



POLYCHEM LIMITED

**63rd
Annual
Report**

2019 - 2020

POLYCHEM LIMITED

CIN: L24100MH1955PLC009663

(INCORPORATED UNDER THE INDIAN COMPANIES ACT, VII OF 1913)

BOARD OF DIRECTORS	MR. TANIL R. KILACHAND	(DIN 00006659)	Chairman
	MR. PARTHIV T. KILACHAND	(DIN 00005516)	Managing Director
	MR. ATUL H. MEHTA	(DIN 00005523)	Dy. Managing Director
	MR. NANDISH T. KILACHAND	(DIN 00005530)	Non – Executive Director
	MR. VINAYAK V. SAHASRABUDHE	(DIN 00296976)	Independent Director
	MR. CHETAN R. DESAI	(DIN 03246010)	Independent Director
	MS. NIRMALA S. MEHENDALE	(DIN 01230600)	Independent Director
	MR. YOGESH S. MATHUR	(DIN 01059977)	Independent Director
COMPANY SECRETARY & COMPLIANCE OFFICER	MS. DEEPALI V. CHAUHAN		
CHIEF FINANCIAL OFFICER	MS. KANAN V. PANCHASARA		
AUDITORS	M/s. NAYAN PARIKH & CO.		Chartered Accountants
REGISTRAR & TRANSFER AGENTS	M/s. LINK INTIME INDIA PVT. LTD		
	C-101, 1st Floor, 247 Park, Lal Bahadur Shastri Marg, Vikhroli (W), Mumbai - 400 083. Tel: 022 4918 6000, Email: rnt.helpdesk@linkintime.co.in , Website: www.linkintime.co.in		
REGISTERED OFFICE	7, Jamshedji Tata Road, Churchgate Reclamation, Mumbai - 400 020. Tel: 022 2282 0048, Email: polychemltd@kilachand.com , Website: www.polychemltd.com		

WORK

SPECIALTY CHEMICALS
W-91, MIDC Phase II, Sonarpada,
Dombivali (E), 421 203,
Maharashtra, India.

CORPORATE MANAGEMENT TEAM

MR. T. R. KILACHAND	Chairman
MR. P. T. KILACHAND	Managing Director
MR. A. H. MEHTA	Dy. Managing Director

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**NOTICE**

Notice is hereby given that the Sixty – Third Annual General Meeting of the Members of POLYCHEM LIMITED will be held on Friday, 11th September, 2020 at 11.00 a.m., via two – way Video Conferencing ('VC') facility or other audio video means ('OAVM') to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt:
 - a) The audited Standalone financial statements of the Company for the year ended 31st March, 2020, including the audited Standalone Balance Sheet as at 31st March, 2020, the Statement of Profit and Loss for the year ended on that date and the reports of the Board of Directors (the Board) and Auditors thereon.
 - b) The audited consolidated financial statements of the Company for the year ended 31st March, 2020, including the audited Consolidated Balance Sheet as at 31st March, 2020 and the Statement of Consolidated Profit and Loss for the year ended on that date and the report of Auditors thereon.
2. To declare dividend on equity shares.
3. To appoint a Director in place of Mr. T. R. Kilachand (00006659), who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. N. T. Kilachand (00005530), who retires by rotation and being eligible, offers himself for re-appointment.

SPECIAL BUSINESS:

5. To consider and if thought fit, to pass with or without modification/s, the following resolution as a Special resolution:

"RESOLVED THAT in supersession of the Resolution passed by the members of the Company at the 60th Annual General Meeting held on 24th August, 2017 and pursuant to the provisions of Sections 196, 197, Schedule V and other applicable provisions, if any, of the Companies Act, 2013, read with Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014 approval of the members of the Company be and is hereby accorded to the appointment of Mr. P. T. Kilachand (DIN 00005516), as Managing Director of the Company, for a period of three years with effect from 1st April, 2020 upon the terms and conditions, including remuneration as set out in the explanatory statement annexed to the Notice convening this Meeting, with liberty to the Board of Directors (hereinafter referred to as "the Board" which term shall be deemed to include the Committee of the Board) to alter and vary the terms and conditions of the said re-appointment and / or remuneration as it may deem fit and as may be acceptable to Mr. P. T. Kilachand, subject to the same not exceeding the limits specified under Schedule V to the Companies Act, 2013 or any statutory modification(s) or re-enactment thereof."

"RESOLVED FURTHER THAT the remuneration mention in Explanatory statement would nevertheless be paid and allowed to Shri P. T. Kilachand as the minimum remuneration, within the overall ceiling limits specified in Schedule V to the Companies Act, 2013 or any amendments thereto from time to time, notwithstanding that in any financial year of the Company during the tenure of office of Shri P. T. Kilachand, the Company might have made no profits and its profits might be inadequate."

"RESOLVED FURTHER THAT the Board be and is hereby authorized to do all such acts, deeds and things and execute all such documents, instruments and writings as may be required to give effect to the aforesaid resolution."

6. To consider and if thought fit, to pass with or without modification/s, the following resolution as a Special resolution:

"RESOLVED THAT in supersession of the Resolution passed by the members of the Company at the 60th Annual General Meeting held on 24th August, 2017 and pursuant to the provisions of Sections 196, 197, Schedule V and other applicable provisions, if any, of the Companies Act, 2013, read with Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014 approval of the members of the Company be and is hereby accorded to the appointment of Mr. A. H. Mehta (DIN 00005523), as Dy. Managing Director of the Company, for a period of three years with effect from 5th June, 2020 upon the terms and conditions, including remuneration as set out in the explanatory statement annexed to the Notice convening this Meeting, with liberty to the Board of Directors (hereinafter referred to as "the Board" which term shall be deemed to include the Committee of the Board) to alter and vary the terms and conditions of the said re-appointment and / or remuneration as it may deem fit and as may be acceptable to Mr. A. H. Mehta subject to the same not exceeding the limits specified under Schedule V to the Companies Act, 2013 or any statutory modification(s) or re-enactment thereof."



“RESOLVED FURTHER THAT the remuneration mention in Explanatory Statement would nevertheless be paid and allowed to Shri A. H. Mehta as the minimum remuneration, within the overall ceiling limits specified in Schedule V to the Companies Act, 2013 or any amendments thereto from time to time, notwithstanding that in any financial year of the Company during the tenure of office of Shri A. H. Mehta, the Company might have made no profits and its profits might be inadequate.”

“RESOLVED FURTHER THAT the Board be and is hereby authorized to do all such acts, deeds and things and execute all such documents, instruments and writings as may be required to give effect to the aforesaid resolution.”

7. To consider and if thought fit, to pass with or without modification/s, the following resolution as a Special resolution:

“RESOLVED THAT pursuant to the provisions of sections 149, 150, 152, Schedule IV & other applicable provisions, if any, of the Companies Act, 2013 (Act) and the Companies (Appointment & Qualifications of Director) Rules, 2014 read with Schedule IV to the Act and Regulation 16(1)(b) of the SEBI (listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulation”), Ms. Nirmala Mehendale (DIN 01230600), Independent Non-Executive Director of the Company, who has submitted a declaration that she meets the criteria for independence as provided in the Act and Listing Regulations and who is eligible for re-appointment, be and is hereby re-appointed as an Independent Non-Executive Director of the Company, to hold office for a second term of five (5) consecutive years commencing from 27th July, 2020, not liable to retire by rotation.”

8. To consider and if thought fit, to pass with or without modification/s, the following resolution as a Special resolution:

“RESOLVED THAT pursuant to the provisions of sections 149, 150, 152, Schedule IV & other applicable provisions, if any, of the Companies Act, 2013 (Act) and the Companies (Appointment & Qualifications of Director) Rules, 2014 read with Schedule IV to the Act and Regulation 16(1)(b) of the SEBI (listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulation”), Mr. Y. S. Mathur (DIN 01059977), Independent Non-Executive Director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in the Act and Listing Regulations and who is eligible for re-appointment, be and is hereby re-appointed as an Independent Non-Executive Director of the Company, to hold office for a second term of five (5) consecutive years commencing from 27th July, 2020, not liable to retire by rotation.

Corporate Identification Number (CIN): L24100MH1955PLC009663

Registered Office:

7, Jamshedji Tata Road,
Churchgate Reclamation,
Mumbai - 400 020.

Dated: 11th July, 2020.

By Order of the Board of Directors

DEEPALI V. CHAUHAN

Company Secretary & Compliance Officer

**NOTES:**

- (a) Explanatory Statement pursuant to section 102 of the Companies Act, 2013 relating to Special Business under Item nos. 5 to 8 to be transacted at the meeting is annexed hereto.
- (b) In view of the global outbreak of the Covid-19 pandemic, the Ministry of Corporate Affairs ('MCA') has vide its General Circulars dated April 8, 2020 and April 13, 2020 (collectively referred to as 'MCA Circulars') permitted the holding of the Annual General Meeting ('AGM' or 'Meeting') through Video Conferencing ('VC') facility or other audio visual means (OAVM), without physical presence of the Members at a common venue. Further, Securities and Exchange Board of India ('SEBI') vide its Circular dated May 12, 2020 ('SEBI Circular') has also granted certain relaxations. In Compliance with the provisions of the Companies Act, 2013 ('the Act'), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') and MCA Circulars, the 63rd AGM of the Company is being held through VC/OAVM on Friday, 11th September, 2020 at 11.00 a.m.
- (c) Further, pursuant to the MCA and SEBI Circulars, the Notice of the AGM along with the Annual Report for FY 2019-20 is sent in electronic form only to those Members whose email addresses are registered with the Company/ Depositories. The Notice calling the 63rd AGM has been uploaded on the website of the Company at www.polychemltd.com. The Notice can also be accessed from the website of the Bombay Stock Exchange at www.bseindia.com and NSDL (agency for providing the Remote e-Voting facility) at www.evoting.nsdl.com. Members who would like to obtain pdf copy on their email ID may write an email to polychemltd@kilachand.com. Pursuant to the Circulars mentioned above, the Company has not printed the Annual Reports and hence no hard copies of the Annual Report will be provided.
- (d) Pursuant to the provisions of the Companies Act, 2013, a Member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his/her behalf and the proxy need not be a Member of the Company. Since this AGM is being held pursuant to the MCA Circulars through VC or OAVM, physical attendance of Members has been dispensed with. Accordingly, in terms of the above-mentioned MCA and SEBI circulars, the facility for appointment of proxies by the Members will not be available for the AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice.
- (e) Members attending the meeting through VC or OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act 2013.
- (f) The Members can join the AGM in the VC/OAVM mode 30 minutes before and 15 minutes after the scheduled time of the commencement of the Meeting by following the procedure mentioned on page 17. The Members will be able to view the proceedings on the National Securities Depository Limited's ('NSDL') e-Voting website at www.evoting.nsdl.com.
- (g) Corporate members intending to send their authorised representative to attend the AGM through VC or OAVM or to vote through remote e-voting, pursuant to Sections 112 and 113 of the Act, are requested to send a certified copy of the board resolution to the Scrutinizer by e-mail at mail@raginichokshi.com with a copy marked to evoting@nsdl.co.in and polychemltd@kilachand.com, authorising their representative to attend and vote on their behalf at the AGM.
- (h) In case of joint holder attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
- (i) All documents referred to in the accompanying Notice of the AGM and the Explanatory Statement and the Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Companies Act, 2013 will be available electronically for inspection by the members during the AGM.
- (j) Brief resume of Directors proposed to be re-appointed, nature of their expertise in specific functional areas, of companies in which they hold directorships and memberships/chairmanships of Board Committees, shareholding and relationships between directors inter-se as stipulated under regulation 36(3)(a) of SEBI (LODR) Regulations, 2015 are provided on page 11.
- (k) Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015, the Company is providing facility of remote e-voting to its Members in respect of the business to be transacted at the AGM the details of which are available on page No. 14.
- (l) The Register of Members and Share Transfer Book will remain closed from Tuesday 28th July, 2020 to Tuesday 4th August, 2020 (both days inclusive) for determining the names of members eligible for dividend on equity shares, if declared at the meeting.



- (m) Dividend on Equity Shares, if declared at the Meeting, will be credited / dispatched subject to deduction of income-tax at source wherever applicable on or after 11th September, 2020 to those members whose names shall appear on the Company's Register of Members on the book closure date.
- (n) Pursuant to the Finance Act, 2020, dividend income will be taxable in the hands of the Shareholders w.e.f. April 1, 2020 and the Company is required to deduct Tax At Source ("**TDS**") from dividend paid to the Members at prescribed rates in the Income Tax Act, 1961 ('the IT Act'). In general, to enable compliance with TDS requirements, Members are requested to complete and / or update their Residential Status, PAN, Category as per the IT Act with their Depository Participants or in case shares are held in physical form, with the Company by sending documents through email at polychemltd@kilachand.com.
- (o) Members holding shares in electronic form are requested to intimate immediately any change in their bank mandates to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form are requested to advise any change in their bank mandates immediately to the Company or its Registrar & Share Transfer Agents - Link Intime India Pvt. Ltd.
- (p) The Securities and Exchange Board of India (SEBI) has mandated the submission of the Permanent Account Number (PAN) by every participant in the securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participant(s). Members holding shares in physical form shall submit their PAN details to the Company.
- (q) All Unclaimed Dividends to the earlier years have been transferred to the General Revenue Account of the Central Government in terms of Section 205 A of Companies Act, 1956.
- (r) In terms of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, securities of listed companies can only be transferred in dematerialised form with effect from 1st April, 2019. In view of the above, members are advised to dematerialise shares held by them in physical form.
- (s) The Company's securities are listed on the following Stock Exchange:

Sr. No.	Name & Address of the Stock Exchange	Nature of Security as on 31-03-2020
1.	Bombay Stock Exchange Ltd., Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400001.	4,04,045 Equity Shares of Rs.10/-each.

The Company has paid Annual Listing fees for the year 2020-21 to the above Stock Exchange.

Corporate Identification Number (CIN): L24100MH1955PLC009663

Registered Office:

7, Jamshedji Tata Road,
Churchgate Reclamation,
Mumbai - 400 020.

Dated: 11th July, 2020.

By Order of the Board of Directors

DEEPALI V. CHAUHAN

Company Secretary & Compliance Officer

**ANNEXURE TO THE NOTICE**

EXPLANATORY STATEMENT AS REQUIRED BY SECTION 102 OF THE COMPANIES ACT, 2013.

The following Explanatory Statement, as required by Section 102 of the Companies Act, 2013 sets out the material facts relating to business under Item Nos. 5 to 8, mentioned in the accompanying Notice dated 11th July, 2020.

Item No.5

Mr. P. T. Kilachand was appointed as an Additional Director with effect from 3rd December, 1996 and as a Whole-time Director from time to time, he was then appointed as Managing Director with effect from 27th July, 2012 and re-appointed on 1st April, 2014 and 1st April, 2017. In accordance with the conditions specified in Schedule V of the Act, the Board at its meeting held on 6th February, 2020 re-appointed Mr. P. T. Kilachand as Managing Director for a period of 3 years from 1st April, 2020, superseding the earlier resolution passed by the Company in this connection. This appointment is subject to the approval of the members at the Annual General Meeting.

The main terms of appointment of Mr. P. T. Kilachand as Managing Director is placed before the meeting, are as follows:

I. SALARY:

(A) In any financial year, if the Company has sufficient Net Profit (calculated as per section 198 of the Act) in any financial year:

Salary of any amount upto 5% of the Net Profit of the Company as may be decided by the Board based on performance of the Company, inclusive for each financial year or part thereof computed in the manner as laid down under section 198 of the Companies Act, 2013;

OR

(B) In case, the Company has no profits or its profits are inadequate:

Salary upto Rs. 5,00,000/- per month or Rs. 60,00,000/- per annum (or any higher limit as may be revised from time to time under the Act) as may be decided by the Board inclusive of the following Perquisites as Minimum Remuneration as per Para (B) of Schedule V.

II. PERQUISITES:

Shri P. T. Kilachand shall be entitled to House Rent Allowance not exceeding 60% of the salary, gas, electricity, medical reimbursement, leave travel concession for self and family, club fees, personal accident insurance, Company maintained car, including driver's salary, telephone, mobile, internet and other communication facilities at Managing Director's residence and such other perquisites in accordance with the Company's rules, the monetary value of such perquisites to be determined in accordance with the Income Tax Rules within the ceiling limits payable to Shri P. T. Kilachand, subject however to the limit of overall Minimum Remuneration as prescribed under Schedule V.

Shri P. T. Kilachand shall further be eligible to the following perquisites also which shall not be included in the computation of the ceiling limit on remuneration by way of salary, perquisites, allowances etc., in the event of the Company having no profits or its profits are inadequate:

- i. The Company's contribution to Provident Fund, Superannuation Fund or Annuity Fund to the extent is not taxable under the Income Tax Act;
- ii. Gratuity payable at a rate not exceeding half a month's salary for each completed year of service; and
- iii. Encashment of leave at the end of the tenure.

Shri P. T. Kilachand shall be entitled to reimbursement of expenses actually and properly incurred by him for the business of the Company.

The above remuneration in terms of Salary and perquisites payable to him is subject to the limits of 5% and 10% of the Net Profits of the Company, as the case may be as laid down in Section 197 of the Companies Act, 2013 and the overall limit of 11% on the Net Profits of the Company as laid down in Section 197 of the said Act.

The valuation of perquisites will be as per the Income Tax Rules, 1962, in cases where the same is otherwise not possible to be valued.



In the event of any loss, absence or inadequacy of profits in any financial year, during the terms of office of Mr. P.T. Kilachand the remuneration payable to him by way of salary, allowances and perquisites shall not exceed the limits prescribed under the Companies Act, 2013, read with Schedule V or any amendment, modification, variation or re-enactment thereof.”

The remuneration is approved by the Remuneration Committee of the Directors at its meeting held on 6th February, 2020.

The Board of Directors recommends the resolution for approval of the members.

This may be treated as an abstract of the terms and conditions, governing the appointment and remuneration of the Managing Director, pursuant to Section 109 of the Companies Act, 2013. A Statement as required under section II, Part II of the Schedule V to the Companies Act, 2013 with reference to Resolution No. 5 is annexed hereto and marked as **Annexure A**.

None of the other Directors or Key Managerial Personnel of the Company, except Mr. T. R. Kilachand, Mr. N. T. Kilachand and Mr. P. T. Kilachand are in any way, concerned or interested in the said resolution.

Item No. 6

Mr. A. H. Mehta was appointed as an Additional Director with effect from 29th May, 2014, he was then appointed as Dy. Managing Director with effect from 1st June, 2014 then re-appointed on 1st June, 2017, the term of his office as Dy. Managing Director expired on 31st May, 2020 but continues as a Director. Due to covid – 19, the meeting could not held earlier. Therefore, in accordance with the conditions specified in Schedule V of the Act, the Board at its meeting held on 5th June, 2020 again re-appointed Mr. A.H. Mehta as Dy. Managing Director for a period of 3 years from 5th June, 2020, superseding the earlier resolution passed by the Company in this connection. This appointment is subject to the approval of the members at the Annual General Meeting.

The main terms of appointment of Mr. A. H. Mehta as Dy. Managing Director is placed before the meeting, are as follows:

I. SALARY:

- (A) In any financial year, if the Company has sufficient Net Profit (calculated as per Section 198 of the Act) in any financial year:

Salary of any amount upto 5% of the Net Profit of the Company as may be decided by the Board based on the performance of the Company, inclusive of incentives for each financial year or part thereof computed in the manner as laid down under Section 198 of the Companies Act, 2013;

OR

- (B) In case, the Company has no profits or its profits are inadequate:

Salary upto Rs. 4,00,000/- per month or Rs. 48,00,000/- per annum (or any higher limit as may be revised from time to time under the Act) as may be decided by the Board inclusive of the following Perquisites as Minimum Remuneration as per Para (B) of Schedule V.

II. PERQUISITES:

Shri A. H. Mehta shall be entitled to House Rent Allowance not exceeding 60% of the salary, gas, electricity, medical reimbursement, leave travel concession for self and family, club fees, personal accident insurance, Company maintained car, including driver's salary, telephone, mobile, internet and other communication facilities at Dy. Managing Director's residence and such other perquisites in accordance with the Company's rules, the monetary value of such perquisites to be determined in accordance with the Income Tax Rules within the ceiling limits payable to Shri A. H. Mehta, subject however to the limit of overall Minimum Remuneration as prescribed under Schedule V.

Shri A. H. Mehta shall further be eligible to the following perquisites also which shall not be included in the computation of the ceiling limit on remuneration by way of salary, perquisites, allowances etc., in the event of the Company having no profits or its profits are inadequate:

- i. The Company's contribution to Provident Fund, Superannuation Fund or Annuity Fund to the extent is not taxable under the Income Tax Act;
- ii. Gratuity payable at a rate not exceeding half a month's salary for each completed year of service; and



iii. Encashment of leave at the end of the tenure.

The above remuneration in terms of Salary and perquisites payable to him is subject to the limits of 5% and 10% of the Net Profits of the Company, as the case may be as laid down in Section 197 of the Companies Act, 2013 and the overall limit of 11% on the Net Profits of the Company as laid down in Section 197 of the said Act.

The valuation of perquisites will be as per the Income Tax Rules, 1962, in cases where the same is otherwise not possible to be valued.

In the event of any loss, absence or inadequacy of profits in any financial year, during the terms of office of Mr. A.H. Mehta the remuneration payable to him by way of salary, allowances and perquisites shall not exceed the limits prescribed under the Companies Act, 2013, read with Schedule V or any amendment, modification, variation or re-enactment thereof.”

The remuneration is approved by the Remuneration Committee of the Directors at its meeting held on 5th June, 2020.

The Board of Directors recommends the resolution for approval of the members.

This may be treated as an abstract of the terms and conditions, governing the appointment and remuneration of the Dy. Managing Director, pursuant to Section 109 of the Companies Act, 2013. A Statement as required under section II, Part II of the Schedule V to the Companies Act, 2013 with reference to Resolution No. 6 is annexed hereto and marked as **Annexure A.**

None of the other Directors or Key Managerial Personnel of the Company, except Mr. A. H. Mehta is in any way, concerned or interested in the said resolution.

Item No. 7

The Company had, pursuant to the provisions of clause 49 of the Listing Agreements, entered with the Bombay Stock Exchange, appointed Ms. Nirmala S. Mehendale (DIN 01230600), as Independent Director, in compliance with the requirements of the clause.

Ms. Nirmala S. Mehendale (DIN 01230600) is also a member of Nomination and Remuneration Committee and Audit Committee.

Pursuant to the provisions of section 149 of the Act, which came into effect from April 1, 2014, she was appointed as Independent Non – Executive Director by the members to hold office for five (5) years, commencing from 27th July, 2015 in 58th Annual General Meeting held on 27th July, 2015. Every listed public company is required to have one woman director and atleast one-third of the total number of directors as independent directors, who are not liable to retire by rotation.

As per Section 149(10) of the Act, an Independent Director shall hold office for a term of upto five consecutive years on the Board of a Company, but shall be eligible for re-appointment on passing a special resolution by the Company for another term of upto five consecutive years on the Board of a Company.

Based on recommendation of the Nomination and Remuneration Committee and in terms of provisions of Sections 149, 150, 152, Schedule IV and any other applicable provisions of the Act and the Listing Regulations, Ms. Nirmala S. Mehendale, being eligible for re-appointment as an Independent Director and offering herself for re-appointment, is proposed to be re-appointed as an Independent Non – Executive Director for a second term of five consecutive years from 27th July, 2020.

Ms. Nirmala Mehendale was associated with Polychem Limited in the past. She was the First Woman President of the ‘Bombay Management Association’ (BMA) 2016-17, Founding Director of ‘Mind Movers Management Consultants Pvt Ltd’- 1997, Co founder of ‘Sustainable Technology for Environment Protection’ Pvt. Ltd - 2010, Founder Trustee of Kindness Unlimited (NFP) & The President of The World Kindness Movement (WKM) having over three decades of experience in building and implementing HR systems and process both as practicing manager & HR Consultant / Advisor.

In the opinion of the Board, Ms. Nirmala S. Mehendale’s background, experience and expertise in the field is beneficial to the Company, considering her fruitful contribution to the Company, the board decides to continue the Association with Ms. Mehendale.

Ms. Nirmala S. Mehendale has given a declaration to the Board that she meets the criteria of independence as provided in section 149(6) of the Act. In the opinion of the Board, she fulfils the conditions specified in the Act and Rules framed thereunder for the re-appointment as an Independent Director.

The appointment of Ms. Nirmala S. Mehendale as an Independent Non – Executive Director is now being placed before the Members for their approval.



A copy of the draft letter for appointment of the Independent Director setting out the terms and conditions of his appointment will be available for inspection by the Member. Members who wish to inspect the same can send a request to the e-mail polychemltd@kilachand.com.

None of the Directors or Key Managerial Personnel of the Company and their relatives, other than Ms. Nirmala S. Mehendale for her appointment, are concerned or interested, financially or otherwise, in this Resolution.

Item No. 8

The Company had, pursuant to the provisions of clause 49 of the Listing Agreements, entered with the Bombay Stock Exchange, appointed Mr. Yogesh S. Mathur (DIN 01059977), as Independent Director, in compliance with the requirements of the clause.

Mr. Yogesh S. Mathur (DIN 01059977) is also a member of Nomination and Remuneration Committee and Audit Committee.

Pursuant to the provisions of section 149 of the Act, which came into effect from April 1, 2014, he was appointed as Independent Non – Executive Director by the members to hold office for five (5) years, commencing from 27th July, 2015 in 58th Annual General Meeting held on 27th July, 2015. Every listed public company is required to have at least one-third of the total number of directors as independent directors, who are not liable to retire by rotation.

As per Section 149(10) of the Act, an Independent Director shall hold office for a term of upto five consecutive years on the Board of a Company, but shall be eligible for re-appointment on passing a special resolution by the Company for another term of upto five consecutive years on the Board of a Company.

Based on recommendation of the Nomination and Remuneration Committee and in terms of provisions of Sections 149, 150, 152, Schedule IV and any other applicable provisions of the Act and the Listing Regulations, Mr. Yogesh S. Mathur, being eligible for re-appointment as an Independent Director and offering himself for re-appointment, is proposed to be re-appointed as an Independent Non – Executive Director for a second term of five consecutive years from 27th July, 2020.

Mr. Yogesh S. Mathur was associated with Polychem Limited for almost 20 years. He then joined Connell Bros. (India) P Ltd in 1999 and retired in 2015 as an Executive Director. Mr. Mathur brings almost 37 years of experience in Business Management and Marketing.

Considering the knowledge, expertise and experience in the field, and the valuable contribution made to the Company during his tenure as an independent director, the Board agrees that the continued association of Mr. Mathur would be in the interest of the Company.

Mr. Yogesh S. Mathur has given a declaration to the Board that he meets the criteria of independence as provided in section 149(6) of the Act. In the opinion of the Board, he fulfils the conditions specified in the Act and Rules framed there under for the re-appointment as an Independent Director.

The appointment of Mr. Yogesh S. Mathur as an Independent Non – Executive Director is now being placed before the Members for their approval.

A copy of the draft letter for appointment of the Independent Director setting out the terms and conditions of his appointment will be available for inspection by the Members. Members who wish to inspect the same can send a request to the e-mail polychemltd@kilachand.com.

None of the Directors or Key Managerial Personnel of the Company and their relatives, other than Mr. Yogesh S. Mathur for his appointment, are concerned or interested, financially or otherwise, in this Resolution.

Corporate Identification Number (CIN): L24100MH1955PLC009663

Registered Office:

7, Jamshedji Tata Road,
Churchgate Reclamation,
Mumbai - 400 020.
Dated: 11th July, 2020.

By Order of the Board of Directors

DEEPALI V. CHAUHAN
Company Secretary & Compliance Officer



As required in terms of regulation 36(3) of SEBI (LODR) Regulations 2015, the details of the Directors who are propose to re-appointment are furnished below:

Name of Director	Mr. T. R. Kilachand	Mr. N. T. Kilachand	Ms. N. S. Mehendale	Mr. Y. S. Mathur
Director Identification Number	00006659	00005530	01230600	01059977
Age	83 years	49 years	56 years	70 years
Qualification	B.A. from Cambridge University in History and Law. M.B.A. in Business Administration from Harvard Business School.	BA from Tufts University, Boston, USA. 'A' levels from Eton College, Windsor, England. ICSE, Cathedral & John Connon School, Mumbai.	M.A. (TISS), Diploma in Training & Development (ISTD), Diploma in Counselling Psychology (XICP)	B.Sc. (Chem), MMS
Expertise	He was the Managing Director of the Company from 19 th August, 1986 and Chairman & Managing Director from 1 st February, 1995. He was the Executive Chairman from 27 th July, 2012 to 17 th May, 2016. He has over 50 years of experience in industry, management, implementation of projects etc. He has been associated with various Chambers of Commerce and was the President of Indian Merchants' Chamber. He has been associated with various charitable trusts and is Director / Chairman of several Companies.	Director in charge of Sun Tan Trading Co. Ltd., which was the authorized distributor of the world's largest foreign liquor company. Also established a company providing third party logistics solutions including specialized warehousing, to a wide section of importers specializing in the duty free market. Director of Connell Bros. (India) Pvt. Ltd., which undertakes distribution and manufacture of speciality and high-end chemicals in India.	Three decades of experience in building and implementing HR systems and process both as practicing manager & HR Consultant / Advisor. Associated with Polychem Limited in the Past.	Mr. Yogesh S. Mathur was associated with Polychem Limited for almost 20 years. He then joined Connell Bros. (India) P Ltd in 1999 and retired in 2015 as an Executive Director. Mr. Mathur brings almost 37 years of experience in Business Management and Marketing
Other Directorship as on 31 st March, 2020 (Excluding Private Companies)	1. Gujarat Poly Electronics Ltd 2. Ginners & Pressers Limited	1. Ginners & Pressers Limited 2. Sun Tan Trading Company Limited	Not Applicable	Not Applicable
No. of Equity Shares held	1,938	1,335	None	None
Relationship with other Directors	Mr. Parthiv T. Kilachand, Managing Director of the Company and Mr. Nandish T. Kilachand, Director of the Company are the sons of Mr. Tanil R. Kilachand.	Mr. Parthiv T. Kilachand, Managing Director of the Company and Mr. T. R. Kilachand, Chairman of the Company are brother and father respectively of Mr. N. T. Kilachand.	None of the Directors are related to Ms. N. S. Mehendale.	None of the Directors are related to Mr. Y. S. Mathur.

Corporate Identification Number (CIN): L24100MH1955PLC009663

Registered Office:

7, Jamshedji Tata Road,
Churchgate Reclamation,
Mumbai - 400 020.

Dated: 11th July, 2020.

By Order of the Board of Directors

DEEPALI V. CHAUHAN
Company Secretary & Compliance Officer

**ANNEXURE A**

Statement as required under Section II, Part II of the Schedule V to the Companies Act, 2013 with the reference to the Resolution Nos. 5 & 6 are as follows:

I. General Information:

- (1) **Nature of Industry** :Manufacturers of Speciality Chemicals & Property Development
- (2) **Date or expected date of commencement of Commercial production** :
Existing Company already commenced commercial production since 1956.
- (3) **In case of new Companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus:**
Existing Company, Not applicable
- (4) **Financial Performance based on given Indicators:** (Rs in lakhs)

Sr. No	Particulars	For the year ended 31.03.2020	For the year ended 31.03.2019	For the year ended 31.03.2018
1.	Sales Turnover	2300.81	1,891.40	1,674.46
2.	Profit/(Loss) before Tax	310.78	70.02	(10.38)
3.	Current Tax	70.00	(0.5)	0.76
4.	Deferred Tax	(0.16)	0.93	2.71
5.	Profit after Tax	240.94	69.59	(13.85)

- (5) **Foreign Investments or Collaborations, if any** : NIL.

II. Information about the Appointees:**(1) Background details :****(a)** Mr. P. T. Kilachand (DIN 00005516)

Mr. P. T. Kilachand is a Bachelor of Science in “Electrical Engineering” and A.B. “Engineering & Economics” from Brown University.

He has been associated with the Company since 1988 under various designation and has vast experience in Marketing and Management.

(b) Mr. A. H. Mehta (DIN 00005523)

Mr. A. H. Mehta holds a Bachelor Degree in Commerce. In addition, he is a Chartered Accountant and a Company Secretary.

He has experience in Audit, Accountancy, Secretarial, Legal & Admn, Taxation, etc with Polychem Ltd., Sandeep Holdings Ltd and Tandon Singapore Pte. Ltd.

(2) Past Remuneration:

Mr. P. T. Kilachand: Rs 41,00,124/- excluding superannuation fund and provident fund has been paid for the year ended 31st March, 2020.

Mr. A. H. Mehta: Rs 25,05,266/- excluding superannuation fund and provident fund has been paid for the year ended 31st March, 2020.

(3) Recognition or awards:

Mr. P. T. Kilachand: None

Mr. A. H. Mehta: None

**(4) Job profile and suitability :**

Mr. P. T. Kilachand :

He started as a project officer in the Company in November 1988, Thereafter, he has been actively involved and looking after all aspects of the various activities of the Company since April 1997 under the designation of Director. He has wide experience in Management, Marketing and Negotiation with varied authorities.

Mr. A. H. Mehta :

He has been involved with the Company since January 1988 and is familiar with all aspects of the Company. He served as a Vice President – Corporate Affairs & Company Secretary from 1993 till May 2014, subsequent to which he was appointed as Dy. Managing Director. He is responsible for Company's finance and legal functions and carries out duties as instructed to him from time to time by the Board of Directors.

(5) Remuneration Proposed :

As stated in the Resolution proposed in the notice at Item Nos. 5 & 6

(6) Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be with respect to the country of his origin) :

The Remuneration proposed for Mr. P. T. Kilachand & Mr. A. H. Mehta is similar to that drawn by the peers in the similar capacity in the similar industry.

(7) Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any :

Mr. P. T. Kilachand :

Mr. P. T. Kilachand is a Managing Director and Promoter of the Company, holding directly and indirectly through promoter and promoter group 2,10,465 Equity shares of Rs 10/- each which constitute 52.09% of the paid up capital of the Company as on 31st March, 2020. Mr. T. R. Kilachand, Chairman and Promoter of the Company, is father of Mr. P. T. Kilachand. Mr. N. T. Kilachand, Non-Executive Director and Promoter of the Company, is brother of Mr. P. T. Kilachand. Other than these and remuneration paid to him, there is no pecuniary relationship of Mr. P. T. Kilachand, directly or indirectly with company or with its managerial personnel.

Mr. A. H. Mehta:

Mr. A. H. Mehta holds 5 Equity shares of Rs 10/- each of the Company. Other than these and remuneration paid to him, there is no pecuniary relationship of Mr. A. H. Mehta, directly or indirectly with company or with its managerial personnel.

III. Other Information :

(1) Reasons of loss or inadequacy profits : NA

(2) Steps taken or proposed to be taken for improvement : NA

(3) Expected Increase in productivity and profits in measurable terms : NA

**E-VOTING INSTRUCTIONS:**

1. In view of the massive outbreak of the COVID-19 pandemic, social distancing is a norm to be followed and pursuant to the Circular No. 14/2020 dated April 08, 2020, Circular No. 17/2020 dated April 13, 2020 issued by the Ministry of Corporate Affairs followed by Circular No. 20/2020 dated May 05, 2020, physical attendance of the Members to the AGM venue is not required and annual general meeting (AGM) be held through video conferencing (VC) or other audio visual means (OAVM). Hence, Members can attend and participate in the ensuing AGM through VC/OAVM.
2. Pursuant to the Circular No. 14/2020 dated April 08, 2020, issued by the Ministry of Corporate Affairs, the facility to appoint proxy to attend and cast vote for the members is not available for this AGM. However, the Body Corporates are entitled to appoint authorised representatives to attend the AGM through VC/OAVM and participate thereat and cast their votes through e-voting.
3. The Members can join the AGM in the VC/OAVM mode 30 minutes before and 15 minutes after the scheduled time of the commencement of the Meeting by following the procedure mentioned on page 17. The facility of participation at the AGM through VC/OAVM will be made available for 1000 members on 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.
4. The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013.
5. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), and the Circulars issued by the Ministry of Corporate Affairs dated April 08, 2020, April 13, 2020 and May 05, 2020 the 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, the Company has entered into an agreement with National Securities Depository Limited (NSDL) for facilitating voting through electronic means, as the authorized agency. The facility of casting votes by a member using remote e-voting system as well as voting on the date of the AGM will be provided by NSDL.
6. In line with the Ministry of Corporate Affairs (MCA) Circular No. 17/2020 dated April 13, 2020, the Notice calling the AGM has been uploaded on the website of the Company at www.polychemltd.com. The Notice can also be accessed from the websites of the Stock Exchange i.e. BSE Limited at www.bseindia.com and the AGM Notice is also available on the website of NSDL (agency for providing the Remote e-Voting facility) i.e. www.evoting.nsdl.com.
7. AGM has been convened through VC/OAVM in compliance with applicable provisions of the Companies Act, 2013 read with MCA Circular No. 14/2020 dated April 08, 2020 and MCA Circular No. 17/2020 dated April 13, 2020 and MCA Circular No. 20/2020 dated May 05, 2020.
8. The voting rights of members shall be in proportion to their shares of the paid up share capital of the Company as on cut-off date of 4th September, 2020.

THE INSTRUCTIONS FOR MEMBERS FOR REMOTE E-VOTING ARE AS UNDER

The remote e-voting period begins on Tuesday 8th September, 2020 at 9:00 A.M. and ends on Thursday 10th September, 2020 at 5:00 P.M. The remote e-voting module shall be disabled by NSDL for voting thereafter.

How do I vote electronically using NSDL e-Voting system?

The way to vote electronically on NSDL e-Voting system consists of "Two Steps" which are mentioned below:

Step 1 : Log-in to NSDL e-Voting system at <https://www.evoting.nsdl.com/>

Step 2 : Cast your vote electronically on NSDL e-Voting system.



Details on Step 1 is mentioned below:

How to Log-in to NSDL e-Voting website?

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a Personal Computer or on a mobile.
2. Once the home page of e-Voting system is launched, click on the icon “Login” which is available under ‘Shareholders’ section.
3. A new screen will open. You will have to enter your User ID, your Password and a Verification Code as shown on the screen.

Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at <https://eservices.nsdl.com/> with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.

4. Your User ID details are given below :

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	Your User ID is:
a) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****.
b) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID For example if your Beneficiary ID is 12***** then your user ID is 12*****.
c) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the company For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001***

5. Your password details are given below:

- a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
- b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the ‘initial password’ which was communicated to you. Once you retrieve your ‘initial password’, you need to enter the ‘initial password’ and the system will force you to change your password.
- c) How to retrieve your ‘initial password’?
 - (i) If your email ID is registered in your demat account or with the company, your ‘initial password’ is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your ‘User ID’ and your ‘initial password’.
 - (ii) If your email ID is not registered, please follow steps mentioned below in **process for those shareholders whose email ids are not registered**

6. If you are unable to retrieve or have not received the “ Initial password” or have forgotten your password:

- a) Click on “Forgot User Details/Password?”(If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com.
- b) Physical User Reset Password?” (If you are holding shares in physical mode) option available on www.evoting.nsdl.com.
- c) If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your demat account number/folio number, your PAN, your name and your registered address.
- d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.



7. After entering your password, tick on Agree to “Terms and Conditions” by selecting on the check box.
8. Now, you will have to click on “Login” button.
9. After you click on the “Login” button, Home page of e-Voting will open.

Details on Step 2 is given below:

How to cast your vote electronically on NSDL e-Voting system?

1. After successful login at Step 1, you will be able to see the Home page of e-Voting. Click on e-Voting. Then, click on Active Voting Cycles.
2. After click on Active Voting Cycles, you will be able to see all the companies “EVEN” in which you are holding shares and whose voting cycle is in active status.
3. Select “EVEN” of company for which you wish to cast your vote.
4. Now you are ready for e-Voting as the Voting page opens.
5. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on “Submit” and also “Confirm” when prompted.
6. Upon confirmation, the message “Vote cast successfully” will be displayed.
7. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
8. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

General Guidelines for shareholders

1. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to mail@csraginichokshi.com with a copy marked to evoting@nsdl.co.in and polychemltd@kilachand.com.
2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the “Forgot User Details/Password?” or “Physical User Reset Password?” option available on www.evoting.nsdl.com to reset the password.
3. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of www.evoting.nsdl.com or call on toll free no.: 1800-222-990 or send a request to (Name of NSDL Official) at evoting@nsdl.co.in

Process for Registering Email id with the Company:

The Members of the Company holding Equity Shares of the Company in physical or demat Form and who have not registered their e-mail addresses may get their e-mail addresses registered with Link Intime India Pvt Ltd, by clicking the link: https://linkintime.co.in/emailreg/email_register.html in their web site www.linkintime.co.in at the Investor Services tab by choosing the E mail / Bank Registration heading and follow the registration process as guided therein. The members are requested to provide details such as Name, Folio Number, Certificate number, PAN, mobile number and e mail id and also upload the image of share certificate in PDF or JPEG format. (upto 1 MB) . On submission of the shareholders details an OTP will be received by the shareholder which needs to be entered in the link for verification.

Process for those shareholders whose email ids are not registered with the depositories for procuring user id and password and registration of e mail ids for e-voting for the resolutions set out in this notice:

In case shares are held in physical mode please provide 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 polychemltd@kilachand.com



In case shares are held in demat mode, please provide DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary ID), 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 polychemltd@kilachand.com

The instructions for members for e-voting on the day of AGM are as under:

1. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for remote e-voting.
2. Only those Members/ shareholders, who will be present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system in the AGM.
3. 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.
4. The details of the person who may be contacted for any grievances connected with the facility for e-Voting on the day of the AGM shall be the same person mentioned for Remote e-voting.

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

1. Member will be provided with a facility to attend the AGM through VC/OAVM through the NSDL e-Voting system. Members may access the same at <https://www.evoting.nsdl.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 EVEN of Company will be displayed. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned on page 15 to avoid last minute rush. Further members can also use the OTP based login for logging into the e-Voting system of NSDL.
2. Members are encouraged to join the Meeting through Laptops for better experience.
3. Further Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
4. 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.
5. Shareholders, who would like to express their views/have questions may send their questions in advance mentioning their name demat account number/folio number, email id – polychemltd@kilachand.com. The same will be replied by the company suitably.
6. Shareholders, who would like to be the speaker shareholder at the AGM shall send their request at least four days in advance mentioning their name, demat account number / folio number, email ID, mobile number at polychemltd@kilachand.com

**DIRECTORS' REPORT**

To
The Members of
POLYCHEM LIMITED

Your Directors' present the Sixty Third Annual Report and Statement of Accounts for the year ended 31st March, 2020.

FINANCIAL RESULTS**(Rs in Lakhs)**

Particulars	Standalone		Consolidated	
	Year ended on		Year ended on	
	31-03-20	31-03-19	31-03-20	31-03-19
Sales	2,300.81	1,891.40	3,663.61	4,154.19
Profit/(Loss) before tax	310.78	70.02	432.45	612.45
Current tax (for the year)	70.00	2.50	70.00	2.50
Current tax (relating to previous year)	-	(3.00)	-	(3.00)
Deferred tax	(0.16)	0.93	(0.16)	0.93
Profit/(Loss) after tax	240.94	69.59	362.61	612.02
Other Comprehensive Income				
Re-measurement of the defined benefit plans (net of tax)	(4.74)	(2.30)	(8.78)	(4.31)
Total Comprehensive Income for the period	236.20	67.29	353.83	607.71

1. DIVIDEND:

For the year under review, the Directors propose to recommend a Dividend of Rs. 12.5/- per share of Rs 10/- each i.e. 125% (Rs. 2.5/- per share for the previous year) on the Equity shares of the Company aggregating to Rs. 5,050,563/-. The dividend payment is subject to approval of the Members at the ensuing Annual General Meeting.

2. STATE OF COMPANY'S AFFAIRS:

During the year ended 31st March, 2020, your Company has made a profit of Rs 240.94 lakhs after tax against a profit of Rs. 69.59 lakhs after tax in previous year. The sales of Specialty Chemicals during the year ended was Rs. 2,300.81 Lakhs compared to Rs. 1,891.40 lakhs during the previous year and for property development Rs. Nil during the current and previous year.

3. SUBSIDIARY COMPANY:

The Company has one subsidiary company i.e. Gujarat Poly Electronics Limited (GPEL).

In accordance with section 129(3) of the Companies Act, 2013, the Company has prepared the consolidated financial statements of the Company, which form part of this Annual Report. Further a statement containing the salient features of the financial statement of our subsidiary company in the prescribed format AOC-1 also forms part of this Annual Report.

The sale of GPEL during the year ended 31st March, 2020 was Rs. 1,360.14 lakhs as against sale of Rs. 2,255.28 lakhs in the previous year. GPEL has made profit of Rs. 121.67 lakhs during the current year as compared to profit of Rs. 542.43 lakhs in the previous year. GPEL manufactures as wells as outsources ceramic capacitors & marketing the same.

4. IMPACT OF COVID-19 ON COMPANY:

The COVID-19 pandemic is a global humanitarian and health crisis. The actions taken by various governments to contain the pandemic, such as closing of borders and lockdown restrictions, resulted in significant disruption to people and businesses.

For the Company, the focus immediately shifted to ensuring the health and well-being of all employees, the company closed its office before the lockdown was announced and enable employees to work from home.

The Company's manufacturing activities remained shut from 23rd March, 2020 due to lockdown and partially commenced from 23rd May, 2020. The Company is taking utmost care of its staff at work place.



COVID - 19 has had a negative effect on business, with the operations being shut for nearly two months. Production during this period has been lost. Some of our customers have postponed their orders and have asked for delayed shipments. Some have cancelled orders. The full year impact cannot be ascertained at this moment for the F. Y. 2020-21 and will depend on order pickup from the second quarter onwards.

The liquidity position of the Company will likely be in a comfortable zone. The Company has been paying statutory dues, salaries and is able to service all its dues on time and there is no delay or default of any commitments.

The detailed impact of covid-19 on company is filed with Bombay stock exchange on 2nd June, 2020. The Shareholders can view the same on Bombay Stock Exchange Website at www.bseindia.com.

5. NUMBER OF BOARD MEETINGS HELD DURING THE YEAR:

During the year 2019-20, four Board Meetings were held on the following dates:

- | | |
|---|------------------------------------|
| (a) 11 th May, 2019; | (b) 2 nd August, 2019; |
| (c) 7 th November, 2019; and | (d) 6 th February, 2020 |

More details on the Board Meeting are given under Corporate Governance Report.

6. AUDIT COMMITTEE:

The Audit Committee during the year consisted of 5 members. More details on the committee are given in Corporate Governance Report.

7. NOMINATION AND REMUNERATION COMMITTEE:

The Nomination and Remuneration Committee consist of 4 members, More details on the committee are given in Corporate Governance Report.

8. VIGIL MECHANISM/WHISTLE BLOWER POLICY:

The Board has established a vigil mechanism for directors and employees to report genuine concerns to be disclosed, the details of which is placed on the website of the company. The Board has also formulated the whistle blower policy, same has been uploaded on the website of the company http://www.polychemltd.com/download/Whistle%20Blower%20Policy_14.pdf.

There was no reporting made by any employee for violations of applicable laws and regulations and the Code of Conduct for the F. Y. 2019-20.

9. DIRECTORS' RESPONSIBILITY:

Pursuant to Section 134 of the Companies Act, 2013 the Directors confirm that:

- In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- Appropriate accounting principles have been selected and applied consistently and have made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2020 and of the profit of the Company for the year ended 31st March, 2020;
- Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- The annual accounts have been prepared on a going concern basis;
- The directors have laid down internal financial controls to be followed by the company;
- The directors have devised proper systems to ensure compliance with the provisions of all applicable laws.

10. TAXATION:

The Company's Income Tax assessments have been completed upto the year ended 31st March, 2018

**11. DEPOSITS:**

Company has repaid all deposits and there are no outstanding deposits.

12. INDUSTRIAL RELATIONS:

Industrial Relations with the employees of the Company were cordial during the year under report.

13. CONSERVATION OF ENERGY:

Report on Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo etc. Is given in **Annexure I** forming part of this report.

14. DIRECTORS:

Mr. T. R. Kilachand and Mr. N. T. Kilachand retires from Office by rotation, but being eligible, offers themselves for re-appointment.

The Board at its meeting held on 6th February, 2020, re-appointed Mr. P. T. Kilachand as Managing Director for a period of 3 years from 1st April, 2020, superseding the earlier resolution passed by the Company in this connection.

The Board has also re-appointed Mr. A. H. Mehta as Dy. Managing Director for a period of 3 years from 5th June, 2020 at its meeting held on 5th June, 2020, superseding the earlier resolution passed by the Company in this connection.

Ms. Nirmala S. Mehendale and Mr. Yogesh S. Mathur, Independent Directors of the Company who were appointed for the period of five (5) years by members in 60th Annual General Meeting held on 27th July, 2015 and whose term of office expires on 26th July, 2020 are re-appointed as Independent Directors in their board Meeting held on 5th June, 2020 for the second term of five (5) years commencing from 27th July, 2020.

The above re-appointments are placed before the Members for their approval in ensuing Annual General Meeting.

15. DECLARATION ABOUT INDEPENDENT DIRECTORS UNDER SUB-SECTION 6 OF SECTION 149:

The Company has received the declarations from Independent Directors that they meet the criteria of independence laid down under section 149(6) of the Companies Act, 2013 and under regulation 16(b) of SEBI (LODR) Regulations, 2015.

16. DISCLOSURE OF REMUNERATION RECEIVED BY MANAGING DIRECTOR OF THE COMPANY FROM ITS SUBSIDIARY/HOLDING COMPANY UNDER SECTION 197(14):

During the year 2019-20, Mr. A. H. Mehta, Dy. Managing Director of the Company has received Rs 24,99,119/- Lakhs excluding retirement benefits from Gujarat Poly Electronics Limited, subsidiary company in capacity of Managing Director.

17. FORMAL ANNUAL EVALUATION:

As required under the act, evaluation of every directors performance was carried out. An evaluation sheet was given to each director wherein certain criteria's were set out for which ratings are to be given.

18. COMPANY'S POLICY ON DIRECTORS APPOINTMENT, REMUNERATION ETC.:

The Nomination and Remuneration Committee recommends to the Board the policy relating to remuneration for the Directors, Key Managerial Personnel and other employees, same has been uploaded on the website of the Company. http://www.polychemltd.com/download/Criteria%20for%20Appointment%20&%20Evaluation%20of%20Board%20of%20Directors_14.pdf

19. RELATED PARTY TRANSACTIONS:

All Related Party Transactions (RPT) entered into by the Company during the year under review were at arms' length and in ordinary course of business. All RPT are placed before Audit Committee for its approval.

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

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

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

Company & Nature of Relationship	Nature of contracts/ arrangements / transaction	Duration of the contracts / arrangement / transaction	Salient terms of the contracts or arrangements or transactions including the value, if any:	Date(s) of approval by the Board, if any:	Amount paid as advances, if any:
Ginners & Pressers Limited (Key Managerial Personnel have significant influence/ control)	Rent & Electricity	N.A	N.A	In year 1997	No Advances. Amount paid as when expenses incurred
Tulsi Global Logistics Pvt Ltd (Key Managerial Personnel have significant influence/ control)	Rent	N.A	N.A	In year 2014	No Advances. Amount paid as when expenses incurred

The Board on recommendation of Audit Committee, adopted a policy on related party transactions to regulate transactions between the Company and its related parties, in compliance with the applicable provisions of the Companies Act, 2013 and SEBI (LODR) Regulations, 2015. The policy is uploaded and can be viewed on the Company's website.

http://www.polychemltd.com/download/Related%20Party%20Transaction%20Policy_14.pdf

20. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS MADE UNDER SECTION 186 OF THE COMPANIES ACT, 2013:

The Company had given loan of Rs.446 lakhs to Gujarat Poly Electronics Limited, Subsidiary Company at the rate of 10.5% p.a. The outstanding loan as on 31st March, 2019 was 80 lakhs, the same was repaid by GPEL during the year. There is no outstanding loan or guarantee as on 31st March, 2020 but the company have made an investment of Rs 21,20,040/- in Equity Instruments during the year.

21. DONATION:

During the year, the Company has not given donation to any charitable trust.

22. CORPORATE SOCIAL RESPONSIBILITY:

The provisions relating to Corporate Social Responsibility are not applicable to the company.

23. INTERNAL FINANCIAL CONTROL:

The Company has adequate internal financial control system with reference to the financial statements.

24. RISK MANAGEMENT POLICY:

The Company has developed and implemented a risk management policy which identifies major risks which may threaten the existence of the Company. The same has also been adopted by your Board and is also subject to its review from time to time.

25. Key Financial Ratios :

In accordance with the SEBI (Listing Obligations and Disclosure Requirements 2018) (Amendment) Regulations, 2018, the Company is required to give details of significant changes (change of 25% or more as compared to the immediately previous financial year) in key financial ratios.

The Company has identified the following ratios as key financial ratios:

Particulars	2019-20	2018-19
Debtor Turnover Ratio	5.78	5.36
Inventory Turnover Ratio	5.06	5.23
Interest coverage Ratio	-	-
Current Ratio	4.84	5.02
Debt to Equity Ratio	-	-
Operating Profit Margin	0.12	0.00
Net Profit Margin	0.10	0.04
Revenue Growth	3.46	(5.02)

There is no change of 25% or more as compared to the immediately previous financial year in key financial ratios.

**Return on Network**

The details of return on net worth are given below:

Particulars	2019-20	2018-19
Return on network (%)	11.95	3.88

The return on network has increased due to the increase in the profits of the Company from 69.59 Lakhs in the previous Financial Year 2018-19 to 240.94 Lakhs in the Current Financial Year 2019-20.

26. OTHER DISCLOSURES AS PER SECTION 134 OF THE COMPANIES ACT, 2013:

- There are no qualifications, reservations or adverse remark or disclaimer by the Statutory Auditor or by Secretarial Auditor in their respective reports.
- Since the lockdown was announced due to covid – 19, the Company's financial position was affected, the details of which is discussed in Point no. 4 and in Management Discussion and Analysis Report.
- Extract of the Annual Report as provided in sub-section 3 of section 92, which is given in **Annexure II** forming part of this report.

27. DISCLOSURE UNDER SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013:

The Company has zero tolerance for sexual harassment at workplace and has adopted a Policy on prevention, prohibition and redressal of sexual harassment at workplace in line with the provisions of the Sexual Harassment of Women at workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules made thereunder. The policy is uploaded and can be viewed on the Company's website <http://www.polychemltd.com/Download/AntiSexual%20Harassement%20Policy.pdf>

The Company has also formed an Internal Complaints Committee (ICC) which is responsible for redressal of complaints related to sexual harassment and follows the guidelines provided in the policy.

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

28. MANAGERIAL REMUNERATION:

- The ratio of remuneration of Mr. P. T. Kilachand, Managing Director and Mr. A.H. Mehta, Dy. Managing Director with the median remuneration of the employees of the company is 8.65 and 5.71 respectively.
- Increase in remuneration of Mr. P. T. Kilachand, Managing Director is Nil, Mr. A. H. Mehta, Dy. Managing Director is 12.05%, Ms. K. V. Panchasara, Chief Financial officer is 14.90% and Ms. D. V. Chauhan, Company Secretary and Compliance Officer is 19.59%
- There is an increase of 28.49% in the median remuneration of employees in the financial year.
- There are 26 permanent employees in the company.
- There is an increase of 20.72% in Company's Performance for the year considering the revenue from the operations and the average increase in the remuneration of the Company is 12.92% for the year.
- During the financial year 2019-20, remuneration to Key Managerial Personnel is Rs. 90,78,312/- as against the Company's performance is Rs 22,40,91,744/- – remuneration to performance ratio comes to 4.05%.
- Market capitalisation as on 31st March, 2020 is Rs 110,263,880.5/- and as on 31st March, 2019 it was Rs 126,668,107/- Price earning ratio for current financial year is 4.58, whereas for the previous financial year it was 18.21
- Average increase in the salaries of employees other than the managerial personnel was 16.92%.



ix. Comparison of remuneration of each KMP against the performance of the Company :

Key Managerial Personnel	Remuneration (Rs)	Performance of the Company (Rs)	% of remuneration against the performance of the company
Mr. P. T. Kilachand	41,00,124	22,40,91,744	1.83
Mr. A. H. Mehta	25,05,266	22,40,91,744	1.12
Ms. K. V. Panchasara	18,35,587	22,40,91,744	0.82
Ms. D. V. Chauhan	6,37,335	22,40,91,744	0.28

- x. The key parameters for the variable component of remuneration availed by the directors are considered by the Board of directors based on the recommendation of Nomination and Remuneration committee as per Remuneration Policy for Directors, Key Managerial Personnel and other Employees.
- xi. The ratio of the remuneration of the highest paid director to that of the employees who are not directors, but receive remuneration in excess of the highest paid director during the year – NOT APPLICABLE; and
- xii. It is hereby affirmed that the remunerations paid is as per the remuneration policy of the company.
- Average increase in remuneration in point no. (v) relates to all the employees including Managerial remuneration. Whereas, increase in remuneration in point no. (viii) relates to the employees excluding Managerial remuneration.

29. **CORPORATE GOVERNANCE:**

Pursuant to Regulation 34(3) and Schedule V of SEBI (LODR) Regulations, 2015, a separate report on Corporate Governance and a certificate from the Auditors of the Company are annexed to the Directors' Report.

30. **AUDITOR:**

In 60th Annual General Meeting, members of the Company have appointed M/s. Nayan Parikh & Co., Chartered Accountants, Mumbai, for a term of 5 years until the conclusion of 65th Annual General Meeting to be held in the year 2022 subject to the ratification of the appointment by the members in every subsequent Annual General Meeting or as may be prescribed.

As per the MCA notification dated 7th May, 2018 under Companies Amendment Act, 2017, ratification of Appointment of Auditors by members at every annual general meeting is now not required. Hence, no separate item for ratification of Auditors is proposed in notice for member's approval.

31. **SECRETARIAL AUDITOR:**

Complying with the provisions of Section 204 of the Companies Act, 2013, the Audit Committee has recommended and the Board of Directors have appointed M/s. Ragini Chokshi & Co., Company Secretaries, (Membership No.2390 & C.P. No.1436), being eligible and having sought re-appointment, as Secretarial Auditor of the Company to carry out the Secretarial Audit of the Company for the year ending March 2020.

The Secretarial Audit Report for F.Y. 2019-20 is enclosed and marked as **Annexure III**.

32. **ACKNOWLEDGEMENT:**

The Directors extend their sincere thanks to the State and Central Government Authorities and Members for their co-operation and continued support during the difficult times being experienced by the Company. Sincere thanks are also due to the management team and the staff for their valuable contribution despite adverse circumstances being faced by the Company.

Corporate Identification Number (CIN): L24100MH1955PLC009663

Registered Office:

7, Jamshedji Tata Road,
Churchgate Reclamation,
Mumbai 400 020.
Dated: 11th July, 2020.

By Order of the Board of Directors

TANIL KILACHAND
Chairman



ANNEXURE I

A. CONSERVATION OF ENERGY:

----- NIL -----

POWER AND FUEL CONSUMPTION	2019-20	2018-19
Electricity		
Purchased units (Kwh)	15,312.00	14,397.20
Total Amount (Rs.)	207,950.00	1,87,450.00
Rate (Kwh)	13.58	13.02

B. TECHNOLOGY ABSORPTION:

Disclosures of particulars with respect to Technology Absorption, Research & Development.

I. Research and Development**1. Specific area in which R&D work is carried out:**

Currently our focus in R&D is to develop a cross linked polystyrene with bigger particle size distribution for use of Oil field application. The trials are in progress. Our present consultant is assisting in the trials

2. Benefits derived as a result of the above R&D:

We have improved the quality of our product particularly cross linked polystyrene. One of our grades of Cross Linked Polystyrene, STREDEX-210 has gained good acceptance in export markets thereby improving our market share.

3. Future plan of action:

We intend to improve the efficiency of Cross Linked Polystyrene production further to match that of Competitors abroad for which we plan to extend the term of the present consultant.

4. Expenditure on R&D:

We have not incurred any major expenditure on R & D either for equipment or for testing facilities.

II. Technology Absorption, Adaptation and Innovation:**1. Efforts in brief made towards technology absorption, adaptation and innovation:**

Since local technology is used for manufacture of the products of the Company, there is no question of technology absorption.

2. Benefits derived as a result of the above efforts e.g. product improvement, cost reduction, product development, import substitution etc.:

Not Applicable

3. Imported Technology:

No new technology has been imported.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO:

(Rs. in lakhs)

	<u>Current Year</u>	<u>Previous Year</u>
a) Foreign exchange outgo	6.65	0.61
b) Foreign exchange earned (FOB Value)	1,730.93	1,026.20

**ANNEXURE II****FORM NO. MGT 9****EXTRACT OF ANNUAL RETURN****As on financial year ended on 31.03.2020****Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management & Administration) Rules, 2014.****I. REGISTRATION & OTHER DETAILS:**

1.	CIN	L24100MH1955PLC009663
2.	Registration Date	24 th October, 1955
3.	Name of the Company	Polychem Limited
4.	Category/Sub-category of the Company	Public Company/Limited by shares
5.	Address of the Registered office & contact details	7, Jamshedji Tata Road, Churchgate Reclamation, Mumbai – 400 020. Tel No. 022-22820048; Fax No. 022-22850606; Email ID: polychemltd@kilachand.com
6.	Whether listed company	Yes
7.	Name, Address & contact details of the Registrar & Transfer Agent, if any.	M/s. Link Intime India Pvt Ltd, C-101, 1st Floor, 247 Park, Lal Bahadur Shastri Marg, Vikhroli (West), Mumbai – 400 083. Tel No.: 022-49816000, Fax No. 022-49186060 Email: rnt.helpdesk@linkintime.co.in

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

(All the business activities contributing 10 % or more of the total turnover of the company shall be stated)

Sr. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1	Specialty Chemicals	201 – Manufacture of basic chemicals, fertilizer and nitrogen compounds, plastics and synthetic rubber in primary forms.	100%
2	Property Development	681 – Real estate activities with own or leased property	0%

III. Particulars of Holding, Subsidiary and Associate Companies -

Sr. No.	Name and Address of the Company	CIN/GLN	Holding / Subsidiary / Associate	% of Shares held	Applicable Section
1	Gujarat Poly Electronics Limited B-18, Gandhinagar Electronic Estate, Gandhinagar, Gujarat – 382 024.	L21308GJ1989PLC012743	Subsidiary Company	53.99% Equity	2(87)



IV. SHARE HOLDING PATTERN (Equity Share Capital Break-up as percentage of Total Equity)

A) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year [As on 1-April-2019]				No. of Shares held at the end of the year [As on 31-March-2020]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/ HUF	6,413	-	6,413	1.59	6,413	-	6,413	1.59	-
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	204,052	-	204,052	50.50	204,052	-	204,052	50.50	-
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
(2) Foreign									
a) Individual/ HUF	-	-	-	-	-	-	-	-	-
b) Other Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks / FI	-	-	-	-	-	-	-	-	-
e) Any other	-	-	-	-	-	-	-	-	-
Total shareholding of Promoter (A)	210,465	-	210,465	52.09	210,465	-	210,465	52.09	-
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	-	162	162	0.04	-	162	162	0.04	-
b) Banks / FI	432	572	1,004	0.25	432	572	1,004	0.25	-
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	15,529	2	15,531	3.84	15,529	2	15,531	3.84	-
g) FIIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)									
1. SHCIL Ltd	-	687	687	0.17	-	687	687	0.17	-
2. SBI Capital Markets Ltd.	-	2	2	0.00	-	2	2	0.00	-
Sub-total (B)(1):-	15,961	1,425	17,386	4.30	15,961	1,425	17,386	4.30	-
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	9,405	-	9,405	2.33	8,970	4	8,974	2.22	(0.11)
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	108,576	48,406	156,982	38.85	110,646	47,162	157,808	39.06	0.21
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	-	-	-	-	-	-	-	-	-



Category of Shareholders	No. of Shares held at the beginning of the year [As on 1-April-2019]				No. of Shares held at the end of the year [As on 31-March-2020]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
c) Others (specify)	125	-	125	0.03	125	-	125	0.03	-
Directors other than promoters and their Relatives	30	-	30	0.01	30	-	30	0.01	-
Non Resident Indians	330	141	471	0.12	377	122	499	0.13	0.01
Overseas Corporate Bodies	-	-	-	-	-	-	-	-	-
HUF	8,824	-	8,824	2.18	8,601	-	8,601	2.13	(0.05)
Clearing Members	172	-	172	0.04	65	-	65	0.02	(0.02)
Trusts	185	-	185	0.04	92	-	92	0.02	(0.02)
Foreign Bodies - D R	-	-	-	-	-	-	-	-	-
Sub-total (B)(2):-	127,647	48,547	176,194	43.61	128,906	47,288	176,194	43.61	-
Total Public Shareholding (B)=(B)(1)+ (B)(2)	143,608	49,972	193,580	47.91	144,919	48,661	193,580	47.91	-
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	354,073	49,972	404,045	100	355,384	48,661	404,045	100	-

B) Shareholding of Promoter

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year (01-04-19)			Shareholding at the end of the year (31-03-20)			% change in shareholding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	
1	Mr. Parthiv T. Kilachand	2,127	0.53	-	2,127	0.53	-	-
2	Mr. Tanil R. Kilachand	1,938	0.48	-	1,938	0.48	-	-
3	Mr. Nandish T. Kilachand	1,335	0.33	-	1,335	0.33	-	-
4	Ms. Nilima T. Kilachand	1,013	0.25	-	1,013	0.25	-	-
5	Virsun Invst Pvt Ltd	80,802	19.99	-	80,802	19.99	-	-
6	Highclass Trading Pvt Ltd	39,842	9.86	-	39,842	9.86	-	-
7	Ginners & Pressers Ltd	13,996	3.46	-	13,996	3.46	-	-
8	Masuma Tradecorp Pvt Ltd	59,987	14.85	-	59,987	14.85	-	-
9	Delmar Trading Co. Pvt Ltd	9,425	2.33	-	9,425	2.33	-	-
	Total	2,10,465	52.09	-	2,10,465	52.09	-	-



C) Change in Promoters' Shareholding (please specify, if there is no change)

Sr. No.	Promoters	No. of shares at the beginning (01-04-19)/ end of the year (31-03-20)	% of total shares of the Company	Date	Increase/ Decrease In shareholding	Reason	Cumulative Shareholding during the year (01-04-19 to 31-03-20)	
							No. of shares	% of total shares of the Company
No Change during the year								

D) Shareholding Pattern of top ten Shareholders as on 31st March, 2020
(Other than Directors, Promoters and Holders of GDRs and ADRs):

Sr. No.	Top 10 Shareholders	No. of Shares at the beginning (01-04-19)/ end of the year (31-03-20)	% of total shares of the company	Date	Increase / Decrease In shareholding	Reason	Cumulative Shareholding during the year (01-04-19 to 31-03-20)	
							No. of shares	% of total shares of the company
1.	Life Insurance Corporation of India	15,529	3.84	01-04-19	0	No change during the year		
		15,529	3.84	31-03-20	0			
2.	A. K. Gupta	10,000	2.47	01-04-19	0	No change during the year		
		10,000	2.47	31-03-20	0			
3.	East India Securities Ltd	0	0.00	01-04-19	0	bought		
				09-08-19	7,800		7,800	1.93
		7,800	1.93	31-03-20	0			
4.	Renu Gupta	7,351	1.82	01-04-19	0	No change during the year		
		7,351	1.82	31-03-20	0			
5.	Sudhir Ghanshyamdas Khandelwal	5,500	1.36	01-04-19	0	No change during the year		
		5,500	1.36	31-03-20	0			
6.	Hitesh Ramji Javeri	5,200	1.29	01-04-19	0	No change during the year		
		5,200	1.29	31-03-20	0			
7.	Harsha Hitesh Javeri	4,100	1.01	01-04-19	0	No change during the year		
		4,100	1.01	31-03-20	0			
8.	Yogendra Kumar Goyal	4,000	0.99	01-04-19	0	No change during the year		
		4,000	0.99	31-03-20	0			
9.	Mohinder Awasthi	3,403	0.84	01-04-19	0	bought		
				27-01-20	95		3,498	0.87
		3,498	0.87	31-03-20	0			
10.	Ami Hitesh Javeri	3,456	0.85	01-04-19	0	bought		
				19-09-19	6		3,462	0.86
		3,462	0.86	31-03-20	0			

**E) Shareholding of Directors and Key Managerial Personnel:**

Sr. No.	Shareholding of each Directors and each Key Managerial Personnel	No. of shares at the beginning (01-04-19)/ end of the year (31-03-20)	% of total shares of the Company	Date	Increase / Decrease In shareholding	Reason	Cumulative Shareholding during the year (01-04-19 to 31-03-20)	
							No. of shares	% of total shares of the Company
	Directors							
1	Mr. P. T. Kilachand	2,127	0.53	01-04-19	0	No change during the year		
		2,127	0.53	31-03-20	0			
2	Mr. T. R. Kilachand	1,938	0.48	01-04-19	0	No change during the year		
		1,938	0.48	31-03-20	0			
3	Mr. N. T. Kilachand	1,335	0.33	01-04-19	0	No change during the year		
		1,335	0.33	31-03-20	0			
4	Mr. A. H. Mehta	05	0.00	01-04-19	0	No change during the year		
		05	0.00	31-03-20	0			
5	Mr. V. V. Sahasrabudhe	Do not hold any shares in the Company						
6	Mr. C. R. Desai	Do not hold any shares in the Company						
7	Ms. N. S. Mehendale	Do not hold any shares in the Company						
8	Mr. Y. S. Mathur	Do not hold any shares in the Company						
	KMPs							
9	Ms. K. V. Panchasara	Do not hold any shares in the Company						
10	Ms. D. V. Chauhan	Do not hold any shares in the Company						

V. INDEBTEDNESS -Indebtedness of the Company including interest outstanding/accrued but not due for payment. – **N.A**

The company has not availed any loan during the year and is a debt free company.

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL-**A. Remuneration to Managing Director, Whole-time Directors and/or Manager:**

(in Rupees)

Sr. No.	Particulars of Remuneration	Name of MD/WTD/ Manager		Total Amount
		P. T. Kilachand - MD	A. H. Mehta – Dy. MD	
1	Gross salary	*4,100,124	*2,505,266	6,605,390
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	2,740,325	2,505,266	5,245,591
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	1,359,799	-	1,359,799
	(c) Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission - as % of profit - others, specify...	-	-	-
5	Others, please specify	-	-	-
	Total (A)	4,100,124	2,505,266	6,605,390
	Ceiling as per the Act			16,800,000

* Excluding Provident Fund and Superannuation Fund

**B. Remuneration to other directors**

(in Rupees)

Sr. No.	Particulars of Remuneration	Name of Directors						Total Amount
		V. V. Sahasrabudhe	C. R. Desai	N. S. Mehendale	Y. S. Mathur	N. T. Kilachand	T. R. Kilachand	
		Independent Directors				Non – Executive Directors		
1	Independent Directors							
	Fee for attending board & committee meetings	64,000	32,000	64,000	32,000	-	-	192,000
	Commission	-	-	-	-	-	-	-
	Others, please specify	-	-	-	-	-	-	-
	Total (1)	64,000	32,000	64,000	32,000	-	-	192,000
2	Other Non-Executive Directors							
	Fee for attending board committee meetings	-	-	-	-	32,000	32,000	64,000
	Commission	-	-	-	-	-	-	-
	Others, please specify	-	-	-	-	-	-	-
	Total (2)	-	-	-	-	32,000	32,000	64,000
	Total (B)=(1+2)	64,000	32,000	64,000	32,000	32,000	32,000	256,000
	Total Managerial Remuneration	N.A	N.A	N.A	N.A	N.A	N.A	N.A
	Overall Ceiling as per the Act	N.A	N.A	N.A	N.A	N.A	N.A	N.A

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

(in Rupees)

Sr. No.	Particulars of Remuneration	Key Managerial Personnel		
		Deepali V. Chauhan	Kanan V. Panchasara	Total Amount
		CS	CFO	
1	Gross salary	*637,335	*1,835,587	2,472,922
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	637,335	1,835,587	2,472,922
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	-	-	-
	(c) Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission	-	-	-
	- as % of profit	-	-	-
	others, specify...	-	-	-
5	Others, please specify	-	-	-
	Total	637,335	1,835,587	2,472,922

*Excluding Provident Fund

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

No such Penalties or Punishment or Compounding of offence was there during the Financial Year 2019-20 under Companies Act, 2013.



ANNEXURE III

Form No. MR-3

SECRETARIAL AUDIT REPORT

(FOR THE FINANCIAL YEAR ENDED 31ST 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,
POLYCHEM LIMITED
7, Jamshedji Tata Road,
Mumbai-400020.

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **POLYCHEM LIMITED (CIN: L24100MH1955PLC009663)** (hereinafter called the "Company") for the financial year ended 31st March, 2020. Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon

Based on our Verification of books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering **1st April, 2019 to 31st March, 2020** complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and Compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the audit period **1st April, 2019 to 31st March, 2020** according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (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; **(Not applicable to the Company during the Audit period)**
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'): -
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 ;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; **(Not applicable to the Company during the Audit period)**
 - (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; **(Not applicable to the Company during the Audit period)**
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; **(Not applicable to the Company during the Audit period)**
 - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; **(Not applicable to the Company during the Audit period)**
 - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; **(Not applicable to the Company during the Audit period)**



- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018. **(Not applicable to the Company during the Audit period)**
- (vi) We have relied on the representation made by the Company and its Officers for systems and mechanism formed by the Company for compliances under other applicable Acts, Laws and Regulations to the Company.

We are of the opinion that the management has complied with the following laws specifically applicable to the Company:

1. Factories Act, 1948
2. Industries (Development & Regulation) Act, 1951;
3. Labour Laws and other incidental laws;
4. Environment Protection Act, 1986 and other Environmental Laws;
5. The Trade Marks Act 1999;
6. The Patents Act, 1970;
7. The Copyright Act 1957;
8. Other Acts, Rules and Regulations as applicable to the Company.

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

- Secretarial Standards issued by The Institute of Company Secretaries of India.
- Securities and Exchange Board of India (Listing Obligation & Disclosure Requirement) Regulation, 2015 "SEBI (LODR)".

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

We further report that

- The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. There were no changes in the composition of the Board of Directors that took place during the period under review were carried out and is in compliance with the provisions of the Act.
- Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
- Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.
- The agenda items are deliberated before passing the same and the views / observations made by the Directors are recorded in the minutes.
- There are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

For Ragini Chokshi & Co.
(Company Secretaries)

SD/-

Ragini Chokshi
(Partner)

C. P. No.: 1436

FCS No.: 2390

UDIN: F002390B000370659

Date: 23/06/2020

Place: Mumbai

This report is to be read with our letter of even date which is annexed as Annexure 1 and forms an integral part of this report.



ANNEXURE I

To,
The Members,
POLYCHEM LIMITED
7, Jamshedji Tata Road,
Mumbai-400020.

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

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

For Ragini Chokshi & Co.
(Company Secretaries)

SD/-
Ragini Chokshi
(Partner)
C. P. No.: 1436
FCS No.: 2390

Date: 23/06/2020
Place: Mumbai



MANAGEMENT DISCUSSION AND ANALYSIS REPORT

A. Overview:

Company is operating in the manufacturing of Specialty Chemicals and development of property / land.

Opportunities:

Our customers for the specialty polymers are in investment casting Industry. The major end user segment for investment cast products is automotive, aerospace industry, valves & instruments. Currently automobile industry in India does not look to be in the upswing. Export market is growing particularly for one of our newly developed grades of Cross Linked Polystyrene.

The second specialty product is used as filler in cement for structural repair of columns & beam in the old buildings. The demand for this product is stable.

Threats:

The basic raw material for the majority of our products is Styrene Monomer. The styrene price is highly volatile. We have direct threat from two competitors for Cross Linked Polystyrene in India.

Risks & concerns:

Due to price fluctuation in the main raw material i.e. styrene monomer and no corresponding increase in the price of our finished products the margin on our finished products in the domestic market is a major area of concern.

Effect of Covid -19:

We lost production for 10 days in 2019-20 amounting to Rs 50 lakhs due to lockdown imposed by the Govt. We lost 9 export orders worth Rs 2.3 crores due to cancellation on account of delayed supplies.

In the financial year 2020-2021, we lost production for 52 days more amounting to Rs.2.5 Crores. The situation is yet to normalize. Customers both domestic and overseas are differing their purchases on account of slowing economy and lack of demand. It may take another two quarters for the economy to revive.

Outlook:

Substantial part of Company's sales consists of Exports. Currently the export market is growing, but the competition from two other exporters forces us to lower our price, thereby realization.

Financial Performance:

1) Share Capital:

The issued and paid-up share capital of the Company is Rs. 40.40 lakhs consisting of 4,04,045 equity shares of Rs.10/- each as on 31st March, 2020.

2) Reserves and Surplus:

As on 31st March, 2020 the reserves and surplus are Rs 1,976.62 lakhs.

3) Secured Loans:

There are no secured loans outstanding as on 31st March, 2020.

4) Results of Operation:

Revenue for the current year including other income amounts to Rs. 2,376.17 lakhs compared to Rs. 1,979.30 lakhs in the previous year. Profit before tax is Rs. 310.78 Lakhs compared to Profit before tax of Rs. 70.02 Lakhs during the previous year. Provisions for tax including deferred tax asset during the year is Rs. 69.84 Lakhs compared to Rs. 0.43 Lakhs during the previous year. Profit after tax amounts to Rs. 240.94 Lakhs during the year compared to profit of Rs. 69.59 Lakhs during the previous year.

Industry Structure & Development:

Our Company is manufacturing and selling Specialty Chemicals.

Segment wise Performance:

There are two income generating segments. Segment-wise revenue for the year ended 31st March, 2020 is as follows. viz. (1) Property / Land Rs. NIL (2) Specialty Chemicals Rs. 2,300.81 Lakhs. The sale of Specialty Chemicals has shown reasonable growth.

Internal Control System:

Company has adequate internal control procedures commensurate with the size of the Company and nature of its business for the purchase of raw materials and fixed assets and for the sale of goods.

Human Resources:

The Company has good relation with its employees.

CORPORATE GOVERNANCE REPORT (2019-2020)
I. Statement on Company's philosophy on code of governance

The Company's philosophy on corporate governance is to attain high level of transparency and accountability in the functioning of the Company and in its relationship with employees, shareholders, creditors and ensuring high degree of regulatory compliances.

The Company also believes that its systems and procedures will enhance corporate performance and maximize shareholder value in the long term.

II. Board of Directors

The Board of Directors comprises of eight members out of them one is a woman director. They are responsible for management of the Company's business. The Board's role, functions, responsibility and accountability are clearly defined.

The Composition of the Board of Directors, Attendance of each Director at the Board Meeting, last AGM, sitting fees paid and Number of other Directorship and Chairmanship/Membership of Committee of each Director in various companies is given below. Other directorships do not include alternate directorships, directorships of private limited companies, Section 8 companies and of companies incorporated outside India. Chairmanship/ Membership of Board Committees includes Nomination and Remuneration, audit and Stakeholders Relationship Committees.

1. Financial year April 18 to March 19:

Name of the Director	Attendance Particulars					No. of other Directorships and Committee Membership/ Chairmanship	
	Category	No. of Board Meetings held	No. of Meetings Attended	Last AGM held on 02/08/2019	Sitting Fees paid (Rs.)	Other Directorship in Public Limited Companies	Committee Membership/ Chairmanship
Mr. T. R. Kilachand	NEC(P)	4	4	Yes	32,000	2	3 Committee Membership
Mr. P. T. Kilachand	MD(P)	4	4	Yes	--	5	3 Committee Membership & 1 Chairmanship
Mr. V. V. Sahasrabudhe	NED(I)	4	4	Yes	32,000	--	--
Mr. C. R. Desai	NED(I)	4	2	Yes	16,000	--	--
Mr. N. T. Kilachand	NED(P)	4	4	Yes	32,000	2	--
Mr. A. H. Mehta	Dy. MD	4	4	Yes	--	3	--
Ms. N. S. Mehendale	NED(I)	4	4	Yes	32,000	--	--
Mr. Y. S. Mathur	NED(I)	4	2	Yes	16,000	--	--

Notes:

1. NEC(P) – Non - Executive Chairman and Promoter.
2. NED(I) – Non - Executive Director & Independent
3. MD(P) – Managing Director and Promoter
4. NED(P) – Non - Executive Director & Promoter
5. Dy. MD – Deputy Managing Director

2. Number of Board Meetings held and dates on which held:

During the financial year 2019-20, four Board meetings were held on the following dates:

- | | |
|---|------------------------------------|
| (a) 11 th May, 2019 | (b) 2 nd August, 2019 |
| (c) 7 th November, 2019 and; | (d) 6 th February, 2020 |

**3. Disclosure of Relationships between directors inter-se:**

Mr. P. T. Kilachand, Managing Director and Mr. N. T. Kilachand, Director are sons of Mr. T. R. Kilachand, Chairman of the Company.

4. Separate Meeting of Independent Directors:

As stipulated by the code of Independent Directors under the Companies Act, 2013 and under regulation 25(3) of SEBI (LODR) Regulations, 2015, a separate meeting of the Independent directors of the company was held on 6th February, 2020 to review the performance of Non - Independent Directors and the Board as a whole, review of the performance of the Chairperson of the Company, assessment of the quality, quantity and timeliness of the flow of information between the Company's Management and the Board and its committees.

Name of the Director	Member	No. of Meeting/s	
		held	attended
Mr. V. V. Sahasrabudhe	Chairman	1	1
Mr. C. R. Desai	Member	1	1
Mr. Y. S. Mathur	Member	1	1
Ms. N. S. Mehendale	Member	1	1

5. Evaluation of Independent Directors and Boards Performance:

In compliance with the companies Act, 2013 and SEBI (LODR) Regulations 2015, the performance evaluation of the Independent Directors and Board as a whole was carried out during the year, the details of the same has been already given under directors' report.

6. Familiarization Program:

The Company has taken up the initiative to familiarize the Independent Directors with the Company, their roles, rights, responsibilities in the Company, nature of the industry in which the company operates, business model of the Company, etc. The details of such familiarization program has been disclosed on the company's website

<http://www.polychemltd.com/Download/Polychem-%20Familiarisation%20Programme.pdf>

7. Details of Director appointed and re-appointed during the year:

The details of Director being appointed and re-appointed in the ensuing Annual General Meeting has been given in the 'Notice' calling the Sixty – Third Annual General Meeting of the Company.

8. Details of Number of shares and Convertible Instruments held by Non-Executive directors:

Except Mr T. R. Kilachand and Mr. N. T. Kilachand who hold 1,938 and 1,335 Equity Shares of Rs 10/- each of the Company respectively, no other Non-Executive Director holds any shares or Convertible Instruments of the Company.

9. Code of Conduct

The Company has framed and adopted a Code of Conduct, which is applicable to all the directors and members of the senior management in terms of Regulation 17(5)(a) of SEBI (LODR) Regulations, 2015. The said code, lays the general principles designed to guide all directors and members of the senior management in making ethical decisions.

All Directors and members of the senior management have confirmed their adherence to the provisions of the said code.

Declaration

As provided under Regulation 26 (3) of SEBI (LODR) Regulations, 2015, we confirm that the Board Members and Senior Management of the Company have confirmed compliance with the Code for the year ended 31.03.2020.

For POLYCHEM LIMITED

DEEPAI V. CHAUHAN
COMPANY SECRETARY & COMPLIANCE OFFICER

**III. Audit Committee****(A) Terms of reference of the Audit Committee are:**

- (i) the recommendation for appointment, remuneration and terms of appointment of auditors of the company;
- (ii) review and monitor the auditor's independence and performance, and effectiveness of audit process;
- (iii) examination of the financial statements and the auditors' report thereon;
- (iv) approval or any subsequent modification of transactions of the company with related parties;
- (v) scrutiny of inter-corporate loans and investments;
- (vi) valuation of undertakings or assets of the company, wherever it is necessary;
- (vii) evaluation of internal financial controls and risk management systems;
- (viii) monitoring the end use of funds raised through public offers and related matters.

(B) Composition of Audit Committee and Meeting held during the year:

The composition of the Audit Committee meets with the requirements of Section 177 of the Companies Act 2013 and Regulation 18 of SEBI (LODR) Regulations, 2015.

During the year 2019-20, four meetings of the Audit Committee were held on the following dates:

- (a) 11th May, 2019
- (b) 2nd August, 2019
- (c) 7th November, 2019 and;
- (d) 6th February, 2020

Name of the Director	Category	No. of Meeting/s		Sitting Fees paid (Rs.)
		held	attended	
Mr. V. V. Sahasrabudhe	Chairman	4	4	32,000/-
Mr. P. T Kilachand	Member	4	4	-
Mr. C. R. Desai	Member	4	2	16,000/-
Mr. Y. S. Mathur	Member	4	2	16,000/-
Ms. N. S. Mehendale	Member	4	4	32,000/-

Four members of the Audit Committee are independent Directors. All members of the Audit committee have knowledge of finance, accounts and company law. The quorum for audit committee is minimum of two members.

The Company Secretary acts as the Secretary to the Committee.

(C) Review of information by Audit Committee

The Audit Committee shall mandatorily review the following information:

1. Management discussion and analysis of financial condition and results of operations;
2. Verify with regard to related party transactions, whether Committee laid down parameters for determining a particular transaction as significant and reviewed the necessity of such transactions;
3. Management letters / letters of internal control weaknesses issued by the statutory auditor;
4. Internal audit reports relating to internal control weaknesses; and
5. The appointment, removal and terms of remuneration of the internal auditor shall be subject to review by the Audit Committee.

IV. Nomination and Remuneration Committee:

It comprises of four Directors, All of them are Non-Executive Independent Directors.

**(A) Terms of Reference of Nomination and Remuneration Committee:****The Committee is empowered –**

1. Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees.
2. Formulation of criteria for evaluation of Independent Directors and the Board.
3. Devising a policy on Board diversity.
4. Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal. The company shall disclose the remuneration policy and the evaluation criteria in its Annual Report.

(B) Composition of Nomination and Remuneration Committee and Meeting held during the year:

The Committee comprises of four Directors, All of them are Non-Executive Independent Directors.

During the year 2019-20, one meeting of the Nomination and Remuneration Committee was held on 11th May, 2019

Name of the Director	Category	No. of Meeting/s	
		held	attended
Mr. V. V. Sahasrabudhe	Chairman	1	1
Mr. C. R. Desai	Member	1	-
Mr. Y. S. Mathur	Member	1	1
Ms. N. S. Mehendale	Member	1	1

(C) Remuneration Policy and Details of Remuneration:

The Board has adopted the remuneration policy which is available on the website of the company.

http://www.polychemltd.com/download/Criteria%20for%20Appointment%20&%20Evaluation%20of%20Board%20of%20Directors_14.pdf

Details of Remuneration to all the directors:**(in Rupees)**

Sr. No.	Name of Director	Salary	Perquisites and allowances	Commission	Bonus/ Incentives	Stock options granted	Sitting Fees	Total
1	Mr. T. R. Kilachand	NIL	NIL	NIL	NIL	NIL	32,000	32,000
2	Mr. P. T. Kilachand	27,40,325	13,59,799	NIL	NIL	NIL	NIL	41,00,124
3	Mr. A. H. Mehta	25,05,266	NIL	NIL	NIL	NIL	NIL	25,05,266
4	Mr. N. T. Kilachand	NIL	NIL	NIL	NIL	NIL	32,000	32,000
5	Mr. V. V. Sahasrabudhe	NIL	NIL	NIL	NIL	NIL	64,000	64,000
6	Mr. C. R. Desai	NIL	NIL	NIL	NIL	NIL	32,000	32,000
7	Ms. N. S. Mehendale	NIL	NIL	NIL	NIL	NIL	64,000	64,000
8	Mr. Y. S. Mathur	NIL	NIL	NIL	NIL	NIL	32,000	32,000

Note: The remuneration to the Directors does not include provident fund, gratuity and superannuation.

V. Stakeholders Relationship Committee:

The Constitution of Stakeholders Relationship Committee is as per requirement of Section 178(5) of the Companies Act, 2013. The Committee has been delegated the power of attending to share transfers.

There are no transfers pending as at the date of certification of compliance of conditions of corporate governance.



Mr. V. V. Sahasrabudhe, Non – Executive and Independent Director heads the committee

Sr. No.	Name of the Director	Category	No. of Meeting/s	
			held	attended
1.	Mr. V. V. Sahasrabudhe	Chairman	4	4
2.	Mr. T. R. Kilachand	Member	4	4
3.	Mr. P. T. Kilachand	Member	4	4

The Committee would look into the redressal of the shareholders' complaints in respect of all matters including transfer of shares, non-receipt of Annual Report, non-receipt of Share Certificates and investors complaints etc.

Ms. D. V. Chauhan, Company Secretary & Compliance Officer provided secretarial support to the Committee and is also the designated Compliance Officer of the Company.

1 complaint was received during the year ended on 31st March, 2020, which was disposed off within time limit and therefore, No complaints were pending as on 31st March, 2020.

VI. General Body Meetings:

Annual General Meeting (AGM)

The particulars of Annual General Meetings / Extraordinary General Meetings of the Company held during the last 3 years are as under.

Year	Day, Date and Time	Venue	Whether Special Resolution Passed
2016-2017	60 th AGM held on Thursday, 24 th August, 2017 at 11.00 a.m	Maharashtra Chamber of Commerce, Industry & Agriculture, Oricon House, 6 th Floor, 12 K. Dubash Marg, Fort, Mumbai – 400 001.	Yes
2017-2018	61 st AGM held on Tuesday, 28 th August, 2018 at 11.00 a.m	Maharashtra Chamber of Commerce, Industry & Agriculture, Oricon House, 6 th Floor, 12 K. Dubash Marg, Fort, Mumbai – 400 001.	No
2018-2019	62 nd AGM held on Friday, 2 nd August, 2019 at 11.00 a.m	Maharashtra Chamber of Commerce, Industry & Agriculture, Oricon House, 6 th Floor, 12 K. Dubash Marg, Fort, Mumbai – 400 001.	Yes

No Resolutions have been passed through Postal Ballot during the last 3 years.

VII. Skills/Expertise/ Competence of the Board of Directors of the Company:

The following is the list of core skills/expertise/competencies possessed by the Board of Directors of the Company, which are essential for the functioning of the Company in an effective manner.

a) Market Exploration & Potential Marketing:-

Experience in developing promotional strategies to increase the sales in the existing and explore potential market for the Company.

b) Service on the Board's of Various Companies:-

Experience of serving on the Board's of different companies in order to develop insights about Corporate Governance, Management Responsibility, Protecting Stakeholders interest.

c) Financial Expertise:-

Expertise in accounting and financial control functions. Possessing analytical skills. Expertise in preparation of financial strategies for the long term growth of the business of the Company.

d) Law & policies:-

Awareness of the existing law and economical policies applicable to the Company thereby ensuring proper legal and statutory compliances and appropriate application of policies to the advantage of the Company.

**e) Expansion , Modification &Update:**

A significant background about the technology applicable to the company resulting in how to implement technological updates into the Business of the Company

In the table below, the specific areas of focus or expertise of individual Board members have been highlighted. However, the absence of a mark against a member's name does not necessarily mean the member does not possess the corresponding skills/expertise/competencies.

Name	Market Exploration & Potential Marketing	Service on the Board's of Various Companies	Financial Expertise	Law and Policies	Expansion Modification & Update
Mr. T. R. Kilachand	✓	✓	✓	✓	✓
Mr. P. T. Kilachand	✓	✓	✓	✓	✓
Mr. A. H. Mehta	✓	✓	✓	✓	✓
Mr. N. T. Kilachand	✓	✓	✓	✓	✓
Mr. V. V. Sahasrabudhe	-	✓	✓	✓	✓
Mr. C. R. Desai	✓	✓	✓	-	✓
Ms. N. S. Mehendale	✓	✓	-	-	✓
Mr. Y. S. Mathur	✓	✓	-	-	✓

VIII. Disclosure:

Mr. P. T. Kilachand, Managing Director, Mr. A. H. Mehta, Dy. Managing Director and Ms. K. V. Panchasara, Manager, Finance and Taxation & CFO, constitutes 'Management'.

1. Disclosures on materially significant related party transactions that may have a potential conflict with the interest of company at large:

The Board noted that certificate has been received from the management that there have not been any material financial or commercial transactions during the year where management has personal interest that may have a potential conflict with the interest of company at large.

The details of transactions of the company with the related parties have been disclosed as Note No. 4.08 of the Notes on Accounts.

2. Details of Non-Compliance by the company, penalties, strictures:

There were no instances of non-compliance and no strictures or Material penalties imposed on the Company either by SEBI, Stock Exchange or any statutory authorities on any matter related to capital markets during the last three years.

3. Whistle Blower Mechanism:

The Company has adopted the whistle blower policy and has established a vigil mechanism under Regulation 22 of SEBI (LODR) Regulations 2015, the details of mechanism and policy have been disclosed on the website.

It is hereby affirmed that no person has been denied access to the audit committee.

4. Details of Compliance with Mandatory Requirements:

The company has complied with all the mandatory requirements as mentioned in SEBI (LODR) Regulations, 2015.

5. Web Link of Policies :

- The Company has framed a Policy on Related Party transaction, the web link for the same is http://www.polychemltd.com/download/Related%20Party%20Transaction%20Policy_14.pdf.
- The Company is not dealing in commodity and hence disclosure relating to commodity price risks and commodity hedging activities are not required.

**6. Certificate of Non – Disqualification of Directors:**

The Certificate as required under 10(i) of Part C of Schedule V of the SEBI (LODR) Regulations, 2015 issued by Devang Vyas & Associates, Practicing Company Secretary is enclosed and marked as **Annexure A**.

7. There is no Non-Compliance of any requirement of Corporate Governance Report of sub-para (2) to (10) of the Part C of Schedule V of the Listing Regulations.

IX. CEO/CFO Certification:

Mr. A. H. Mehta, Dy. Managing Director and Ms. K. V. Panchasara, Manager, Finance and Taxation & CFO, of the Company have certified to the Board that:

- (a) They have reviewed financial statements and the cash flow statement for the year and that to the best of their knowledge and belief: -
1. These statements do not contain any materially untrue statements or omit any material fact or contain statements that might be misleading.
 2. These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of their knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violate the Company's code of conduct.
- (c) They accept responsibility for establishing and maintaining internal controls for financial reporting and that they have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and they have disclosed to the auditors and the Audit Committee those deficiencies of which they are aware, in the design or operation of such internal control and that they have taken the required steps to rectify these deficiencies.
- (d) They further certify that they have indicated to the Auditors and Audit Committee -
- (i) there have been no significant changes in internal control over financial reporting during the year.
 - (ii) there have been changes in accounting policies during the year on account of Ind AS adoption and that the same have been disclosed in the notes to the financial statements.
 - (iii) there have been no instances of significant fraud of which they have become aware and the involvement therein, of management or an employee having significant role in the Company's internal control system over financial reporting.

X. Discretionary Requirements under regulation 27(1) of SEBI (LODR) Regulations, 2015:

The company has complied with all the Mandatory requirements, apart from it the company has also adopted some non-mandatory requirements as follows

1. Audit Qualifications:
 - (a) The Company's financial statement for the year ended 31st March, 2020 does not contain any qualification.
 - (b) Secretarial Audit Report for the year ended 31st March, 2020 does not contain any qualifications.
2. Separate posts of Chairman and CEO: The Chairman of the Board's position is separate from that of Managing Director.
3. Reporting of Internal Auditor: The Internal Auditor reports to the Audit Committee.

XI. Means of Communications:

The quarterly results are communicated to Bombay Stock Exchange Ltd., Mumbai. These results are also published in one English Newspaper i.e The Free press Journal and in one Regional language newspaper i.e Navshakti times. Results of 4th quarter i.e Quarter ended 31st March, 2020 has been uploaded on the website of the company i.e www.polychemltd.com

**XII. General Shareholder Information:**

AGM: Date	11 th September, 2020.
Time	11.00 a.m.
Venue	Through Video Conference (Mumbai)
Financial Year	April 2019 to March 2020
e-voting period	From 9.00 a.m., 8 th September, 2020 to 5 p.m., 10 th September, 2020.
Cut-off date for e-voting	4 th September, 2020.
Dates of Book Closure	Tuesday 28 th July, 2020 to Tuesday 4 th August, 2020 (both days inclusive)
Listing on Stock Exchange	Bombay Stock Exchange Ltd. Mumbai
Demat ISIN Numbers in NSDL & CDSL for Equity Shares	INE 752B01024
Stock Code	Mumbai 506605
Market price Data: High, Low during each Month in the financial year 2019-20	See Table No. 1 below
Registrar and Share Transfer Agents	M/s. LINK Intime India Pvt Ltd. C 101, 247 Park, Lal Bahadur Shastri Marg, Vikhroli West, Mumbai 400 083. Telephone : +91 022 49186000 Fax : +91 022 49186060 Email: rnt.helpdesk@linkintime.co.in Website: www.linkintime.co.in
Share Transfer System	Share Transfers are registered and returned within a period of 15 days from the date of receipt, if the documents are clear in all respects.
Distribution of shareholding & Category-wise distribution	See table No. 2 & 3
De-materialization of shares and liquidity	See table No. 4
Plant Location	SPECIALTY CHEMICALS W91, MIDC Phase II, Sonarpada, Dombivali (E) 421 202.
Address for correspondence	Registered Office: 7, J. Tata Road, Churchgate Reclamation, Mumbai 400020. Telephone : 022 22820048 Fax : 022 22850606 Email : polychemltd@kilachand.com Website : www.polychemltd.com CIN: L24100MH1955PLC009663

Table 1 - Market Price Data

High and Low of market price of the Company's shares traded on Bombay Stock Exchange Ltd., Mumbai, during the financial year 2019-2020:

Month	High(Rs.)	Low(Rs.)	Total No. of shares traded.
April - 2019	341.00	280.00	258
May - 2019	387.00	280.00	1,416
June - 2019	320.00	280.10	288
July - 2019	355.80	273.10	389
August - 2019	360.00	279.80	879
September - 2019	320.00	268.15	395
October - 2019	290.80	256.50	759



Month	High(Rs.)	Low(Rs.)	Total No. of shares traded.
November - 2019	367.50	263.50	968
December - 2019	442.00	335.00	2,168
January - 2020	449.00	381.00	732
February - 2020	473.55	360.00	645
March - 2020	420.00	272.90	469

Table 2 - Distribution of shareholding as on 31-3-2020

No. of Equity Shares held	No. of Shares held	% of total shares	No. of Shareholders	% of total Shareholders
1 to 500	98,873	24.47	9845	99.54
501 to 1000	9,797	2.42	14	0.14
1001 to 2000	16,566	4.1	13	0.13
2001 to 3000	7,357	1.82	3	0.03
3001 to 4000	14,271	3.53	4	0.04
4001 to 5000	9,100	2.25	2	0.02
5001 to 10000	37,925	9.39	5	0.05
10001 and above	2,10,156	52.01	5	0.05
Total	4,04,045	100.00	9,891	100.00

Table 3 - Category wise distribution of shareholding as on 31-03-2020

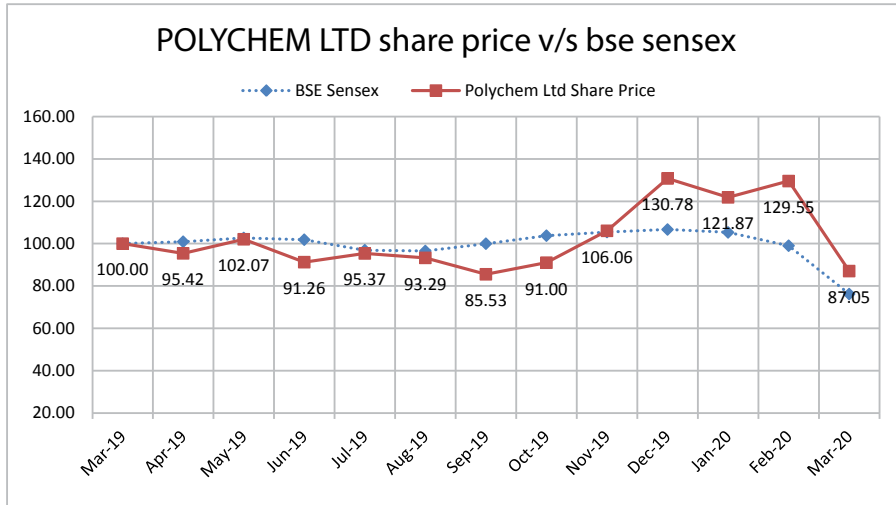
Sr. No.	Category	No. of shareholders	No. of shares held	% of total shares
1.	Promoters	9	2,10,465	52.09
2.	Institutions			
	a. Mutual Funds/UTI	1	162	0.04
	b. Banks / FI	14	1,004	0.25
	c. Insurance Companies	2	15,531	3.84
	d. Others	4	689	0.17
3.	Non- Institutions			
	a. Bodies Corporate	39	8,974	2.22
	b. NRI	39	499	0.12
	c. HUF	52	8,601	2.13
	d. Clearing Members	3	65	0.02
	e. Trusts	3	92	0.02
	f. NBFC registered with RBI	1	125	0.03
4.	Directors other than promoters and their relatives	2	30	0.01
5.	Resident Individuals	9,722	1,57,808	38.85
	Total	9,891	4,04,045	100.00

Table 4 - Break-up of shares in physical & electronic mode as on 31-03-2020

Mode	No of shareholders	% of total shareholders	No. of shares	% of total shares
Physical	7,240	73.76	48,661	12.04
Electronic	2,651	26.24	3,55,384	87.96
Total	9,891	100.00	4,04,045	100.00



Performance in comparison to BSE Sensex



Closing value of Polychem Ltd share price v/s BSE sensex on the last trading day of the month Base is considered to be 100 as on 31st March 2019.

ANNEXURE A

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
Polychem Limited
7 Jamshedji Tata Road,
Churchgate Reclamation,
Mumbai - 400020.

We have examined the relevant registers, records, forms, returns and disclosure received from directors of **Polychem Limited** having **CIN: L24100MH1955PLC009663** and having registered office at 7 Jamshedji Tata Road, Churchgate Reclamation, Mumbai – 400020 (hereinafter referred to as ‘**the Company**’), produced before us by the Company for the purpose of issuing this certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Director identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanation furnished to us 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 31st March, 2020 have been debarred or disqualified from being appointed or continuing as directors of companies by the Securities Exchange Board of India, Ministry of Corporate Affairs or any such other statutory authority.

Sr. No.	Name of Director	DIN	Date of appointment in Company
1.	Mr. Tanil Ramdas Kilachand	00006659	19/08/1986
2.	Mr. Parthiv Tanil Kilachand	00005516	03/12/1996
3.	Mr. Atul Haridas Mehta	00005523	29/05/2014
4.	Mr. Nandish Tanil Kilachand	00005530	27/07/2012
5.	Mr. Vinayak Vasudeo Sahasrabudhe	00296976	28/09/2007
6.	Mr. Chetan Ramesh Desai	03246010	04/08/2010
7.	Ms. Nirmala Sanjay Mehendale	01230600	25/03/2015
8.	Mr. Yogesh Shivraj Mathur	01059977	31/03/2015

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

For **D. J. Vyas & Associates**
Company Secretaries

SD/-
Devang J. Vyas
Proprietor

UDIN: F002874B000344479

Membership No.: 2874

CP No.: 1775

Date: 16th June, 2020

Place: Mumbai



CERTIFICATE ON CORPORATE GOVERNANCE

To,
The Members of
Polychem Limited

We have examined the compliance of the conditions of Corporate Governance by Polychem Limited ('the Company') for the year ended on March 31, 2020, as stipulated under Regulations 17 to 27, clauses (b) to (i) of sub-regulation (2) of Regulation 46 and para C and D of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations").

The compliance of the conditions of Corporate Governance is the responsibility of the management of the Company. Our examination was limited to the review of procedures and implementation thereof, as adopted by the Company for ensuring compliance with conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, and the representations made by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the SEBI Listing Regulations for the year ended on March 31, 2020.

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

For Ragini Chokshi & Co.
(Company Secretaries)

SD/-
Ragini Chokshi
(Partner)
FCS No.: 2390
C. P. No.: 1436

UDIN: F002390B000370692

Date: 23/06/2020
Place: Mumbai



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF POLYCHEM LIMITED

Report on Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying standalone financial statements of **Polychem Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2020, the Statement of Profit and Loss (including Other Comprehensive Income), Statement of Changes in Equity and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, its profit (including other comprehensive income), its changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of standalone financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the 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 (ICAI) 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 made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics issued by ICAI. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the standalone financial statements.

Key Audit Matters

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

We have determined that there are no key audit matters to communicate in our report.

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

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

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

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance (including other comprehensive income), changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting 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)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 the misstatement 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 evaluating the results of our work; and (ii) to evaluate the effects 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 the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of Section 143 (11) of the Act, we give in the "Annexure A", a statement on the matters specified in the paragraphs 3 and 4 of the Order.
2. As required by Section 143 (3) of the Act, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - c) The Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account;
 - d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act, read with relevant rules issued thereunder and relevant provisions of the Act;
 - 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, none of the directors 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";
 - g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act;
 - h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations as at March 31, 2020 on its financial position in its standalone financial statements - Refer Note 4.02 to the standalone financial statements;
 - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts; and
 - iii. There has been no delay in transferring amounts which were required to be transferred to the Investor Education and Protection Fund.

For Nayan Parikh & Co.
Chartered Accountants
Firm Registration No.: 107023W

K. Y. Narayana
Partner

Membership No.: 060639
UDIN: 20060639AAAAEG9500

Place: Mumbai
Dated: July 11, 2020

**ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT**

Referred to in paragraph 1 under "Report on Other Legal and Regulatory Requirements" of our report on even date to the members of the Company on standalone financial statements for the year ended March 31, 2020:

- (i) (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of property, plant and equipments;
- (b) All Property, Plant and Equipment, have been physically verified by the management during the year according to a phased programme as designed by the management. This, in our opinion, is reasonable having regard to the size of the Company and nature of its assets. We have been further informed that there are no material discrepancies between the book records and the physical verification have been noticed;
- (c) The Company does not hold any immovable properties which are freehold. In respect of immovable properties of land and building that have been taken on lease and classified as Right of Use Asset in the standalone financial statements, the lease agreements are in the name of the Company;
- (ii) The inventories have been physically verified by the management during the year. In our opinion, and according to the information and explanation given to us, the frequency of verification is reasonable. The procedures of physical verification, in our opinion, are reasonable and adequate in relation to size of the Company and nature of its business. The Company is maintaining proper records of inventories. No discrepancies were noticed on verification between the physical inventories and the book records;
- (iii) The Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Act. Accordingly, paragraph 3(iii)(a), (b) and (c) of the Order are not applicable;
- (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, with respect to loans and investments made;
- (v) In our opinion and according to the information and explanation given to us, the Company has not accepted deposits from the public and therefore, the provisions of sections 73 to 76 or any other relevant provisions of the Act and the rules framed there under are not applicable to the Company. We have been informed by the management that no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other tribunal in this regard;
- (vi) The Central Government has not prescribed maintenance of cost records under section 148(1) of the Act, for the services rendered by the Company;
- (vii) (a) The Company has generally been regular in depositing with appropriate authorities undisputed statutory dues such as provident fund, employees' state insurance, income tax, goods and service tax, cess and other applicable statutory dues. According to information and explanations given to us, no undisputed statutory dues payable were in arrears as at March 31, 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 outstanding disputed dues payable by the Company in case of income tax, goods and service tax or cess and any other statutory dues as on March 31, 2020.
- (viii) The Company has neither raised any loan from Banks, Financial institution nor issued any debentures, therefore provision of paragraph 3(viii) of the Order regarding default in repayment of dues to banks, financial institution and debenture holders are not applicable to the Company.
- (ix) The Company has not raised any money by way of initial public offer or further public offer (including debt instrument) nor any term loans during period under audit. Accordingly, paragraph 3(ix) of the Order is not applicable.



- (x) During the course of our examination of the books and records of the Company carried out in accordance with generally accepted auditing practices in India and according to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year;
- (xi) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197, read with Schedule V to the Act;
- (xii) In our opinion and according to information and explanation given to us, the Company is not a Nidhi Company. Accordingly, paragraph 3 (xii) of the Order is not applicable to the Company;
- (xiii) According to the information and explanations given to us and based on our examination of records of the Company, the Company is in compliance with the provisions of section 177 and 188 of the Act, where applicable, for transactions with the related parties and the details of the related party transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards.
- (xiv) During the year, According to the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year, Accordingly, paragraph 3 (xiv) of the Order is not applicable to the Company.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, clause (xv) of paragraph 3 of the Order is not applicable; and
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For **Nayan Parikh & Co.**
Chartered Accountants
Firm Registration No.: 107023W

K. Y. Narayana
Partner

Membership No.: 060639
UDIN: 20060639AAAAEG9500

Place: Mumbai
Dated: July 11, 2020

**ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT**

Referred to in paragraph 2(f) under “Report on Other Legal and Regulatory Requirements” of our report on even date to the members of the Company on standalone financial statements for the year ended March 31, 2020

Opinion

We have audited the internal financial controls with reference to financial statements of the Company as of March 31, 2020 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2020 based on the internal controls with reference to financial statements criteria established by the Company considering the essential components of internal controls stated in the Guidance Note.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal controls with reference to financial statements 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 ('Guidance Note') issued by the ICAI. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk.

The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error.

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

**Meaning of Internal Financial Controls with reference to Financial Statements**

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

Inherent Limitations of Internal Financial Controls with reference to Financial Statements

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

For **Nayan Parikh & Co.**
Chartered Accountants
Firm Registration No.: 107023W

K. Y. Narayana
Partner

Membership No.: 060639
UDIN: 20060639AAAAEG9500

Place: Mumbai
Dated: July 11, 2020



STANDALONE BALANCE SHEET AS AT MARCH 31, 2020

All amounts are in '000 unless otherwise stated

Particulars	Note No.	As at March 31,	
		2020	2019
ASSETS			
Non-current Assets			
Property, plant and equipment	2.01	14,157	9,592
Other Intangible assets	2.02	78	81
Intangible assets under development			
Financial assets			
Investments	2.03	92,832	85,936
Loans	2.04	80	200
Other financial assets	2.05	1,187	1,187
Deferred tax assets (Net)	2.06	1,317	1,142
Other non-current assets	2.07	4,699	6,214
Total non-current assets		114,350	104,352
Current Assets			
Inventories	2.08	22,631	23,251
Financial Assets			
Trade receivables	2.09	40,698	36,842
Cash and cash equivalents	2.10	24,804	7,468
Bank balances other than cash and cash equivalents	2.11	20,533	7,031
Loans	2.04	877	8,875
Other financial assets	2.05	277	473
Current tax assets (Net)	2.12	1,568	1,636
Other current assets	2.07	3,756	8,000
Total current assets		115,144	93,576
Total assets		229,494	197,928
EQUITY AND LIABILITIES			
Equity			
Equity Share capital	2.13	4,040	4,040
Other Equity	2.14	197,662	175,260
Total equity		201,702	179,300
Liabilities			
Non-current liabilities			
Financial Liabilities			
Other financial liabilities	2.15	4,011	-
Total non-current liabilities		4,011	-
Current Liabilities			
Financial Liabilities			
Trade payables			
Total outstanding dues of Micro & Small Enterprises		1,708	1,407
Other than Micro & Small Enterprises		6,539	7,890
Other financial liabilities	2.15	8,931	5,192
Other current liabilities	2.16	6,307	4,006
Provisions	2.17	127	133
Current Tax Liabilities (Net)	2.18	169	-
Total current liabilities		23,781	18,628
Total equity and liabilities		229,494	197,928
Summary of significant accounting policies	1.00		
Refer accompanying notes. These notes are an integral part of the financial statements.			

As per our report of even date
For Nayan Parikh & Co.
Chartered Accountants
Firm Registration No.: 107023W
K. Y. Narayana
Partner
Membership No.: 060639

For and on behalf of the Board of Directors
Tanil R. Kilachand
Parthiv T. Kilachand
Atul H. Mehta
Kanan V. Panchasara
Deepali V. Chauhan

Chairman (DIN No.: 00006659)
Managing Director (DIN No.: 00005516)
Dy. Managing Director (DIN No.: 00005523)
Chief Financial Officer
Company Secretary & Compliance Officer

Place: Mumbai Date: July 11, 2020

Place: Mumbai Date: July 11, 2020

**STANDALONE STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED MARCH 31, 2020**

All amounts are in '000 unless otherwise stated

Particulars	Note No.	Year Ended March 31	
		2020	2019
INCOME			
Revenue from operations	3.01	230,081	189,140
Other Income	3.02	7,536	8,790
Total Income		237,617	197,930
EXPENSES			
Cost of materials consumed	3.03	116,097	118,318
Changes in inventories of stock-in-trade	3.04	1,530	(2,032)
Processing charges		28,472	23,470
Employee benefits expense	3.05	28,980	25,472
Finance Cost	3.06	91	-
Depreciation and amortization expense	3.07	5,101	1,795
Other expenses	3.08	26,268	23,905
Total Expenses		206,539	190,928
Profit/ (Loss) before tax		31,078	7,002
Tax expenses			
Tax expenses	3.09		
Current tax (for the year)		7,000	250
Current tax (relating to prior years)		-	(300)
Deferred tax		(16)	93
Total tax expense		6,984	43
Profit / (Loss) for the period		24,094	6,959
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurements of post employment benefit obligation		(633)	(311)
Income tax relating to these items	3.09	159	81
Total other comprehensive income		(474)	(230)
Total comprehensive income for the period		23,620	6,729
Earnings per equity share			
Basic (in Rs.)		59.63	17.22
Diluted (in Rs.)		59.63	17.22
Significant accounting policies	1.00		
Refer accompanying notes. These notes are an integral part of the financial statements.			

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Place: Mumbai Date: July 11, 2020

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**STANDALONE STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2020**

All amounts are in Rs. '000 unless otherwise stated

Equity share capital	Amount
Balance as at April 1, 2018	4,040
Changes in equity share capital during the year	-
Balance as at March 31, 2019	4,040
Changes in equity share capital during the year	-
Balance as at March 31, 2020	4,040

Other Equity

Particulars	Attributable to owners of the Company				Total Other Equity
	Reserves and Surplus				
	Securities Premium Account	General Reserve	Capital Redemption Reserve	Retained earnings	
Balance as at April 1, 2018	142,437	206,993	5,000	(185,900)	168,531
Profit for the year	-	-	-	6,959	6,959
Other comprehensive income	-	-	-	(230)	(230)
Total comprehensive income for the year	-	-	-	6,729	6,729
Balance as at March 31, 2019	142,437	206,993	5,000	(179,171)	175,260
Movement during the year	-	(179,171)	-	179,171	-
Profit for the year	-	-	-	24,094	24,094
Other comprehensive income	-	-	-	(474)	(474)
Total comprehensive income for the year	142,437	27,822	5,000	23,620	198,880
Dividend Paid	-	-	-	(1,010)	(1,010)
Dividend Distribution Tax Paid	-	-	-	(208)	(208)
Balance as at March 31, 2020	142,437	27,822	5,000	22,402	197,662

As per our report of even date
For Nayan Parikh & Co.
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Parthiv T. Kilachand	Managing Director (DIN No.: 00005516)
Atul H. Mehta	Dy. Managing Director (DIN No.: 00005523)
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Deepali V. Chauhan	Company Secretary & Compliance Officer

Place: Mumbai Date: July 11, 2020

Place: Mumbai Date: July 11, 2020

AUDITED STANDALONE STATEMENT OF CASH FLOW FOR THE YEAR ENDED MARCH 31, 2020

All amounts are in '000 unless otherwise stated

Particulars	Year Ended March 31	
	2020	2019
Cash flow from operating activities		
Profit before income tax	31,078	7,002
Non-cash Adjustment to Profit Before Tax:		
Depreciation and amortization expense	5,101	1,795
Dividend Income	(45)	(42)
Gratuity & Leave Encashment Provision	800	125
Interest Income	(1,886)	(4,227)
Provision for Bonus	744	63
Amount no longer payable written back	-	(4)
Amount written off	41	1
MTM (Gain) / loss on forward contracts	707	(394)
Change in fair value of financial assets at fair value through profit or loss	(4,776)	(4,412)
Bad Debts	7	38
Loss on sale of Investments	-	14
Loss on sale of Property, plant and equipment	-	3
Finance Cost on lease	91	-
Unrealised gain and loss on foreign exchange	(1,568)	149
	30,294	112
Change in operating assets and liabilities:		
Decrease/(increase) in trade receivables	(2,296)	(4,212)
Decrease/(increase) in inventories	620	(1,274)
Increase/(decrease) in trade payables	(1,051)	469
Increase/(decrease) in other financial assets	394	(394)
Decrease/(increase) in other non-current assets	759	(1,031)
Decrease/(increase) in other current assets	4,245	(3,300)
Increase/(decrease) in other current liabilities	(1,885)	94
Increase/(decrease) in other financial liabilities	3,032	(696)
Cash generated from operations	34,112	(10,232)
Direct taxes paid (net of refunds)	6,047	(752)
Net cash flow from/(used in) operating activities (A)	28,065	(9,480)
Cash flow from investing activities:		
Payments for acquisition of property, plant and equipment	(1,552)	(6,110)
Payments for acquisition of intangible assets	(34)	-
Loans & advances repaid by Subsidiaries	8,000	36,244
Inter corporate deposit given	635	(75)
Loans to employees and others	(517)	193
Proceeds from sale of property, plant and equipment	-	42
Movement in Fixed deposits	(13,502)	8,995
Investment in mutual funds & Shares	(2,120)	(39,500)
Proceeds from sale of shares	-	246
Interest received	1,688	4,266
Dividend received	45	42
Net cash flow from / (used in) investing activities (B)	(7,357)	4,344

**AUDITED STANDALONE STATEMENT OF CASH FLOW FOR THE YEAR ENDED MARCH 31, 2020**

All amounts are in '000 unless otherwise stated

Particulars	Year Ended March 31	
	2020	2019
Cash flows from financing activities		
Finance lease payments	(2,153)	-
Dividends Paid	(1,218)	(9)
Net cash flow from/(used in) in financing activities (C)	(3,371)	(9)
Net increase/(decrease) in cash and cash equivalents (A+B+ C)	17,336	(5,145)
Cash and cash equivalents at the beginning of the year	7,468	12,613
Cash and cash equivalents at the end of the year	24,804	7,468

Reconciliation of cash and cash equivalents as per the cash flow statement

Cash and cash equivalents		
Balances with banks:		
On current accounts	11,896	3,622
Deposits with original maturity of less than 3 months	12,800	3,846
Cash on hand	108	-
Balance as per the cash flow statement	24,804	7,468

Note: Above statement has been prepared by using Indirect method as per Ind AS - 7 on Statement of Cash flows.

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Place: Mumbai Date: July 11, 2020

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SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS ON STANDALONE FINANCIAL STATEMENTS

Background

Polychem Limited is engaged in the manufacturing of specialty chemicals and property development. The Company has manufacturing plant in India and sells it in Domestic as well as International market. The Company is Public Limited Company domiciled in India and is listed on the Bombay Stock Exchange (BSE).

Authorization of standalone financial statements

The standalone financial statements were authorized for issue in accordance with a resolution of the directors on July 11, 2020.

1.00 Summary of significant accounting policies

This note provides a list of the significant accounting policies adopted in the presentation of these standalone financial statements.

1.01 BASIS OF PREPARATION

(i) Compliance with Ind AS :

The standalone financial statements comply in all material aspects with Indian Accounting Standards ("Ind AS") notified under Section 133 of the Companies Act, 2013 ("the Act"), and relevant rules issued there under. In accordance with proviso to the Rule 4A of the Companies (Accounts) Rules, 2014, the terms used in these financial statements are in accordance with the definitions and other requirements specified in the applicable Accounting standards.

(ii) Historical cost convention :

The standalone financial statements have been prepared on a historical cost basis, except for the following:

- certain financial assets and liabilities (including derivative instruments) is measured at fair value; and
- defined benefit plans – plan assets measured at fair value.

1.02 ROUNDING OF AMOUNTS

All amounts disclosed in the standalone financial statements and notes have been rounded off to the nearest thousands, except where otherwise indicated.

1.03 CURRENT VERSUS NON-CURRENT CLASSIFICATION

The Company presents assets and liabilities in the Balance Sheet based on current / non-current classification. An asset is classified as current if it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle,
- Held primarily for the purpose of trading,
- Expected to be realized within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle,
- It is held primarily for the purpose of trading,
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.



The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle. Based on the nature of operations, the Company has ascertained its operating cycle as twelve months for the purpose of current - non-current classification of assets and liabilities.

1.04 USE OF JUDGEMENTS, ESTIMATES & ASSUMPTIONS

While preparing standalone financial statements in conformity with Ind AS, the management makes certain estimates and assumptions that require subjective and complex judgments. These judgments affect the application of accounting policies and the reported amount of assets, liabilities, income and expenses, disclosure of contingent liabilities at the statement of financial position date and the reported amount of income and expenses for the reporting period. Financial reporting results rely on our estimate of the effect of certain matters that are inherently uncertain. Future events rarely develop exactly as forecast and the best estimates require adjustments, as actual results may differ from these estimates under different assumptions or conditions. The management continually evaluate these estimates and assumptions based on the most recently available information.

Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the standalone financial statements are as below:

Key sources of estimation uncertainty

- i) Financial instruments; (Refer note 4.08)
- ii) Useful lives of property, plant and equipment and intangible assets; (Refer note 1.06)
- iii) Valuation of inventories; (Refer note 1.10)
- iv) Assets and obligations relating to employee benefits; (Refer note 4.03)
- v) Evaluation of recoverability of deferred tax assets; (Refer note 2.06) and
- vi) Contingencies. (Refer note 4.02)

1.05 FOREIGN CURRENCY TRANSACTIONS

(i) Functional and presentation currency

The Company's standalone financial statements are prepared in INR, which is also the Company's functional and presentation currency.

(ii) Transactions and balances

Monetary items

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognized in Statement of Profit and Loss.

Non – Monetary items

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

1.06 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is stated at cost, less accumulated depreciation and accumulated impairment losses. The initial cost of an asset comprises its purchase price, any costs directly attributable to bringing the asset into the location and condition necessary for it to be capable of operating in the manner intended by management, the initial estimate of any decommissioning obligation, if any. The purchase price is the aggregate amount paid and the fair value of any other consideration given to acquire the asset.



Subsequent costs are included in the asset's carrying amount or recognized 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 derecognized when replaced. All other repairs and maintenance are charged to Statement of Profit and Loss during the reporting period in which they are incurred.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in Statement of Profit and Loss.

Stores & Spares which meet the definition of property plant and equipment and satisfy the recognition criteria of Ind AS 16 are capitalized as property, plant and equipment.

Depreciation on Property, plant and equipment

Depreciation on Property, Plant & Equipment is provided on written down value method. In accordance with requirements prescribed under Schedule II of Companies Act, 2013, the Company has assessed the estimated useful lives of its Property, Plant & Equipment and has adopted the useful lives and residual value as prescribed in Schedule II.

In case of additions/deletions during the year, the depreciation is computed from the month in which such assets are put to use and upto the previous month of sale or disposal as the case may be. In case of impairment, depreciation is provided on the revised carrying amount over its remaining useful life.

All assets costing up to Rs. 5,000/- are fully depreciated in the year of capitalization.

The estimated useful lives and residual values are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

1.07 INTANGIBLE ASSETS

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

Intangible assets with finite lives are amortised on written down value basis over their useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at each year end. The amortisation expense on Intangible assets with finite lives and impairment loss is recognised in the Statement of Profit and Loss.

Business application software intended for long term use are recorded at their acquisition cost and the cost of assets at their carrying value.

Amortization of intangible assets

Computer software is amortized over the estimated useful life of the assets.

1.08 IMPAIRMENT OF ASSETS

Carrying amount of tangible assets, intangible assets and investments in subsidiary (which is carried at cost) is tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or Company's assets (cash-generating units). Non- financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

**1.09 LEASES**

Effective April 1, 2019, the Company has adopted Ind AS 116 “Leases” using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings as on April 1, 2019. Accordingly, the comparative information has not been restated and continues to be reported under Ind AS 17 “Lease”. Additionally, the disclosure requirements in Ind AS 116 have not generally been applied to comparative information. The following is the summary of the new and/or revised significant accounting policies related to Leases. Refer Note 1 “Significant Accounting policies”, in the Company’s 2019 Annual Report for the policies in effect for Leases prior to April 1, 2019. The effect of transition on Ind AS 116 was insignificant.

As a Lessee

The Company, as a lessee, recognizes a right-of-use asset and a lease liability for its leasing arrangements, if the contract conveys the right to control the use of an identified asset.

The contract conveys the right to control the use of an identified asset, if it involves the use of an identified asset and the Company has substantially all of the economic benefits from use of the asset and has right to direct the use of the identified asset. The cost of the right-of-use asset shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date plus any initial direct costs incurred. The right-to-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-to-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-to-use asset.

The Company measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses incremental borrowing rate.

Short-term leases and leases of low-value assets

The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term ending within 12 months and the Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

As a Lessor

A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset. Lease income from operating leases where the Company is a lessor are recognized on either a straight-line basis or another systematic basis. The Company shall apply another systematic basis if that basis is more representative of the pattern in which benefit from the use of the underlying asset is diminished. The Company present underlying assets subject to operating leases in its Balance Sheet according to the nature of the underlying asset.

1.10 INVENTORIES**Inventories are valued as follows:**

Raw materials, packing materials, work-in-process and finished goods are valued at cost or net realizable value, whichever is lower. Cost of raw materials and packing materials is determined on FIFO basis. Cost of work-in-process and finished goods is determined on the basis of absorption costing method.

Property under development

Property under development represents free hold land converted into stock-in-trade on the basis of valuation made by approved valuer and development expenses incurred thereon.

1.11 CASH AND CASH EQUIVALENTS

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, 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.

**1.12 INVESTMENT IN SUBSIDIARY**

A subsidiary is an entity that is controlled by another entity. An investor controls an investee if and only if the investor has the following; (i) Power over the investee, (ii) exposure, or rights, to variable returns from its involvement with the investee and (iii) the ability to use its power over the investee to affect the amount of the investor's returns.

The Company's investments in its subsidiary is accounted at cost and reviewed for impairment at each reporting date.

1.13 FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognized when a Company becomes a party to the contractual provisions of the instruments.

Initial Recognition and Measurement – Financial Assets and Financial Liabilities

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss and ancillary costs related to borrowings) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in the Statement of Profit and Loss.

Classification and Subsequent Measurement: Financial Assets

The Company classifies financial assets as subsequently measured at amortized cost, fair value through other comprehensive income ("FVTOCI") or fair value through profit or loss ("FVTPL") on the basis of following:

- the entity's business model for managing the financial assets and
- the contractual cash flow characteristics of the financial asset.

Amortized Cost:

A financial asset is classified and measured at amortized cost if both of the following conditions are met:

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

FVTOCI:

A financial asset is classified and measured at FVTOCI if both of the following conditions are met:

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

FVTPL:

A financial asset is classified and measured at FVTPL unless it is measured at amortized cost or at FVTOCI.

All recognized financial assets are subsequently measured in their entirety at either amortized cost or fair value, depending on the classification of the financial assets.

Impairment of Financial Assets :

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

Classification and Subsequent measurement: Financial Liabilities

The Company's financial liabilities include trade payables and other financial liabilities.

**Financial Liabilities at FVTPL:**

Financial liabilities are classified as at FVTPL when the financial liability is held for trading or are designated upon initial recognition as FVTPL.

Gains or losses on financial liabilities held for trading are recognized in the Statement of Profit and Loss.

Other Financial Liabilities:

Other financial liabilities (including borrowings and trade and other payables) are subsequently measured at amortized cost using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Derecognition of Financial Assets and Financial Liabilities:

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred. If the Company enters into transactions whereby it transfers assets recognized on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognized.

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

Offsetting Financial Instruments:

Financial assets and liabilities are offset and the net amount is reported in the Balance Sheet where there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

1.14 PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Provisions are recognized when the company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognized for future operating losses.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a current pre-tax rate. The increase in the provision due to the passage of time is recognized as interest expense.

Contingent liabilities are disclosed in the case of:

- a present obligation arising from the past events, when it is not probable that an outflow of resources will be required to settle the obligation;
- a present obligation arising from the past events, when no reliable estimate is possible;
- a possible obligation arising from past events, unless the probability of outflow of resources is remote.

Contingent Assets is disclosed when inflow of economic benefits is probable.

1.15 REVENUE RECOGNITION

The Company derives revenue primarily from sale of products.

Revenue is recognized upon transfer of control of promised products or services to customers in an amount that reflects the consideration the Company expect to receive in exchange for those products or services.



To recognize revenues, the Company applies the following five step approach:

1. Identify the contract with a customer;
2. Identify the performance obligations in the contract;
3. Determine the transaction price;
4. Allocate the transaction price to the performance obligations in the contract; and
5. Recognize revenues when a performance obligation is satisfied

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties.

The Company presents revenue net of indirect taxes in its Statement of Profit and Loss.

Interest

Interest income is recognized using the effective interest rate method taking into account the amount outstanding and the applicable interest rate. Interest income is included under the head “other income” in the Statement of Profit and Loss.

Dividend

Dividends are recognised in the Statement of Profit and Loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Company, and the amount of the dividend can be measured reliably.

1.16 TAXES ON INCOME

Current Tax

Tax on income for the current period is determined on the basis of estimated taxable income and tax credits computed in accordance with the provisions of the relevant tax laws and based on the expected outcome of assessments / appeals.

Current income tax relating to items recognized directly in equity is recognized in equity and not in the Statement of Profit and Loss.

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 provided using the Balance Sheet approach on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside the Statement of Profit and Loss is recognized outside the Statement of Profit and Loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity.

The break-up of the major components of the deferred tax assets and liabilities as at Balance Sheet date has been arrived at after setting off deferred tax assets and liabilities where the Company have a legally enforceable right to set-off assets against liabilities and where such assets and liabilities relate to taxes on income levied by the same governing taxation laws.

**1.17 EMPLOYEE BENEFITS****Short-term obligations**

Short term employee benefits are recognized as an expense at an undiscounted amount in the Statement of Profit and Loss of the year in which the related services are rendered.

Post-employment obligations

The Company operates the following post-employment schemes:

- defined benefit plans such as gratuity; and
- defined contribution plans such as provident fund.

Gratuity obligations

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

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

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

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

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognized immediately in Statement of Profit and Loss as past service cost.

Defined contribution plans

The Company pays provident fund contributions to publicly administered provident funds as per local regulations. The Company has no further payment obligations once the contributions have been paid. The contributions are accounted for as defined contribution plans and the contributions are recognized as employee benefit expense when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

Other long-term employee benefit obligations

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

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

1.18 EARNINGS PER SHARE (EPS)

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders is adjusted for after income tax effect of interest and other financing cost associated with dilutive potential equity shares and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.



NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

All amounts are in '000 unless otherwise stated

2.01 Property, Plant and Equipment

Particulars	Gross Carrying Amount				Accumulated Depreciation / Impairment				Net Carrying Amount	
	As at April 1, 2019	Addition	Disposal	As at March 31, 2020	As at April 1, 2019	For the Year	Elimination on disposal	As at March 31, 2020	As at March 31, 2020	As at March 31, 2019
Own Assets:										
Plant and Machinery	2,125	6	-	2,131	879	207	-	1,086	1,045	1,246
Laboratory equipments	487	-	-	487	289	51	-	340	147	198
Furniture & Fixtures	839	-	-	839	496	87	-	583	256	343
Computers	1,319	353	-	1,672	926	329	-	1,255	418	393
Office Equipments	1,025	224	-	1,249	619	228	-	847	402	406
Motor Vehicles	8,617	969	-	9,586	1,630	2,186	-	3,815	5,771	6,986
Leasehold Improvements	142	-	-	142	121	1	-	122	20	20
Total (A)	14,554	1,552	-	16,106	4,960	3,088	-	8,048	8,058	9,592
Right - to - use Building	-	8,076	-	8,076	-	1,976	-	1,976	6,099	-
Total (B)	-	8,076	-	8,076	-	1,976	-	1,976	6,099	-
Total (A+B)	14,554	9,628	-	24,182	4,960	5,065	-	10,025	14,157	9,592

Particulars	Gross Carrying Amount				Accumulated Depreciation / Impairment				Net Carrying Amount	
	As at April 1, 2018	Addition	Disposal	As at March 31, 2019	As at April 1, 2018	For the Year	Elimination on disposal	As at March 31, 2019	As at March 31, 2019	As at March 31, 2018
Own Assets:										
Plant and Machinery	2,125	-	-	2,125	623	256	-	879	1,246	1,502
Laboratory equipments	487	-	-	487	220	69	-	289	198	267
Furniture & Fixtures	826	13	-	839	376	120	-	496	343	450
Computers	1,159	200	40	1,319	607	357	38	926	393	552
Office Equipments	777	248	-	1,025	443	176	-	619	406	334
Motor Vehicles	3,079	5,649	111	8,617	941	757	68	1,630	6,986	2,138
Leasehold Improvements	142	-	-	142	112	9	-	121	20	30
Total	8,595	6,110	151	14,554	3,322	1,745	106	4,960	9,592	5,271



NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

All amounts are in '000 unless otherwise stated

2.02 Other Intangible Assets

Particulars	Gross Carrying Amount				Accumulated Amortisation / Impairment				Net Carrying Amount	
	As at April 1, 2019	Addition	Disposal	As at March 31, 2020	As at April 1, 2019	For the Year	Elimination on disposal	As at March 31, 2020	As at March 31, 2020	As at March 31, 2019
Software	467	34	-	501	386	37	-	423	78	81
Total	467	34	-	501	386	37	-	423	78	81

Particulars	Gross Carrying Amount				Accumulated Amortisation / Impairment				Net Carrying Amount	
	As at April 1, 2018	Addition	Disposal	As at March 31, 2019	As at April 1, 2018	For the Year	Elimination on disposal	As at March 31, 2019	As at March 31, 2019	As at March 31, 2018
Software	467	-	-	467	336	50	-	386	81	132
Total	467	-	-	467	336	50	-	386	81	132

Notes: Range of remaining period of amortisation of Intangible Assets is as below:

Particulars	With in One year	2 to 5 years	Exceeding 5 years	Total WDV
Softwares	32	30	16	78
Total	32	30	16	78



NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

All amounts are in '000 unless otherwise stated

2.03 Non-current Investments

Particulars	Face value per unit	As at March 31,			
		2020		2019	
		Qty	Amount	Qty	Amount
Investments in Equity Instruments (fully paid-up)					
Quoted					
Investment in subsidiary (Measured at Cost)					
Gujarat Poly Electronics Ltd	10	4,616,152	42,144	4,616,152	42,144
Less : Impairment of Investments			(30,479)		(30,479)
(A)		4,616,152	11,665	4,616,152	11,665
Investment in other companies (FVTPL)					
State Bank of India	1	1,050	207	1,050	337
HDFC Limited	2	650	1,060	500	984
ICICI Bank Limited	2	1,612	523	962	385
ITC Limited	1	1,800	310	1,800	535
Larsen & Toubro Limited	2	585	472	585	810
Adani Port Sp. Eco. Zone Limited	2	1,500	377	1,500	567
Reliance Industries Limited	10	584	650	584	796
Bajaj Finserv Ltd	5	30	138	-	-
HDFC Asset Management Company Limited	5	100	211	-	-
HDFC Bank Limited	1	300	259	-	-
Maruti Suzuki India Limited	5	50	214	-	-
Nestle India Limited	10	20	326	-	-
(B)		8,281	4,747	6,981	4,414
Unquoted					
Investment in other companies					
Crescent Finstock Limited	10	9	*	9	*
Mafatlal Dyes & Chemicals Limited	10	62	1	62	1
(C)		71	1	71	1
Investments in Preference Shares (fully paid-up)					
Unquoted					
Investment in Subsidiaries (Measured at Cost)					
Gujarat Poly Electronics Ltd	100	668,280	1,080	668,280	1,080
Less : Impairment of Investments			(1,080)		(1,080)
(D)		668,280	-	668,280	-
Investments in Mutual Fund (FVTPL)					
Unquoted					
HDFC Floating Rate Income Fund (Growth)		218,652	7,677	218,652	7,107
HDFC Credit Risk Debt Fund		704,326	11,724	293,417	10,745
DSP Black Rock - SBF - Institutional Plan (Growth)		4,905	11,955	4,905	10,710
Axis Banking & PSU Debt Fund (Growth)		7,630	14,584	7,630	13,335
IDFC Corporate Bond Fund (Growth)		1,237,093	17,049	1,237,093	15,751
DSP Corporate Bond Fund (Reg- Growth)		567,253	6,686	567,253	6,096
IDFC Banking & PSU Debt Fund (Growth)		380,103	6,744	380,103	6,112
(E)		3,119,961	76,419	2,709,052	69,856
Total (A + B + C + D + E)		8,412,745	92,832	8,000,536	85,936

Aggregate amount of quoted investments	16,412	16,079
Aggregate market value of quoted investments	26,627	111,741
Aggregate amount of unquoted investments	76,420	69,856
Aggregate amount of Impairment in the value of Investments	31,559	31,559

*Amounts below Rs. 500/-



NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

All amounts are in '000 unless otherwise stated

2.04 Loans

	Non - Current		Current	
	As at March 31,		As at March 31,	
	2020	2019	2020	2019
Loans to related parties				
Loans receivables considered good- unsecured				
Loan to Gujarat Poly Electronics Limited (Subsidiary)	-	-	-	8,000
	-	-	-	8,000
Less : Provision for Impairment	-	-	-	-
(A)	-	-	-	8,000
Other Loans				
Considered good - unsecured				
Loans to employees	80	200	877	240
Inter corporate deposit	-	-	-	635
	80	200	877	875
Less : Provision for Impairment	-	-	-	-
(B)	80	200	877	875
Total (A + B)	80	200	877	8,875

2.05 Other Financial Assets

	Non - Current		Current	
	As at March 31,		As at March 31,	
	2020	2019	2020	2019
Security deposits	1,187	1,187	-	-
Forward Contract - Asset	-	-	-	394
Accrued Interest on Deposits with Bank	-	-	277	79
Total	1,187	1,187	277	473

2.06 Deferred Tax Assets (net)

	As at March 31,	
	2020	2019
Deductible temporary differences		
Property, plant and Equipment	1,325	1,142
Others	14	-
Taxable temporary differences		
Other taxable temporary differences	(22)	-
Total	1,317	1,142

	As at March 31, 2019	Recognized in Profit / (loss) account	As at March 31, 2020
Deferred Tax Assets in relation to:			
Property, plant and Equipment	1,142	183	1,325
Others	-	14	14
	1,142	197	1,339
Deferred Tax liabilities in relation to:			
Other taxable temporary differences	-	(22)	(22)
	-	(22)	(22)
	1,142	175	1,317



NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

All amounts are in '000 unless otherwise stated

2.07 Other Assets	Non - Current		Current	
	As at March 31,		As at March 31,	
	2020	2019	2020	2019
Prepaid expenses	780	783	976	859
Staff Advances	-	-	420	382
Advance to suppliers	-	-	-	1,004
Balances with Statutory Authorities:				
Income Tax (net of provisions)	279	995	-	-
VAT/GST Receivable	3,234	4,117	2,023	5,374
Others	-	-	337	227
Other Advances	405	319	-	155
Total	4,699	6,214	3,756	8,000
2.08 Inventories				
			As at March 31,	
			2020	2019
Raw Materials			2,921	2,022
Property Development			16,277	15,934
Work in progress			3,066	4,939
Stores and spares			367	356
Total			22,631	23,251
2.09 Trade Receivables				
			As at March 31,	
			2020	2019
Trade receivables - Unsecured			40,698	36,842
Less : Provision for impairment			-	-
Total			40,698	36,842
2.10 Cash and Cash Equivalent				
			As at March 31,	
			2020	2019
<u>Balances with banks:</u>				
On current accounts			11,896	3,622
Deposits with original maturity of less than 3 months*			12,800	3,846
Cash on hand			108	-
Total			24,804	7,468
2.11 Bank balances other than cash and cash equivalents				
			As at March 31,	
			2020	2019
Deposits with original maturity for more than 3 months but less than 12 months*			20,533	7,031
Total			20,533	7,031
*Marked under lien in favour of banks				
Lien marked on Deposit of Rs. 2,800('000) for obtaining forward contract exposure with HDFC Bank in respect of trade receivables.				
Lien marked on Deposit of Rs. 400('000) for issuance of Corporate Expense card by HDFC Bank.				
2.12 Current Tax Assets (Net)				
			As at March 31,	
			2020	2019
Advance income tax (Net of Provisions)			1,568	1,636
Total			1,568	1,636



NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

All amounts are in '000 unless otherwise stated

2.13 Equity Share capital	As at March 31,	
	2020	2019
Authorized share capital :		
4,00,00,000 (March 31, 2019 : 4,00,00,000) Equity shares of Rs. 10/- each	400,000	400,000
6,00,000 (March 31, 2019 : 6,00,000) 13.50%	60,000	60,000
Redeemable cumulative preference shares of Rs. 100/- each		
5,00,000 (March 31, 2019 : 5,00,000) Cumulative convertible preference shares of Rs. 100/- each	50,000	50,000
Total	510,000	510,000
Issued, Subscribed & Paid up Capital		
4,04,045 (March 31, 2019 : 4,04,045) Equity shares of Rs. 10/- each (fully paid up)	4,040	4,040
Total issued, subscribed and fully paid-up share capital	4,040	4,040

a. Reconciliation of shares outstanding as at the beginning and at the end of the reporting period:

Equity Shares	As at March 31,			
	2020		2019	
	No. of Shares	Amount	No. of Shares	Amount
At the beginning of the period	404,045	4,040	404,045	4,040
Movement during the year	-	-	-	-
Outstanding at the end of the period	404,045	4,040	404,045	4,040

b. Rights, preference and restrictions attached to shares:**Equity Shares**

The Company has one class of equity shares having a par value of Rs.10/- per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the company after distribution of all preferential amounts, in proportion to their shareholding.

c. Details of share holders holding more than 5% shares in the Company

Particulars	As at March 31,			
	2020		2019	
	No. of Shares	% of holding	No. of Shares	% of holding
Equity shares of Rs. 10 each fully paid				
Name of the Shareholder				
Virsun Investments Private Limited	80,802	19.99%	80,802	19.99%
Highclass Trading Private Limited	39,842	9.86%	39,842	9.86%
Masuma Tradecorp Private Limited	59,987	14.85%	59,987	14.85%

2.14 Other Equity	As at March 31,	
	2020	2019
General reserve	27,822	206,993
Surplus in the Statement of Profit and Loss	22,402	(179,171)
Securities Premium	142,437	142,437
Capital Redemption reserve	5,000	5,000
Total	197,662	175,260

**NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020**

All amounts are in '000 unless otherwise stated

Description of the nature and purpose of each reserve within equity is as follows:**(a) General Reserve :**

The Company had transferred a portion of the net profit of the Company before declaring dividend to the general reserve pursuant to the earlier provisions of the Companies Act, 1956. Mandatory transfer to general reserve before declaration of dividend is not required under the Companies Act, 2013.

(b) Retained Earnings :

Retained earnings are the profits that the Company has earned till date and is net of amount transferred to other reserves such as general reserves etc., amount distributed as dividend and adjustments on account of transition to Ind AS.

(c) Securities Premium :

Securities premium reserve is credited when shares are issued at premium. It is utilised in accordance with the provisions of the Act, to issue bonus shares, to provide for premium on redemption of shares or debentures, write-off equity related expenses like underwriting costs, etc.

(d) Capital Redemption Reserve :

The Capital Redemption Reserve is created on redemption of 13.5% 50,000 Redeemable Cumulative Preference Shares of Rs.100/- in the Financial Year 2007-2008 pursuant to Section 80 of the Companies Act, 1956.

2.15 Other Financial Liabilities

	Non - Current		Current	
	As at Mar 31,		As at Mar 31,	
	2020	2019	2020	2019
Lease Liability	4,011	-	2,003	-
Forward contract - Liability	-	-	707	-
Payables for expenses				
Total outstanding dues of Micro & Small Enterprises	-	-	4,050	3,444
Other than Micro & Small Enterprises	-	-	1,814	1,479
Unpaid dividend	-	-	357	269
Total	4,011	-	8,931	5,192

2.16 Other Current Liabilities

	Current	
	As at March 31,	
	2020	2019
Gratuity payables (Funded)	2,696	2,098
Leave travel allowance payable	712	484
Leave Encashment	479	277
Statutory Payables	1,670	1,147
Bonus Payable	750	-
Total	6,307	4,006

2.17 Provisions

	As at March 31,	
	2020	2019
Employee benefits		
Provision for Bonus	127	133
Total	127	133

2.18 Current tax liabilities

	As at March 31,	
	2020	2019
Current tax liabilities		
Provision for Income Tax (Net of Advance Tax)	169	-
Total	169	-



NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

All amounts are in '000 unless otherwise stated

3.01 Revenue From Operations	Year ended March 31,	
	2020	2019
Revenue from operations		
Sale of products (Net sales)	224,092	185,632
Other operating revenue		
Exchange gain/(loss) on foreign currency	3,378	1,460
Duty drawback received	2,495	1,985
Sale of scrap	116	63
Total	230,081	189,140

3.02 Other Income	Year ended March 31,	
	2020	2019
Interest Income	2,257	4,326
Fair value measurement of Investments	4,776	4,412
Rent Income	454	
Dividend Income	45	42
Other non - operating income		
Amount not payable written back	-	4
Other sundry Income	4	6
Total	7,536	8,790

3.03 Cost of Materials Consumed	Year ended March 31,	
	2020	2019
Opening Stock	2,022	2,892
Purchases	116,996	117,448
Less: Closing stock	(2,921)	(2,022)
Total	116,097	118,318

3.04 Changes in Inventories of Stock-in-Trade	Year ended March 31,	
	2020	2019
Work in process		
Opening Stock	4,939	2,961
Less: Closing Stock	(3,066)	(4,939)
	1,873	(1,978)
Property Development		
Opening Stock	15,934	15,880
Less: Closing Stock	(16,277)	(15,934)
	(343)	(54)
Total	1,530	(2,032)

3.05 Employee Benefits Expense	Year ended March 31,	
	2020	2019
Salaries, wages & incentives	24,038	21,288
Contribution to provident and other fund	4,083	3,588
Staff welfare expenses	859	596
Total	28,980	25,472

**NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020**

All amounts are in '000 unless otherwise stated

3.06 Finance Costs	Year ended March 31,	
	2020	2019
Interest expense on Lease Liability	91	-
Total	91	-
3.07 Depreciation and Amortization Expense	Year ended March 31,	
	2020	2019
Depreciation of property, plant and equipment	3,088	1,745
Depreciation on Right to use Assets	1,976	-
Amortization of Intangible assets	37	50
Total	5,101	1,795
3.08 Other Expenses	Year ended March 31,	
	2020	2019
Selling & distributions expenses	9,383	5,951
Legal and professional fees	3,713	2,811
Motor car expenses	1,257	1,333
Membership & subscription	1,245	953
Rent	1,211	2,640
Conveyance & travelling expenses	1,034	440
Telephone expenses	609	638
Printing & stationery expenses	503	558
General charges	497	453
Electric Power, oil fuel and water charges	429	410
Rates & taxes	413	609
Land development expenses	343	54
Postage & courier expenses	329	330
Miscellaneous expenses	298	251
Director sitting fees	256	219
Interest on statutory dues	221	-
Insurance charges	190	219
Advertisement expenses	105	101
ISO & certification expenses	99	1,657
Amount not recoverable written off	41	1
Pollution Control Permission Expenses	34	382
Donation	10	-
Bad debts	7	38
Medical Expenses	-	-
Loss on sale of Investments	-	14
Loss on sale of Property, plant and equipment	-	3
Repair & Maintenance		
Computer	204	228
Machinery	34	15
Others	556	1,201
Packing Material, Stores & spares		
Opening Stock	356	
Add : Purchase during the year	2,894	
Less : Closing Stock	(367)	
	2,882	2,046
Auditor's Remuneration		
Audit fees	350	350
Other matters	15	-
Total	26,268	23,905



NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

All amounts are in '000 unless otherwise stated

3.09 Tax expenses	Year ended March 31,	
	2020	2019
(i) Income tax expenses		
Current tax		
In respect of the current year	7,000	250
In respect of prior years	-	(300)
	7,000	(50)
Deferred tax		
In respect of the current year	(16)	93
	(16)	93
(ii) Income tax recognised in Other Comprehensive Income		
Remeasurements of the defined benefit plans	159	81
	159	81
Total (a+b)	6,825	(38)
(iii) Reconciliation between the Statutory income tax rate applicable to the company and the effective income tax rate is as follows:		
Net profit/(loss) before tax	31,078	7,002
Effective Tax rate applicable to the company	25.17%	26.00%
Tax amount at the enacted income tax rate	7,821	1,821
Add : Expenses disallowed	1,618	521
Less : Expenses allowed	(2,439)	(1,629)
Expenses of allowed on carryforward business losses	-	(463)
Tax relating to earlier years	-	(300)
Incremental Deferred tax asset on deductible taxable differences	(175)	12
Income tax expense	6,825	(38)
4.01 Earnings Per Share (EPS)	As at March 31,	
	2020	2019
Basic earnings per share:		
Attributable to equity holders of the Company	59.63	17.22
Diluted earnings per share:		
Attributable to equity holders of the Company	59.63	17.22
Reconciliation of earnings used in calculating earnings per share:		
Basic earnings per share		
Profit attributable to equity holders of the Company used in calculating basic earnings per share	24,094	6,959
Diluted earnings per share		
Profit attributable to equity holders of the Company used in calculating diluted earnings per share	24,094	6,959
Used in calculating diluted earnings per share		
Weighted average number of Equity shares used as the denominator in calculating basic & diluted earnings per share	404,045	404,045

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

All amounts are in '000 unless otherwise stated

4.02 Contingent Liabilities

	As at March 31,	
	2020	2019
i) Claims against the Company not acknowledged as debts: Relates to supplier of materials, employees and other claims etc. (No provision is made, as the Company is hopeful of successfully contesting the claims and as such does not expect any significant liability to crystallize).	2,929	2,929
ii) The Company has taken certain premises on sub-lease. The landlord, a Government Company issued a notice under the Public Premises (Eviction of Unauthorized Occupants) Act, 1971 against the Company for eviction and has demanded damages and other charges, which are disputed by the Company. The proceedings in this connection are pending before the Estate officer. The Contingent liability in respect of damages, interest claimed by the Insurance Company cannot be quantified.		

4.03 Employee benefits
1) Defined Contribution Plans:

The amounts of contribution to provident fund and ESIC recognized as expenses during the year is Rs. 1,792 (March 31, 2019 : 1,492) for the year ended March 31, 2020.

2) Defined Benefit Plans:

The Company sponsors funded defined benefit plans for qualifying employee. The defined benefit plans are administered by separate fund that are legally separate fund from the entity. The board of the fund is responsible for the investment policy with regard to assets of the fund.

These plans typically expose the Company to Actuarial risks such as : investment risk, interest rate risk, longevity risk and salary risk. No other post-retirement benefit are provided to the employees.

Investment Risk	The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to government bond yields. If the return on plan asset is below this rate, it will create a plan deficit. Currently the plan has investment with LIC of India.
Interest Risk	A decrease in the interest rate will increase the plan liability. However, this will be partially offset by an increase in the return on the plan's debt investments.
Longevity Risk	The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.
Salary Risk	The present value of the defined plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

3) Principal assumptions used for the purpose of actuarial valuation:

Particulars	Gratuity	
	As at March 31,	
	2020	2019
Discount rate	6.83%	7.77%
Expected rate of salary increase	6.00%	6.00%
Mortality Rate	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)



NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

All amounts are in '000 unless otherwise stated

4. (i) Amounts recognized in Statement of Profit and Loss in respect of defined benefit plans

Particulars	Gratuity	
	As at March 31,	
	2020	2019
Service cost		
Current service cost	337	292
Net Interest Cost	163	153
Net Actuarial (Gain)/loss	-	-
Components of defined benefits cost recognized in Statement of Profit and Loss	500	445

4. (ii) Amounts recognized in Other Comprehensive Income in respect of defined benefit plans

Particulars	Gratuity	
	As at March 31,	
	2020	2019
Remeasurement of net defined benefit liability		
Return on plan assets (excluding amount included in net interest expense)	(10)	(39)
Net Actuarial (Gain)/ Loss	644	350
Components of defined benefits cost recognized in Other Comprehensive Income	633	311

4. (iii) Amounts recognized in the Balance Sheet in respect of defined benefit plans

Particulars	Gratuity	
	As at March 31,	
	2020	2019
Present Value of the Defined Benefit Obligations	8,378	6,863
Fair Value of Plan Assets	(5,682)	(4,765)
Liability Recognized in the Balance Sheet	2,696	2,098

4. (iv) Shortage of funds

The net liability disclosed above relates to funded and unfunded plans are as follows

Particulars	Gratuity	
	As at March 31,	
	2020	2019
Projected benefit obligations at end of the year	8,378	6,863
Fair Value of Plan Asset at the end of the year	(5,682)	(4,765)
Deficit of gratuity plan	2,696	2,098

5. (i) Movements in present value of defined benefit obligation

Particulars	Gratuity	
	As at March 31,	
	2020	2019
Opening defined benefit obligations	6,863	5,774
Current service cost	337	292
Interest cost	533	446
Remeasurement (Gains) / Losses		
Actuarial (gains) / losses on Defined Benefit Obligation - Due to change in financial obligation	276	(9)
Actuarial (gains) / losses on Defined Benefit Obligation - Due to experience	368	360
Closing defined benefit obligation	8,378	6,863

**NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020**

All amounts are in '000 unless otherwise stated

5. (ii) Reconciliation

Particulars	Gratuity	
	As at March 31,	
	2020	2019
Opening Net Liability	2,098	1,973
Add: Employer Expenses (Expenses recognized in the statement of P/L account)	500	445
Add: Transfer to OCI	633	311
Less: Benefit Paid	-	-
Less: Employers contribution	(536)	(631)
Closing Net Liability	2,695	2,098

6. The category of plan assets as a percentage of total plan are as follows:

Particulars	Gratuity	
	As at March 31,	
	2020	2019
Deposits with LIC of India	100%	100%

7. Sensitivity Analysis

Below is the sensitivity analysis determined for significant actuarial assumption for determination of defined benefit obligation and based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period.

Key assumptions for determination of Defined Benefit Obligation are Discount Rate (i.e. Interest Rate) Salary Growth Rate and Employee Turnover Rate

Particulars	Gratuity	
	As at March 31,	
	2020	2019
Delta Effect of +0.5% Change in Rate of Discounting	(151.39)	(112.61)
Delta Effect of -0.5% Change in Rate of Discounting	163.28	120.95
Delta Effect of +0.5% Change in Rate of Salary Increase	163.81	122.45
Delta Effect of -0.5% Change in Rate of Salary Increase	(153.23)	(114.95)
Delta Effect of +0.5% Change in Rate of Employee Turnover	9.94	16.83
Delta Effect of -0.5% Change in Rate of Employee Turnover	(10.64)	(17.92)

4.04 Segment Information

In accordance with Ind AS 108 on Operating Segments information has been given in the Consolidated Financial Statement of the Company and therefore no separate disclosure on segment information is given in the standalone financial statements.

4.05 Dues to Micro and Small Enterprises

The details of amounts outstanding to Micro and Small Enterprises based on available information with the Company is as under:

Particulars	As at March 31,	
	2020	2019
Principal amount remaining unpaid to any supplier as at the end of the accounting year	5,757	4,851
Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	-	-
The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day.	-	-
The amount of interest due and payable for the year.	-	-
The amount of interest accrued and remaining unpaid at the end of the accounting year	-	-
The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid.	-	-



NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

All amounts are in '000 unless otherwise stated

4.06 Capital Management**Risk management**

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and maintain an optimal capital structure to maximize shareholder value.

For the purpose of the Company's capital management, capital includes capital and all other equity reserves. In order to maintain or achieve a capital structure that maximizes the shareholder value, the Company allocates its capital for distribution as dividend or re-investment into business based on its long term financial plans. As at March 31, 2020, the Company has only one class of equity shares and has no debts. Hence, there are no externally imposed capital requirements.

Dividend	As at March 31,	
	2020	2019
Dividend on equity shares paid during the year		
Dividend paid	(1,010)	-
Dividend distribution tax	(208)	-

4.07 Financial Instruments**i) Methods & assumptions used to estimate the fair values**

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

The following methods and assumptions were used to estimate the fair values:

- The carrying amounts of receivables and payables which are short term in nature such as trade receivables, other bank balances, deposits, loans to employees, trade payables, other financial liabilities and cash and cash equivalents are considered to be the same as their fair values.
- For financial assets and liabilities that are measured at fair value, the carrying amounts are equal to the fair values.

ii) Categories of financial instruments

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2: directly or indirectly observable market inputs, other than Level 1 inputs; and

Level 3: inputs which are not based on observable market data

Particulars	As at March 31, 2020		As at March 31, 2019	
	Carrying values	Fair value	Carrying values	Fair value
Financial assets				
Measured at amortized cost				
Trade receivables	40,698	40,698	36,842	36,842
Loans	957	957	9,075	9,075
Cash and Bank balances	45,337	45,337	14,499	14,499
Other financial assets	1,463	1,463	1,266	1,266
Total (A)	88,455	88,455	61,682	61,682
Measured at fair value through profit or loss				
Investment in equity instruments of other companies	4,747	4,747	4,414	4,414
Investment in mutual funds	76,419	76,419	69,856	69,856
Derivative Instruments	-	-	394	394
Total (B)	81,166	81,166	74,664	74,664
Total Financial assets (A+B)	169,621	169,621	136,347	136,347

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

All amounts are in '000 unless otherwise stated

Particulars	As at March 31, 2020		As at March 31, 2019	
	Carrying values	Fair value	Carrying values	Fair value
Financial liabilities				
Measured at amortized cost				
Trade payables	8,246	8,246	9,297	9,297
Other financial liabilities	6,221	6,221	5,192	5,192
Lease Liability	6,014	6,014	-	-
Total (A)	20,481	20,481	14,489	14,489
Measurement at fair value through profit or loss				
Derivative Instruments	707	707	-	-
Total (B)	707	707	-	-
Total Financial liabilities (A+B)	21,188	21,188	14,489	14,489

Level wise disclosure of financial instruments

Particulars	As at March 31,		Level	Valuation techniques and key inputs
	2020	2019		
Investment in equity instruments of other companies	4,747	4,414	1	Market Value
Investment in mutual funds	76,419	69,856	2	NAV as stated by Issuer
Forward contracts - Assets	-	394	2	Quotes from banks or dealers
Forward contracts - Liability	707	-	2	Quotes from banks or dealers

4.08 Financial Risk Management

The Company's financial risk management is an integral part of how to plan and execute its business strategies. The Company's financial risk management policy is set by the Board of Directors. The details of different types of risk and management policy to address these risks are listed below:

The Company's activities are exposed to various risks viz. Credit risk, Liquidity risk and Market risk. In order to minimize any adverse effects on the financial performance of the Company, it uses various instruments and follows policies set up by the Board of Directors / Management.

i) Credit Risk

Credit risk arises from the possibility that counter party will cause financial loss to the Company by failing to discharge its obligation as agreed.

Credit risks from balances with banks are managed in accordance with the Company policy. For derivative and financial instruments, the Company attempts to limit the credit risk by only dealing with reputable banks having high credit-ratings assigned by credit-rating agencies.

Based on the industry practices and business environment in which the Company operates, management considers that the trade receivables are in default if the payment are more than 12 months past due.

ii) Liquidity Risk

Liquidity risk is risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Company's principal sources of liquidity are cash and cash equivalents, borrowings and the cash flow that is generated from operations. The Company has consistently generated sufficient cash flows from its operations and believes that these cash flows along with its current cash and cash equivalents and funding arrangements are sufficient to meet its financial obligations as and when they fall due. Accordingly, liquidity risk is perceived to be low.



NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

All amounts are in '000 unless otherwise stated

Maturities of financial liabilities

The table below provides details regarding the remaining contractual maturities of financial liabilities as at the reporting date:

As at March 31, 2020	less than 1 year	1 to 5 year	Total
Non-Derivatives			
Trade payables	8,246	-	8,246
Other Financial Liabilities	6,221	-	6,221
Lease Liability	2,003	4,011	6,014
As at March 31, 2019	less than 1 year	1 to 5 year	Total
Non-Derivatives			
Trade payables	9,297	-	9,297
Other Financial Liabilities	5,192	-	5,192

iii) **Market Risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Company is exposed in the ordinary course of business to risks related to changes in foreign currency exchange rate and interest rate.

Market Risk – Foreign Exchange

Foreign currency risk is that risk in which the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company operates internationally and a portion of its business is transacted in several currencies and therefore the Company is exposed to foreign exchange risk through its overseas sales in various foreign currencies. The Company hedges the receivables by forming view after discussion with Forex Consultant and as per policies set by Management.

The carrying amount of the Company's foreign currency denominated monetary assets and liabilities as at the end of the reporting period is as follows:

Foreign currency exposure

Currencies		Assets		
		March 31, 2020	March 31, 2019	
GBP		-	137.11	
EURO		144.86	60.49	
USD		137.90	137.88	
Foreign currency exposure as at March 31, 2020		GBP	EURO	USD
Assets				
Trade receivables		-	150.00	141.60
Forward contracts - Assets		-	-	-
Liabilities				
Forward contracts - Liability		-	5.14	3.70
Foreign currency exposure as at March 31, 2019		GBP	EURO	USD
Assets				
Trade receivables		135.00	60.00	135.51
Forward contracts - Assets		2.11	0.49	2.37
Liabilities				
Forward contracts - Liability		-	-	-



NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

All amounts are in '000 unless otherwise stated

Details of Unhedged Foreign Currency Exposure is as under:-

Currency	Nature	March 31, 2020		March 31, 2019	
		Amount in Foreign Currency	Amount in INR	Amount in Foreign Currency	Amount in INR
GBP	Asset- Export Receivables	-	-	2.30	208
EURO	Asset- Export Receivables	0.50	42	0.80	62
USD	Asset- Export Receivables	53.20	4,011	56.11	3,881

Foreign currency sensitivity

1 % increase or decrease in foreign exchange rates will have the following impact on loss before tax and on other components of equity

Particulars	Impact on profit (loss) before tax and equity: Increase/(Decrease)			
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
	1 % Increase	1 % Increase	1 % Decrease	1 % Decrease
GBP	-	2.08	-	(2.08)
EURO	0.42	38.81	(0.42)	(38.81)
USD	40.11	0.62	(40.11)	(0.62)

Market Risk - Price Risk

The Company is mainly exposed to the price risk due to its investment in mutual funds. The price risk arises due to uncertainties about the future market values of these investments. At March 31, 2020, the investments in mutual funds is Rs. 76,419 (March 31, 2019 : 69,856). These are exposed to price risk. In order to minimise price risk arising from investments in mutual funds, the Company predominately invests in those mutual funds which have higher exposure to high quality debt instruments with adequate liquidity & no demonstrated track record of price volatility.

Price risk sensitivity:

0.10% increase or decrease in prices will have the following impact on profit/loss before tax and on other components of equity

	Impact on Profit: Increase/(Decrease)		Impact on equity: Increase / (Decrease)	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Price - increase by 0.10%	76	70	76	70
Price - decrease by 0.10%	(76)	(70)	(76)	(70)

4.09 Related Party Transactions

(a) Names of related parties and description of relationship

Nature of Relationship	Name of Related Parties
i) Key managerial personnel	T. R. Kilachand - Non Executive Chairman P. T. Kilachand - Managing Director A. H. Mehta - Dy. Managing Director N. T. Kilachand - Non Executive Director V. V. Sahasrabudhe - Independent Non Executive Director C. R. Desai - Independent Non Executive Director N. S. Mehendale - Independent Non Executive Director Y. S. Mathur - Independent Non Executive Director K. V. Panchasara - Chief Financial Officer D. V. Chauhan - Company Secretary and Compliance Officer
ii) Entities where the key managerial personnel have significant influence / control	Ginners & Pressers Limited Sun Tan Trading Company Limited Tulsi Global Logistics Private Limited
iii) Subsidiary	Gujarat Poly Electronics Limited



NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

All amounts are in '000 unless otherwise stated

(b) Details of Transactions :

Particulars	Key Managerial personnel		Entities where the key managerial personnel have significant influence/control		Subsidiary		Total Amount	
	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19
Expenses								
<u>Rent</u>								
Ginners & Pressers Limited	-	-	967	967	-	-	967	967
Tulsi Global Logistics Private Limited	-	-	(535)	(546)	-	-	(535)	(546)
<u>Electricity charges</u>								
Ginners & Pressers Limited	-	-	204	190	-	-	204	190
<u>Remuneration*</u>								
P. T. Kilachand	4,100	4,127	-	-	-	-	4,100	4,127
A. H. Mehta	2,505	2,236	-	-	-	-	2,505	2,236
K. V. Panchasara	1,836	1,883	-	-	-	-	1,836	1,883
D.V. Chauhan	637	533	-	-	-	-	637	533
<u>Directors sitting fees</u>								
T. R. Kilachand	32	27	-	-	-	-	32	27
N. T. Kilachand	32	27	-	-	-	-	32	27
C. R. Desai	32	22	-	-	-	-	32	22
N. S. Mehendale	64	51	-	-	-	-	64	51
V. V. Sahasrabudhe	64	54	-	-	-	-	64	54
Y. S. Mathur	32	38	-	-	-	-	32	38
Total expenses payable	9,334	8,998	636	611	-	-	9,970	9,607
Reimbursement/(Recovery) of expenses								
Ginners & Pressers Limited	-	-	195	62	-	-	195	62
Gujarat Poly Electronics Limited	-	-	-	-	(52)	(41)	(52)	(41)
Tulsi Global Logistics Private Limited	-	-	(61)	(53)	-	-	(61)	(53)
Total reimbursement	-	-	134	9	(52)	(41)	82	(32)
<u>Interest on Inter Corporate Deposit</u>								
Gujarat Poly Electronics Limited	-	-	-	-	96	3,091	96	3,091
<u>Interest on Inter Corporate Deposit</u>								
Gujarat Poly Electronics Limited	-	-	-	-	8,000	36,244	8,000	36,244
<u>Balance outstanding as at year end</u>								
Gujarat Poly Electronics Limited	-	-	-	-	-	8,000	-	8,000

*The remuneration to the key managerial personnel does not include the provisions made for gratuity and leave benefits, as they are determined on an actuarial basis for the Company as a whole and also excludes contribution to provident fund and superannuation fund.

4.10 Proposed Dividend

A dividend of Rs. 12.50/- per equity share i.e. 125% of the face value of Rs. 10/- each (Previous Year - Rs. 2.50/- i.e. 25% of the face value of Rs. 10/- each) has been recommended by the Board of Directors which is subject to the approval of the shareholders.

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

All amounts are in '000 unless otherwise stated

4.11 Unpaid Dividend

Particulars	Year	AGM Date	Amount
Unpaid dividend amount in the unpaid dividend account with Yes Bank Ltd.as on:	18-19	2-Aug-19	89
	16-17	24-Aug-17	87
	15-16	10-Aug-16	92
	14-15	27-Jul-15	89

There are no amounts due for payment to the Investor Education and Protection fund under Section 125 as on March 31, 2020.

4.12 Revenue from contracts with customers
Disaggregation of Revenue

Management conclude that disaggregation of revenue disclosed in Ind AS 108 meets the disclosure criteria of Ind AS 115 and segment revenue is measured on the same basis as required by Ind AS 115, hence separate disclosures as per Ind AS 115 is not required.

Contract Balances

Trade receivable is presented net of impairment in the Balance Sheet

The following table provides information about receivables, contract assets and contract liabilities for the contracts with the customers.

Particulars	March 31, 2020	March 31, 2019
Trade receivables	40,698	36,842
Contract assets	-	-
Contract liabilities	-	-

There is no significant changes in the contract assets and the contract liabilities balances during the period.

Performance Obligations And Remaining Performance Obligations

Applying the practical expedient as given in Ind AS 115, the Company has not disclosed the remaining performances as the performance obligations relates to contracts where the Company has a right to consideration from a customer in an amount that corresponds directly with the value to the customer of the Company's performance completed to date.

4.13 Leases
As Lessee

- The Company's lease asset primarily consist of leases for Office Space. Effective April 1, 2019, the Company has adopted Ind AS 116 "Leases" and applied the standard to all lease contracts existing on April 1, 2019 using the modified retrospective method. Consequently, the Company recorded the lease liability at the present value of the remaining lease payments discounted at the incremental borrowing rate as on the date of transition and has measured right to use asset an amount equal to lease liability adjusted for any related prepaid and accrued lease payments previously recognised.
- The effect of this adoption is insignificant on the profit before tax, profit for the period and earnings per share. Ind AS 116 has resulted in an increase in cash inflows from operating activities and an increase in cash outflows from financing activities on account of lease payments.
- On initial application as practical expedients, the Company has elected exemption not to recognise right to use asset and liabilities for leases with less than 12 months of lease term.
- Following is carrying value of right of use assets recognised on date of transition and the movements thereof during the year ended March 31, 2020



NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

All amounts are in '000 unless otherwise stated

Particulars	Category of ROU Office Place
Transition impact on account of Ind AS 116 " Leases"	8,076
Total Right to Use as on date of Transition	8,076
Movement during the year	-
Depreciation of Right to use assets	1,976
Balance as at March 31, 2020	6,099

- (e) **The following is the carrying value of lease liability on the date of transition and movement thereof during the year ended March 31, 2020:**

Particulars	Year Ended March 31, 2020
Transition impact on account of Ind AS 116 " Leases"	8,076
Finance cost accrued during the year	91
Movement during the year	-
Payment of lease liabilities	2,153
Balance as at March 31, 2020	6,014
Current portion of Lease liability	2,003
Non Current portion of Lease liability	4,011

- (f) **Amounts recognised in the statement of cash flows**

Particulars	FY 2019-20
Total cash outflow for leases	3,364

- (g) Rental expense recorded for short-term leases was Rs. 1,211 for the year ended March 31, 2020.

Lessor

Rental income on assets given on operating lease is Rs. 454 for the year ended March 31, 2020.

4.14 Impact of COVID 19 on financials statements

In March 2020, the WHO declared the COVID-19 outbreak as a pandemic which continues to spread across the country. The Government of India has declared this pandemic a health emergency, ordered temporary closure of all non-essential businesses and imposed restrictions on movement of goods/material, travel, etc. As the nature of business performed by the Company majorly fell under non-essential category, these restrictions had substantially reduced our operations. The Company's manufacturing activities remained shut from 23rd March, 2020 due to lock down. Since then the company has partially commenced operations w.e.f 23rd May, 2020 including dispatch of goods to some of its customers. On the basis of evaluation and current indicators of future economic conditions, the Company believes that it will be in a position to recover the carrying amounts of the trade receivables and other financial assets. The impact assessment of COVID-19 is a continuing process, given the uncertainties associated with its nature and duration. The Company will continue to monitor any material changes to future economic conditions and any action to contain its spread or mitigate its impact whether government mandated or elected by the Company.

4.15 Previous year's figures have been reclassified/regrouped wherever necessary.

As per our report of even date
For Nayan Parikh & Co.
Chartered Accountants
Firm Registration No.: 107023W
K. Y. Narayana
Partner
Membership No.: 060639

For and on behalf of the Board of Directors

Tanil R. Kilachand
Parthiv T. Kilachand
Atul H. Mehta
Kanan V. Panchasara
Deepali V. Chauhan

Chairman (DIN No.: 00006659)
Managing Director (DIN No.: 00005516)
Dy. Managing Director (DIN No.: 00005523)
Chief Financial Officer
Company Secretary & Compliance Officer

Place: Mumbai Date: July 11, 2020

Place: Mumbai Date: July 11, 2020

INDEPENDENT AUDITOR'S REPORT

To the Members of Polychem Limited

Report on the audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of **Polychem Limited** (hereinafter referred to as "the Holding Company") and its subsidiary (the Holding Company and its subsidiary together referred to as "the Group") comprising of the Consolidated Balance Sheet as at March 31, 2020, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated Cash Flow Statement for the year then ended, and 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 and based on the consideration of the report of the other auditor on standalone financial statements and on the other financial information of the subsidiary, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the consolidated state of affairs of the Company as at March 31, 2020, its consolidated profit (including other comprehensive income), consolidated changes in equity and its consolidated cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by Institute of Chartered Accountants of India (ICAI), together with the independence requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and rules made there under and we have fulfilled our other ethical responsibilities in accordance with these requirements and Code of Ethics issued by ICAI. 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 the Other Matters section below is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the 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 that there are no key audit matters to communicate in our report.

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

The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in Annual report 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 Holding Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance (including other comprehensive income), consolidated changes in equity and consolidated cash flows of the Group, in accordance with Ind AS and other accounting principles generally accepted in India. The Holding Company's



Board of Directors is also responsible for ensuring accuracy of records including financial information considered necessary for the preparation of these consolidated financial statements. The respective Governing Bodies of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless respective Board of Directors either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are responsible for overseeing the financial reporting process of the Group.

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 judgement 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)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the 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 the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entity included in the consolidated financial statements, which have been audited by other auditor, such other auditor remain responsible for the direction, supervision and performance of the audit carried out by them. We remain solely responsible for our audit opinion. Our responsibilities in this regard are further described in "Other Matters" paragraph below.



We believe that the audit evidence obtained by us along with the consideration of the audit report of the other auditors referred to in "Other Matters" paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

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 of the Holding Company and such other entity included in the consolidated financial statements of which we are the independent auditor 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.

Other Matters

- (i) We did not audit the audited standalone financial statements of subsidiary, whose standalone financial statements reflect total assets of ₹1058.21 lakhs as at March 31, 2020, total revenues of ₹1371.21 lakhs, Group's share of total net profit after tax of ₹121.67 lakhs, Group's share of total comprehensive income ₹117.63 lakhs and net cash inflows amounting to ₹193.46 lakhs for the year ended on that date, as considered in the consolidated financial statements. This financial statements and other financial information have been audited by other auditor whose report have been furnished to us by the Management of the Company and our opinion on the consolidated financial statements, to the extent they have been derived from such financial statements is based solely on the reports of such other auditors.

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 with respect to our reliance on the work done and the reports of the other auditor.

Report on Other Legal and Regulatory Requirements

As required by section 143(3) of the Act, we report, to the extent applicable, 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 aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors;
- 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 relevant books of account maintained for the purpose of preparation of the consolidated financial statements;
- d. In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under section 133 of the Act, read with relevant rules issued thereunder and relevant provisions of the Act;
- e. On the basis of the written representations received from the directors of the Holding Company as on March 31, 2020 taken on record by the Board of Directors of the Holding Company and the report of the statutory auditor of its subsidiary incorporated in India, none of the directors of the Group, 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 with reference to financial statements of the Holding Company, its subsidiary incorporated in India and the operating effectiveness of such controls, refer to our separate report in 'Annexure A';



- g. With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:
- In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Holding Company to its directors during the year is in accordance with the provisions of section 197 of the Act; and
- h. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of other auditor of subsidiary, as noted in the Other matters paragraph:
- i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group, Refer Note 4.02 to the consolidated financial statements;
- ii. The Group, have made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.- Refer Note to the consolidated financial statements ; and
- iii. There has been no delay in transferring amounts which were required to be transferred to the Investor Education and Protection Fund by the Group.

For **Nayan Parikh & Co.**
Chartered Accountants
Firm Registration No.: 107023W

K. Y. Narayana
Partner

Place: Mumbai
Dated: July 11, 2020

Membership No.: 060639
UDIN: 20060639AAAAEH4664

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT

Referred to in paragraph (f) under "Report on Other Legal and Regulatory Requirements" of our Independent Auditor's Report on even date to the members of Polychem Limited ("the Holding Company) on the consolidated financial statements for the year ended March 31, 2020:

Opinion

In conjunction with our audit of the consolidated financial statements of the Holding Company as of and for the year ended March 31, 2020, we have audited the internal financial controls with reference to financial statements of **Polychem Limited (hereinafter referred to as 'the Holding Company')** and its subsidiary, which are companies incorporated in India, as of that date.

In our opinion, the Holding Company, its subsidiary, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2020 based on the internal controls with reference to financial statements criteria established by the Holding Company, considering the essential components of internal controls stated in the Guidance Note issued by the ICAI.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding company, its subsidiary, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal controls with reference to financial statements criteria established by the Holding Company, considering the essential components of internal controls stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting ("Guidance Note") issued by the 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 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 Act.

**Auditor's Responsibility**

Our responsibility is to express an opinion on the internal financial controls with reference to financial statement of the Holding Company, its subsidiary, which are companies incorporated in India, based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal controls 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 auditor in terms of their report referred to in the "Other Matters" paragraph below is sufficient and appropriate to provide a basis for our audit opinion on the Holding Company's internal financial control system with reference to financial statements.

Meaning of Internal Financial Controls with reference to Financial Statements

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

Inherent Limitations of Internal Financial Controls with reference to Financial Statements

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

Other Matters

Our aforesaid report under section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to financial statements, in so far as it relates standalone financial statements of subsidiary, which are company incorporated in India, is based on the corresponding report of the auditor of such company incorporated in India.

For **Nayan Parikh & Co.**
Chartered Accountants
Firm Registration No.: 107023W

K. Y. Narayana
Partner

Place: Mumbai
Dated: July 11, 2020

Membership No.: 060639
UDIN: 20060639AAAAEH4664



CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2020

All amounts are in '000 unless otherwise stated

Particulars	Note No.	As at March 31,	
		2020	2019
ASSETS			
Non-current Assets			
Property, plant and equipment	2.01	34,504	26,437
Other Intangible assets	2.02	1,072	183
Intangible assets under development		-	828
Financial assets			
Investments	2.03	81,166	74,271
Loans	2.04	80	200
Other financial assets	2.05	2,028	1,672
Deferred tax assets (Net)	2.06	1,317	1,142
Other non-current assets	2.07	4,715	6,230
Total non-current assets		124,882	110,963
Current Assets			
Inventories	2.08	43,169	47,899
Financial Assets			
Trade receivables	2.09	77,053	85,340
Cash and cash equivalents	2.10	28,521	9,839
Bank balances other than cash and cash equivalents	2.11	38,585	7,083
Loans	2.04	1,895	1,362
Other financial assets	2.05	548	486
Current tax assets (Net)	2.12	1,568	1,636
Other current assets	2.07	4,291	8,405
Total current assets		195,630	162,050
Assets held for sale	2.13	3,139	3,139
Total assets		323,651	276,152
EQUITY AND LIABILITIES			
Equity			
Equity Share capital	2.14	4,040	4,040
Other Equity	2.15	247,336	218,583
Amount attributable to Owners of Polychem Limited		251,376	222,623
Non controlling Interest		(1,168)	(6,580)
Total equity		250,208	216,043
Liabilities			
Non-Current Liabilities			
Financial Liabilities			
Other financial liabilities	2.16	4,544	-
Provision	2.17	2,704	2,268
Total non-current liabilities		7,248	2,268
Current Liabilities			
Financial Liabilities			
Trade payables		11,008	10,305
Other financial liabilities	2.16	41,166	36,511
Other current liabilities	2.18	11,770	8,880
Provisions	2.17	2,082	2,145
Current Tax Liabilities (Net)	2.19	169	-
Total current liabilities		66,195	57,841
Total equity and liabilities		323,651	276,152

Summary of significant accounting policies

1.00

Refer accompanying notes. These notes are an integral part of the financial statements.

As per our report of even date

For Nayan Parikh & Co.

Chartered Accountants

Firm Registration No.: 107023W

K. Y. Narayana

Partner

Membership No.: 060639

For and on behalf of the Board of Directors

Tanil R. Kilachand**Parthiv T. Kilachand****Atul H. Mehta****Kanan V. Panchasara****Deepali V. Chauhan**

Chairman (DIN No.: 00006659)

Managing Director (DIN No.: 00005516)

Dy. Managing Director (DIN No.: 00005523)

Chief Financial Officer

Company Secretary & Compliance Officer

Place: Mumbai Date: July 11, 2020

Place: Mumbai Date: July 11, 2020

**CONSOLIDATED STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED MARCH 31, 2020**

All amounts are in '000 unless otherwise stated

Particulars	Note No.	Year Ended March 31,	
		2020	2019
INCOME			
Revenue from operations	3.01	366,361	415,419
Other Income	3.02	<u>11,161</u>	<u>5,854</u>
Total Income		<u>377,522</u>	<u>421,273</u>
EXPENSES			
Cost of materials consumed	3.03	116,382	118,825
Purchases of Stock-in-trade	3.04	76,363	120,942
Changes in inventories of stock-in-trade	3.05	5,633	(312)
Processing charges		28,472	24,075
Employee benefits expense	3.06	58,315	52,213
Finance Cost	3.07	132	-
Depreciation and amortization expense	3.08	7,017	3,208
Other expenses	3.09	<u>41,963</u>	<u>41,077</u>
Total Expenses		<u>334,277</u>	<u>360,028</u>
Profit/ (Loss) before tax		43,245	61,245
Tax expenses			
Tax expenses	3.10		
Current tax (for the year)		7,000	250
Current tax (relating to prior years)		-	(300)
Deferred tax		<u>(16)</u>	<u>93</u>
Total tax expense		<u>6,984</u>	<u>43</u>
Profit / (Loss) for the period		<u>36,261</u>	<u>61,202</u>
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurements of post employment benefit		(1,037)	(512)
Income tax relating to these items	3.10	159	81
Total other comprehensive income		<u>(878)</u>	<u>(431)</u>
Total comprehensive income for the period		<u>35,383</u>	<u>60,771</u>
Profit/(Loss) attributable to:			
Owners of the parent		30,663	36,245
Non - Controlling Interest		5,598	24,957
Other comprehensive income/(loss) attributable to:			
Owners of the parent		(692)	(339)
Non - Controlling Interest		(186)	(93)
Total comprehensive income/(loss) attributable to:			
Owners of the parent		29,971	35,907
Non - Controlling Interest		5,412	24,864
Earnings per equity share			
Basic (in Rs.)		75.89	89.71
Diluted (in Rs.)		75.89	89.71
Significant accounting policies	1.00		
Refer accompanying notes. These notes are an integral part of the financial statements.			

As per our report of even date

For Nayan Parikh & Co.

Chartered Accountants

Firm Registration No.: 107023W

K. Y. Narayana

Partner

Membership No.: 060639

For and on behalf of the Board of Directors

Tanil R. Kilachand**Parthiv T. Kilachand****Atul H. Mehta****Kanan V. Panchasara****Deepali V. Chauhan**

Chairman (DIN No.: 00006659)

Managing Director (DIN No.: 00005516)

Dy. Managing Director (DIN No.: 00005523)

Chief Financial Officer

Company Secretary & Compliance Officer

Place: Mumbai Date: July 11, 2020

Place: Mumbai Date: July 11, 2020

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2020**

Equity share capital	Amount
Balance as at April 1, 2018	4,040
Changes in equity share capital during the year	-
Balance as at March 31, 2019	4,040
Changes in equity share capital during the year	-
Balance as at March 31, 2020	4,040

Other Equity

All amounts are in Rs. '000 unless otherwise stated

Particulars	Attributable to owners of the Company					
	Reserves and Surplus					Amount attributable to Owners of the Holding Company
	Securities Premium Account	General Reserve	Capital Redemption Reserve	Capital Reserve	Retained earnings	
Balance as at April 1, 2018	142,437	206,993	5,000	34,415	(206,076)	182,769
Profit for the year	-	-	-	-	36,245	36,245
Other comprehensive income	-	-	-	-	(431)	(431)
Total comprehensive income for the year	-	-	-		35,814	35,814
Loss on acquisition of shares of Gujarat Poly Electronics Limited	-	-	-	-	-	-
Dividends	-	-	-	-	-	-
Dividend Distribution Tax Paid	-	-	-	-	-	-
Balance as at March 31, 2019	142,437	206,993	5,000	34,415	(170,262)	218,583
Movement during the year	-	(179,171)	-	-	179,171	-
Profit for the year	-	-	-	-	30,663	30,663
Other comprehensive income	-	-	-	-	(692)	(692)
Total comprehensive income for the year	-	(179,171)	-	-	209,142	29,971
Dividend Paid	-	-	-	-	(1,010)	(1,010)
Dividend Distribution Tax Paid	-	-		-	(208)	(208)
Balance as at March 31, 2020	142,437	27,822	5,000	34,415	37,662	247,336

As per our report of even date
For Nayan Parikh & Co.
Chartered Accountants
Firm Registration No.: 107023W
K. Y. Narayana
Partner
Membership No.: 060639

For and on behalf of the Board of Directors

Tanil R. Kilachand
Parthiv T. Kilachand
Atul H. Mehta
Kanan V. Panchasara
Deepali V. Chauhan

Chairman (DIN No.: 00006659)
Managing Director (DIN No.: 00005516)
Dy. Managing Director (DIN No.: 00005523)
Chief Financial Officer
Company Secretary & Compliance Officer

Place: Mumbai Date: July 11, 2020

Place: Mumbai Date: July 11, 2020

**AUDITED CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2020**

All amounts are in '000 unless otherwise stated

Particulars	Year Ended March 31	
	2020	2019
Cash flow from operating activities		
Profit before income tax	43,245	61,245
Profit before income tax	43,245	61,245
Non-cash Adjustment to Profit Before Tax:		
Depreciation and amortization expense	7,017	3,208
Dividend Income	(45)	(42)
Gratuity & Leave Encashment Provision	800	125
Interest Income	(2,526)	(1,109)
Provision for Bonus	744	63
Amount no longer payable written back	(54)	(20)
Amount written off	196	24
Allowance for bad & doubtful debts	(2,880)	(117)
MTM (Gain)/loss on forward contracts	707	(394)
Income from Investments	-	(18)
Change in fair value of financial assets at fair value through profit or loss	(4,776)	(4,412)
Bad Debts	7	38
Loss on sale of Investments	-	14
Loss on sale of assets	-	1,622
Finance Cost on Lease	120	-
Unrealised gain and loss on foreign exchange	(1,834)	(602)
Interest and finance charges	12	-
	40,733	59,626
Change in operating assets and liabilities :		
Decrease/(increase) in trade receivables	12,574	(12,277)
Decrease/(increase) in inventories	4,730	2,391
Increase/(decrease) in trade payables	1,028	(7,229)
Increase/(decrease) in other financial assets	(220)	(390)
Decrease/(increase) in other non-current assets	759	(1,029)
Decrease/(increase) in other current assets	4,113	(3,407)
Increase/(decrease) in provisions	379	900
Increase/(decrease) in Loans	(531)	(89)
Increase/(decrease) in other current liabilities	301	(2,137)
Increase/(decrease) in other financial liabilities	1,030	(696)
Cash generated from operations	64,895	35,663
Direct taxes paid (net of refunds)	6,047	(752)
Net cash flow from/(used in) operating activities (A)	58,848	36,415



All amounts are in '000 unless otherwise stated

Cash flow from investing activities

Payments for acquisition of property, plant and equipment	(4,946)	(13,271)
Payments for acquisition of other tangible assets	(34)	-
Inter corporate deposit given	635	(75)
Loans to employees and others	(517)	193
Proceeds from sale of property, plant and equipment	-	173
Movement in Fixed deposits	(31,502)	8,995
Investment in mutual funds & shares	(2,120)	(39,500)
Proceeds from sale of shares	-	246
Interest received	2,328	1,166
Dividend received	45	42

Net cash flow from/(used in) investing activities (B)

(36,111)	(42,030)
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Cash flows from financing activities

Finance lease payments	(2,826)	-
Interest and finance charges	(12)	-
Dividends Paid	(1,218)	(9)

Net cash flow from/(used in) in financing activities (C)

(4,056)	(9)
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Net increase/(decrease) in cash and cash equivalents (A+B+ C)

18,682	(5,624)
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Cash and cash equivalents at the beginning of the year

9,839	15,463
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Cash and cash equivalents at the end of the year

28,521	9,839
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Reconciliation of cash and cash equivalents as per the cash flow statement:

Cash and cash equivalents

Balances with banks:

On current accounts	15,492	5,993
Deposits with original maturity of less than 3 months	12,800	3,846
Cash on hand	229	-

Balance as per the cash flow statement

28,521	9,839
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Note: Above statement has been prepared by using Indirect method as per Ind AS - 7 on Statement of Cash flows

As per our report of even date

For Nayan Parikh & Co.

Chartered Accountants

Firm Registration No.: 107023W

K. Y. Narayana

Partner

Membership No.: 060639

Place: Mumbai

Date: July 11, 2020

For and on behalf of the Board of Directors

Tanil R. Kilachand**Parthiv T. Kilachand****Atul H. Mehta****Kanan V. Panchasara****Deepali V. Chauhan**

Chairman (DIN No.: 00006659)

Managing Director (DIN No.: 00005516)

Dy. Managing Director (DIN No.: 00005523)

Chief Financial Officer

Company Secretary & Compliance Officer

Place: Mumbai

Date: July 11, 2020



SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON CONSOLIDATED FINANCIAL STATEMENTS

These significant accounting policies and notes to accounts form part of the Consolidated financial statements for the year ended March 31, 2020. The Consolidated financial statements comprises of Polychem Limited (the “Company”) and its subsidiary (Gujarat Poly Electronics Limited (collectively the “Group”).

Background

Polychem Limited (“the Company”) is engaged in the manufacturing of specialty chemicals and property development. The Company has manufacturing plant in India and sells it in Domestic as well as International market. The Company is Public Limited Company domiciled in India and is listed on the Bombay Stock Exchange (BSE).

Authorization of consolidated financial statements

The consolidated financial statements were authorized for issue in accordance with a resolution of the directors on July 11, 2020.

1.00 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This note provides a list of the significant accounting policies adopted in the presentation of these consolidated financial statements.

1.01 BASIS OF PREPARATION

(i) Compliance with Ind AS

The consolidated financial statements comply in all material aspects with Indian Accounting Standards (“Ind AS”) notified under Section 133 of the Companies Act, 2013 (“the Act”), and relevant rules issued there under. In accordance with proviso to the Rule 4A of the Companies (Accounts) Rules, 2014, the terms used in these financial statements are in accordance with the definitions and other requirements specified in the applicable Accounting Standards.

(ii) Historical cost convention

The consolidated financial statements have been prepared on a historical cost basis, except for the following:

- certain financial assets and liabilities (including derivative instruments) is measured at fair value; and
- defined benefit plans – plan assets measured at fair value.

1.02 ROUNDING OF AMOUNTS

All amounts disclosed in the consolidated financial statements and notes have been rounded off to the nearest thousands, except where otherwise indicated.

1.03 CURRENT VERSUS NON-CURRENT CLASSIFICATION

The Group presents assets and liabilities in the Balance Sheet based on current/ non-current classification. An asset is classified as current if it is:

- a) Expected to be realised or intended to be sold or consumed in normal operating cycle
- b) Held primarily for the purpose of trading
- c) Expected to be realised within twelve months after the reporting period, or
- d) Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- a) It is expected to be settled in normal operating cycle
- b) It is held primarily for the purpose of trading
- c) It is due to be settled within twelve months after the reporting period, or
- d) There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current.



Deferred tax assets and liabilities are classified as non-current assets and liabilities.

All assets and liabilities have been classified as current or non-current as per the normal operating cycle. Based on the nature of operations, the Group has ascertained its operating cycle as 12 months for the purpose of current - non-current classification of assets and liabilities.

1.04 USE OF JUDGEMENTS, ESTIMATES & ASSUMPTIONS

While preparing consolidated financial statements in conformity with Ind AS, the management makes certain estimates and assumptions that require subjective and complex judgments. These judgments affect the application of accounting policies and the reported amount of assets, liabilities, income and expenses, disclosure of contingent liabilities at the statement of financial position date and the reported amount of income and expenses for the reporting period. Financial reporting results rely on our estimate of the effect of certain matters that are inherently uncertain. Future events rarely develop exactly as forecast and the best estimates require adjustments, as actual results may differ from these estimates under different assumptions or conditions. The management continually evaluate these estimates and assumptions based on the most recently available information.

Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements are as below:

Key sources of estimation uncertainty

- a) Financial instruments; (Refer note 4.07)
- b) Useful lives of property, plant and equipment and intangible assets; (Refer note 1.06)
- c) Valuation of inventories; (Refer note 1.10)
- d) Assets and obligations relating to employee benefits; (Refer note 4.03)
- e) Evaluation of recoverability of deferred tax assets; (Refer note 2.06) and
- f) Contingencies. (Refer note 4.02)

Critical accounting judgments

The Company has equity stake in its subsidiary for strategic reasons concerning its operation. The relationship with this entity have been determined based on principles laid down in Ind AS 110 – Consolidated Financial Statements.

1.05 FOREIGN CURRENCY TRANSACTIONS

(i) Functional and presentation currency

The group's consolidated financial statements are prepared in INR, which is also the group's functional and presentation currency.

(ii) Transactions and balances

Monetary items

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in Statement of Profit and Loss.

Non – Monetary items

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

**1.06 PROPERTY, PLANT AND EQUIPMENT**

Property, plant and equipment is stated at cost, less accumulated depreciation and accumulated impairment losses. The initial cost of an asset comprises its purchase price, any costs directly attributable to bringing the asset into the location and condition necessary for it to be capable of operating in the manner intended by management, the initial estimate of any decommissioning obligation, if any. The purchase price is the aggregate amount paid and the fair value of any other consideration given to acquire the asset.

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 group 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 Statement of Profit and Loss during the reporting period in which they are incurred.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in Statement of Profit and Loss.

Stores & Spares which meet the definition of property, plant and equipment and satisfy the recognition criteria of Ind AS 16 are capitalized as property, plant and equipment.

Depreciation on Property, plant and equipment

Depreciation on tangible assets is provided based on useful life prescribed under Schedule II to the Companies Act, 2013. Depreciation on addition/deletion during the year, is provided on pro-rata basis with reference to the date of addition / disposal.

Assets purchased/installed during the year costing less than Rs. 5,000 are fully depreciated.

Depreciation on Plant & machinery, Laboratory equipment, Office equipment, Computers and Vehicles is provided on WDV as well as SLM based on nature of use. Depreciation on Furniture and fixture is calculated on WDV basis and Depreciation on all other assets is provided on SLM basis.

Cost of leasehold land is amortized over the period of the lease.

1.07 INTANGIBLE ASSETS

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

Intangible assets with finite lives are amortised on written down value over their useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at each year end. The amortisation expense on Intangible assets with finite lives and impairment loss is recognised in the Statement of Profit and Loss.

Business application software intended for long term use are recorded at their acquisition cost and the cost of assets at their carrying value.

Amortisation of intangible assets

Computer software is amortized over the estimated useful life of the assets.

1.08 IMPAIRMENT OF ASSETS

Carrying amount of tangible assets, intangible assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use.



In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or group's assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

1.09 LEASES

Effective April 1, 2019, the Company has adopted Ind AS 116 "Leases" using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings as on April 1, 2019. Accordingly, the comparative information has not been restated and continues to be reported under Ind AS 17 "Lease". Additionally, the disclosure requirements in Ind AS 116 have not generally been applied to comparative information. The following is the summary of the new and/or revised significant accounting policies related to Leases. Refer Note 1 "Significant Accounting policies", in the Company's 2019 Annual Report for the policies in effect for Leases prior to April 1, 2019. The effect of transition on Ind AS 116 was insignificant.

As a Lessee

The Company, as a lessee, recognizes a right-to-use asset and a lease liability for its leasing arrangements, if the contract conveys the right to control the use of an identified asset.

The contract conveys the right to control the use of an identified asset, if it involves the use of an identified asset and the Company has substantially all of the economic benefits from use of the asset and has right to direct the use of the identified asset. The cost of the right-to-use asset shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date plus any initial direct costs incurred. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset.

The Company measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses incremental borrowing rate.

Short-term leases and leases of low-value assets

The Company has elected not to recognise right-to-use assets and lease liabilities for short-term leases that have a lease term ending within 12 months and the Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

As a Lessor

A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset. Lease income from operating leases where the Company is a lessor are recognized on either a straight-line basis or another systematic basis. The Company shall apply another systematic basis if that basis is more representative of the pattern in which benefit from the use of the underlying asset is diminished. The Company present underlying assets subject to operating leases in its Balance Sheet according to the nature of the underlying asset.

1.10 INVENTORIES

Inventories are valued as follows:

Raw materials, packing materials, work-in-process and finished goods are valued at cost or net realizable value, whichever is lower. Cost of raw materials and packing materials is determined on FIFO basis. Cost of work-in-process and finished goods is determined on the basis of absorption costing method.

**Property under development**

Property under development represents free hold land converted into stock-in-trade on the basis of valuation made by approved valuer and development expenses incurred thereon.

1.11 CASH AND CASH EQUIVALENTS

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, 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.

1.12 PRICIPLES OF CONSOLIDATION**Subsidiary**

Subsidiary is an entity over which the Group has control. The Group controls an entity when the Group 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. Subsidiary is 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 subsidiary line by line adding together like items of assets, liabilities, equity, income and expenses. Intergroup 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.

Non-controlling interests in the results and equity of subsidiary are shown separately in the consolidated statement of profit and loss, consolidated statement of changes in equity and balance sheet respectively. Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the noncontrolling interests even if this results in the noncontrolling interests having a deficit balance.

1.13 FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised when a group becomes a party to the contractual provisions of the instruments.

Initial Recognition and Measurement – Financial Assets and Financial Liabilities

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss and ancillary costs related to borrowings) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the Statement of Profit and Loss.

Classification and Subsequent Measurement: Financial Assets

The group classifies financial assets as subsequently measured at amortised cost, fair value through other comprehensive income ("FVTOCI") or fair value through profit or loss ("FVTPL") on the basis of following:

- the entity's business model for managing the financial assets and
- the contractual cash flow characteristics of the financial asset.

Amortised Cost:

A financial asset is classified and measured at amortised cost if both of the following conditions are met:

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

**FVTOCI:**

A financial asset is classified and measured at FVTOCI if both of the following conditions are met:

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

FVTPL:

A financial asset is classified and measured at FVTPL unless it is measured at amortised cost or at FVTOCI.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Impairment of Financial Assets

The group assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

Classification and Subsequent measurement: Financial Liabilities

The group's financial liabilities include trade payables and other financial liabilities.

Financial Liabilities at FVTPL:

Financial liabilities are classified as at FVTPL when the financial liability is held for trading or are designated upon initial recognition as FVTPL.

Gains or losses on financial liabilities held for trading are recognised in the Statement of Profit and Loss.

Other Financial Liabilities:

Other financial liabilities (including trade and other payables) are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Derecognition of Financial Assets and Financial Liabilities:

The group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred. If the group enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

Offsetting Financial Instruments:

Financial assets and liabilities are offset and the net amount is reported in the Balance Sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the group or the counterparty.

**1.14 PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

Provisions are recognised when the group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a current pre-tax rate. The increase in the provision due to the passage of time is recognised as interest expense.

Contingent liabilities are disclosed in the case of:

- a present obligation arising from the past events, when it is not probable that an outflow of resources will be required to settle the obligation;
- a present obligation arising from the past events, when no reliable estimate is possible;
- a possible obligation arising from past events, unless the probability of outflow of resources is remote.

Contingent Assets is disclosed when inflow of economic benefits is probable.

1.15 REVENUE RECOGNITION

The Company derives revenue primarily from sale of products..

Revenue is recognized upon transfer of control of promised products or services to customers in an amount that reflects the consideration the Company expect to receive in exchange for those products or services. Subscription revenue is recognized ratably over the period in which the services are rendered.

To recognize revenues, the Company applies the following five step approach:

1. identify the contract with a customer;
2. identify the performance obligations in the contract;
3. determine the transaction price;
4. allocate the transaction price to the performance obligations in the contract; and
5. recognize revenues when a performance obligation is satisfied

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties.

The Company presents revenue net of indirect taxes in its Statement of Profit and Loss.

Interest

Interest income is recognized using the effective interest rate method taking into account the amount outstanding and the applicable interest rate. Interest income is included under the head "other income" in the Statement of Profit and Loss.

Dividend

Dividends are recognised in the Statement of Profit and Loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Company, and the amount of the dividend can be measured reliably.

1.16 TAXES ON INCOME**Current Tax:**

Tax on income for the current period is determined on the basis of estimated taxable income and tax credits computed in accordance with the provisions of the relevant tax laws and based on the expected outcome of assessments / appeals.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the Statement of Profit and Loss.



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 provided using the Balance Sheet approach on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside the Statement of Profit and Loss is recognised outside the Statement of Profit and Loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

The break-up of the major components of the deferred tax assets and liabilities as at Balance Sheet date has been arrived at after setting off deferred tax assets and liabilities where the group have a legally enforceable right to set-off assets against liabilities and where such assets and liabilities relate to taxes on income levied by the same governing taxation laws.

1.17 EMPLOYEE BENEFITS**a) Short-term obligations**

Short term employee benefits are recognised as an expense at an undiscounted amount in the Statement of Profit and Loss of the year in which the related services are rendered.

b) Post-employment obligations

The group operates the following post-employment schemes:

- defined benefit plans such as gratuity; and
- defined contribution plans such as provident fund.

Gratuity obligations

The liability or asset recognised in the Balance Sheet in respect of defined benefit gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

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

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

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



Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in Statement of Profit and Loss as past service cost.

Defined contribution plans

The group pays provident fund contributions to publicly administered provident funds as per local regulations. The group has no further payment obligations once the contributions have been paid. The contributions are accounted for as defined contribution plans and the contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

c) Other long-term employee benefit obligations

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

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

1.18 EARNINGS PER SHARE (EPS)

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders is adjusted for after income tax effect of interest and other financing cost associated with dilutive potential equity shares and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

1.19 SEGMENT REPORTING

The accounting policies adopted for segment reporting are in conformity with the accounting policies adopted for the group. Further, inter-segment revenue have been accounted for based on the transaction price agreed to between segments which is primarily market based. Revenue and expenses have been identified to segments on the basis of their relationship to the operating activities of the segment. Revenue and expenses, which relate to the group as a whole and are not allocable to segments on a reasonable basis, have been included under "Unallocated expenses".



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

2.01 Property, Plant and Equipment

All amounts are in '000 unless otherwise stated

Particulars	Gross Carrying Amount					Accumulated Depreciation / Impairment					Net Carrying Amount	
	As at April 1, 2019	Addition	Disposal	Reclassification as held for sale	As at March 31, 2020	As at April 1, 2019	For the Year	Elimination on disposal	Reclassification as held for sale	As at March 31, 2020	As at March 31, 2020	As at March 31, 2019
Own Assets:												
Plant and Machinery	9,688	6	-	-	9,694	928	212	-	-	1,140	8,554	8,760
Laboratory equipments	487	-	-	-	487	289	51	-	-	340	147	198
Furniture & Fixtures	942	-	-	-	942	525	91	-	-	616	326	417
Electrical Installations	312	4	-	-	316	4	2	-	-	6	310	308
Computers	2,041	357	-	-	2,398	1,354	398	-	-	1,752	646	687
Office Equipments	1,845	368	-	-	2,213	1,046	353	-	-	1,399	814	799
Building- Factory	5,816	696	-	-	6,512	1,744	557	-	-	2,301	4,211	4,072
Motor Vehicles	11,680	3,400	-	-	15,080	2,064	2,692	-	-	4,755	10,325	9,616
Leasehold Improvements	1,769	-	-	-	1,769	189	17	-	-	207	1,562	1,580
Total (A)	34,580	4,831	-	-	39,411	8,143	4,372	-	-	12,515	26,896	26,437
Right - to - use												
Building	-	10,166	-	-	10,166	-	2,558	-	-	2,558	7,608	-
Total (B)	-	10,166	-	-	10,166	-	2,558	-	-	2,558	7,608	-
Total	34,580	14,997	-	-	49,577	8,143	6,930	-	-	15,073	34,504	26,437

Particulars	Gross Carrying Amount					Accumulated Depreciation / Impairment					Net Carrying Amount	
	As at April 1, 2018	Addition	Disposal	Other Adjustment	As at March 31, 2019	As at April 1, 2018	For the Year	Elimination on disposal	Other Adjustment	As at March 31, 2019	As at March 31, 2019	As at March 31, 2018
Own Assets:												
Plant and Machinery	11,423	-	1,735	-	9,688	665	263	-	-	928	8,760	10,758
Laboratory equipments	487	-	-	-	487	220	69	-	-	289	198	267
Furniture & Fixtures	929	13	-	-	942	397	128	-	-	525	417	531
Electrical Installations	311	1	-	-	312	2	2	-	-	4	308	310
Computers	1,687	396	42	-	2,041	887	505	38	-	1,354	687	799
Office Equipments	1,505	340	-	-	1,845	675	371	-	-	1,046	799	830
Building- Factory	4,813	1,003	-	-	5,816	1,074	670	-	-	1,744	4,072	3,739
Motor Vehicles	3,455	8,349	124	-	11,680	1,082	1,050	68	-	2,064	9,616	2,374
Land (Leasehold)	2,614	2,341	-	3,186	1,769	181	56	-	48	189	1,580	2,433
Total	27,224	12,443	1,901	3,186	34,580	5,183	3,114	106	48	8,143	26,437	22,043

2.02 Other Intangible Assets

All amounts are in '000 unless otherwise stated

Particulars	Gross Carrying Amount					Accumulated Amortisation/Impairment					Net Carrying Amount	
	As at April 1, 2019	Addition	Disposal	Reclassification as held for sale	As at March 31, 2020	As at April 1, 2019	For the Year	Elimination on disposal	Reclassification as held for sale	As at March 31, 2020	As at March 31, 2020	As at March 31, 2019
Software	941	976	-	-	1,917	758	87	-	-	845	1,072	183
Total	941	976	-	-	1,917	758	87	-	-	845	1,072	183

Particulars	Gross Carrying Amount					Accumulated Amortisation/Impairment					Net Block	
	As at April 1, 2018	Addition	Disposal	Other Adjustments	As at March 31, 2019	As at April 1, 2018	For the Year	Elimination on disposal	Other adjustments	As at March 31, 2019	As at March 31, 2019	As at March 31, 2018
Software	941	-	-	-	941	665	93	-	-	758	183	276
Total	941	-	-	-	941	665	93	-	-	758	183	276

Notes: Range of remaining period of amortisation of Intangible Assets is as below:

Particulars	With in One year	2 to 5 years	Exceeding 5 years	Total WDV
Softwares	245	811	16	1,072
Total	245	811	16	1,072



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

2.03 Non-current Investments

All amounts are in '000 unless otherwise stated

Particulars	Face value per unit	As at March 31,			
		2020		2019	
		Qty	Amount	Qty	Amount
Investments in Equity Instruments (fully paid-up)					
Quoted					
Investment in other companies (FVTPL)					
State Bank of India	1	1,050	207	1,050	337
HDFC Limited	2	650	1,060	500	984
ICICI Bank Limited	2	1,612	523	962	385
ITC Limited	1	1,800	310	1,800	535
Larsen & Toubro Limited	2	585	472	585	810
Adani Port Sp. Eco. Zone Limited	2	1,500	377	1,500	567
Reliance Industries Limited	10	584	650	584	796
Bajaj Finserv Ltd	5	30	138	-	-
HDFC Asset Management Company Limited	5	100	211	-	-
HDFC Bank Limited	1	300	259	-	-
Maruti Suzuki India Limited	5	50	214	-	-
Nestle India Limited	10	20	326	-	-
(A)		8,281	4,747	6,981	4,414
Unquoted					
Investment in other companies					
Crescent Finstock Limited	10	9	*	9	*
Mafatlal Dyes & Chemicals Limited	10	62	1	62	1
(B)		71	1	71	1
Investments in Mutual Fund (FVTPL)					
Unquoted					
HDFC Floating Rate Income Fund (Growth)	10	218,652	7,677	218,652	7,107
HDFC Credit Risk Debt Fund (Earlier known as HDFC - STP) (Growth)	10	704,326	11,724	293,417	10,745
DSP Black Rock - SBF - Institutional Plan (Growth)	10	4,905	11,955	4,905	10,710
Axis Banking & PSU Debt Fund (Growth)	10	7,630	14,584	7,630	13,335
IDFC Corporate Bond Fund (Growth)	10	1,237,093	17,049	1,237,093	15,751
DSP Corporate Bond Fund (Reg- Growth)	10	567,253	6,686	567,253	6,096
IDFC Banking & PSU Debt Fund (Growth)	10	380,103	6,744	380,103	6,112
(C)		3,119,961	76,419	2,709,052	69,856
Total (A + B + C)		3,128,313	81,166	2,716,104	74,271

Aggregate amount of quoted investments	4,747	4,414
Aggregate market value of quoted investments	4,747	4,414
Aggregate amount of unquoted investments	76,420	69,857
Aggregate amount of Impairment in the value of Investments	-	-

*Amounts below Rs. 500/-

2.04 Loans

	Non - Current		Current	
	As at March 31,		As at March 31,	
	2020	2019	2020	2019
Other Loans				
Unsecured, considered good unless stated otherwise				
Loans to employees	80	200	1,895	727
Inter corporate deposit	-	-	-	635
	80	200	1,895	1,362
Less : Allowance for bad and doubtful loans	-	-	-	-
Total	80	200	1,895	1,362



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

All amounts are in '000 unless otherwise stated

2.05 Other Financial Assets

	Non - Current		Current	
	As at March 31,		As at March 31,	
	2020	2019	2020	2019
Security deposits	2,028	1,672	-	-
Forward Contract - Asset	-	-	-	394
Accrued Interest on Deposits with Bank	-	-	548	92
Total	2,028	1,672	548	486

2.06 Deferred Tax Assets (net)

	Current	
	As at March 31,	
	2020	2019
Deductible temporary differences		
Property, plant and equipment	1,325	1,142
Others	14	-
Taxable temporary differences		
Other taxable temporary differences	(22)	-
Total	1,317	1,142

Deferred Tax Assets in relation to:

	As at March 31, 2019	Recognized in Profit / (loss) account	As at March 31, 2020
Property, plant and equipment	1,142	183	1,325
Others	-	14	14
	1,142	197	1,339

Deferred Tax liabilities in relation to:

	As at March 31, 2019	Recognized in Profit / (loss) account	As at March 31, 2020
Other taxable temporary differences	-	(22)	(22)
	-	(22)	(22)
	1,142	175	1,317

The Subsidiary Company has substantial unused tax losses and unused tax credits. The deferred tax assets relating to such deductible temporary differences, carry forward unused tax losses and carry forward unused tax credits is significantly higher than deferred tax liabilities. On conservative approach, the Subsidiary Company has recognized deferred tax assets on unabsorbed depreciation only to the extent of its deferred tax liabilities.

Unrecognised deductible temporary differences, unused tax losses and unused tax credits on which deferred tax assets has not being recognised.

Particulars	2019-20	2020-21	2021-22	2022-23	2023-24	Indefinite	Total
Tax losses							
Unabsorbed depreciation	-	-	-	-	-	73,784	73,784
Business losses	-	-	-	-	-	-	-
Total	-	-	-	-	-	73,784	73,784

2.07 Other Assets

	Non - Current		Current	
	As at March 31,		As at March 31,	
	2020	2019	2020	2019
Prepaid expenses	780	783	1,296	1,084
Staff Advances	-	-	420	382
Advance to suppliers	-	-	-	1,004
Balances with Statutory Authorities:				
Income Tax (net of provisions)	279	995	-	-
VAT/GST Receivable	3,234	4,117	2,076	5,438
Others	-	-	457	282
Other Receivables				
Employee Super Annuation Scheme A/c - HDFC	6	6	-	-
GPEL EMP GGCA SCHEME A/C - HDFC	10	10	-	-
Other Advances	405	319	41	214
Total	4,715	6,230	4,291	8,405



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

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2.08 Inventories		As at March 31,	
		2020	2019
Raw Materials		5,651	4,784
Property Development		16,277	15,934
Finished Goods		932	955
Stock in trade		16,680	20,727
Work in progress		3,160	5,065
Packing Material		56	32
Stores and spares		413	402
Total		43,169	47,899
2.09 Trade Receivables		As at March 31,	
		2020	2019
Trade receivables - Unsecured		78,628	89,798
Less : Provision for impairment		1,575	4,458
Total		77,053	85,340
2.10 Cash and Cash Equivalent		As at March 31,	
		2020	2019
Balances with banks:			
On current accounts		15,492	5,993
Deposits with original maturity of less than 3 months*		12,800	3,846
Cash on hand		229	-
Total		28,521	9,839
2.11 Bank balances other than cash and cash equivalents		As at March 31,	
		2020	2019
Deposits with original maturity for more than 3 months but less than 12 months*		38,585	7,083
Total		38,585	7,083
*Marked under lien in favour of banks Lien marked on Deposit of Rs. 2,800('000) for obtaining forward contract exposure with HDFC Bank in respect of trade receivables. Lien marked on Deposit of Rs. 400('000) for issuance of Corporate Expense card by HDFC Bank.			
2.12 Current Tax Assets (Net)		As at March 31,	
		2020	2019
Advance income tax (Net of Provisions)		1,568	1,636
Total		1,568	1,636
2.13 Assets held for sale		As at March 31,	
		2020	2019
Plot of Land at cost		3,139	3,186
Less: Amortisation		-	48
Total		3,139	3,139



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

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2.14 Equity Share capital

	As at March 31,	
	2020	2019
Paid up Capital		
4,04,045 (March 31, 2019 : 4,04,045) Equity shares of Rs.10/- each (fully paid up)	4,040	4,040
Total fully paid-up share capital	4,040	4,040

a. Reconciliation of shares outstanding as at the beginning and at the end of the reporting period:

(Separate reconciliation should be prepared for each Class of Shares)

Equity Shares	As at March 31,			
	2020		2019	
	No. of Shares	Amount	No. of Shares	Amount
At the beginning of the period	404,045	4,040	404,045	4,040
Movement during the year	-	-	-	-
Outstanding at the end of the period	404,045	4,040	404,045	4,040

b. Rights, preference and restrictions attached to shares:

Equity Shares

The Company has one class of equity shares having a par value of Rs. 10/- per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the company after distribution of all preferential amounts, in proportion to their shareholding.

c. Details of share holders holding more than 5% shares in the company

Particulars	As at March 31,			
	2020		2019	
	No. of Shares	% of holding	No. of Shares	% of holding
Equity shares of Rs. 10 each fully paid				
Name of the Shareholder				
Virsun Investments Private Limited	80,802	19.99%	80,802	19.99%
Highclass Trading Private Limited	39,842	9.86%	39,842	9.86%
Masuma Tradecorp Private Limited	59,987	14.85%	59,987	14.85%

2.15 Other Equity

	As at March 31,	
	2020	2019
General reserve	27,822	206,993
Surplus in the Statement of Profit and Loss	37,662	(170,262)
Capital reserve	34,415	34,415
Securities Premium	142,437	142,437
Capital Redemption reserve	5,000	5,000
Total	247,336	218,583

Description of the nature and purpose of each reserve within equity is as follows:

(a) General Reserve :

The Company had transferred a portion of the net profit of the Company before declaring dividend to the general reserve pursuant to the earlier provisions of the Companies Act, 1956. Mandatory transfer to general reserve before declaration of dividend is not required under the Companies Act, 2013.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

All amounts are in '000 unless otherwise stated

(b) Retained Earnings :

Retained earnings are the profits that the Company has earned till date and is net of amount transferred to other reserves such as general reserves etc., amount distributed as dividend and adjustments on account of transition to Ind AS.

(c) Securities Premium :

Securities premium reserve is credited when shares are issued at premium. It is utilised in accordance with the provisions of the Act, to issue bonus shares, to provide for premium on redemption of shares or debentures, write-off equity related expenses like underwriting costs, etc.

(d) Capital Redemption Reserve :

The Capital Redemption Reserve is created on redemption of 13.5% 50,000 Redeemable Cumulative Preference Shares of Rs. 100/- in the Financial Year 2007-2008 pursuant to Section 80 of the Companies Act, 1956.

2.16 Other Financial Liabilities

	Non-Current		Current	
	As at March 31,		As at March 31,	
	2020	2019	2020	2019
Preference Share Capital	-	-	31,322	31,322
Forward contract - Liability	-	-	707	-
Lease Liability	4,544	-	2,916	-
Payables for expenses				
Total outstanding dues of Micro & Small Enterprises	-	-	4,050	3,444
Other than Micro & Small Enterprises	-	-	1,814	1,479
Unpaid dividend	-	-	357	269
Total	4,544	-	41,166	36,514

2.17 Provisions

	Non-Current		Current	
	As at March 31,		As at March 31,	
	2020	2019	2020	2019
Employee benefits				
Leave Encashment (Unfunded Plans)	2,704	2,268	1,651	1,702
Provision for Bonus	-	-	431	443
Total	2,704	2,268	2,082	2,145

2.18 Other Current Liabilities

	Current	
	As at March 31,	
	2020	2019
Gratuity payables (Funded)	4,385	3,736
Leave travel allowance payable	1,418	1,252
Other Payables	166	85
Provision for expense	2,005	1,058
Leave Encashment	479	277
Statutory Payables	2,567	2,472
Bonus Payable	750	-
Total	11,770	8,880

2.19 Current tax liabilities

	Current	
	As at March 31,	
	2020	2019
Current tax liabilities		
Provision for Income Tax (Net of Advance Tax)	169	-
Total	169	-



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

All amounts are in '000 unless otherwise stated

3.01 Revenue From Operations	Year ended March 31,	
	2020	2019
Revenue from operations		
Sale of products (Net sales)	360,047	410,944
Other operating revenue		
Exchange gain/(loss) on foreign currency	3,644	2,211
Duty drawback received	2,495	1,985
Sale of scrap	116	63
Others	59	216
Total	366,361	415,419
3.02 Other Income	Year ended March 31,	
	2020	2019
Interest Income	2,897	1,253
Fair value measurement of Investments	4,776	4,412
Rent Income	454	
Dividend Income	45	42
Ecl Income	2,880	117
Other non - operating income		
Amount not payable written back	54	20
Other sundry Income	55	10
Total	11,161	5,854
3.03 Cost of Materials Consumed	Year ended March 31,	
	2020	2019
Opening Stock	4,784	5,736
Purchases	117,249	117,873
Less: Closing stock	(5,651)	(4,784)
Total	116,382	118,825
3.04 Purchases of Stock-in-trade	Year ended March 31,	
	2020	2019
i) Trading Goods	76,363	120,856
ii) Packing Material	-	86
Total	76,363	120,942
3.05 Changes in Inventories of Stock-in-Trade	Year ended March 31,	
	2020	2019
Finished Goods		
Opening Stock	955	3,970
Less: Closing Stock	(932)	(955)
	23	3,015
Work in process		
Opening Stock	5,065	3,117
Less: Closing Stock	(3,160)	(5,065)
	1,905	(1,948)
Trading Goods		
Opening Stock	20,728	19,403
Less: Closing Stock	(16,680)	(20,728)
	4,048	(1,325)



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

All amounts are in '000 unless otherwise stated

Property Development

Opening Stock	15,934	15,880
Less: Closing Stock	(16,277)	(15,934)
Total	5,633	(312)

3.06 Employee Benefits Expense

	Year ended March 31,	
	2020	2019
Salaries, wages & incentives	48,874	43,857
Contribution to provident and other fund	7,409	6,613
Staff welfare expenses	2,032	1,743
Total	58,315	52,213

3.07 Finance Costs

	Year ended March 31,	
	2020	2019
Interest expense on Lease Liability	120	-
Other Interest Expenses	12	-
Total	132	-

3.08 Depreciation and Amortization Expense

	Year ended March 31,	
	2020	2019
Depreciation of property, plant and equipment	4,372	3,115
Depreciation on Right to use Assets	2,558	-
Amortization of Intangible assets	87	93
Total	7,017	3,208

3.09 Other Expenses

	Year ended March 31,	
	2020	2019
Selling & distributions expenses	10,391	6,313
Legal and professional fees	7,211	6,031
Rent	1,211	3,294
Factory Expense	435	443
Security service charges	897	904
Motor car expenses	2,094	1,783
Membership & subscription	1,309	990
Rates & taxes	510	715
Property tax	363	363
Telephone expenses	866	878
General charges	643	653
Printing & stationery expenses	1,217	1,218
Conveyance & travelling expenses	2,320	2,092
CSR Expense	410	-
Electric Power, oil fuel and water charges	1,510	1,458
Miscellaneous expenses	2,093	3,009
Pollution Control Permission Expenses	34	-
Postage & courier expenses	678	700
Insurance charges	572	590
Advertisement expenses	207	218
Amount not recoverable written off	41	1



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

All amounts are in '000 unless otherwise stated

Land development expenses	343	54
ISO & certification expenses	99	1,657
Director sitting fees	572	485
Interest on statutory dues	221	-
Donation	10	-
Bad debts	7	238
Loss on sale of Investments	-	14
Loss on sale of assets	-	1,622
Land Non Use Charges	761	781
Repair & Maintenance		
Computer	204	228
Machinery	45	35
Others	1,372	1,905
Packing Material, Stores & spares		
Opening Stock	356	-
Add : Purchase during the year	2,894	-
Less : Closing Stock	(367)	2,954
Auditor's Remuneration	365	350
Total	41,963	41,077

3.10 Tax expenses

	Year ended March 31,	
	2020	2019
(a) Income tax expenses		
Current tax		
In respect of the current year	7,000	250
In respect of prior years	-	(300)
Others	-	-
	<u>7,000</u>	<u>(50)</u>
Deferred tax		
In respect of the current year	(16)	93
	<u>(16)</u>	<u>93</u>
(b) Income tax recognised in Other Comprehensive Income		
Remeasurements of the defined benefit plans	159	81
	<u>159</u>	<u>81</u>
Total (a+b)	6,825	(38)

(c) Reconciliation between the Statutory income tax rate applicable to the company and the effective income tax rate is as follows:	Year ended March 31,	
	2020	2019
Net profit/(loss) before tax	43,245	61,245
Effective Tax rate applicable to the company	25.17%	26.00%
Tax amount at the enacted income tax rate	10,884	15,924
Add : Expenses disallowed	1,618	521
Less : Expenses allowed	(2,439)	(1,629)
Deferred tax not created on current year loss	(3,062)	(14,102)
Expenses allowed on carryforward business losses	-	(463)
Tax relating to earlier years	-	(300)
Incremental Deferred tax asset on deductible taxable differences	(175)	12
Income tax expense	6,825	(38)



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

All amounts are in '000 unless otherwise stated

4.01 Earnings Per Share (EPS)	As at March 31,	
	2020	2019
Basic earnings per share:		
Attributable to equity holders of the Company	75.89	89.71
Diluted earnings per share:		
Attributable to equity holders of the Company	75.89	89.71
Reconciliation of earnings used in calculating earnings per share:		
Basic earnings per share		
Profit attributable to equity holders of the Company used in calculating basic earnings per share	30,663	36,245
Diluted earnings per share		
Profit attributable to equity holders of the Company used in calculating diluted earnings per share	30,663	36,245
Weighted average number of Equity shares used as the denominator in calculating basic & diluted earnings per share		
	404,045	404,045
4.02 Contingent Liabilities	As at March 31,	
	2020	2019
1) Claims against the Company not acknowledged as debts:	2,929	2,929
Relates to supplier of materials, employees and other claims etc. (No provision is made, as the Company is hopeful of successfully contesting the claims and as such does not expect any significant liability to crystallize).		
2) The Company has taken certain premises on sub-lease. The landlord, a Government Company issued a notice under the Public Premises (Eviction of Unauthorized Occupants) Act, 1971 against the Company for eviction and has demanded damages and other charges, which are disputed by the Company. The proceedings in this connection are pending before the Estate officer. The Contingent liability in respect of damages, interest claimed by the Insurance Company cannot be quantified.		
3) Disputed Demand of Employees' State Insurance Corporation *	103	103
*Bank Guarantee is issued to ESIC as security for Rs. 52,000/-		
4.03 Employee benefits	As at March 31,	
	2020	2019
1) Defined Contribution Plans:		
The amounts of contribution to provident fund and ESIC recognized as expenses during the year is Rs. 3,629 (March 31, 2019 : 3,124) for the year ended March 31, 2020.		
2) Defined Benefit Plans:		
The Company sponsors funded defined benefit plans for qualifying employee. The defined benefit plans are administered by separate fund that are legally separate fund from the entity. The board of the fund is responsible for the investment policy with regard to assets of the fund.		
These plans typically expose the Company to Actuarial risks such as : investment risk, interest rate risk, longevity risk and salary risk. No other post-retirement benefit are provided to the employees.		
Investment Risk	The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to government bond yields. If the return on plan asset is below this rate, it will create a plan deficit. Currently the plan has investment with LIC of India.	
Interest Risk	A decrease in the interest rate will increase the plan liability. However, this will be partially offset by an increase in the return on the plan's debt investments.	
Longevity Risk	The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.	
Salary Risk	The present value of the defined plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.	



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

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3) Principal assumptions used for the purpose of actuarial valuation :

Particulars	Gratuity	
	As at March 31,	
	2020	2019
Discount rate	6.83%	7.77%
Expected rate of salary increase	6.00%	6.00%
Mortality Rate	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)

4. (a) Amounts recognized in Statement of Profit and Loss in respect of defined benefit plans

Particulars	Gratuity	
	As at March 31,	
	2020	2019
Service cost		
Current service cost	659	585
Net Interest Cost	290	375
Past Service cost		
Net Actuarial (Gain)/loss	-	-
Components of defined benefits cost recognized in Statement of Profit and Loss	949	960

4. (b) Amounts recognized in Other Comprehensive Income in respect of defined benefit plans

Particulars	Gratuity	
	As at March 31,	
	2020	2019
Remeasurement of net defined benefit liability		
Return on plan assets (excluding amount included in net interest expense)	24	(173)
Net Actuarial (Gain)/ Loss	1,014	685
Components of defined benefits cost recognized in Other Comprehensive Income	1,037	512

4. (c) Amounts recognized in the Balance Sheet in respect of defined benefit plans

Particulars	Gratuity	
	As at March 31,	
	2020	2019
Present Value of the Defined Benefit Obligations	19,065	16,407
Fair Value of Plan Assets	(14,680)	(12,671)
Liability Recognized in the Balance Sheet	4,385	3,736

4. (d) Shortage of funds

The net liability disclosed above relates to funded and unfunded plans are as follows

Particulars	Gratuity	
	As at March 31,	
	2020	2019
Projected benefit obligations at end of the year	19,065	16,407
Fair Value of Plan Asset at the end of the year	(14,680)	(12,671)
Deficit of gratuity plan	4,385	3,736



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

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5. (a) Movements in present value of defined benefit obligation

Particulars	Gratuity	
	As at March 31,	
	2020	2019
Opening defined benefit obligations	16,407	14,061
Current service cost	659	585
Interest cost	1,274	1,091
Past Service cost	-	-
Benefit paid from the fund	(289)	(16)
Remeasurement (Gains) / losses		
Actuarial (gains) / losses on Defined Benefit Obligation - Due to change in financial obligation	638	(2)
Actuarial (gains) / losses on Defined Benefit Obligation - Due to experience	375	688
Closing defined benefit obligation	19,065	16,407

5. (b) Reconciliation

Particulars	Gratuity	
	As at March 31,	
	2020	2019
Opening Net Liability	3,737	4,833
Add: Employer Expenses (Expenses recognized in the statement of P/L account)	949	961
Add: Transfer to OCI	1,037	512
Less: Benefit Paid	-	-
Less: Employers contribution	(1,338)	(2,569)
Closing Net Liability	4,385	3,736

6. The category of plan assets as a percentage of total plan are as follows:

Particulars	Gratuity	
	As at March 31,	
	2020	2019
Deposits with LIC of India	100%	100%

7. Sensitivity Analysis

Below is the sensitivity analysis determined for significant actuarial assumption for determination of defined benefit obligation and based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period.

Key assumptions for determination of Defined Benefit Obligation are Discount Rate (i.e. Interest Rate) Salary Growth Rate and Employee Turnover Rate

Particulars	Gratuity	
	As at March 31,	
	2020	2019
Delta Effect of +0.5% Change in Rate of Discounting	(539)	(454)
Delta Effect of -0.5% Change in Rate of Discounting	597	501
Delta Effect of +0.5% Change in Rate of Salary Increase	492	425
Delta Effect of -0.5% Change in Rate of Salary Increase	(466)	(392)
Delta Effect of +0.5% Change in Rate of Employee Turnover	55	77
Delta Effect of -0.5% Change in Rate of Employee Turnover	(60)	(83)



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

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4.04 Segment Information

Segment information

Segment information for primary segment reporting (by business segments).

The Group has three business segments:

- (a) Property Development
- (b) Specialty Chemicals
- (c) Manufacturing and trading in Capacitors

Sr. No.	Particulars	As at March 31,	
		2020	2019
1	Segment Revenue		
	(net sale/income from each segment)		
	(a) Property Development	-	-
	(b) Specialty Chemicals	224,092	185,632
	(c) Manufacturing and trading in Capacitors	135,955	225,312
	(d) Unallocated	17,475	10,329
	Total	377,522	421,273
	Less: Inter Segment Revenue	-	-
	Revenue from operations	377,522	421,273
2	Segment Results		
	Profit/Loss before tax and interest from each segment		
	(a) Property Development	-	-
	(b) Specialty Chemicals	58,005	26,538
	(c) Manufacturing and trading in Capacitors	12,263	54,243
	(d) Unallocated	-	-
	Total	70,268	80,781
	Less: Other Un-allocable Expenditure (net off)	27,023	19,536
	Total Profit Before Tax	43,245	61,245
3	Segment Asset		
	(Segment assets - Segment liabilities)		
	(a) Property Development	16,277	15,934
	(b) Specialty Chemicals	71,758	60,891
	(c) Manufacturing and trading in Capacitors	105,821	97,886
	(d) Unallocated	129,795	101,441
	Total	323,651	276,152
4	Segment Liabilities		
	(a) Property Development	-	-
	(b) Specialty Chemicals	19,258	14,165
	(c) Manufacturing and trading in Capacitors	45,657	41,484
	(d) Unallocated	8,528	4,460
	(e) NCI	(1,168)	(6,580)
	Total	72,275	53,529

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

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4.05 Capital Management
Risk management

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and maintain an optimal capital structure to maximize shareholder value.

For the purpose of the Company's capital management, capital includes capital and all other equity reserves. In order to maintain or achieve a capital structure that maximizes the shareholder value, the Company allocates its capital for distribution as dividend or re-investment into business based on its long term financial plans. As at March 31, 2020, the Company has only one class of equity shares and has no debts. Hence, there are no externally imposed capital requirements.

Dividend	As at March 31,	
	2020	2019
Dividend on equity shares paid during the year		
Dividend paid	(1,010)	-
Dividend distribution tax	(208)	-

4.06 Financial Instruments
1) Methods & assumptions used to estimate the fair values

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

The following methods and assumptions were used to estimate the fair values:

- The carrying amounts of receivables and payables which are short term in nature such as trade receivables, other bank balances, deposits, loans to employees, trade payables, other financial liabilities and cash and cash equivalents are considered to be the same as their fair values.
- For financial assets and liabilities that are measured at fair value, the carrying amounts are equal to the fair values.

2) Categories of financial instruments

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2: directly or indirectly observable market inputs, other than Level 1 inputs; and

Level 3: inputs which are not based on observable market data.

Particulars	As at March 31, 2020		As at March 31, 2019	
	Carrying values	Fair value	Carrying values	Fair value
Financial assets				
Measured at amortized cost				
Trade receivables	77,053	77,053	85,340	85,340
Loans	1,975	1,975	1,562	1,562
Cash and Bank balances	67,106	67,106	16,922	16,922
Other financial assets	2,576	2,576	1,764	1,764
Total (A)	148,710	148,710	105,588	105,588
Measured at fair value through profit or loss				
Investment in equity instruments of other companies	4,747	4,747	4,414	4,414
Investment in mutual funds	76,419	76,419	69,856	69,856
Derivative Instruments	-	-	394	394
Total (B)	81,166	81,166	74,664	74,664
Total Financial assets (A+B)	229,876	229,876	180,252	180,252



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

All amounts are in '000 unless otherwise stated

Financial liabilities				
Measured at amortized cost				
Trade payables	11,008	11,008	10,305	10,305
Other financial liabilities	37,543	37,543	36,512	36,512
Lease Liability	7,460	7,460	-	-
Total (A)	56,011	56,011	46,817	46,817
Measurement at fair value through profit or loss				
Derivative Instruments	707	707	-	-
Total (B)	707	707	-	-
Total Financial liabilities (A+B)	56,718	56,718	46,817	46,817

Level wise disclosure of financial instruments

Particulars	As at March 31,		Level	Valuation techniques and key inputs
	2020	2019		
Investment in equity instruments of other companies	4,747	4,414	1	Market Value
Investment in mutual funds	76,419	69,856	2	NAV as stated by Issuer
Forward contracts - Assets	-	394	2	Quotes from banks or dealers
Forward contracts - Liability	707	-	2	Quotes from banks or dealers

4.07 Financial Risk Management

The Company's financial risk management is an integral part of how to plan and execute its business strategies. The Company's financial risk management policy is set by the Board of Directors. The details of different types of risk and management policy to address these risks are listed below:

The Company's activities are exposed to various risks viz. Credit risk, Liquidity risk and Market risk. In order to minimize any adverse effects on the financial performance of the Company, it uses various instruments and follows policies set up by the Board of Directors/Management.

1) Credit Risk

Credit risk arises from the possibility that counter party will cause financial loss to the Company by failing to discharge it's obligation as agreed.

Credit risks from balances with banks are managed in accordance with the Company policy. For derivative and financial instruments, the Company attempts to limit the credit risk by only dealing with reputable banks having high credit-ratings assigned by credit-rating agencies.

Based on the industry practices and business environment in which the Company operates, management considers that the trade receivables are in default if the payment are more than 12 months past due.

Table showing age of gross trade receivables and movement in expected credit loss allowance:

Age of Receivables	As at Mar 31,	
	2020	2019
Within the credit period	69,856	77,596
1-90 days past due	5,531	7,522
91-180 days past due	1,673	766
181-270 days past due	185	4
271-360 days past due	49	230
More than 360 days past due	1,334	3,681
Total	78,628	89,799



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

All amounts are in '000 unless otherwise stated

Movement in the expected credit allowance	Amount
As at April 1, 2018	4,575
Provided during the year	(117)
As at March 31, 2019	4,458
Provided during the year	(2,883)
As at March 31, 2020	1,575

2) Liquidity Risk

Liquidity risk is risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Company's principal sources of liquidity are cash and cash equivalents, borrowings and the cash flow that is generated from operations. The Company has consistently generated sufficient cash flows from its operations and believes that these cash flows along with its current cash and cash equivalents and funding arrangements are sufficient to meet its financial obligations as and when they fall due. Accordingly, liquidity risk is perceived to be low.

Maturities of financial liabilities

The table below provides details regarding the remaining contractual maturities of financial liabilities as at the reporting date:

All amounts are in '000 unless otherwise stated

As at March 31, 2020	less than 1 year	1 to 5 year	Total
<u>Non-Derivatives</u>			
Trade payables	11,008	-	11,008
Other Financial Liabilities	6,221	31,322	37,543
Lease Liability	2,916	4,544	7,460
As at March 31, 2019	less than 1 year	1 to 5 year	Total
<u>Non-Derivatives</u>			
Trade payables	10,305	-	10,305
Other Financial Liabilities	5,192	31,322	36,514

3) Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Company is exposed in the ordinary course of business to risks related to changes in foreign currency exchange rate and interest rate.

Market Risk – Foreign Exchange

Foreign currency risk is that risk in which the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company operates internationally and a portion of its business is transacted in several currencies and therefore the Company is exposed to foreign exchange risk through its overseas sales in various foreign currencies. The Company hedges the receivables by forming view after discussion with Forex Consultant and as per policies set by Management.



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

All amounts are in '000 unless otherwise stated

The carrying amount of the Company's foreign currency denominated monetary assets and liabilities as at the end of the reporting period is as follows:

Foreign currency exposure		
Currencies	Assets	
	March 31, 2020	March 31, 2019
GBP	-	137.11
EURO	144.86	60.49
USD	137.90	137.88

Foreign currency exposure as at March 31, 2020	GBP	EURO	USD
Assets			
Trade receivables	-	150.00	141.60
Forward contracts - Assets	-	-	-
Liabilities			
Forward contracts - Liability	-	5.14	3.70
Foreign currency exposure as at March 31, 2019	GBP	EURO	USD
Assets			
Trade receivables	135.00	60.00	135.51
Forward contracts - Assets	2.11	0.49	2.37
Liabilities			
Trade Payables	-	-	-
Forward contracts - Liability	-	-	-

Details of Unhedged Foreign Currency Exposure is as under:-

Currency	Nature	March 31, 2020		March 31, 2019	
		Amount in Foreign Currency	Amount in INR	Amount in Foreign Currency	Amount in INR
GBP	Asset- Export Receivables	-	-	2.30	208
EURO	Asset- Export Receivables	0.50	42	0.80	62
USD	Asset- Export Receivables	53.20	4,011	56.11	3,881

Foreign currency sensitivity

1 % increase or decrease in foreign exchange rates will have the following impact on loss before tax and on other components of equity.

Particulars	Impact on profit/(loss) before tax and equity: Increase/(Decrease)			
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
	1 % Increase	1 % Increase	1 % Decrease	1 % Decrease
GBP	-	2.08	-	(2.08)
EURO	0.42	38.81	(0.42)	(38.81)
USD	40.11	0.62	(40.11)	(0.62)



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

All amounts are in '000 unless otherwise stated

Market risk - price risk:

The Company is mainly exposed to the price risk due to its investment in mutual funds. The price risk arises due to uncertainties about the future market values of these investments. At March 31, 2020, the investments in mutual funds is Rs. 76,420 (March 31, 2019 : 69,856). These are exposed to price risk. In order to minimise price risk arising from investments in mutual funds, the Company predominately invests in those mutual funds which have higher exposure to high quality debt instruments with adequate liquidity & no demonstrated track record of price volatility.

Price risk sensitivity:

0.10% increase or decrease in prices will have the following impact on profit/loss before tax and on other components of equity

	Impact on Profit: Increase/(Decrease)		Impact on equity: Increase / (Decrease)	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Price - increase by 0.10%	76	70	76	70
Price - decrease by 0.10%	(76)	(70)	(76)	(70)

4.08 Related Party Transactions

(a) Names of related parties and description of relationship

Nature of Relationship		Name of Related Parties
1)	Key managerial personnel	T. R. Kilachand - Non Executive Chairman P. T. Kilachand - Managing Director A. H. Mehta - Dy. Managing Director N. T. Kilachand - Non Executive Director V. V. Sahasrabudhe - Independent Non Executive Director C.R. Desai - Independent Non Executive Director N. S. Mehendale - Independent Non Executive Director Y. S. Mathur - Independent Non Executive Director K. V. Panchasara - Chief Financial Officer D. V. Chauhan - Company Secretary and Compliance Officer
2)	Entities where the key managerial personnel have significant influence/control	Ginners & Pressers Limited Sun Tan Trading Company Limited Tulsi Global Logistics Private Limited



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

All amounts are in '000 unless otherwise stated

(b) Details of Transactions :

Particulars	Key Managerial personnel		Entities where the key managerial personnel have significant influence/control		Total Amount	
	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19
Expenses						
<u>Rent</u>						
Ginners & Pressers Limited	-	-	967	967	967	967
Tulsi Global Logistics Private Limited	-	-	(535)	(546)	(535)	(546)
<u>Electricity charges</u>						
Ginners & Pressers Limited	-	-	204	261	204	261
<u>Remuneration*</u>						
T. R. Kilachand	1,539	835	-	-	1,539	835
P. T. Kilachand	4,100	4,127	-	-	4,100	4,127
A. H. Mehta	5,464	5,003	-	-	5,464	5,003
K. V. Panchasara	1,836	1,883	-	-	1,836	1,883
D. V. Chauhan	637	533	-	-	637	533
<u>Directors sitting fees</u>						
T. R. Kilachand	32	35	-	-	32	35
N. T. Kilachand	32	27	-	-	32	27
C. R. Desai	32	22	-	-	32	22
N. S. Mehendale	64	51	-	-	64	51
V. V. Sahasrabudhe	64	54	-	-	64	54
Y. S. Mathur	32	38	-	-	32	38
Total expenses payable	13,832	12,607	636	682	14,468	13,290
<u>Reimbursement/(Recovery) of expenses</u>						
Ginners & Pressers Limited	-	-	195	62	195	62
Tulsi Global Logistics Private Limited	-	-	(61)	(53)	(61)	(53)
Total reimbursement	-	-	134	9	134	9

*The remuneration to the key managerial personnel does not include the provisions made for gratuity and leave benefits, as they are determined on an actuarial basis for the Company as a whole and also excludes contribution to provident fund and superannuation fund.

4.09 Proposed Dividend

A dividend of Rs. 12.50/- per equity share i.e. 125% of the face value of Rs. 10/- each (Previous Year - Rs. 2.50/- i.e. 25% of the face value of Rs. 10/- each) has been recommended by the Board of Directors which is subject to the approval of the shareholders.

4.10 Unpaid Dividend

Particulars	Year	AGM Date	Amount
Unpaid dividend amount in the unpaid dividend account with Yes Bank Ltd.as on:	18-19	2-Aug-19	89
	16-17	24-Aug-17	87
	15-16	10-Aug-16	92
	14-15	27-Jul-15	89

There are no amounts due for payment to the Investor Education and Protection fund under Section 125 as on March 31, 2020.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

All amounts are in '000 unless otherwise stated

- 4.11** In view of unabsorbed losses/depreciation and in the absence of taxable income under the provisions of the Income Tax Act, 1961, the subsidiary company has not provided for tax in the current year. Further, in view of the brought forward loss/unabsorbed depreciation as per books of account, the subsidiary company also does not have any tax liability under section 115JB of the Income tax Act, 1961.

4.12 Revenue from contracts with customers

Disaggregation of Revenue

Management conclude that disaggregation of revenue disclosed in Ind AS 108 meets the disclosure criteria of Ind AS 115 and segment revenue is measured on the same basis as required by Ind AS 115, hence separate disclosures as per Ind AS 115 is not required.

Contract Balances

Trade receivable is presented net of impairment in the Balance Sheet.

The following table provides information about receivables, contract assets and contract liabilities for the contracts with the customers.

Particulars	As at March 31,	
	2020	2019
Trade receivables	77,053	85,340
Contract assets	-	-
Contract liabilities	-	-

There is no significant changes in the contract assets and the contract liabilities balances during the period.

Performance Obligations And Remaining Performance Obligations

Applying the practical expedient as given in Ind AS 115, the Company has not disclosed the remaining performances as the performance obligations relates to contracts where the Company has a right to consideration from a customer in an amount that corresponds directly with the value to the customer of the Company's performance completed to date.

4.13 Leases

- (a) The Company's lease asset primarily consist of leases for Office Space. Effective April 1, 2019, the Company has adopted Ind AS 116 "Leases" and applied the standard to all lease contracts existing on April 1, 2019 using the modified retrospective method. Consequently, the Company recorded the lease liability at the present value of the remaining lease payments discounted at the incremental borrowing rate as on the date of transition and has measured right to use asset an amount equal to lease liability adjusted for any related prepaid and accrued lease payments previously recognised.
- (b) The effect of this adoption is insignificant on the profit before tax, profit for the period and earnings per share. Ind AS 116 has resulted in an increase in cash inflows from operating activities and an increase in cash outflows from financing activities on account of lease payments.
- (c) On initial application as practical expedients, the Company has elected exemption not to recognise to use and liabilities for leases with less than 12 months of lease term.
- (d) Following is carrying value of right to use assets recognised on date of transition and the movements thereof during the year ended March 31, 2020

Particulars	Catoegory of ROU
	Office Place
Transition impact on account of Ind AS 116 " Leases"	10,166
Total Right of Use as on date of Transition	10,166
Movement during the year	-
Depreciation of Right of use assets	2,558
Balance as at March 31, 2020	7,608

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020**

All amounts are in '000 unless otherwise stated

- (e) **The following is the carrying value of lease liability on the date of transition and movement thereof during the year ended March 31, 2020:**

Particulars	Year Ended March 31, 2020
Transition impact on account of Ind AS 116 " Leases"	10,166
Finance cost accrued during the year	120
Movement during the year	-
Payment of lease liabilities	2,826
Balance as at March 31, 2020	7,460
Current portion of Lease liability	2,916
Non Current portion of Lease liability	4,544

- (f) **Amounts recognised in the statement of cash flows**

Particulars	FY 2019-20
Total cash outflow for leases	4,037

- (g) Rental expense recorded for short-term leases was Rs.1,211 for the year ended March 31,2020.

Lessor

Rental income on assets given on operating lease is Rs.454 for the year ended March 31, 2020.

4.14 Impact of COVID 19 on financials statements

In March 2020, the WHO declared the COVID-19 outbreak as a pandemic which continues to spread across the country. The Government of India has declared this pandemic a health emergency, ordered temporary closure of all non-essential businesses and imposed restrictions on movement of goods/material, travel, etc. As the nature of business performed by the Company majorly fell under non-essential category, these restrictions had substantially reduced our operations. The Group's manufacturing activities remained shut from 23rd March, 2020 due to lock down. Since then the Group has partially commenced operations w.e.f 20th May,2020 in Gujarat Poly Electronics Limited (subsidiary Company) and 23rd May, 2020 in Polychem Limited (holding Company) including dispatch of goods to some of its customers. On the basis of evaluation and current indicators of future economic conditions, the Group believes that it will be in a position to recover the carrying amounts of the trade receivables and other financial assets. The impact assessment of COVID-19 is a continuing process, given the uncertainties associated with its nature and duration. The Group will continue to monitor any material changes to future economic conditions and any action to contain its spread or mitigate its impact whether government mandated or elected by the Group.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

All amounts are in '000 unless otherwise stated

4.15 Disclosure in terms of Schedule III to the Companies Act, 2013
March 31, 2020:

Name of the entity	Net Assets i.e. Total Assets minus Total Liabilities		Share in Profit or loss		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	Amount (Rs.)	As % of consolidated profit or (loss)	Amount (Rs.)	As % of consolidated other comprehensive income	Amount (Rs.)	As % of consolidated total comprehensive income	Amount (Rs.)
Parent								
Polychem Limited	75.95%	190,037	66.45%	24,094	53.99%	(474)	66.76%	23,620
Subsidiary								
Gujarat Poly Electronics Limited	24.52%	61,339	18.12%	6,569	24.83%	(218)	17.42%	6,165
Non Controlling Interest	-0.47%	(1,168)	15.44%	5,598	21.18%	(186)	15.82%	5,598
Total	100%	250,208	100%	36,261	100%	(878)	100%	35,383

March 31, 2019 :

Name of the entity	Net Assets i.e. Total Assets minus Total Liabilities		Share in Profit or loss		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	Amount (Rs.)	As % of consolidated profit or (loss)	Amount (Rs.)	As % of consolidated other comprehensive income	Amount (Rs.)	As % of consolidated total comprehensive income	Amount (Rs.)
Parent								
Polychem Limited	108.03%	233,390	11.37%	6,959	51.34%	(230)	11.07%	6,729
Subsidiary								
Gujarat Poly Electronics Limited	-4.98%	(10,768)	47.85%	29,286	46.66%	(201)	47.86%	29,085
Non Controlling Interest	-3.05%	(6,580)	40.78%	24,957	-	-	41.07%	24,957
Total	100%	216,043	100%	61,202	100%	(431)	100%	60,771

4.16 Previous year's figures have been reclassified/regrouped wherever necessary.

As per our report of even date
For Nayan Parikh & Co.
Chartered Accountants
Firm Registration No.: 107023W
K. Y. Narayana
Partner
Membership No.: 060639

For and on behalf of the Board of Directors

Tanil R. Kilachand
Parthiv T. Kilachand
Atul H. Mehta
Kanan V. Panchasara
Deepali V. Chauhan

Chairman (DIN No.: 00006659)
Managing Director (DIN No.: 00005516)
Dy. Managing Director (DIN No.: 00005523)
Chief Financial Officer
Company Secretary & Compliance Officer

Place: Mumbai Date: July 11, 2020

Place: Mumbai Date: July 11, 2020

**Form AOC -1**

(Pursuant to first proviso to sub-section (3) Section 129 of the Companies Act 2013)

Statement containing salient features of the financial statements of subsidiary:**Part A : Subsidiary****(Amount in '000)**

Sr. No.	Name of the Subsidiary	
I	Gujarat Poly Electronics Limited	
1	Latest audited Balance Sheet date	March 31, 2020
2	The date since subsidiary was acquired	March 31, 2017
3	Shares of Subsidiary	
	- Number of shares	4,616,152
	- Amount of Investment (Rs.in '000)	11,665
	- Extent of Holding %	53.99%
4	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	N.A.
5	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	N.A.
6	Equity Share Capital	85,500
7	Other Equity	(92,164)
8	Total Assets	105,821
9	Total Liabilities	112,485
10	Investments	NIL
11	Revenue from Operations	136,014
12	Profit before taxation	12,167
13	Provision for taxation	NIL
14	Profit after taxation	12,167
15	Other Comprehensive Income	(404)
16	Total Comprehensive Income	11,763
17	Proposed Dividend	NIL

For and on behalf of the Board of Directors

Tanil R. Kilachand

Chairman (DIN No.: 00006659)

Parthiv T. Kilachand

Managing Director (DIN No.: 00005516)

Atul H. Mehta

Dy. Managing Director (DIN No.: 00005523)

Kanan V. Panchasara

Chief Financial Officer

Deepali V. Chauhan

Company Secretary & Compliance Officer

Place: Mumbai

Date: July 11, 2020

If undelivered, please return to:

POLYCHEM LIMITED

7, Jamshedji Tata Road, Churchgate Reclamation, Mumbai 400 020.