                |
| <b>(iii) <u>Plan assets comprise the following</u></b>   |                                      |                                      |
| Insurance fund (100%)                                    | <b>Unquoted<br/>615.86</b>           | Unquoted<br>711.05                   |
| <b>(iv) <u>Principal actuarial assumptions used</u></b>  | %                                    | %                                    |
| Discount rate  | 6.75                                 | 7.75                                 |
| Withdrawal Rate  | 1.00                                 | 1.00                                 |
| Future Salary Increase                                   | 5.00                                 | 5.00                                 |
| <b>(v) <u>Amount recognised in the Balance Sheet</u></b> |                                      |                                      |
| Present value of obligations as at year end              | 683.31                               | 852.68                               |
| Fair value of plan assets as at year end                 | 615.86                               | 711.05                               |
| Net (asset) / liability recognised as at year end        | 67.45                                | 141.63                               |
| Recognised under :                                       |                                      |                                      |
| Short term provisions                                    | 3.55                                 | 7.11                                 |
| Long term provisions                                     | 113.38                               | 134.51                               |
| Other Non Current Assets                                 | (3.23)                               | -                                    |
| Other Current Assets                                     | (46.24)                              | -                                    |
|  | 67.45                                | 141.63                               |

## Notes to the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2020

### (vi) Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other

|   | As at 31 <sup>st</sup> March, 2020 |          | As at 31 <sup>st</sup> March, 2019 |          |
|---|------------------------------------|----------|------------------------------------|----------|
|   | Increase                           | Decrease | Increase                           | Decrease |
| Discount rate (1% movement) - Gratuity        | (57.60)                            | 68.01    | (27.31)                            | 57.16    |
| Future salary growth (1% movement) - Gratuity | 70.27                              | (56.88)  | 64.50                              | (36.65)  |

The above sensitivity analysis have been calculated to show the movement in defined benefit obligation in isolation and assuming there are no other changes in the market conditions at the reporting date. In practice, generally it does not occur. When we change one variable, it affects others. In calculating the sensitivity, project unit credit method at the end of the reporting period has been applied.

### (vii) Expected future cash flows

| The expected maturity analysis is as follows : | For year ended |           |
|--|----------------|-----------|
|  | 31.3.2020      | 31.3.2019 |
| Expected benefits for year 1                   | 46.31          | 279.34    |
| Expected benefits for year 2                   | 67.30          | 42.04     |
| Expected benefits for year 3                   | 80.19          | 48.61     |
| Expected benefits for year 4                   | 84.87          | 80.88     |
| Expected benefits for year 5                   | 104.26         | 74.86     |
| Expected benefits for year 6 and above         | 1973.33        | 1813.98   |

## 40 Financial information pursuant to Schedule III of Companies Act 2013

| Sr. No. | Name of the entity                                   | Net Assets (Total assets minus total liabilities) |                   | Share in Profit or loss             |                   | Share in Other comprehensive income |                   | Share in total comprehensive income |                   |
|---------|--|---|-------------------|-------------------------------------|-------------------|-------------------------------------|-------------------|-------------------------------------|-------------------|
|         |  | 31 <sup>st</sup> March 2020                       |                   | 31 <sup>st</sup> March 2020         |                   | 31 <sup>st</sup> March 2020         |                   | 31 <sup>st</sup> March 2020         |                   |
|         |  | As % of consolidated net assets                   | Amount ₹ In Lakhs | As % of consolidated profit or loss | Amount ₹ In Lakhs | As % of consolidated profit or loss | Amount ₹ In Lakhs | As % of consolidated profit or loss | Amount ₹ In Lakhs |
|         | <b>Parent</b>  |   |                   |                                     |                   |                                     |                   |                                     |                   |
|         | Chembond Chemicals Ltd.                              | 85.47%  | 22,964.29         | 295.91%                             | 554.17            | 33.14%                              | 13.94             | 247.72%                             | 568.11            |
|         | <b>Indian Subsidiaries</b>                           |   |                   |                                     |                   |                                     |                   |                                     |                   |
| 1       | Chembond Water Technologies Limited                  | 19.19%  | 5,155.56          | 414.99%                             | 777.18            | -27.37%                             | (11.51)           | 333.86%                             | 765.67            |
| 2       | Chembond Material Technologies Pvt. Ltd.             | 1.97%   | 528.33            | -309.43%                            | (579.50)          | -25.40%                             | (10.68)           | -257.34%                            | (590.18)          |
| 3       | Chembond Clean Water Technologies Limited            | 3.14%   | 843.08            | 131.98%                             | 247.17            | -6.49%                              | (2.73)            | 106.59%                             | 244.44            |
| 4       | Chembond Biosciences Limited                         | 0.33%   | 89.81             | -60.79%                             | (113.85)          | -9.05%                              | (3.81)            | -51.30%                             | (117.65)          |
| 5       | Chembond Polymers and Materials Limited              | 1.91%   | 513.04            | -13.70%                             | (25.65)           | -1.38%                              | (0.58)            | -11.44%                             | (26.23)           |
| 6       | Chembond Calvatis Industrial Hygiene Systems Limited | 0.52%   | 138.57            | 3.04%                               | 5.70              | 0.02%                               | 0.01              | 2.49%                               | 5.71              |
| 7       | Chembond Water Technologies (Malaysia) SDN. BHD.     | 0.23%   | 62.18             | 7.90%                               | 14.79             | 0.00%                               | -                 | 6.45%                               | 14.79             |
| 8       | Phiroze Sethna Private Limited                       | 4.00%   | 1,075.15          | -110.53%                            | (206.99)          | 136.00%                             | 57.20             | -65.31%                             | (149.79)          |
| 9       | Chembond Distribution Limited                        | 1.13%   | 304.01            | 55.18%                              | 103.35            | -3.59%                              | (1.51)            | 44.41%                              | 101.84            |
| 10      | Gramos Chemical India Private Limited                | 2.92%   | 784.77            | 22.69%                              | 42.49             | 1.02%                               | 0.43              | 18.71%                              | 42.92             |
|         | Non Controlling interest in all subsidiaries         | -1.95%  | (524.91)          | -64.72%                             | (121.21)          | 3.11%                               | 1.31              | -52.28%                             | (119.90)          |
|         | <b>Consolidation adjustments/Eliminations</b>        | -18.85%   | (5,065.95)        | -272.52%                            | (510.38)          | 0.00%                               | -                 | -222.54%                            | (510.38)          |
|         | <b>Total</b>   | <b>100.00%</b>                                    | <b>26,867.93</b>  | <b>100.00%</b>                      | <b>187.28</b>     | <b>100.00%</b>                      | <b>42.06</b>      | <b>100.00%</b>                      | <b>229.34</b>     |

## 41 Related party disclosures as required under Ind AS 24 on "Related Party Disclosures"

### a) Name of related party and discription of relationship:

#### i. Joint Venture:

Calvatis GmbH

#### ii. Key Management Personnel and their relatives (KMP)

Key Management Personnel:

Sameer V. Shah, Nirmal V. Shah, Ashwin R. Nagarwadia,

Mahendra K. Ghelani, Sushil U. Lakhani, Dr. Prakash Trivedi, Saraswati Sankar.

Relatives :

Dr. Vinod D. Shah, Padma V. Shah, Dr. Shilpa S. Shah, Mamta N. Shah, Alpna S. Shah, Jyoti N. Mehta, Amrita S. Shah,

Malika S. Shah, Gauri N. Mehta, Karishma N. Mehta, Raunaq S. Shah, Rahil N. Shah, Kshitija N. Shah

Entities over which Key Management personnel are able to exercise influence :

CCL Optoelectronics Pvt Ltd., Finor Piplaj Chemicals Ltd., S and N Ventures Ltd., Visan Holdings Pvt Ltd,

Visan Trust, Protochem Investment Pvt Ltd. and Oriano Clean Energy Pvt Ltd.

Notes to the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2020

b) The following transactions were carried out with related parties in the ordinary course of business: (₹ In lakhs)

| For the year ended/as on               | 31.03.2020    |                 |                 | 31.03.2019    |          |          |
|--|---------------|-----------------|-----------------|---------------|----------|----------|
|  | Joint Venture | KMP             | Total           | Joint Venture | KMP      | Total    |
| <b>Sales of Goods</b>                  | -             | <b>150.11</b>   | <b>150.11</b>   | -             | 155.32   | 155.32   |
| Chembond Chemicals Ltd.                | -             | 17.38           | 17.38           | -             | 7.83     | 7.83     |
| Chembond Material Technologies Pvt Ltd | -             | 0.66            | 0.66            | -             | -        | -        |
| Phiroze Sethna Private Limited         | -             | -               | -               | -             | 0.50     | 0.50     |
| Chembond Water Technologies Ltd        | -             | 32.64           | 32.64           | -             | 29.26    | 29.26    |
| Chembond Distribution Ltd              | -             | 87.62           | 87.62           | -             | 117.73   | 117.73   |
| Chembond Clean Water Technologies Ltd  | -             | 11.81           | 11.81           | -             | -        | -        |
| <b>Purchase of Goods</b>               | -             | <b>1,264.80</b> | <b>1,264.80</b> | -             | 1,250.74 | 1,250.74 |
| Chembond Chemicals Ltd.                | -             | 294.80          | 294.80          | -             | 703.96   | 703.96   |
| Chembond Material Technologies Pvt Ltd | -             | 4.04            | 4.04            | -             | 6.78     | 6.78     |
| Chembond Polymers and Materials Ltd    | -             | -               | -               | -             | 111.12   | 111.12   |
| Chembond Water Technologies Ltd        | -             | 856.25          | 856.25          | -             | 428.88   | 428.88   |
| Chembond Distribution Ltd              | -             | 109.71          | 109.71          | -             | -        | -        |
| <b>Sale of Fixed Assets</b>            | -             | <b>3.00</b>     | <b>3.00</b>     | -             | -        | -        |
| Chembond Chemicals Ltd.                | -             | 3.00            | 3.00            | -             | -        | -        |
| <b>Rent Income</b>                     | -             | <b>12.24</b>    | <b>12.24</b>    | -             | 12.24    | 12.24    |
| Chembond Chemicals Ltd.                | -             | 12.24           | 12.24           | -             | 12.24    | 12.24    |
| <b>Rental Expenses</b>                 | -             | <b>15.77</b>    | <b>15.77</b>    | -             | 17.26    | 17.26    |
| Chembond Chemicals Ltd.                | -             | 12.77           | 12.77           | -             | 12.60    | 12.60    |
| Chembond Material Technologies Pvt Ltd | -             | -               | -               | -             | 1.66     | 1.66     |
| Chembond Water Technologies Ltd        | -             | 3.00            | 3.00            | -             | 3.00     | 3.00     |
| <b>Director Remuneration</b>           | -             | <b>293.55</b>   | <b>293.55</b>   | -             | 113.82   | 113.82   |
| Chembond Chemicals Ltd.                | -             | 84.52           | 84.52           | -             | 113.82   | 113.82   |
| Chembond Material Technologies Pvt Ltd | -             | 22.59           | 22.59           | -             | -        | -        |
| Phiroze Sethna Private Limited         | -             | 62.53           | 62.53           | -             | -        | -        |
| Chembond Biosciences Ltd               | -             | 29.03           | 29.03           | -             | -        | -        |
| Chembond Water Technologies Ltd        | -             | 94.89           | 94.89           | -             | -        | -        |
| <b>Director Sitting Fees</b>           | -             | <b>13.28</b>    | <b>13.28</b>    | -             | 14.60    | 14.60    |
| Chembond Chemicals Ltd.                | -             | 10.50           | 10.50           | -             | 13.60    | 13.60    |
| Chembond Material Technologies Pvt Ltd | -             | 0.98            | 0.98            | -             | 1.00     | 1.00     |
| Phiroze Sethna Private Limited         | -             | 0.07            | 0.07            | -             | -        | -        |
| Chembond Polymers and Materials Ltd    | -             | 0.38            | 0.38            | -             | -        | -        |
| Chembond Water Technologies Ltd        | -             | 0.75            | 0.75            | -             | -        | -        |
| Chembond Clean Water Technologies Ltd  | -             | 0.60            | 0.60            | -             | -        | -        |
| <b>Retirement Benefits</b>             | -             | -               | -               | -             | 5.00     | 5.00     |
| Chembond Chemicals Ltd.                | -             | -               | -               | -             | 5.00     | 5.00     |
| <b>Legal &amp; Professional Fees</b>   | -             | <b>96.98</b>    | <b>96.98</b>    | -             | 30.50    | 30.50    |
| Chembond Chemicals Ltd.                | -             | 33.64           | 33.64           | -             | 30.50    | 30.50    |
| Chembond Material Technologies Pvt Ltd | -             | 56.24           | 56.24           | -             | -        | -        |
| Chembond Polymers and Materials Ltd    | -             | 7.10            | 7.10            | -             | -        | -        |
| <b>Commission</b>                      | -             | <b>1.60</b>     | <b>1.60</b>     | -             | -        | -        |
| Chembond Material Technologies Pvt Ltd | -             | 1.60            | 1.60            | -             | -        | -        |
| <b>Royalty</b>                         | -             | <b>27.56</b>    | <b>27.56</b>    | -             | 28.63    | 28.63    |
| Chembond Chemicals Ltd.                | -             | 27.56           | 27.56           | -             | 28.63    | 28.63    |
| <b>Interest on Loan</b>                | -             | <b>13.85</b>    | <b>13.85</b>    | -             | -        | -        |
| Chembond Material Technologies Pvt Ltd | -             | 1.09            | 1.09            | -             | -        | -        |
| Chembond Water Technologies Ltd        | -             | 12.76           | 12.76           | -             | -        | -        |
| <b>Loan Taken</b>                      | -             | <b>15.00</b>    | <b>15.00</b>    | -             | 90.00    | 90.00    |
| Chembond Material Technologies Pvt Ltd | -             | 10.00           | 10.00           | -             | -        | -        |
| Chembond Water Technologies Ltd        | -             | 5.00            | 5.00            | -             | 90.00    | 90.00    |
| <b>Balances at the year end</b>        | -             | -               | -               | -             | -        | -        |
| <b>Sundry Debtors</b>                  | -             | <b>262.08</b>   | <b>262.08</b>   | -             | 33.91    | 33.91    |

Notes to the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2020

(₹ In lakhs)

| For the year ended/as on               | 31.03.2020    |               |               | 31.03.2019    |               |               |
|--|---------------|---------------|---------------|---------------|---------------|---------------|
|  | Joint Venture | KMP           | Total         | Joint Venture | KMP           | Total         |
| Phiroze Sethna Private Limited         | -             | -             | -             | -             | 1.48          | 1.48          |
| Chembond Polymers and Materials Ltd    | -             | 0.55          | 0.55          | -             | 26.80         | 26.80         |
| Chembond Water Technologies Ltd        | -             | 252.80        | 252.80        | -             | 5.64          | 5.64          |
| Chembond Distribution Ltd              | -             | 0.92          | 0.92          | -             | -             | -             |
| Chembond Clean Water Technologies Ltd  | -             | 7.81          | 7.81          | -             | -             | -             |
| <b>Sundry Creditors</b>                | -             | <b>90.09</b>  | <b>90.09</b>  | -             | <b>244.16</b> | <b>244.16</b> |
| Chembond Chemicals Ltd.                | -             | 67.85         | 67.85         | -             | 48.88         | 48.88         |
| Chembond Material Technologies Pvt Ltd | -             | -             | -             | -             | 0.34          | 0.34          |
| Phiroze Sethna Private Limited         | -             | -             | -             | -             | 0.26          | 0.26          |
| Chembond Polymers and Materials Ltd    | -             | -             | -             | -             | 24.61         | 24.61         |
| Chembond Water Technologies Ltd        | -             | 3.43          | 3.43          | -             | 170.08        | 170.08        |
| Chembond Distribution Ltd              | -             | 18.55         | 18.55         | -             | -             | -             |
| Chembond Clean Water Technologies Ltd  | -             | 0.26          | 0.26          | -             | -             | -             |
| <b>Loans</b>                           | -             | <b>105.00</b> | <b>105.00</b> | -             | -             | -             |
| Chembond Material Technologies Pvt Ltd | -             | 10.00         | 10.00         | -             | -             | -             |
| Chembond Water Technologies Ltd        | -             | 95.00         | 95.00         | -             | -             | -             |

## 42 Capital Management

For the purpose of the Company's capital management, capital includes issued capital and all other equity reserves attributable to the equity shareholders of the Company. The primary objective of the Company when managing capital is to safeguard its ability to continue as a going concern and to maintain an optimal capital structure so as to maximize shareholder value.

As at 31st March, 2020, the Company has only one class of equity shares and has low debt. Consequent to such capital structure, there are no externally imposed capital requirements. In order to maintain or achieve an optimal capital structure, the Company allocates its capital for distribution as dividend or re-investment into business based on its long term financial plans.

## 43 Tax Reconciliation

(a) The income tax expense consists of the followings:

Current Income Tax  
Deferred Tax Expense  
**Tax expense for the year**

| 2019-2020<br>(₹ In lakhs) | 2018-2019<br>(₹ In lakhs) |
|---------------------------|---------------------------|
| 488.01                    | 746.49                    |
| (7.30)                    | (289.55)                  |
| <b>480.71</b>             | <b>456.94</b>             |

(b) Reconciliation of tax expense and the accounting profit multiplied by India's tax Rate

Profit before income tax expense  
Expected Income Tax expenses  
Part A  
Tax effect of amounts which are not deductible (allowable) in calculating taxable income:  
Income exempt from income taxes  
Additional allowances/deduction  
Transition gain  
Short/Excess Provision for earlier years  
Others  
**Current Tax (A)**  
Part B  
Deferred Tax Effect at the rate of:  
Depreciation  
Unabsorbed IT losses and Depreciation  
Investments at Fair Value  
Less:  
Gratuity  
MAT Credit  
Other Deferred tax Asset  
Provision for Doubtful Debts  
**Deferred Tax (B)**  
**Tax Expense (A+B)**

|               |                 |
|---------------|-----------------|
| 789.20        | 2,440.58        |
| 490.30        | 722.58          |
| (58.73)       | (55.82)         |
| 13.15         | (1.00)          |
| 42.43         | 90.16           |
| 0.87          | (4.17)          |
| (0.02)        | (5.25)          |
| <b>488.01</b> | <b>746.49</b>   |
| 29.12%        | 29.12%          |
| (14.32)       | 24.80           |
| 41.80         |                 |
| 9.89          | (109.55)        |
| (11.63)       | (0.04)          |
| 32.83         | 221.22          |
| (5.56)        | 0.66            |
| 29.02         | (17.03)         |
| <b>(7.30)</b> | <b>(289.55)</b> |
| <b>480.71</b> | <b>456.94</b>   |

## Notes to the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2020

### 44 Contingent Liabilities not provided for are in respect of :

| Particulars  | As at 31/03/2020<br>(₹ In lakhs) | As at 31/03/2019<br>(₹ In lakhs) |
|--|----------------------------------|----------------------------------|
| a. Income Tax matter under Appeal  | 34.44                            | 29.88                            |
| b. Outstanding L.C & Bank Guarantees issued by Bankers.  | 1,850.76                         | 1,703.10                         |
| c. Corporate Guarantee given to Bank of India by the Company on behalf of Subsidiaries Chembond Solenis Water Technologies Ltd. & Chembond Clean Water Technologies Ltd. | 2,050.00                         | 1,950.00                         |
| d. Income tax Matter (TDS)   | 2.15                             | 5.74                             |
| e. Income tax demands pending for rectification  | 52.31                            | -                                |
| f. Service tax due as per EA 2000 audit**  | 285.31                           | -                                |
| g. Excise matter under Appeal<br>(₹1.12 Lakhs already paid as predeposit for appeal)   | -                                | 14.90                            |
| h. Sales tax matter under appeal   | 2.22                             | 22.56                            |

\*\* Show cause notice not received.

### 45 COVID-19 Assessment:

The COVID-19 pandemic is an evolving human tragedy declared a global pandemic by the World Health Organisation with adverse impact on economy and business globally. Supply Chain disruptions in India as a result of the outbreak started with restrictions on movement of goods, closure of borders etc. in several states followed by a nationwide lockdown announced by the Indian Government, to stem the spread of COVID-19. This has impacted normal business operations of the Group. Manufacturing, supply chain, cashflows etc. have been disrupted. All plants of the Group were shut down on 23<sup>rd</sup> March, 2020 only to restart at considerably lower productivity during the period 8<sup>th</sup> April, 2020 and 25<sup>th</sup> April, 2020 in a phased manner. We have implemented the necessary precaution measures to ensure hygiene, safety and wellbeing of all our employees at all plants and locations. The Group has considered the possible effects COVID-19 may have on the recoverability and carrying value of its assets comprising Property Plant and Equipment, Goodwill, Investments, Inventories and Trade Receivables. Based on current indicators of future economic conditions the Group expects to recover the carrying amount of these assets and there is no significant impact on its consolidated financial statements as on 31st March, 2020. The situation is changing rapidly giving rise to inherent uncertainty around the extent and timing of the potential future impact of the COVID-19 which may be different from that estimated as at the date of approval of these consolidated financial statements. The Group will continue to closely monitor any material changes arising of future economic conditions and impact on its business.

46 The previous year figures have been regrouped, reallocated or reclassified wherever necessary to confirm to current year classification and presentation.

As per our attached report of even date

On behalf of the Board of Directors

**For Bathiya & Associates LLP**  
Chartered Accountants  
FRN - 101046W/W100063

**Sameer V. Shah**  
Chairman  
& Managing Director

**Nirmal V. Shah**  
Vice Chairman  
& Managing Director

**Sushil U. Lakhani**  
Director

**Jatin A. Thakkar**  
Partner  
Membership No. : 134767  
Mumbai, 28<sup>th</sup> May 2020

**Rashmi S. Gavli**  
Chief Financial Officer  
Mumbai, 28<sup>th</sup> May 2020

**Suchita Singh**  
Company Secretary



## NOTICE

NOTICE is hereby given that the Forty Fifth Annual General Meeting (AGM) of the Members of Chembond Chemicals Limited (CIN: L24100MH1975PLC018235) will be held on Friday, 31<sup>st</sup> July, 2020, at 3.30 P.M. through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM") to transact the following business:

### ORDINARY BUSINESS

#### 1. To consider and adopt

- (a) the audited financial statements of the Company for the financial year ended 31<sup>st</sup> March, 2020 together with the reports of the Board of Directors and Auditors thereon; and
- (b) the audited consolidated financial statements of the Company for the financial year ended 31<sup>st</sup> March, 2020 together with the report of the Auditors thereon.

#### 2. To confirm the payment of interim dividend of ₹2/- per equity share for the financial year ended 31<sup>st</sup> March, 2020.

#### 3. To appoint a Director in place of Mr. Nirmal V. Shah (DIN: 00083853), who retires by rotation and, being eligible, offers himself for re-appointment.

### SPECIAL BUSINESS

#### 4. To approve continuation of Directorship of Dr. Prakash D. Trivedi (DIN: 00231288) beyond the age of seventy-five years as an Independent Director.

To consider and, if thought fit, to give ASSENT / DISSENT to the following resolution as a **Special Resolution**:

**"RESOLVED THAT** pursuant to Regulation 17(1A) of the Securities and Exchange Board of India (Listing

Mumbai  
28<sup>th</sup> May, 2020

#### REGISTERED OFFICE:

EL-71, Chembond Centre,  
MIDC, Mahape,  
Navi Mumbai- 400 710  
Maharashtra, India.  
Tel: +91 22 6264 3000  
Fax: +91 22 2768 1294  
Email: [cs@chembondindia.com](mailto:cs@chembondindia.com)  
Website: [www.chembondindia.com](http://www.chembondindia.com)  
CIN: L24100MH1975PLC018235

Obligations and Disclosure Requirements) (Amendment) Regulations, 2018, including any amendment(s), modification(s), variation(s) or re-enactment(s) thereof for the time being in force and the applicable provisions, if any, of the Companies Act, 2013 (the Act), and on recommendation of the Board of Directors of the Company, approval of the Members of the Company be and is hereby accorded for continuation of Directorship of Dr. Prakash D. Trivedi (DIN: 00231288), as an Independent Director of the Company, beyond the age of seventy five years;

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

#### 5. To approve remuneration to Cost Auditors

To consider and, if thought fit, to give ASSENT / DISSENT to the following resolution as an **Ordinary Resolution**:

**"RESOLVED THAT** pursuant to Section 148 and other applicable provisions, if any, of the Companies Act, 2013 (the Act) read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) Jitendrakumar and Associates, Cost Accountant, Mumbai, (Firm Registration No. 30106), appointed by the Board of Directors of the Company, to conduct the audit of the cost records of the Company for the F.Y. ended 31<sup>st</sup> March, 2021 be paid a remuneration of ₹60,000 (Rupees Sixty Thousand only), plus Goods and Services Tax and reimbursement of out of pocket expenses incurred by them in connection with the aforesaid audit."

By Order of the Board of Directors  
of **Chembond Chemicals Limited**

**Suchita Singh**  
Company Secretary

**NOTES:**

1. In view of the continuing COVID-19 pandemic, the Ministry of Corporate Affairs ("MCA") has vide its Circular No. 14/2020 dated 8<sup>th</sup> April, 2020 read with Circular No. 17/2020 dated 13<sup>th</sup> April, 2020 and Circular No. 20/2020 dated 5<sup>th</sup> May, 2020 (collectively referred to as "MCA Circulars") permitted the holding of the Annual General Meeting ("AGM") through VC / OAVM, without the physical presence of the Members at a common venue. In compliance with the provisions of the Companies Act, 2013 ("Act"), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") and MCA Circulars, the 45th AGM is being held through VC/OAVM. Hence Members can attend the AGM through VC/OAVM.

2. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 (the Act) setting out material facts concerning the business under Item Nos. 4 and 5 of the Notice, is annexed hereto. The relevant details, pursuant to Regulations 26(4) and 36(3) of the Listing Regulations and Secretarial Standard on General Meetings issued by the Institute of Company Secretaries of India, in respect of Directors seeking appointment/re-appointment at this AGM are also annexed to this Report.

3. Pursuant to the provisions of the Act a Member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his/her behalf and the Proxy need not be a Member of the Company. Since this AGM is being held through VC / OAVM pursuant to MCA Circulars, physical attendance of the Members has been dispensed with. Accordingly, the facility for appointment of proxies shall not be available for AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice. However, Institutional / Corporate shareholders (other than individuals/HUF/NRI) are entitled to appoint authorised representatives to attend the AGM through VC/OAVM and participate thereat and cast their votes through e-voting. They are requested to send a scanned copy of its Board Resolution / authorisation letter, authorising its representative to attend the AGM through VC/OAVM on its behalf and to vote through remote e-voting. The said resolution / authorisation should be sent to [cs@chembondindia.com](mailto:cs@chembondindia.com) with a copy marked to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).

4. The Members can join the AGM in the VC/OAVM mode 15 minutes before the schedule time of the AGM and the facility shall be made available to the Members on first cum first basis. The facility to join the AGM will close 15 minutes after the schedule time or when the capacity is full whichever is earlier by following the procedure mentioned below in the Notice. The facility of participation at the AGM through VC/OAVM will be made available to at least 1000 Members only on a first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.

5. The attendance of the Members attending the AGM/EGM through VC/OAVM will be counted for the purpose of ascertaining the quorum under Section 103 of the Companies Act, 2013.

6. In compliance with the aforesaid MCA Circulars and SEBI Circular dated 12<sup>th</sup> May, 2020, Notice of the AGM along with the Annual Report 2019-20 is being sent only through electronic mode to those Members whose email addresses are registered with the Company/ Depositories and also has been uploaded on the website of the Company at [www.chembondindia.com](http://www.chembondindia.com). Members may note that the Notice and Annual Report 2019-20 can also be accessed from websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com) respectively. The AGM Notice is also disseminated on the website of CDSL (agency for providing the Remote e-Voting facility and e-voting system during the AGM) i.e. [www.evotingindia.com](http://www.evotingindia.com).

7. To support "Green Initiative" members who have not yet registered their email addresses are requested to register the same with their depository participants (DPs) in case the shares are held by them in electronic form. Members holding shares in physical mode and who have not updated their email addresses with the Company/TSR Darashaw Consultants Private Limited (TCPL) Registrar and Transfer Agent of the Company are requested to update their email addresses by writing to the Company at [cs@chembondindia.com](mailto:cs@chembondindia.com) or to TCPL at

[csg-kyc@tsrdarashaw.com](mailto:csg-kyc@tsrdarashaw.com) along with the copy of the signed request letter mentioning the name and address of the Member, self-attested copy of the PAN card, and self-attested copy of any document (eg.: Aadhar Card, Driving License, Election Identity Card, Passport) in support of the address of the Member. In case of any queries / difficulties in registering the e-mail address, Members may write to [cs@chembondindia.com](mailto:cs@chembondindia.com).

8. As per Regulation 40 of Listing Regulations, as amended, securities of listed companies can be transferred only in dematerialized form with effect from, 1<sup>st</sup> April, 2019, except in case of request received for transmission or transposition of securities. In view of this and to eliminate all risks associated with physical shares and for ease of portfolio management, members holding shares in physical form are requested to consider converting their holdings to dematerialized form. Members can contact the Company or the Company's Registrar and Transfer Agent in this regard.

9. Members are requested to intimate changes, if any, pertaining to their name, postal address, email address, telephone/ mobile numbers, Permanent Account Number (PAN), mandates, nominations, power of attorney, bank details such as, name of the bank and branch details, bank account number and type, MICR code, IFSC code, etc., to their DPs in case the shares are held by them in electronic form and to TCPL in case the shares are held by them in physical form.

10. The Securities and Exchange Board of India (SEBI) vide its notification dated 20<sup>th</sup> April, 2018, has mandated the submission of Permanent Account Number (PAN) and /or Bank Account details for updation of the same against their folio number. Members holding shares in electronic form are, therefore, requested to submit the PAN / Bank account details to their Depository Participant(s) with whom they are maintaining their demat accounts. The Company has sent reminder, through its RTA, to the Members whose details are incomplete. Members are requested to complete their KYC at the earliest.

11. As per the provisions of Section 72 of the Act, the facility for making nomination is available for the Members in respect of the shares held by them. Members who have not yet registered their nomination are requested to register the same by submitting Form No. SH-13. The said form can be downloaded from the

Company's website

<http://www.chembondindia.com/pdf/unclaimed-dividend/Nomination%20Form%20SH%2013&%2014%20for%20Shareholders.pdf>. Members are requested to submit the said details to their DP in case the shares are held by them in electronic form and to TCPL in case the shares are held in physical form.

12. Members holding shares in physical form in identical order of names in more than one folio are requested to send to the Company or TCPL, the details of such folios together with the original share certificates for consolidating their holding in one folio. A consolidated share certificate will be returned to such Members after making requisite changes thereon.

13. Members seeking any information with regard to the accounts or any matter to be placed at the AGM, are requested to write to the Company on or before 15<sup>th</sup> July, 2020 through email on [cs@chembondindia.com](mailto:cs@chembondindia.com). The same will be replied by the Company suitably.

14. Adhering to the various requirements set out in the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, as amended, the Company has, during the financial year 2018-19, transferred to the IEPF Authority all shares in respect of which dividend had remained unpaid or unclaimed for 7 (seven) consecutive years or more as on the due date of transfer, i.e. 7<sup>th</sup> September, 2019. Details of shares transferred to the IEPF Authority are available on the website of the Company at <http://www.chembondindia.com/unclaimed-dividend.html>. The said details have also been uploaded on the website of the IEPF Authority and the same can be accessed through the link: [www.iepf.gov.in](http://www.iepf.gov.in).

15. Members may note that shares as well as unclaimed dividends transferred to IEPF Authority can be claimed back from them after complying with the procedure prescribed under the IEPF Rules. The Member/Claimant is required to make an online application to the IEPF Authority in Form IEPF-5 (available on [www.iepf.gov.in](http://www.iepf.gov.in)) along with requisite fees as decided by the IEPF Authority from time to time. The Member/Claimant can file only one consolidated claim in a financial year as per the IEPF Rules. Concerned members/investors are advised to visit the weblink: <http://iepf.gov.in/IEPFA/refund.html>

16. Pursuant to Finance Act 2020, dividend income will be taxable in the hands of shareholders w.e.f. 1<sup>st</sup> April, 2020 and the Company is required to deduct tax at source from dividend paid to shareholders at the prescribed rates. For the prescribed rates for various categories, the shareholders are requested to refer to the Finance Act, 2020 and amendments thereof. The shareholders are requested to update their PAN with the Company/ TCPL (in case of shares held in physical mode) and depositories (in case of shares held in demat mode).

17. Members holding shares in electronic form are hereby informed that bank particulars registered against their respective depository accounts will be used by the Company for payment of dividend, if any. The Company or its Registrars cannot act on any request received directly from the Members holding shares in electronic form for any change of bank particulars or bank mandates. Such changes are to be advised only to the Depository Participant of the Members. Members holding shares in physical form and desirous of either registering bank particulars or changing bank particulars already registered against their respective folios for payment of dividend are requested to write to the Company/Registrar and Share Transfer Agent of the Company – TCPL.

18. Members holding shares in dematerialized form are requested to intimate all changes pertaining to their bank details, mandates, nominations, power of attorney, change of address, change of name or e-mail address or contact numbers etc. to their Depository Participant (DP). Changes intimated to the DP will then be automatically reflected in the Company's records which will help the Company and the Company's RTA, TCPL to provide efficient and better services. Members holding shares in physical form are requested to intimate such changes to TCPL.

19. Since the AGM will be held through VC / OAVM, the Route Map is not annexed in this Notice.

20. The instruction for remote e-voting, attending the AGM through VC/OAVM and e-voting during the AGM are given as follows:

**PROCESS AND MANNER FOR MEMBERS OPTING FOR VOTING THROUGH ELECTRONIC MEANS (E-VOTING):**

a. Pursuant to the provisions of Section 108 of the Act read with Rule 20 of the Companies (Management and

Administration) Rules, 2014 (as amended), Regulation 44 of Listing Regulations (as amended), and the Circulars issued by the MCA dated 8<sup>th</sup> April, 2020, 13<sup>th</sup> April, 2020 and 5<sup>th</sup> May, 2020 your Company is providing facility of remote e-voting to its Members in respect of the business to be transacted at the AGM. For this purpose, your Company has entered into an agreement with Central Depository Services (India) Limited ("CDSL") as the authorised e-Voting agency for facilitating voting through electronic means. The facility of casting votes by members using remote e-voting as well as e-voting system on the date of the AGM will be provided by CDSL.

b. Members whose names are recorded in the Register of Members or in the Register of Beneficial Owners maintained by the Depositories as on the Cut-off date i.e. Friday, 24<sup>th</sup> July, 2020, shall be entitled to avail the facility of remote e-voting as well as e-voting system on the date of the AGM. Any recipient of the Notice, who has no voting rights as on the Cut-off date, shall treat this Notice as intimation only.

c. A person who has acquired the shares and has become a Member of the Company after the dispatch of the Notice of the AGM and prior to the Cut-off date i.e. Friday, 24<sup>th</sup> July, 2020 shall be entitled to exercise his/her vote either electronically i.e. remote e-voting or e-voting system on the date of the AGM by following the procedure mentioned in this part.

d. The voting rights of the Members shall be in proportion to their share in the paid up equity share capital of the Company as on the Cut-off date.

e. The remote e-voting period begins on Tuesday, 28<sup>th</sup> July, 2020 at 9.00 a.m. and ends on Thursday, 30<sup>th</sup> July, 2020 at 5.00 p.m. During this period Members' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of Friday, 24<sup>th</sup> July, 2020 may cast their vote electronically. The Members will not be able to cast their vote electronically beyond the date and time mentioned above and the remote e-voting module shall be disabled for voting by CDSL thereafter.

f. Members who have already voted prior to the meeting date would not be entitled to vote at the meeting.

g. The Members should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).



- h. Click on “Shareholders” module.
- i. Now enter your User ID
- a. For CDSL: 16 digits beneficiary ID,
- b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
- c. Shareholders holding shares in Physical Form should enter Folio Number registered with the Company.
- j. Next enter the Image Verification as displayed and Click on Login.
- k. If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier e-voting of any company, then your existing password is to be used.
- l. If you are a first time user follow the steps given below:

**For Shareholders holding shares in Demat Form and Physical Form**

|  |  |
|--|--|
| PAN  | Enter your ten digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) Shareholders who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number which is mentioned in the email.                              |
| Dividend Bank Details OR Date of Birth (DOB) | Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the Company records in order to login. If both the details are not recorded with the Depository or Company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (labove. |

- m. After entering these details appropriately, click on “SUBMIT” tab.
- n. Members holding shares in physical form will then directly reach the Company selection screen. However, shareholders holding shares in demat form will now reach ‘Password Creation’ menu wherein they are required to mandatorily enter their login password in the

new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

o. For shareholders holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

p. Click on the EVSN for the relevant <Company Name> on which you choose to vote. The EVSN of this AGM of the Company is 200701002.

q. On the voting page, you will see “RESOLUTION DESCRIPTION” and against the same the option “YES/NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

r. Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.

s. After selecting the resolution you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.

t. Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.

u. You can also take a print of the votes cast by clicking on “Click here to print” option on the Voting page.

v. If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

w. Members can also cast their vote using CDSL’s mobile app “m-Voting”. The m-Voting app can be downloaded from respective Store. Please follow the instructions as prompted by the mobile app while Remote Voting on your mobile.

**PROCESS FOR THOSE SHAREHOLDERS WHOSE EMAIL ADDRESSES ARE NOT REGISTERED WITH THE DEPOSITORIES FOR OBTAINING LOGIN CREDENTIALS FOR E-VOTING FOR THE RESOLUTIONS PROPOSED IN THIS NOTICE:**

For Physical Members - please provide necessary details like Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) by email to [cs@chembondindia.com](mailto:cs@chembondindia.com).

For Demat Members - please provide Demat account details (CDSL-16 digit beneficiary ID or NSDL-16 digit DPID + CLID), Name, client master or copy of Consolidated Account statement, PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) to [cs@chembondindia.com](mailto:cs@chembondindia.com).

**INSTRUCTIONS FOR SHAREHOLDERS ATTENDING THE AGM THROUGH VC/OAVM ARE AS UNDER:**

a. Members will be provided with a facility to attend the AGM through VC/OAVM through the CDSL e-Voting system. Members may access the same at <https://www.evotingindia.com>

under shareholders/members login by using the remote e-voting credentials. The link for VC/OAVM will be available in shareholder/members login where the EVSN of Company will be displayed.

b. Members are encouraged to join the Meeting through Laptops / IPads for better experience.

c. Further Members will be required to allow camera and use Internet with a good speed to avoid any disturbance during the meeting.

d. Please note that participants connecting from mobile devices or tablets or through Laptop connecting via mobile hotspot may experience audio/video loss due to fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.

e. Members who would like to express their views/ask questions during the meeting may register themselves as a speaker by sending their request in advance at least 10 days prior to meeting i.e. on or before Tuesday, 21<sup>st</sup> July,

2020, mentioning their name, demat account number/folio number, email id, mobile number at [cs@chembondindia.com](mailto:cs@chembondindia.com).

f. The Members who do not wish to speak during the AGM but have queries may send their queries in advance at least 15 days prior to meeting i.e. on or before Thursday, 16<sup>th</sup> July, 2020, mentioning their name, demat account number/folio number, email id, mobile number at [cs@chembondindia.com](mailto:cs@chembondindia.com). These queries will be replied to by the Company suitably by email.

g. Those Members who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.

h. The Company reserves the right to restrict the number of questions and number of speakers, as appropriate for smooth conduct of the AGM.

**INSTRUCTIONS FOR MEMBERS FOR E-VOTING DURING THE AGM ARE AS UNDER:**

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

b. Only those members, who are present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system available during the AGM.

c. If any Votes are cast by the members through the e-voting available during the AGM and if the same shareholders have not participated in the meeting through VC/OAVM facility, then the votes cast by such members shall be considered invalid as the facility of e-voting during the meeting is available only to the members attending the meeting.

d. Members who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.

**NOTE FOR NON – INDIVIDUAL SHAREHOLDERS AND CUSTODIANS**

a. Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves in the "Corporates" module.

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

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

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

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

f. Alternatively Non Individual shareholders are required to send the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Scrutinizer and to the Company at the email address viz; [cs@chembondindia.com](mailto:cs@chembondindia.com), if they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.

In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or call 1800225533.

All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Manager, (CDSL, ) Central Depository Services (India) Limited, A Wing, 25<sup>th</sup> Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or call 1800225533.

#### OTHER INFORMATION:

a. The Register of Members and the Share Transfer books of the Company will remain closed from Saturday, 25<sup>th</sup> July, 2020 to Thursday, 30<sup>th</sup> July, 2020 (both days inclusive) in connection with the AGM.

b. The Register of Directors' and Key Managerial Personnel and their shareholding maintained under Section 170 of the Act, the Register of contracts or

arrangements in which the Directors are interested under Section 189 of the Act and all other documents referred to in the Notice will be available for inspection in electronic mode.

c. The Directors have paid an Interim dividend of ₹2.00 per equity share in March 2020 for the financial year ended 31<sup>st</sup> March, 2020 and the matter is placed before the shareholders at the ensuing Annual General Meeting for approval.

d. Dr. Prakash D. Trivedi is interested in the Special Resolution set out at item No. 4 pertaining to his appointment beyond the age of 75 years as an Independent Director of the Company.

e. The Company has appointed Mr. Virendra Bhatt, Practicing Company Secretary, (ICSI Membership No. ACS - 1157, CP No - 124) to act as Scrutinizer, for conducting the remote e-voting process as well as the e-voting system on the date of the AGM in a fair and transparent manner.

f. The Scrutinizer shall, immediately after the conclusion of the Annual General Meeting, unblock the votes cast vide e-voting at the AGM and remote e-voting in the presence of at least two witnesses not in the employment of the Company and make, not later than forty eight hours from the conclusion of the meeting a consolidated Scrutinizer's report of the total votes cast in favour or against, if any, forthwith to the Chairman or a person authorised by him in writing, who shall counter sign the same and declare the result of the voting forthwith.

The results declared along with the Scrutinizer's Report shall be placed on the Company's website [www.chembondindia.com](http://www.chembondindia.com) and on the website of CDSL and communicated to the Stock Exchanges where the shares of the Company are listed within two days from the conclusion the meeting.



## EXPLANATORY STATEMENT PURSUANT TO SECTION 102(2) OF THE COMPANIES ACT, 2013

### ITEM NO. 4

Pursuant to Regulation 17 (1A) of SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018, no listed entity shall appoint a person or continue the directorship of any person as a Non-executive Director who has attained the age of seventy-five years, unless a Special Resolution is passed to that effect, in which case the explanatory statement annexed to the notice for such motion shall indicate the justification for appointing such a person. Dr. Prakash D. Trivedi, Independent Director of the Company, will attain the age of seventy-five years on 11<sup>th</sup> July, 2021. Considering his rich experience it is proposed to obtain shareholders' approval for continuation of his directorship beyond the age of 75 years.

Except Dr. Prakash D. Trivedi none of the Directors, Key Managerial Personnel's and their relatives are in any way concerned or interested financially or otherwise in the aforesaid resolution.

The Board recommends passing of the Special Resolution as set out at Item No. 4 respectively of the accompanying Notice for approval by the Members.

### ITEM NO. 5

Mr. R. Srinivasa Raghavan, Cost Accountant (Firm Registration No. 100098), have been functioning as the Cost Auditors of the Company for conducting the audit of cost records from FY 2014-15 till FY 2019-20. As a matter of prudent policy to rotate the Cost Auditors, the Board of

Directors, on the recommendation of the Audit Committee at its meeting held on 28th May, 2020, approved the appointment of M/s. Jitendrakumar & Associates, Cost & Management Accountants, (Firm Registration No. 30106), to conduct the audit of the cost records of the Company for the financial year ending 31<sup>st</sup> March 2021 at a remuneration of ₹60,000/- (Rupees Sixty Thousand Only) plus Goods and Services Tax and reimbursement of out of pocket expenses at actual. In accordance with the provisions of Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, consent of the Members is sought by passing an Ordinary Resolution, as set out at Item No. 5 of the Notice, for the remuneration payable to the Cost Auditors for the financial year ending 31<sup>st</sup> March 2021.

In terms of Rule 14 of the Companies (Audit and Auditors) Rules, 2014, the remuneration approved by the Board is subject to subsequent ratification by members of the Company.

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

The Board recommends passing of the Ordinary Resolution as set out in the Item No. 5 of the accompanying Notice for approval by the Members.

Mumbai  
28<sup>th</sup> May, 2020

#### REGISTERED OFFICE:

EL-71, Chembond Centre, MIDC, Mahape,  
Navi Mumbai- 400 710. Maharashtra India  
Tel: +91 22 6264 3000  
Fax: +91 22 2768 1294  
Email: [cs@chembondindia.com](mailto:cs@chembondindia.com)  
Website : [www.chembondindia.com](http://www.chembondindia.com)  
CIN : L24100MH1975PLC018235

By Order of the Board of Directors  
of **Chembond Chemicals Limited**

**Suchita Singh**  
Company Secretary





Cleaning and Hygiene

# Your Cleaning and Hygiene Partner

Chembond Calvatis Industrial Hygiene Systems Limited is a joint venture between Chembond Chemicals Limited, India and Calvatis GmbH, Germany which offers Industrial hygiene and cleaning products and solutions to the Food Processing, Beverages (Alcoholic and Non-Alcoholic) and Dairy markets in India.

This partnership targets to deliver superior value through better understanding and deeper engagements with customers.

## Application / Industry Served

| Application                                    | Beverage | Dairy | Food Processing |
|--|----------|-------|-----------------|
| Cleaning in Place (CIP) Chemicals              | ✓        | ✓     | ✓               |
| Bottle Washer Additives                        | ✓        |       |                 |
| Conveyor Lubricants                            | ✓        | ✓     | ✓               |
| Surface Cleaning Products                      | ✓        | ✓     | ✓               |
| Pasteurizer/Warmer Treatment Products          | ✓        |       |                 |
| PET/PC Jar Cleaning and Disinfection Chemicals | ✓        |       |                 |
| Membrane Cleaning Products                     |          | ✓     |                 |
| Crate Washing Chemicals                        |          | ✓     |                 |
| Fryer Cleaning Chemicals                       |          |       | ✓               |
| Air Treatment Chemicals                        |          |       | ✓               |
| Cold Fogging Chemicals                         | ✓        | ✓     | ✓               |
| Personal Hygiene Chemicals                     | ✓        | ✓     | ✓               |
| Entrance Hygiene Chemicals                     | ✓        | ✓     | ✓               |
| Smokehouse Cleaning Products                   |          |       | ✓               |

We also offer detailed audits of CIP systems and process

Chembond Chemicals Limited



Chembond Centre, EL-71, MIDC Industrial Area, Mahape,  
Navi Mumbai, Maharashtra 400710  
Tel.: 022 6264 3000 | Email: [info@chembondindia.com](mailto:info@chembondindia.com)  
[www.chembondindia.com](http://www.chembondindia.com)  [www.chembondindia.in](http://www.chembondindia.in)

