

## BOARDS' REPORT

To  
The Members of,  
Chembond Biosciences Limited

The Directors of the Company take pleasure in presenting the 10<sup>th</sup> Annual Report together with the Audited Financial Statements for the year ended 31<sup>st</sup> March, 2021.

### FINANCIAL RESULTS

The financial performance of your Company for FY 2020-21 & FY 2019-20 are as summarized below:

Particulars	Amount (₹ in lakhs)	
	2020-21	2019-20
Revenue from Operations	2,122.90	2,230.97
Profit/(Loss) for the year	(86.32)	(113.85)
Add: Balance as per last year	(100.19)	17.47
Add: Other Comprehensive Income	0.56	(3.81)
<b>Total</b>	<b>(185.96)</b>	<b>(100.19)</b>
<b>Appropriation</b>		
General Reserves	-	-
Set off of Dividend Tax in respect of dividend from Subsidiary Company.	-	-
Interim Dividend	-	-
Proposed Dividend	-	-
Tax on Proposed Dividend	-	-
<b>Balance carried to Balance Sheet</b>	<b>(185.96)</b>	<b>(100.19)</b>

### HIGHLIGHTS OF PERFORMANCE

The Revenue for FY 2020-21 decreased to ₹ 2,122.90 lakhs from ₹ 2,230.97 lakhs in FY 2019-20. The loss for the FY 2020-21 were at ₹ 86.32 lakhs as compared to the loss of ₹ 113.85 lakhs in FY 2019-20.

### PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186

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

### AMOUNT, IF ANY, WHICH IT PROPOSES TO CARRY TO ANY RESERVES

The Company has not transferred any amount from its current year's profit to General Reserve.

### DIVIDEND

The Board of Directors have not recommended any dividend on equity shares.



## CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS & OUTGO

Your Directors have nothing to state in connection with Conservation of Energy and technology Absorption.

During the period under review, the foreign exchange earnings and out-go were as under:

- |      |                           |   |     |
|------|---------------------------|---|-----|
| (i)  | Foreign Exchange earnings | : | Nil |
| (ii) | Foreign Exchange spent    | : | Nil |

## PARTICULARS OF EMPLOYEES

None of the employee has received remuneration exceeding the limit as stated in rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

## EXTRACT OF THE ANNUAL RETURN

Details forming part of the extract of the Annual Return as provided under sub-section (3) of Section 92 in form MGT-9 is annexed herewith as Annexure 1.

## NUMBER OF BOARD MEETINGS

During the year 4 (four) Board Meetings were convened and held. The intervening gap between the meetings was within the period prescribed under the Companies Act, 2013.

Name of Director	Designation	Board Meetings entitled to attend	Board Meetings attended
Mr. Sameer V. Shah	Managing Director	4	4
Mr. Nirmal V. Shah	Director	4	4
Mrs. Rashmi Gavli	Director	4	4

## CHANGES IN SHARE CAPITAL STRUCTURE

During the year under review there has been no change in the share capital structure of the Company.

## DIRECTORS' RESPONSIBILITY STATEMENT

To the best of their knowledge and belief and according to the information and explanations obtained by them and in terms of Section 134(3)(c) of the Companies Act, 2013, Directors on the Board state that:

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



- e) the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

#### **MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY**

There have been no material changes and commitments during the period under review which may affect the financial position of the Company.

#### **DIRECTORS OR KEY MANAGERIAL PERSONNEL**

There was no change in Directors and KMP's during the year in the Company.

Mrs. Rashmi Gavli, Director retires by rotation and being eligible offers himself for re-appointment at the ensuing AGM.

#### **REMUNERATION TO MANAGING DIRECTORS**

During the financial year 2020-21, Mr. Sameer V. Shah, Managing Director was paid remuneration of ₹ 25.88 lakhs.

#### **POLICY ON DIRECTORS APPOINTMENT AND REMUNERATION**

The Company has put in place appropriate policy on Directors' appointment and remuneration and other matters provided in Section 178(3) of the Act.

#### **DEPOSITS**

Details relating to deposits, covered under Chapter V of the Act are given below:

I. Accepted during the year

The Company has not accepted any deposits within the meaning of Section 73 of the Companies Act, 2013 and rules framed thereunder.

II. Remained unpaid or unclaimed as at the end of the year

There are no unpaid or unclaimed deposits.

III. Whether there has been any default in repayment of deposits or payment of interest thereon during the year and if so, number of such cases and the total amount involved (i) at the beginning of the year (ii) maximum during the year (iii) at the end of the year

There has been no default as mentioned above.

#### **DETAILS OF DEPOSITS WHICH ARE NOT IN COMPLIANCE WITH THE REQUIREMENTS OF CHAPTER V OF THE ACT:**

The Company has not received any deposit during the year under review.

#### **DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND COMPANY'S OPERATIONS IN FUTURE**



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

#### **DETAILS IN RESPECT OF ADEQUACY OF INTERNAL FINANCIAL CONTROLS (IFC) WITH REFERENCE TO THE FINANCIAL STATEMENTS**

For the year ended 31<sup>st</sup> March, 2021, the Board is of the opinion that the Company has sound IFC commensurate with the nature and size of its business operations; wherein controls are in place and operating effectively and no material weaknesses have been noticed. The Company has a process in place to continuously monitor the existing controls and identify gaps, if any, and implement new and/or improved controls wherever the effect of such gaps would have a material effect on the Company's operation.

#### **STATEMENT INDICATING DEVELOPMENT AND IMPLEMENTATION OF A RISK MANAGEMENT POLICY FOR THE COMPANY INCLUDING IDENTIFICATION THEREIN OF ELEMENTS OF RISK, IF ANY, WHICH IN THE OPINION OF THE BOARD MAY THREATEN THE EXISTENCE OF THE COMPANY.**

The Company does not have any Risk Management Policy as the elements of risk threatening the Company's existence is very minimal.

#### **CORPORATE SOCIAL RESPONSIBILITY**

Corporate Social Responsibility as stated in Section 135 of Companies Act, 2013 is not applicable to your Company.

#### **AUDITORS**

The Statutory Auditors of your Company, M/s. Kastury & Talati, Chartered Accountants (FRN: 104908W) were appointed in the 5<sup>th</sup> Annual General Meeting (AGM) of the Company to hold office for a period of five years i.e. till the conclusion of 10<sup>th</sup> AGM of the Company. Their term of appointment expires on 10<sup>th</sup> AGM.

The Board of Directors of Your Company has approved re-appointment of Kastury & Talati, Chartered Accountants from the conclusion 10<sup>th</sup> AGM till conclusion of 15<sup>th</sup> AGM to be held in year 2026 subject to approval by Members at the ensuing AGM.

M/s. Kastury & Talati, Chartered Accountants, have confirmed that their appointment, if made, would be within the limits specified under Section 141(3)(g) of the Act and that they are not disqualified to be appointed as Statutory Auditor in terms of the provisions of Section 139(1), Section 142(2) and Section 141(3), and other applicable provisions, if any, of the Act and the provisions of the Companies (Audit and Auditors) Rules, 2014.

There are no comments / qualifications in Auditor's Report.

#### **RELATED PARTY TRANSACTIONS**

All transactions entered into with Related Parties as defined under the Companies Act, 2013 during the financial year were in the ordinary course of business and on an arm's length basis



and do not attract the provisions of Section 188 of the Companies Act, 2013. Suitable disclosure as required by the Accounting Standards (AS18) has been made in the notes to the Financial Statements.

**PREVENTION, PROHIBITION AND REDRESSAL OF SEXUAL HARASSMENT OF WOMEN**

Company has adopted the Policy for prevention of Sexual Harassment of Women at Workplace as required under the Act. During the year no complaints were received.

**ACKNOWLEDGEMENTS**

Your Board takes this opportunity to express its deep gratitude to the customers, vendors, shareholders, and bankers for the faith they have reposed in the Company. Your Directors also place on record their sincere appreciation of the contribution of its employees for their competence, hard work, and cooperation.

For and on behalf of the Board of Directors of  
**Chembond Biosciences Limited**



**Sameer V. Shah**  
Managing Director  
DIN: 00105721



**Nirmal V. Shah**  
Director  
DIN: 00083853



Mumbai  
1<sup>st</sup> May, 2021

**ANNEXURE 1**

**ANNEXURE TO THE BOARDS' REPORT  
EXTRACT OF THE ANNUAL RETURN  
as on the financial year ended 31.03.2021**

[Pursuant to Section 92(3) of the Companies Act, 2013, and Rule 12(1) of the  
Companies (Management and Administration) Rules, 2014  
**FORM MGT-9**

**I. Registration and other details**

CIN	U36100MH2011PLC219324
Registration Date	1 <sup>st</sup> July, 2011
Name of the Company	Chembond Biosciences Limited
Category / Sub-Category of the Company	Company having Share Capital
Address of the Registered Office and Contact details	EL-71, Chembond Centre, MIDC, Mahape, Navi Mumbai 400710. Tel: (9122) 62643000 Fax: (9122) 27681294
Whether listed Company	No
Name, address and contact details of Registrar and Transfer Agent, if any	TSR. Darashaw Consultants Private Limited (TCPL) C-101, 1st Floor, 247 Park, Lal Bahadur Shastri Marg, Vikhroli West, Mumbai 400 083. Contact Person: Ms. Madhuri Narang Tel: 022 - 6656 8484 Fax: 022 - 6656 8494 E-mail: csg-unit@tcplindia.co.in Web: www.tcplindia.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	Poultry feed supplements and animal Health	1080	100 %

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES**

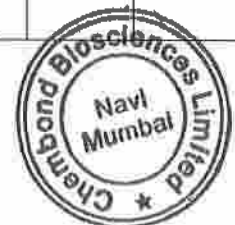
Sr. No.	Name and Address Of The Company	CIN/GLN	Holding/ subsidiary/ associate	% of shares held	Applicable section
1	Chembond Chemicals Limited EL-71, Chembond Centre, MIDC, Mahape, Navi Mumbai 400710	L24100MH1975PLC018235	Holding	100%	2(46)



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

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year 01.04.2020				No. of Shares held at the end of the year 31.03.2021				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
a) Individual / HUF	4	2	0.001	0.001	6	0	6	0.001	0
b) Central Govt.	0	0	0	0	0	0	0	0	0
c) State Govt.(s)	0	0	0	0	0	0	0	0	0
d) Bodies Corporate	1899994	0	1899994	99.999	1899994	0	1899994	99.999	0
e) Banks / FI	0	0	0	0	0	0	0	0	0
f) Any Other....	0	0	0	0	0	0	0	0	0
<b>Sub-total (A) (1):-</b>	<b>1899998</b>	<b>2</b>	<b>1900000</b>	<b>100.00</b>	<b>1900000</b>	<b>0</b>	<b>1900000</b>	<b>100.00</b>	<b>0</b>
<b>(2) Foreign</b>									
a) NRIs - Individuals	0	0	0	0	0	0	0	0	0
b) Other - Individuals	0	0	0	0	0	0	0	0	0
c) Bodies Corp.	0	0	0	0	0	0	0	0	0
d) Banks / FI	0	0	0	0	0	0	0	0	0
e) Any Other....	0	0	0	0	0	0	0	0	0
<b>Sub-total (A) (2):-</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total shareholding of Promoter (A) = (A)(1)+(A)(2)</b>	<b>1899998</b>	<b>2</b>	<b>1900000</b>	<b>100.00</b>	<b>1900000</b>	<b>0</b>	<b>1900000</b>	<b>100.00</b>	<b>0</b>
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds									
b) Banks / FI									
c) Central Govt									
d) State Govt(s)									
e) Venture Capital Funds									
f) Insurance Companies									
g) FIs									
h) Foreign Venture Capital Funds									
i) Others									



(specify)									
<b>Sub-total (B)(1):-</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>2. Non-Institutions</b>									
a) Bodies Corp.									
i) Indian									
ii) Overseas									
b) Individuals									
i) Individual SH holding nominal share capital upto Rs. 1 lakh									
ii) Individual SH holding nominal share capital in excess of Rs 1 lakh									
c) Others (specify)									
<b>Sub-total (B)(2):-</b>									
<b>Total Public Shareholding (B)=(B)(1)+(B)(2)</b>									
C. Shares held by Custodian for GDRs & ADRs	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Grand Total (A+B+C)</b>	<b>1899998</b>	<b>2</b>	<b>1900000</b>	<b>100.00</b>	<b>1900000</b>	<b>0</b>	<b>1900000</b>	<b>100.00</b>	<b>0</b>





(ii) Shareholding of Promoters

Sr. No	Shareholder's Name	Shareholding at the beginning of the year 01.04.2020			Shareholding at the end of the year 31.03.2021			% change in share holding during the year
		No. of Shares	% of Shares Pledged / encumbered to total shares	% of total Shares of the company	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	Chembond Chemicals Limited	1899994	0	99.999	1899994	99.999	0	0
2	Sameer V. Shah Jtly with Shilpa S. Shah*	1	0	0.0001	1	0.0001	0	0
3	Nirmal V. Shah Jtly with Mamta N. Shah*	1	0	0.0001	1	0.0001	0	0
4	Shilpa S. Shah Jtly with Sameer V. Shah*	1	0	0.0001	1	0.0001	0	0
5	Bhadresh D. Shah Jtly with Parul D. Shah*	1	0	0.0001	1	0.0001	0	0
6	Mamta N. Shah Jtly with Nirmal V. Shah*	1	0	0.0001	1	0.0001	0	0
7	Padma V. Shah*	1	0	0.0001	1	0.0001	0	0
	<b>Total</b>	<b>1900000</b>	<b>0</b>	<b>100.00</b>	<b>1900000</b>	<b>100.00</b>	<b>0</b>	<b>0</b>

\*Nominee shareholder of Chembond Chemicals Limited

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

Sr. No.		Shareholding at the beginning of the year 01.04.2020		Cumulative Shareholding during the year 31.03.2021	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	For Each of the Top 10 Shareholders				
	At the beginning of the year	No Change during the year			
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc):	No Change during the year			
	At the End of the year (or on the date of separation, if separated during the year)	No Change during the year			



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

Sr. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	No Change during the year			
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc):	No Change during the year			
	At the End of the year ( or on the date of separation, if separated during the year)	No Change during the year			

(v) Shareholding of Directors and Key Managerial Personnel:

Sr. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year 01 <sup>st</sup> April, 2020		Shareholding at the end of the year 31 <sup>st</sup> March, 2021	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	Sameer V Shah Jtly with Shilpa S. Shah*	1	0.0001	1	0.0001
2	Nirmal V. Shah Jtly with Mamta Shah*	1	0.0001	1	0.0001

\*Nominee shareholder of Chembond Chemicals Limited.

V. INDEBTEDNESS

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

(Rs. in lakhs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	0	419	0	419
ii) Interest due but not paid				
iii) Interest accrued but not due				
<b>Total (i+ii+iii)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Change in Indebtedness during the financial year</b>				
Addition	0	75	0	75
(Reduction)		(15)		(15)
<b>Net Change</b>	<b>0</b>	<b>60</b>	<b>0</b>	<b>60</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	0	479	0	479
ii) Interest due but not paid				
iii) Interest accrued but not due				
<b>Total (i+ii+iii)</b>	<b>0</b>	<b>479</b>	<b>0</b>	<b>479</b>



## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

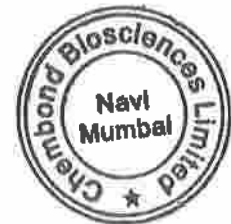
### A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

(Rs. In Lakhs)

Sr. No.	Particulars of Remuneration	Sameer V. Shah (Managing Director)	Total Amount
12.25	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	25.88	25.88
2.	Stock Option	N.A.	N.A.
3.	Sweat Equity	N.A.	N.A.
4.	Commission - as % of profit - others, specify...	N.A.	N.A.
5.	Others, please specify	N.A.	N.A.
	Total (A)	25.88	25.88
	Ceiling as per the Act	5 % of Net Profit	

### B. Remuneration to other directors:

Sr. No.	Particulars of Remuneration	Sameer Shah	Nirmal Shah	Rashmi Gavli
	Independent Directors Fee for attending board / committee meetings Commission, Others, please specify	NA	NA	NA
	Total (1)	NA	NA	NA
	Other Non-Executive Directors Fee for attending board / committee meetings Commission Others, please specify	Nil -- --	Nil -- --	Nil -- --
	Total (2)	Nil	Nil	Nil
	<b>Total (B) = (1+2)</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>
	Total Managerial Remuneration (A+B)	Nil	Nil	Nil
	Overall Ceiling as per the Act	11 % of Net Profit		



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

(Rs. in lakhs)

Sr. No.	Particulars of Remuneration	Key Managerial Personnel			
		CEO (D.K.Singh)*	Company Secretary	CFO	Total
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	49.33	NA	NA	NA
2.	Stock Option	NA	NA	NA	NA
3.	Sweat Equity	NA	NA	NA	NA
4.	Commission - as % of profit - others (Incentive)	10.00	NA	NA	NA
5.	Others, please specify	NA	NA	NA	NA
	Total	59.33	NA	NA	NA

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

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

For and on behalf of the Board of Directors of  
**Chembond Biosciences Limited**

  
Sameer V. Shah  
Managing Director  
DIN: 00105721

  
Nirmal V. Shah  
Director  
DIN: 00083853



Mumbai  
1<sup>st</sup> May, 2021

# INDEPENDENT AUDITOR'S REPORT

To the Members of

**Chembond Biosciences Limited**  
**(Formerly Known as Chembond Industrial Coatings Limited)**

## 1. Opinion

We have audited the accompanying financial statements of **Chembond Biosciences Limited (Formerly known as Chembond Industrial Coatings Limited)** ("the Company"), which comprises the Balance Sheet as at March 31, 2021, the Statement of Profit and Loss, Statement of Changes in equity and the Cash Flow Statement for the year then ended, and notes to the financial statements, including a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, its Loss, Changes in equity and its Cash Flows for the year ended on that date.

## 2. Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## 3. Emphasis of Matter

We draw attention to note no 34 of the standalone financial statements, which describes the extent to which the COVID -19 pandemic will impact the Company's results will depend on future developments, which being highly uncertain, the said note narrates management's proposed future actions based on its assessment of internal and external factors and macro level developments. Our opinion is not modified in respect of this matter.



...2...

#### 4. Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements to give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

#### 5. Auditor's Responsibility for the Audit of the Financial Statements

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

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

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



- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

## 6. Report on Other Legal and Regulatory Requirements

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

B) 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 purpose 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 and the Cash Flow Statement dealt with by this Report are in agreement with the books of accounts.



- d. In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e. On the basis of written representations received from the Directors as on March 31, 2021 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164(2) of the Act.
- 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 Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- The Company has disclosed the impact if any, of pending litigations on its financial position in its financial statements.
  - In our opinion and as per the information and explanations provided to us the Company has not entered into any long-term contracts including derivative contracts, requiring provision under applicable laws or accounting standards for material foreseeable losses; and
  - There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

Place: Mumbai  
Date: 01<sup>st</sup> May, 2021



For M/s Kastury & Talati  
Chartered Accountants  
Firm's Registration No: 104908W

  
Dhiren P. Talati: Partner  
Membership No: F/41867



## "Annexure A" to the Independent Auditors' Report

The Annexure Referred to in paragraph 6A of the Independent Auditor's Report of even date to the members of Chembond Bioscience Limited on the Financial Statements for the year ended March 31, 2021.

- 1) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.  
  
(b) During the year the management had carried out physical verification of these Assets at regular interval and we have been informed that no material discrepancies were noticed on such verification as compared to the available records. In our opinion the frequency of physical verification of assets is reasonable having regard to the size of the company and the nature of its Fixed Assets  
  
(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company does not own any immovable properties.
- 2) The management has conducted the physical verification of inventory at reasonable intervals. The discrepancies noticed on physical verification of the inventory as compared to books records were not material.
- 3) 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. Therefore, the provisions of clause 3(iii)(a) to 3(iii)(c) of the Order are not applicable to the Company.
- 4) The company has not given loans, made investments, given guarantees and provided securities covered by provisions of section 185 and 186 of the Companies Act, 2013. Therefore, clause 3(iv) of the aforesaid Order are not applicable to the Company.
- 5) The Company has not accepted any deposits from the public and hence the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the Companies (Acceptance of Deposit) Rules, 2015 with regard to the deposits accepted from the public are not applicable.
- 6) As informed to us, the maintenance of Cost Records has not been prescribed by the Central Government under Sub Section (1) of Section 148 of the Act, in respect of the activities carried on by the Company.
- 7) (a) According to information and explanations given to us and on the basis of our examination of the books of account, and records, the Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Income-Tax, Sales tax, Service Tax, Duty of Customs, Duty of Excise, Value added Tax, Goods and Service Tax, Cess and other material statutory dues with the appropriate authorities.



According to the information and explanations given to us, no undisputed amounts payable in respect of the above were in arrears as at March 31, 2021 for a period of more than six months from the date they become payable.

(b) According to the information and explanation given to us and the records of the company examined by us, as at March 2021, there are no dues of income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, Goods and Service Tax, cess and other material statutory dues which have not been deposited on account of any dispute except the following:

Name of the Statute	Nature of Dues	Amount (Rs.)	Period to which matter relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	Rs. 20,550/-	A.Y. 2016 - 2017	CPC, Bangaluru

- 8) According to the information and explanations given to us and the records of the company examined by us, the Company has not taken any loans or borrowings from banks, Financial Institutions, Government and Debenture Holders. Therefore, the provisions of clause 3(viii) of the Order are not applicable to the Company.
- 9) Based upon the audit procedures performed and the information and explanations given by the management, the money has not raised money by way of initial public offer or further public offer including debt instruments and term loans during the year. Accordingly, the provisions of clause 3(ix) of the Order are not applicable to the Company.
- 10) Based upon the audit procedures performed and the information and explanations given by the management, no material fraud by the Company or on the company by its officers or employees has been noticed or reported during the year.
- 11) Based upon the audit procedures performed and the information and explanations given by the management, the managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act;
- 12) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Therefore, the provisions of clause 3(xii) of the Order are not applicable to the Company.
- 13) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act and details of such transactions have been disclosed in the Financial Statements as required by the applicable accounting standards.



...3...

- 14) Based upon the audit procedures performed and the information and explanations given to us and based on our examination of the records of the company, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of clause 3(xiv) of the Order are not applicable to the Company.
- 15) Based upon the audit procedures performed and the information and explanations given to us and based on our examination of the records of the company, the company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, the provisions of clause 3(xv) of the Order are not applicable to the Company.
- 16) In our opinion, the company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of clause 3(xvi) of the Order are not applicable to the Company.

Place: Mumbai  
Date: 01<sup>st</sup> May, 2021

For M/s Kastury & Talati  
Chartered Accountants  
Firm's Registration No: 104908W

  
Dhiren P. Talati: Partner  
Membership No: F/41867



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## "Annexure B" to the Independent Auditors' Report

The Annexure Referred to in paragraph 6B(f) of the Independent Auditor's Report of even date to the members of Chembond Bioscience Limited on the Financial Statements for the year ended March 31, 2021.

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

We have audited the internal financial controls over financial reporting of Chembond Bioscience Limited ("the Company") as of March 31, 2021 in conjunction with our audit of the Financial statements of the Company for the year ended on that date.

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

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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



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

### Meaning of Internal Financial Controls over Financial Reporting

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

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

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

### Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2021, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Place: Mumbai  
Date: 01<sup>st</sup> May, 2021



For M/s Kastury & Talati  
Chartered Accountants  
Firm's Registration No: 104908W


  
Dhiren P. Talati: Partner  
Membership No: F/41867

**CHEMBOND BIOSCIENCES LIMITED**  
(Formerly Known as Chembond Industrial Coating Limited)  
Balance Sheet as at 31st March 2021.

	Notes	As at 31/03/2021 (Rs. In lakhs)	As at 31/03/2020 (Rs. In lakhs)
<b>I ASSETS</b>			
1 Non-current assets			
(a) Property, plant and equipment	2	3.37	2.52
(b) Capital work-in-progress	2	0.00	0.00
(c) Other Intangible Assets	2	15.21	21.84
(d) Financial Assets			
i) Other financial assets	3	0.20	0.20
(e) Deferred Tax Asset (Net)	4	31.83	20.23
(f) Income tax asset (net)	5	15.56	0.31
(g) Other non-current assets	6	13.05	1.54
<b>Total Non - Current Assets</b>		79.22	46.65
2 Current Assets			
(a) Inventories	7	175.55	304.78
(b) Financial Assets			
i) Trade receivables	8	739.53	830.68
ii) Cash and cash equivalents	9	55.34	5.55
iii) Loans	10	-	0.19
iv) Other financial assets	11	2.30	2.30
(c) Current Tax (Net)	12	-	15.00
(d) Other current assets	13	4.12	3.25
<b>Total Current Assets</b>		976.85	1,161.74
<b>Total Assets</b>		1,056.07	1,208.39
<b>II EQUITY AND LIABILITIES</b>			
1 Equity			
(a) Equity Share capital	14	190.00	190.00
(b) Other equity	15	(185.95)	(100.19)
<b>Total Equity</b>		4.05	89.81
2 Non-Current Liabilities			
(a) Financial liabilities			
i) Borrowings	16	479.00	419.00
(b) Provisions	17	4.08	6.30
<b>Total Non - Current Liabilities</b>		483.08	425.30
3 Current liabilities			
(a) Financial liabilities			
i) Trade payables			
Trade payables -MSMED	18	24.63	24.74
Trade payables -Others	18	406.33	574.34
(b) Other current liabilities	19	46.15	29.68
(c) Provisions	20	91.83	64.51
<b>Total Current Liabilities</b>		568.94	693.28
<b>Total Equity and Liabilities</b>		1,056.07	1,208.39
Significant Accounting Policies and Notes on Financial Statements	1-36		


As per our attached report of even date.

For M/s Kastury & Talati  
Chartered Accountants  
Firm Reg No. - 104908W

  
**Dhiren P. Talati**  
Partner  
Membership No. F/41867  
Mumbai, 1st May 2021

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

Chembond Biosciences Ltd.  
(Formerly Known as Chembond Industrial Coatings Limited)  
CIN :U36100MH2011PLC219324

  
**Sameer V. Shah**  
Director  
Mumbai, 1st May 2021

  
**Nirmal V. Shah**  
Director



**CHEMBOND BIOSCIENCES LIMITED**  
(Formerly Known as Chembond Industrial Coating Limited)  
Statement of Profit and Loss for the year ended 31st March 2021

	Notes	FY 2020-21 (Rs. In lakhs)	FY 2019-20 (Rs. In lakhs)
I Revenue From Operations	21	2,122.90	2,230.97
II Other Income	22	0.23	0.12
III Total Revenue (I+II)		2,123.14	2,231.09
IV Expenses :			
a. Cost of Materials Consumed	23	1,320.61	1,645.07
b. Changes in Inventories of Finished goods, Work-in-progress and Stock-in-Trade	24	69.00	(108.51)
c. Employee Benefits Expense	25	515.71	468.57
d. Finance Costs	26	42.91	27.54
e. Depreciation and Amortisation expense	27	8.04	7.29
f. Other Expenses	28	264.79	311.70
Total Expenses		2,221.06	2,351.67
V Profit before Exceptional items and Tax		(97.92)	(120.58)
VI Exceptional Items		-	-
VII Profit before Tax		(97.92)	(120.58)
VIII Tax Expense			
Current Tax		-	-
Short/Excess Provision of Previous Year		-	-
Deferred Tax		(11.60)	(6.73)
Total Tax Expense		(11.60)	(6.73)
IX Profit for the Year		(86.32)	(113.85)
X Other Comprehensive Income			
1 i) Items that will not be reclassified to profit or loss		0.56	(3.81)
ii) Income Tax relating to items that will not be reclassified to profit or loss		-	-
2 i) Items that will be reclassified to profit or loss		-	-
ii) Income Tax relating to items that will be reclassified to profit or loss		-	-
Other Comprehensive Income (1+2)		0.56	(3.81)
Total Comprehensive Income (IX+X)		(85.76)	(117.66)
XI Earning Per Equity Share of Face Value of Rs. 5 each	29		
Basic (in Rs.)		(4.54)	(5.99)
Diluted (in Rs.)		(4.54)	(5.99)

1-35

As per our attached report of even date.  
For M/s Kastury & Talati  
Chartered Accountants  
Firm Reg No. - 104908W

**Dhiren P. Talati**  
Partner  
Membership No. F/41867  
Mumbai, 1st May 2021



**For and on behalf of the Board of Directors**  
Chembond Biosciences Ltd.  
(Formerly Known as Chembond Industrial Coatings Limited)  
CIN :U36100MH2011PLC219324

**Sameer V. Shah**  
Director  
Mumbai, 1st May 2021

**Nirmal V. Shah**  
Director



**Chembond Biosciences Limited**  
(Formerly Known as Chembond Industrial Coating Limited)  
Balance Sheet as at 31st March 2021

**(a) EQUITY SHARE CAPITAL**

	No. of Shares	(Rs. In lakhs)
Balance as at 31st March 2019	19,00,000	190.00
Changes in equity share capital	-	-
Balance as at 31st March 2020	19,00,000	190.00
Changes in equity share capital	-	-
Balance as at 31st March 2021	19,00,000	190.00

**(b) OTHER EQUITY**

Particulars	Profit and Loss Account	Total other equity
<b>Balance as at 31st March 2019</b>	<b>17.47</b>	<b>17.47</b>
Profit for the year	(113.85)	(113.85)
Other comprehensive income for the year	(3.81)	(3.81)
<b>Total Comprehensive Income</b>	<b>(117.66)</b>	<b>(117.66)</b>
<b>Balance as at 31st March 2020</b>	<b>(100.19)</b>	<b>(100.19)</b>
Profit for the year	(86.32)	(86.32)
Other comprehensive income for the year	0.56	0.56
<b>Total Comprehensive Income</b>	<b>(85.76)</b>	<b>(85.76)</b>
<b>Balance as at 31st March 2021</b>	<b>(185.96)</b>	<b>(185.96)</b>

As per our attached report of even date.

For M/s Kastury & Talati

Chartered Accountants



Dhiren P. Talati

Partner

Membership No. F/41867

Mumbai, 1st May 2021

Chembond Bioscience Limited

CIN :U36100MH2011PLC219324



Sameer V. Shah

Director



Nirmal V. Shah

Director

Mumbai, 1st May 2021





**CHEMBOND BIOSCIENCES LIMITED**  
(Formerly Known as Chembond Industrial Coating Limited)  
**CASH FLOW STATEMENT**

(Rs. In Lakhs)

Particulars	31.03.2021		31.03.2020	
<b>A Cash Flow from Operating Activities</b>				
Profit before tax		(97.92)		(120.58)
Adjustments for :				
Depreciation and amortisation	8.04		7.29	
Finance Cost	42.91		27.54	
		50.95		34.83
Operating Profit before working capital changes		(46.97)		(85.75)
Adjustments for :				
Trade and Other Receivables	78.95		(585.92)	
Inventories	129.23		(122.94)	
Trade and Other Payables	(126.00)		310.42	
		82.17		(398.44)
Cash generated from operations		35.20		(484.19)
Direct Taxes paid		(0.25)		(15.32)
<b>Net Cash from Operating Activities (A)</b>		34.95		(499.51)
<b>B Cash Flow from Investing Activities</b>				
Purchase of Fixed Assets		(2.25)		(3.51)
<b>Net Cash used in Investing Activities (B)</b>		(2.25)		(3.51)
<b>C Cash Flow from Financing Activities</b>				
ESOP Shares Allotted		-		-
Proceeds/(Repayment) of Long Term Borrowings		60.00		419.00
Finance Cost		(42.91)		(27.54)
<b>Net Cash from Financing Activities (C)</b>		17.09		391.46
<b>Net (Decrease)/Increase in Cash &amp; Cash Activities (A+B+C)</b>		49.79		(111.55)
Cash and Cash Equivalents and Other Bank Balances as on Opening		5.55		117.10
Cash and Cash Equivalents and Other Bank Balances as on Closing		55.34		5.55

As per our attached report of even date.

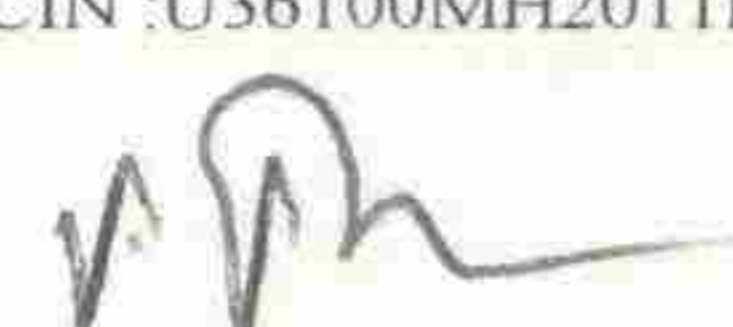
For M/s Kastury & Talati  
Chartered Accountants  
Firm Reg No. - 104908W


  
**Dhiren P. Talati**  
Partner  
Membership No. F/41867  
Mumbai, 1st May 2021

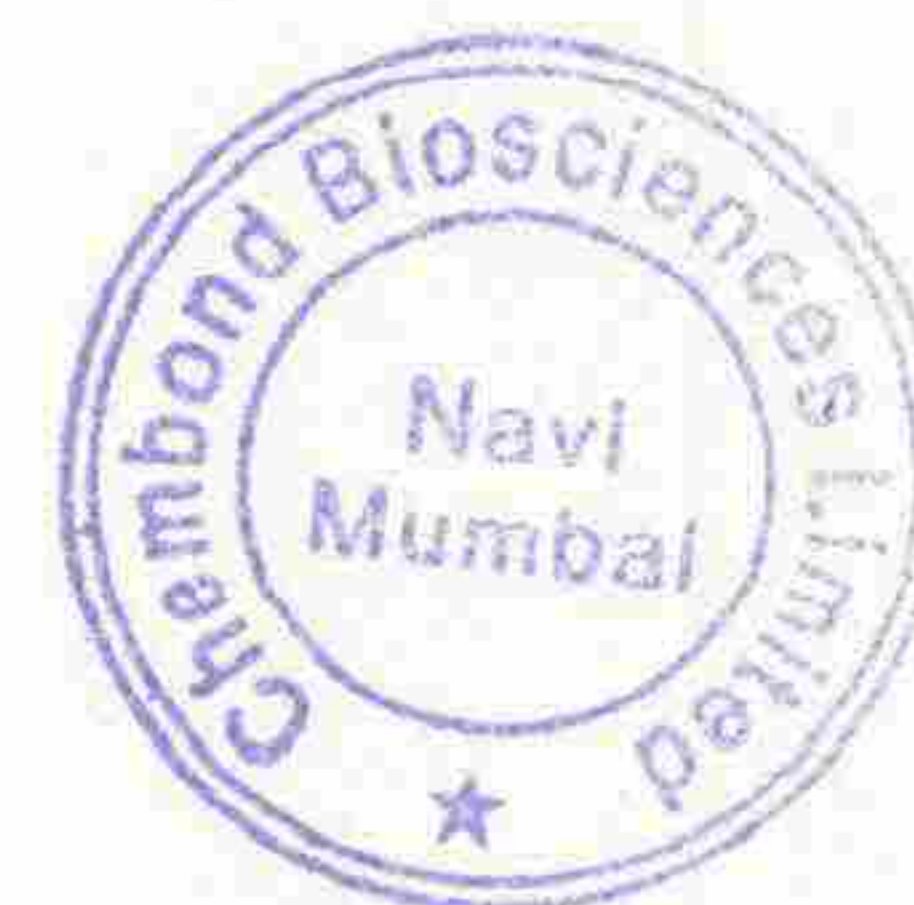


**For and on behalf of the Board of Directors**

Chembond Biosciences Ltd.  
(Formerly Known as Chembond Industrial Coatings Limited)  
CIN : U36100MH2011PLC219324

  
Sameer V. Shah  
Director  
Mumbai, 1st May 2021

  
Nirmal V. Shah  
Director



## Notes to the Financial Statements

For the year ended March 31, 2021

### COMPANY INFORMATION:

Chembond Bioscience Limited (the Company) is a public limited Company domiciled in India and incorporated under the provisions of the Companies Act, 1956. The Registered office address of the Company is situated at Chembond Center, EL-71, MIDC Mahape, Navi Mumbai -400710, Maharashtra.

The Company is engaged in manufacturing of Speciality Chemicals and Animal Health Product.

### 1. SIGNIFICANT ACCOUNTING POLICIES

#### 1.1 Basis of preparation of financial statements and presentation

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

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

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

#### 1.2 Summary of significant accounting policies

##### a) Property, Plant and Equipment

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

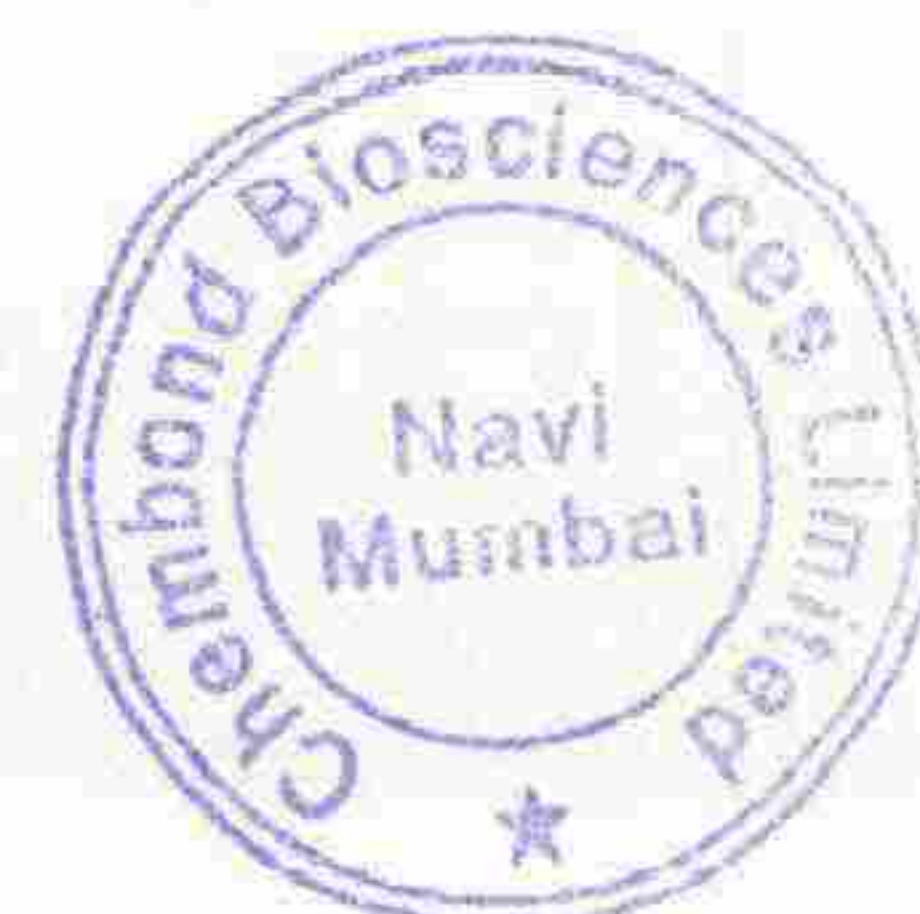
Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to the Statement of Profit and Loss during the reporting period in which they are incurred.

##### b) Intangible Assets:

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

##### c) Capital Work in Progress & Capital Advances

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



**d) Depreciation and Amortization**

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

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

**e) Revenue Recognition**

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

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

- i. Revenue from sale of goods is recognised on transfer of all significant risks and rewards of ownership to the buyer as per terms of Contract.
- ii. Revenue from services is recognised pro-rata as and when services are rendered.
- iii. Interest income is recognised using effective interest method on time proportion basis taking in to account the amount outstanding.
- iv. Dividend income is recognised when the Company's right to receive is established by the reporting date, which is generally when shareholders approve the dividend.

**f) Lease Accounting**

Leases are classified as finance leases whenever the terms of the lease, transfers substantially all risks and rewards of ownership to the lessee. All other leases are classified as operating leases. Lease rentals on assets and premises taken on operating lease are recognised as expense in the Statement of Profit and Loss on an accrual basis over the lease term.

**g) Inventory**

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

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

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

**h) Impairment**

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

**i) Financial Instruments**

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



## **i. Financial assets**

### **Classification**

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

### **Initial recognition and measurement**

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

### **Debt instruments**

- A 'debt instrument' is measured at the amortised cost if both the following conditions are met:
  - a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
  - b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.
- After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit and loss.
- Debt instruments included within the fair value through profit and loss (FVTPL) category are measured at fair value with all changes recognized in the statement of profit and loss.

### **Equity instruments**

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

### **De-recognition**

A financial asset derecognised only when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.
- When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards



of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

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

#### **Impairment of financial assets**

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

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

#### **ii. Financial liabilities**

##### **Initial recognition and measurement**

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

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

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

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

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

##### **Derecognition**

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

#### **j) Fair Value Measurement**

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



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

- In the principal market for the asset or liability, or
  - In the absence of a principal market, In the most advantageous market for the asset or liability
- The principal or the most advantageous market must be accessible by the Company.

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

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

- All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole: Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

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

#### k) Foreign Currency Translation:

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

#### l) Trade Receivables

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

#### m) Income Taxes

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

##### Current tax:

Current tax is the amount expected tax payable or recoverable on the taxable profit or loss for the year and any adjustment to the tax payable or recoverable in respect of previous years. It is measured using tax rates enacted or substantively enacted by the end of reporting period. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate

##### Deferred tax:



Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit under Income Tax Act, 1961.

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

#### n) Cash and Cash Equivalents

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

#### o) Employee Benefits

##### Short Term Employee Benefits:

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

##### Post-Employment Benefits:

##### I. Defined Contribution plans:

Defined contribution plans are Employee's Provident Fund scheme, Employee state insurance scheme for all applicable employees and superannuation scheme for eligible employees. The Company contribution for the year paid / payable to a defined contribution plan as an expense in the Statement of Profit and Loss.

##### II. Defined Benefit plans:

##### Pension Scheme:

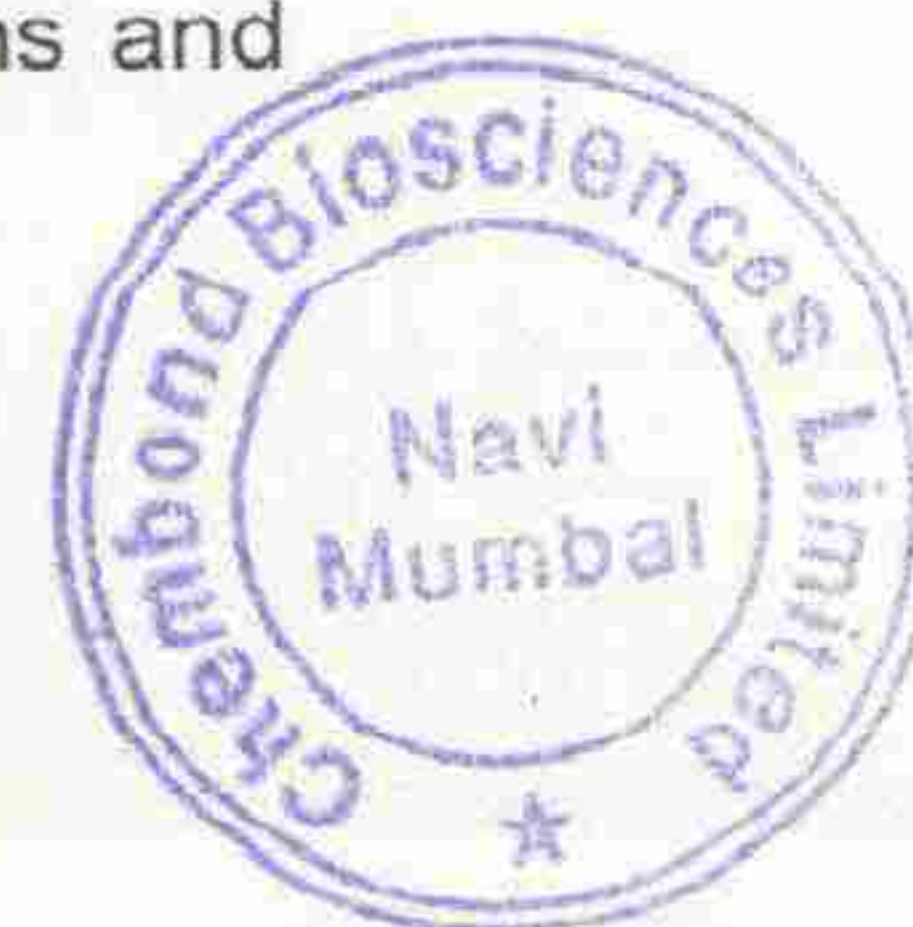
The Company operates a defined benefit pension plan for certain specified employees and is payable upon the employee satisfying certain conditions, as approved by the Board of Directors.

##### Gratuity

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

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

All expenses represented by current service cost, past service cost, if any, and net interest on the defined benefit liability / (asset) are recognized in the statement of profit and loss. Remeasurements of the net defined benefit liability/ (asset) comprising actuarial gains and



losses and the return on the plan assets (excluding amounts included in net interest on the net defined benefit liability/asset), are recognized in Other Comprehensive Income. Such remeasurements are not reclassified to the Statement of Profit and Loss in the subsequent periods.

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

**p) Research and Development**

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

**q) Borrowing Cost**

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

**r) Earnings per share**

Earnings per share (EPS) is calculated by dividing the net profit for the year attributable to the equity shareholders by weighted average number of equity shares outstanding during the year. For the purpose of calculating diluted earnings per share, the net profit for the period attributable to equity shareholders and weighted average number of shares outstanding during the period is adjusted for the effects of all diluted potential equity shares.

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

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

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

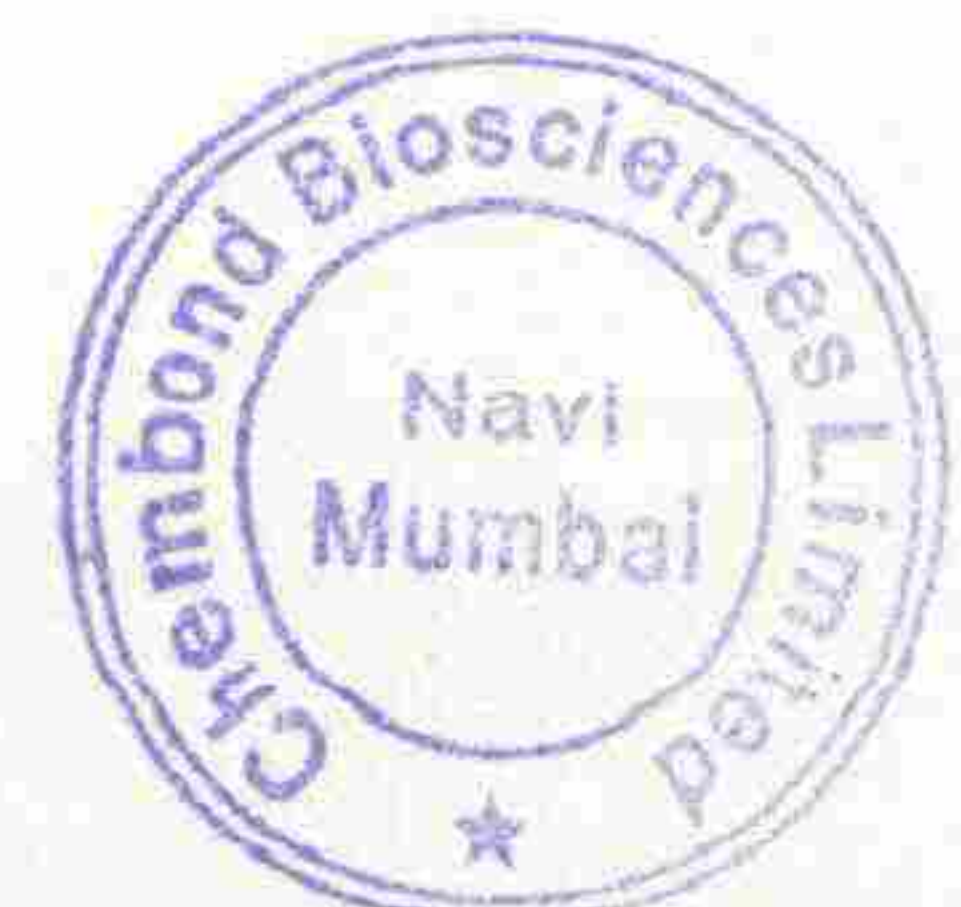
Provisions are recognized for liabilities that can be measured only by using a substantial degree of estimation, if

- (a) the Company has a present obligation as a result of a past event;
- (b) a probable outflow of resources is expected to settle the obligation; and
- (c) the amount of the obligation can be reliably estimated.

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

Contingent liability is disclosed in case of

- (a) a present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation;
- (b) a present obligation when no reliable estimate is possible; and





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

Contingent Assets are neither recognised, nor disclosed.

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

**u) Key accounting estimates and judgements**

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

The areas involving critical estimates or judgements are:

- a. Estimation of taxes
- b. Determination of the estimated useful lives of intangible assets and determining intangible assets having an indefinite useful life.
- c. Determination of the estimated useful lives of tangible assets and the assessment as to which components of the cost may be capitalized
- d. Recognition and measurement of defined benefit obligations, key actuarial assumptions
- e. Recognition and measurement of provisions and contingencies, key assumptions about the likelihood and magnitude of an outflow of resources
- f. Fair value of financial instruments



NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT 31st March, 2021

Note No. 2 "PROPERTY, PLANT AND EQUIPMENT AND OTHER INTANGIBLE ASSET"

PARTICULARS	RATE %	GROSS BLOCK				DEPRECIATION/AMORTISATION				NET BLOCK	
		AS AT 01.04.2020	ADDITIONS DURING YEAR	DEDUCTIONS DURING YEAR	AS AT 31.03.2021	AS AT 01.04.2020	For the year	DEDUCTIONS DURING YEAR	As at 31.03.2021	As at 31.03.2020	As at 31.03.2020
<b>Tangible Assets</b>											
Factory Equipment		0.58	-		0.58	0.04	0.05		0.10	0.48	0.54
Computer Hardware		2.19	1.76		3.95	0.20	0.86		1.06	2.89	1.99
<b>Intangible Assets</b>											
Technical Know How		49.26		-	49.26	28.15	7.04		35.18	14.07	21.11
Computer Software		0.74	0.49		1.23	0.01	0.09		0.10	1.13	0.73
<b>Total</b>		<b>52.77</b>	<b>2.25</b>	<b>-</b>	<b>55.02</b>	<b>28.40</b>	<b>8.03</b>	<b>-</b>	<b>36.44</b>	<b>18.58</b>	<b>24.36</b>



**CHEMBOND BIOSCIENCES LIMITED**  
(Formerly Known as Chembond Industrial Coating Limited)  
Notes on Financial Statements for the year ended 31st March, 2021

		As at 31/03/2021	As at 31/03/2020
		(Rs. In lakhs)	(Rs. In lakhs)
<b>3</b>	<b>OTHER FINANCIAL ASSETS</b>		
	(Unsecured & considered good)		
	Other Deposits		
	Total	0.20	0.20
		0.20	0.20
<b>4</b>	<b>DEFERRED TAX LIABILITY (NET)</b>		
	Deferred tax Liability		
	Depreciation	(2.07)	(3.17)
	Deferred tax Asset	(2.07)	(3.17)
	Gratuity		
	MAT Credit	1.08	1.66
	Provision for Doubtful Debts	17.19	17.19
		15.63	4.55
	Net Deferred Tax Liability	33.90	23.41
	Total	31.83	20.23
<b>5</b>	<b>INCOME TAX ASSET (NET)</b>		
	Income Tax (Net of Provision)		
	Total	15.56	0.31
		15.56	0.31
<b>6</b>	<b>OTHER NON-CURRENT ASSETS</b>		
	Capital Advances		
	Other Advances		1.54
	Total	13.05	-
		13.05	1.54
<b>7</b>	<b>INVENTORIES</b>		
	(At lower of Cost and Net Realisable Value)		
	Raw Material	69.41	128.32
	Packing Material	9.51	14.25
	Finished Goods	90.35	159.35
	Stock-in-Trade	6.09	2.85
	Stock in Transit	0.19	0.00
	Total	175.55	304.78
<b>8</b>	<b>TRADE RECEIVABLES</b>		
	(Unsecured)		
	Unsecured Considered Good	739.53	830.68
	Unsecured Considered doubtful	60.11	17.50
	Less : Provision for Doubtful Debts	60.11	17.50
	Total	739.53	830.68
a	For Related party transactions Refer Note No.31		
<b>9</b>	<b>CASH AND CASH EQUIVALENTS</b>		
	Balances with banks		
	In Current Accounts	55.28	5.34
	Cash on hand	0.07	0.22
	Total	55.34	5.55



	As at 31/03/2021 (Rs. In lakhs)	As at 31/03/2020 (Rs. In lakhs)
<b>10 LOANS</b> (Unsecured & considered good)		
Loan and advance to Employees	-	0.19
<b>Total</b>	-	0.19
<b>11 OTHER FINANCIAL ASSETS</b> (Unsecured & considered good)		
Deposit - Excise	2.30	2.30
<b>Total</b>	2.30	2.30
<b>12 CURRENT TAX (NET)</b>		
Current Tax (Net)	-	15.00
<b>Total</b>	-	15.00
<b>13 OTHER CURRENT ASSETS</b>		
Prepaid expenses	3.44	2.57
Balances with government authorities (Input Service Tax)	0.68	0.68
<b>Total</b>	4.12	3.25
<b>14 SHARE CAPITAL</b>		
<b>Authorised</b> 30,00,000 (30,00,000) Equity Shares of Rs.10/- each	300.00	300.00
<b>Issued, Subscribed and Paid up</b> 19,00,000 (19,00,000) Equity Shares of Rs.10/- each fully paid up	190.00	190.00
<b>Total</b>	190.00	190.00
<b>a Reconciliation of the equity shares outstanding at the beginning and at the end of the reporting year:</b>		
Number of shares outstanding at the beginning of the year	19,00,000.00	19,00,000.00
Additions during the year		
- Subdivision of Equity Shares from face Value Rs.10 to Rs.5/- Per Share	0.00	0.00
- ESOP Share issued	0.00	0.00
Deductions during the year	0.00	0.00
Number of shares outstanding at the end of the year	19,00,000	19,00,000
<b>b Details of Shareholders holding more than 5% Shares</b>		
Name of the Shareholder	As at 31/3/2021 No of Shares	As at 31/3/2020 No of Shares
Chembond Chemical Ltd.(the Holding Company) Shareholding of Chembond Chemicals Ltd., includes 6 shares held by individuals as nominees of the Company	19,00,000	19,00,000

**c Terms/Rights attached to Equity Shares**

The Company has only one class of Equity Shares having a par value of Rs. 10/- per share. Each holder of equity shares is entitled to one vote per share.

In the event of liquidation of the Company, the holders of Equity Shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of Equity Shares held by the shareholders.



15 OTHER EQUITY		As at 31/3/2021 (Rs. In lakhs)	As at 31/3/2020 (Rs. In lakhs)
<b>Retained Earnings</b>			
As per last year		(96.39)	17.47
Add: Profit for the Year		(86.32)	(113.85)
		(182.71)	(96.39)
<b>Other Comprehensive Income (OCI)</b>			
Remeasurements of the net defined benefit Plans			
As per last year		(3.81)	-
Movement During the Year		0.56	(3.81)
		(3.25)	(3.81)
Total		(185.95)	(100.19)
16 BORROWINGS		As at 31/3/2021 (Rs. In lakhs)	As at 31/3/2020 (Rs. In lakhs)
<b>Unsecured</b>			
Loans from Related Parties		479.00	419.00
Total		479.00	419.00
17 PROVISIONS- NON CURRENT		As at 31/3/2021 (Rs. In lakhs)	As at 31/3/2020 (Rs. In lakhs)
Provision for Gratuity		4.08	6.30
Total		4.08	6.30
18 TRADE PAYABLES		As at 31/3/2021 (Rs. In lakhs)	As at 31/3/2020 (Rs. In lakhs)
Micro, Small and Medium Enterprises		24.63	24.74
Others		406.33	574.34
Total		430.96	599.08

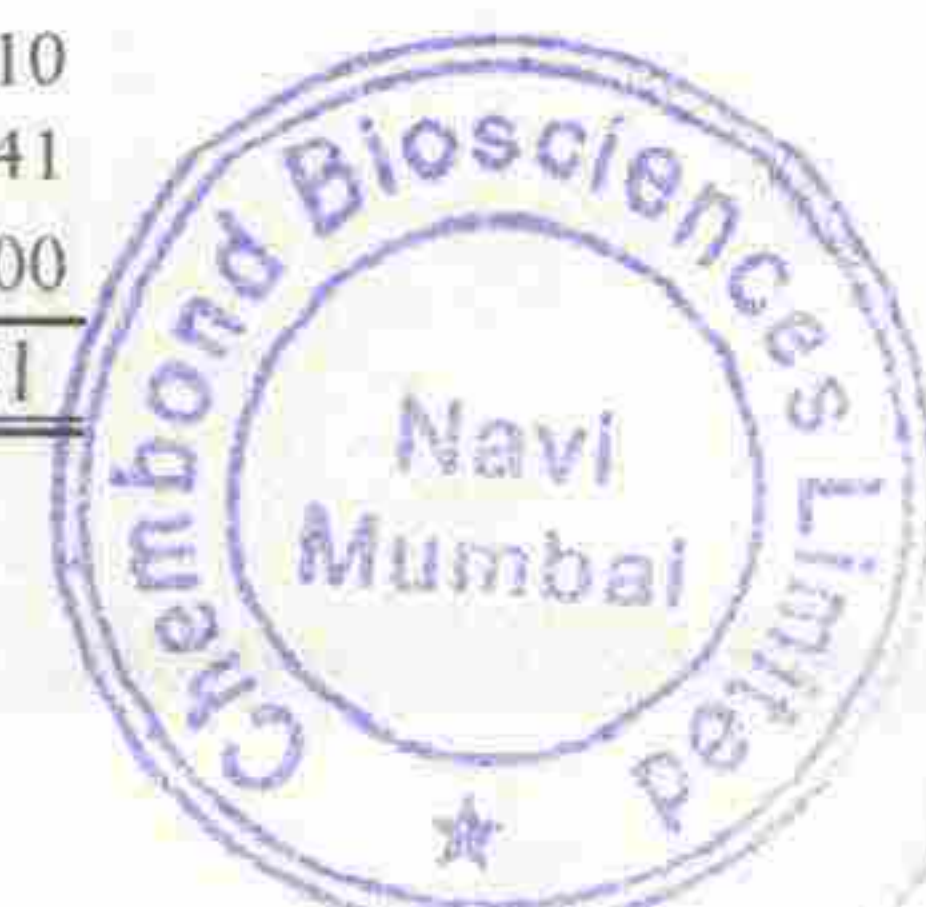
a For Related party transaction Refer Note No.31

b The Company has amounts due to suppliers under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) as at the year end. The disclosure pursuant to the said Act is as under:

	As at 31/03/2021 (Rs. In lakhs)	As at 31/03/2020 (Rs. In lakhs)
Principal amount due to suppliers under MSMED Act, 2006	24.63	24.74
Interest accrued and due to suppliers under MSMED Act, 2006 on the above amount	0.02	0.19
Payment made to suppliers (other than interest) beyond the appointed day, during the year	24.74	-
Interest paid/adjusted to suppliers under MSMED Act, 2006 (other than section 16)	0.19	-
Interest paid/adjusted to suppliers under MSMED Act, 2006 (Section 16)	NIL	NIL
Interest due and payable to suppliers under MSMED Act, 2006 for payments already made	0.02	-
Interest accrued and remaining unpaid at the end of the year to suppliers under MSMED Act, 2006	0.02	0.19

The information regarding Micro, Small and Medium Enterprises has been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the Auditors.

19 OTHER CURRENT LIABILITIES		As at 31/03/2021 (Rs. In lakhs)	As at 31/03/2020 (Rs. In lakhs)
Advance Received From Customers		3.71	1.22
Statutory Dues		6.25	8.92
Other payable		36.19	19.54
Total		46.15	29.68
20 SHORT-TERM PROVISIONS		As at 31/03/2021 (Rs. In lakhs)	As at 31/03/2020 (Rs. In lakhs)
Provision for Gratuity		0.06	0.10
Provision for Employee Benefits Payable		91.77	64.41
Provision for Current Tax (Net of Advance Tax)		0.00	0.00
Total		91.83	64.51



21 REVENUE FROM OPERATIONS		FY 2020-21 (Rs. In lakhs)	FY 2019-20 (Rs. In lakhs)
Sales		2,122.90	2,230.97
Net Sales	Total	2,122.90	2,230.97
Other Operating revenue	Total	-	-
	Total	2,122.90	2,230.97
22 OTHER INCOME		FY 2020-21 (Rs. In lakhs)	FY 2019-20 (Rs. In lakhs)
Gross Interest		0.00	0.12
Foreign Exchange Fluctuation Loss/ (Gain)		0.04	-
Discount Received		0.19	-
	Total	0.23	0.12
23 COST OF MATERIALS CONSUMED		FY 2020-21 (Rs. In lakhs)	FY 2019-20 (Rs. In lakhs)
Particulars of Raw Materials Consumed			
Raw Materials Consumed	Total	1,320.61	1,645.07
	Total	1,320.61	1,645.07
24 CHANGES IN INVENTORY OF FINISHED GOODS, WORK IN PROGRESS AND TRADED GOODS		FY 2020-21 (Rs. In lakhs)	FY 2019-20 (Rs. In lakhs)
Finished products/ Stock in Trade (At Close)		90.35	159.35
Finished products/ Stock in Trade (At commencement)		159.35	50.84
	Total	69.00	(108.51)
25 EMPLOYEE BENEFIT EXPENSES		FY 2020-21 (Rs. In lakhs)	FY 2019-20 (Rs. In lakhs)
Salaries & Wages		443.08	402.12
Director Remuneration		25.28	24.83
Contribution to Provident & other funds		28.45	13.01
Staff Welfare Expenses		18.90	28.61
	Total	515.71	468.57
26 FINANCE COST		FY 2020-21 (Rs. In lakhs)	FY 2019-20 (Rs. In lakhs)
Interest Expense			
- MSMED		0.02	0.19
- Others		42.89	27.35
	Total	42.91	27.54
27 DEPRECIATION AND AMORTISATION EXPENSES		FY 2020-21 (Rs. In lakhs)	FY 2019-20 (Rs. In lakhs)
Depreciation and Amortisation Expenses	Total	8.04	7.29
	Total	8.04	7.29



28 OTHER EXPENSES

	FY 2020-21 (Rs. In lakhs)	FY 2019-20 (Rs. In lakhs)
<b>MANUFACTURING EXPENSES</b>		
Consumable stores	0.05	-
Power, Fuel & Water Charges	0.71	0.31
Lab Expenses	0.10	1.88
Compensation Expenses		
<b>A</b>	<b>0.87</b>	<b>2.60</b>
<b>ADMINISTRATIVE EXPENSES</b>		
Rates & Taxes	4.50	4.35
Printing and stationary	0.34	1.25
Telephone & Postage Expenses	4.90	6.29
Insurance	3.03	1.52
Motor car expenses	20.09	14.61
Auditors Remuneration (see note 'a' below)	1.39	1.26
Legal, Professional & consultancy fees	11.27	14.00
Repairs & Maintenance Others	2.44	1.88
Miscellaneous expenses	5.59	6.29
Foreign Exchange Fluctuation Loss/ (Gain)	0.89	0.00
Provision for Doubtful Debts	42.61	17.50
Bad Debts Written Off	0.32	0.00
<b>B</b>	<b>97.37</b>	<b>68.95</b>
<b>SELLING AND DISTRIBUTION EXPENSES</b>		
Carriage outwards	76.10	81.34
Commission on sales	6.63	8.33
Travelling Expenses	13.51	38.05
Conveyance expenses	45.59	55.72
Advertising & Publicity Expenses	5.89	18.87
Sales Promotion Expenses	18.84	37.85
<b>C</b>	<b>166.55</b>	<b>240.15</b>
<b>(A+B+C)</b>	<b>264.79</b>	<b>311.70</b>
<b>Total</b>	<b>264.79</b>	<b>311.70</b>

a Auditor's Remuneration consists of:

	2020-2021 (Rs. In lakhs)	2019-2020 (Rs. In lakhs)
Statutory Audit Fees	0.78	0.71
Tax Audit Fees	0.55	0.50
Taxation and Other Matters	0.06	0.05
<b>Total</b>	<b>1.39</b>	<b>1.26</b>

29 EARNING PER SHARE

	2020-2021	2019-2020
Net Profit available to Equity Shareholders (Rs. In Lakhs)	(86.32)	(113.85)
Total number of Equity Shares (Face value of Rs. 10/- each fully paid up)	19,00,000.00	19,00,000.00
Diluted Earnings per Share (in Rupees)	(4.54)	(5.99)



30 EMPLOYEE BENEFIT PLANS

(A) Defined contribution plan

Contributions are made to Employee Provident Fund (RPF), Employees State Insurance Scheme (ESIC) and other Funds which covers all regular employees. Both the employees and the Company make predetermined contributions to the Provident Fund and ESIC. The contributions are normally based on a certain percentage of the employee's salary. Amount recognised as expense in respect of these defined contribution plans, aggregate to Rs 23.96 Lakhs (Previous year Rs 0.98 Lakhs).

Particulars	(Rs. In lakhs)	
	Year ended March 31, 2021	Year ended March 31, 2020
Contribution to Provident Fund and Family Pension Fund, Others	27.85	24.06
Contribution to ESIC and Employees Deposit Linked Insurance (EDLI)	0.64	0.74
Contribution to Labour Welfare Fund	0.05	0.04

(B) Defined Benefit Plan

The Company's obligation towards the Gratuity Fund is a Defined Benefit Plan. Based on the actuarial valuation obtained in this respect, details of Actuarial Valuation are as follows:

Particulars	(Rs. In lakhs)	
	Gratuity (Funded) As on 31-Mar-2021	Gratuity (Funded) As on 31-Mar-2020
<b>I) Change in Defined Benefit Obligation</b>		
Opening defined benefit obligation	13.63	-
Amount recognised in profit and loss		
Current service cost	7.25	3.48
Interest cost	0.92	0
Amount recognised in other comprehensive income		
Actuarial loss / (gain) arising from:		
Return on Plan Assets		-
Financial assumptions	(0.16)	10.14
Other	-	-
Benefits paid	-	-
Closing defined benefit obligation	21.64	13.63
<b>II) Change in fair value of assets :</b>		
Opening fair value of plan assets	7.22	0.89
Amount recognised in profit and loss		
Interest income	0.49	-
Amount recognised in other comprehensive income		
Actuarial gain / (loss)		
Return on Plan Assets, Excluding Interest Income	0.40	0.01
Other		
Contributions by employer		
Equitable Fund transfer in	9.39	6.32
Benefits paid	-	-
Closing fair value of plan assets	17.50	7.22
Actual return on Plan Assets	0.89	0.01
<b>Plan assets comprise the following</b>		
Insurance fund (100%)	Unquoted 17.50	Unquoted 7.22
<b>IV) Principal actuarial assumptions used</b>		
Rate of Interest (%)	6.72	6.75
Withdrawal rate (%)	1.00	1.00
Salary escalation rate (%)	5.00	5.00
<b>V) Amount recognised in the Balance Sheet</b>		
	As at 31st March, 2021	As at 31st March, 2020
Present value of obligations as at year end	21.64	13.63
Fair value of plan assets as at year end	17.50	7.22
Net (asset) / liability recognised as at year end	4.14	6.40
Recognised under :		
Other Current assets/(Liabilities)	(0.06)	(0.10)
Other non current assets/(Liabilities)	(4.08)	(6.30)
	(4.14)	(6.40)





31 RELATED PARTY TRANSACTION

Related party disclosures as required under Accounting Standard on "Related Party Disclosures" issued by the Institute of Chartered Accountants of India are given below:

- a) Relationship:  
**Particulars & Name of Related Party**  
i) Holding Company  
Chembond Chemicals Limited  
ii) Key Managerial Personnel (KMP)  
Dr. Vinod D. Shah, Sameer V Shah, Nirmal V Shah  
iii) Companies on which the KMP's have significant influence  
Chembond Water Technologies Limited, Chembond Clean Water Technologies Ltd. (formerly H2O Innovation India Ltd )  
Chembond Material Technologies Pvt Ltd, Chembond Enzymes Company Limited, Phiroz Sethna Pvt Ltd, Gramos Chemicals India Pvt Ltd  
Chembond Distribution Ltd, Chembond Bioengineering ,Company Limited, Finor Pipalaj Chemicals Limited, CCL Optoelectronics Pvt. Ltd,  
S and N Ventures Ltd, Visan Holdings and financial Services Private Limited.

Relatives of Key Managerial Personnel

Mrs. Padma V. Shah, Mrs. Shilpa S. Shah, Mrs. Mamta N. Shah, Mrs. Alpana S. Shah.

(Rs. In lakh)

For the year ended / as on	31.03.2021	31.03.2020
<b>Description of the nature of transactions</b>	<b>Holding Company</b>	<b>Holding Company</b>
<b>Chembond Chemicals Ltd</b>		
Compensation Received	-	-
Sales	44.30	61.00
Purchase	51.41	57.87
Loan Taken	15.00	419.00
Interest on Loan Taken	38.95	27.35
Job work Charges	93.31	113.03
Sundry Creditors	155.77	149.97
Sundry Debtors	-	-
Loans & advances	434.00	419.00
<b>For the year ended / as on</b>	<b>31.03.2021</b>	<b>31.03.2020</b>
<b>Description of the nature of transactions</b>	<b>Fellow Subsidiary</b>	<b>Fellow Subsidiary</b>
<b>Chembond Material Technologies Pvt Ltd</b>		
Purchase	37.95	49.16
Sales	155.16	37.73
Job Work Charges	-	1.88
Sundry Cr's	101.57	73.90
Sundry Dr's	1.23	0.41
<b>GRAMOS CHEMICALS Pvt Ltd</b>		
Sales	-	0.63
Sundry Dr's	-	-
<b>Chembond Clavatis Industrial Hygiene Systems Ltd.</b>		
Purchase	1.49	1.85
Sundry Cr's	1.33	-
<b>Chembond Clavatis Industrial Hygiene Systems Ltd.</b>		
Purchase	0.76	-
Sundry Cr's	0.01	-
<b>For the year ended / as on</b>	<b>31.03.2021</b>	<b>31.03.2020</b>
<b>Description of the nature of transactions</b>	<b>Director</b>	<b>Director</b>
<b>Sameer V .Shah</b>		
Director's Remuneration	25.88	29.03
Loan taken	60.00	-
Loan Repayment	15.00	-
Interest paid on loan	3.94	-



### 32 FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT

#### A. Accounting classification and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

(Rs. In lakhs)

	As at 31 March 2021							
	Carrying amount				Fair value			
	Fair value through profit and loss	Fair value through other comprehensive income	Amotised Cost	Total	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>								
Cash and cash equivalents (Including other bank balances)			55.34	55.34				-
Investments								
Trade and other receivables			739.53	739.53				-
Other financial assets			3.18	3.18				-
<b>TOTAL</b>	-	-	798.06	798.06	-	-	-	-
<b>Financial liabilities</b>								
Long term borrowings (Including current maturity of Long term borrowings)			479.00	479.00				-
Trade and other payables			430.96	430.96				-
<b>TOTAL</b>	-	-	909.96	909.96	-	-	-	-

	As at 31 March 2020							
	Carrying amount				Fair value			
	Fair value through profit and loss	Fair value through other comprehensive income	Amotised Cost	Total	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>								
Cash and cash equivalents (Including other bank balances)			5.55	5.55				-
Investments								
Trade and other receivables			830.68	830.68				-
Loans			0.19	0.19				-
Other financial assets			3.18	3.18				-
<b>TOTAL</b>	-	-	839.59	839.59	-	-	-	-
<b>Financial liabilities</b>								
Long term borrowings (Including current maturity of Long term borrowings)			419.00	419.00				-
Trade and other payables			599.08	599.08				-
<b>TOTAL</b>	-	-	1,018.08	1,018.08	-	-	-	-

Fair values for financial instruments carried at amortised cost approximates the carrying amount, accordingly the fair values of such financial assets and financial liabilities have not been disclosed separately.



## B. Measurement of fair values

Ind AS 107, 'Financial Instrument - Disclosure' requires classification of the valuation method of financial instruments measured at fair value in the Balance Sheet, using a three level fair-value-hierarchy (which reflects the significance of inputs used in the measurements). The hierarchy gives the highest priority to un-adjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and lowest priority to un-observable inputs (Level 3 measurements). Fair value of derivative financial assets and liabilities are estimated by discounting expected future contractual cash flows using prevailing market interest rate curves. The three levels of the fair-value-hierarchy under Ind AS 107 are described below:

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

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

Level 3: If one or more of the significant inputs are not based on observable market data, the instrument is included in level 3. e.g. unlisted equity securities.

### Transfers between Levels

There are no transfers between the levels

## FINANCIAL RISK MANAGEMENT

The Company's activities expose it to Credit risk, liquidity risk and market risk.

### i. Risk management framework

Risk Management is an integral part of the Company's plans and operations. The Company's board of directors has overall responsibility for the establishment and oversight of the Company risk management framework. The board of directors is responsible for developing and monitoring the Company risk management policies.

The audit committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit

### ii. Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and investments in debt securities, cash and cash equivalents, mutual funds, bonds etc.

The carrying amount of financial assets represents the maximum credit exposure.

### Trade and other receivables

Credit risk is the risk of possible default by the counter party resulting in a financial loss.

The Company manages credit risk through various internal policies and procedures set forth for effective control over credit exposure. These are managed by way of setting various credit approvals, evaluation of financial condition before supply terms, setting credit limits, industry trends, ageing analysis and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business.

Based on prior experience and an assessment of the current economic environment, management believes that sufficient provision is made for credit risk wherever credit is extended to customers.

### Cash and cash equivalents

Credit risk from balances with banks is managed by the Company's treasury department in accordance with the Company's policy. Investment of surplus funds are made in mainly in mutual funds with good returns and with high credit ratings assigned by International and domestic credit ratings agencies.

Other than trade and other receivables, the Company has no other financial assets that are past due but not impaired.

### iii. Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company manages its liquidity risk by ensuring, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risk to the Company's reputation.

The Company has obtained fund and non-fund based working capital lines from various banks. The Company also constantly monitors funding options available in the debt and capital markets with a view to maintaining financial flexibility.

### iv. Market risk

Market risk is the risk of loss of future earnings, fair values or future cash flows that may result from adverse changes in market rates and prices (such as interest rates, foreign currency exchange rates). Market risk is attributable to all market risk-sensitive financial instruments, all foreign currency receivables and payables and all short term and long-term debt. The Company is exposed to market risk primarily related to foreign exchange rate risk, interest rate risk and the market value of its investments. Thus, the Company's exposure to market risk is a function of investing and borrowing activities and revenue generating and operating activities in foreign currencies.



v) **Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Investment committee manages and constantly reviews the interest rate movements in the market. This risk is mitigated by the Company by investing the funds in various tenors depending on the liquidity needs of the Company. The Company's exposures to interest rate risk is not significant.

**CAPITAL MANAGEMENT**

The Company's capital management objectives are:

- to ensure the Company's ability to continue as a going concern; and
- to provide an adequate return to shareholders through optimisation of debts and equity balance.

The Company monitors capital on the basis of the carrying amount of debt less cash and cash equivalents as presented on the face of the financial statements. The Company's objective for capital management is to maintain an optimum overall financial structure.

(i) **Debt equity ratio**

	As at March 31, 2021	As at March 31, 2020
Debt (includes non-current, current borrowings and current maturities of long term debt)	479.00	419.00
Less: cash and cash equivalents	55.34	5.55
<b>Net debt</b>	<b>423.66</b>	<b>413.45</b>
<b>Total equity</b>	<b>89.81</b>	<b>89.81</b>
Net debt to total equity ratio	471.7%	460.4%

33 **TAX RECONCILIATION**

(a) The income tax expense consists of the followings:

Particulars

Current Income Tax

Deferred Tax Expense

**Tax expense for the year**

	2020-2021 (Rs. In lakhs)	2019-2020 (Rs. In lakhs)
	-	-
	(11.60)	(6.73)
	<u>(11.60)</u>	<u>(6.73)</u>

(b) Reconciliation of tax expense and the accounting profit multiplied by India's tax Rate

Profit before income tax expense

Indian statutory income tax rate (MAT)

Expected Income Tax expenses

Part A

Tax effect of amounts which are not deductible (allowable) in calculating taxable income:

Additional allowances/deduction

Others

Current Tax (A)

Part B

Deferred Tax Effect at the rate of:

Depreciation

Investments at Fair Value

Less:

Gratuity

MAT Credit

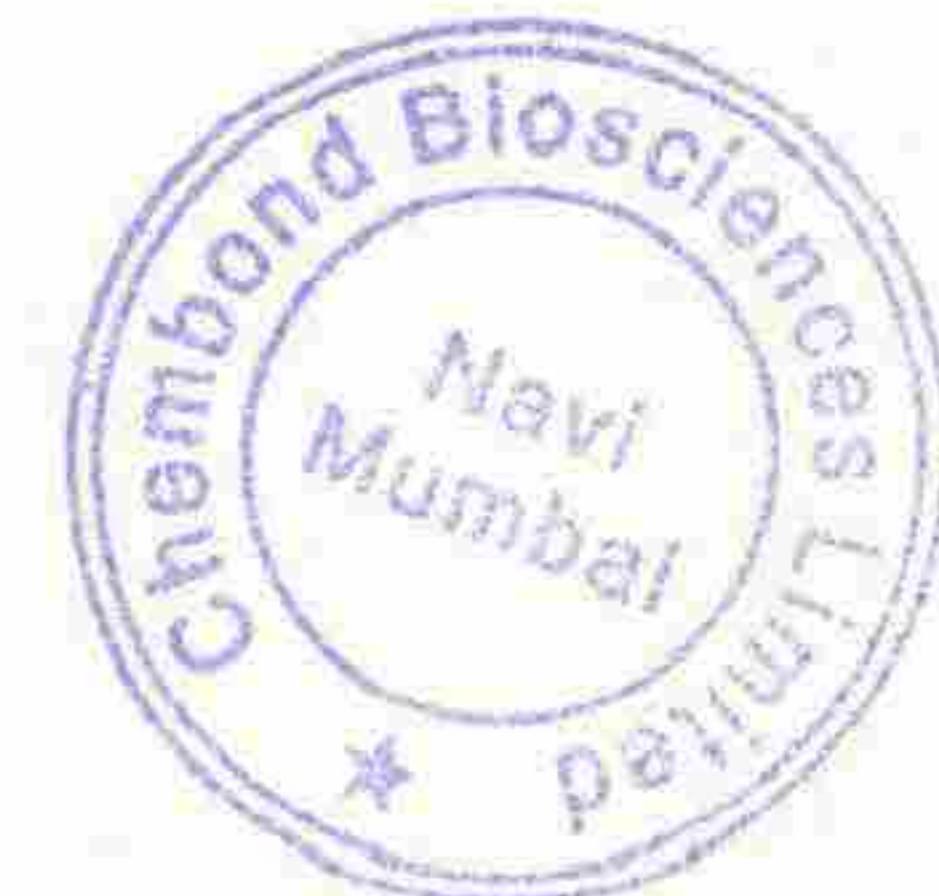
Other Deferred tax Asset

Provision for Doubtful Debts

Deferred Tax (B)

**Tax Expense (A+B)**

	(97.92)	(120.58)
	15.60%	19.24%
	-	-
	-	-
	-	-
	26.00%	26.00%
	(1.11)	(0.89)
	-	-
	0.59	(1.66)
	-	0.37
	-	-
	(11.08)	(4.55)
	<u>(11.60)</u>	<u>(6.73)</u>
	<u>(11.60)</u>	<u>(6.73)</u>



**34 COVID-19 Assessment:**

COVID-19 continues to impact normal business operations of the Company and the operating environment remains challenging with the emergence of second wave of COVID. Necessary precautions to ensure hygiene, safety, and wellbeing of all our employees at all plants have been implemented. The Company has considered the possible effects COVID-19 may have on the recoverability and carrying value of its assets comprising Property Plant and Equipment, Goodwill, Investments, Inventories and Trade Receivables. Based on current indicators of future economic conditions, the Company expects to recover the carrying amount of these assets. The situation is continuously evolving giving rise to inherent uncertainty around the extent and timing of the potential future impact of the COVID-19 which may be different from that estimated as at the date of approval of these results. The Company will continue to closely monitor any material changes arising of future economic conditions and impact on its business

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

36 The previous year figures have been regrouped, reallocated or reclassified wherever necessary to conform to current year classification and presentation.

As per our attached report of even date.

For M/s Kastury & Talati  
Chartered Accountants  
Firm Reg No. - 104908W



**Dhiren P. Talati**  
Partner  
Membership No. F/41867  
Mumbai, 1st May 2021

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

Chembond Biosciences Ltd.  
(Formerly Known as Chembond Industrial Coatings Limited)  
CIN :U36100MH2011PLC219324



**Sameer V. Shah**  
Director  
Mumbai, 1st May 2021



**Nirmal V. Shah**  
Director

