

## BOARDS' REPORT

To,  
The Members of,  
Chembond Material Technologies Private Limited  
(formerly known as Protochem Industries Private Limited)

The Directors of your Company take pleasure in presenting the 20<sup>th</sup> Annual Report together with the Audited Financial Statements for the year ended 31<sup>st</sup> March, 2020.

### FINANCIAL RESULTS

The financial performance of your Company for year 2019-20 & 2018-19 is as summarized below:

Particulars	Amount (₹ in lakhs)	
	2019-20	2018-19
Revenue from Operations	4232.65	1573.26
Profit/(Loss) for the year	(579.50)	(104.68)
Add: Balance as per last year	518.45	625.82
Add: Other Comprehensive Income	(10.68)	(2.69)
<b>Total</b>	<b>(71.73)</b>	<b>518.45</b>
Appropriation		
Securities premium	448.57	-
General Reserves	-	-
Set off of Dividend Tax in respect of dividend from Subsidiary Company.	-	-
Proposed Dividend	-	-
Tax on Proposed Dividend	-	-
Balance carried to Balance Sheet	376.83	518.45

### HIGHLIGHTS OF PERFORMANCE

The revenue from operations for F.Y. 2019-20 increased to ₹ 4232.65 lakhs from ₹ 1573.26 lakhs in F.Y. 2018-19. The loss for the F.Y. 2019-20 was ₹ 579.50 lakhs as compared to loss of ₹ 104.68 lakhs in F.Y. 2018-19.

### 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 for the current financial year to General Reserve.

### PARTICULARS OF BORROWINGS FROM DIRECTOR OF THE COMPANY

During the FY 2019-20 Company has received loan from Mr. Sameer V. Shah, Director of the Company from his own funds amounting to ₹ 20 lakhs of which ₹ 10 lakhs are outstanding as on the end of FY 2019-20. Details of Borrowings covered under the provisions of the Companies Act, 2013 are given in the notes to the Financial Statements.



## DIVIDEND

The Board of Directors has not recommended any dividend on equity share.

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

The Company continues measures to reduce energy consumption at its plants and offices by improving energy intensive manufacturing. The Company has not adopted any alternate source of energy but took adequate steps for efficiently utilizing the current source of energy. There were no conservation of energy and technology absorption during the year.

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

(i)	Foreign Exchange earnings	₹	Nil
(ii)	Foreign Exchange spent	₹	₹ 10.72 Lakhs

## PARTICULARS OF EMPLOYEES

There are no employees drawing remuneration exceeding the limits prescribed under Rule 5 of 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, eleven (11) Board Meetings were convened and held. The intervening gap between the meetings was within the period prescribed under the Companies Act, 2013.

## 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;
- 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.



## SHARE CAPITAL

During the year under review there has been change in the share capital structure of the Company as follow.

### Authorised Share Capital & Paid-up Share Capital

Particulars	Authorised Share Capital Amount (Rs.)	Paid-up Share Capital Amount (Rs.)
Share Capital as on 1 <sup>st</sup> April, 2019	1,00,00,000	1,00,00,000
Add: 10,00,000 Equity shares of F.V. of `10/- each	1,00,00,000	-
Add: Right Issue of 5,15,000 Equity shares of F.V. of `10/- each	-	51,50,000
Share Capital as on 31 <sup>st</sup> March, 2020	2,00,00,000	1,51,50,000

Company has facilitated the dematerialisation of the equity shares of the Company in coordination with National Securities Depository Limited (NSDL) and has appointed TSR Darashaw Consultants Private Limited (formerly TSR Darashaw Limited) as the Share Transfer Agents (RTA) of the Company.

### DIRECTORS OR KEY MANAGERIAL PERSONNEL

During the year, Mr. Sameer V. Shah (DIN: 00105721), Managing Director of the Company discontinued to act as Managing Director and was re-designated as Non-Executive Director of the Company with effect from 31<sup>st</sup> August, 2019.

Mr. Sameer V. Shah, Mr. Nirmal V. Shah and Mr. Mahendra K. Ghelani, Directors retires by rotation and being eligible offers himself for re-appointment at the ensuing AGM.

### REMUNERATION TO MANAGING DIRECTORS

During the financial year 2019-20, Mr. Harsih L. Maheshwari, Whole-time Director of the Company was paid remuneration of `6.00 lakhs and Mr. Sameer V. Shah was paid remuneration of `16.59 lakhs for the term he served as Managing Director of the Company.

Due to the unprecedented COVID-19 pandemic and the subsequent lockdown the Directors have voluntarily decided to take deduction of 25% in their remuneration and other fees since 1<sup>st</sup> April, 2020 till further notice.

### 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  
No deposits are remaining unpaid or unclaimed as at that date.
- 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.

#### **INTERNAL FINANCIAL CONTROLS (IFC)**

For the year ended 31<sup>st</sup> March, 2020, 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 18<sup>th</sup> Annual General Meeting (AGM) of the Company to hold office for a period of five years from the conclusion of the 18<sup>th</sup> AGM till the conclusion of 23<sup>rd</sup> AGM of the Company to be held in FY2023.

#### **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 under review Nil complaints were received.

**ACKNOWLEDGEMENTS**

Your Board takes this opportunity to express its deep thanks 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 Board of Directors  
**Chembond Material Technologies Private Limited**

  
Sameer V. Shah  
Director  
DIN: 00105721

  
Nirmal V. Shah  
Director  
DIN: 00083853



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

**ANNEXURE 1 TO THE BOARDS' REPORT**

**EXTRACT OF THE ANNUAL RETURN**

as on the financial year ended 31.03.2020

[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	U24200MH2000PTC125231
Registration Date	24 <sup>th</sup> March, 2000
Name of the Company	Chembond Material Technologies Private Limited (formerly known as Protochem Industries Private Limited)
Category / Sub-Category of the Company	Company having Share Capital
Address of the Registered Office and Contact details	A737/5, TTC MIDC Area, Mahape Village, Thane Belapur Road, Vashi, Navi Mumbai - 400710 Tel: (91 22) 3921 3000 Fax: (91 22) 2768 1294
Whether listed Company	No
Name, address and contact details of Registrar and Transfer Agent, if any	No

**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	Chemicals	2029	98.50

**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	Section 2 (46) of Companies Act, 2013



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

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year 01.04.2019				No. of Shares held at the end of the year 31.03.2020				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
a) Individual / HUF	0	6	6	0.0006	0	6	6	0.0004	(0.00002)
b) Central	0	0	0	0	0	0	0	0	0
c) State	0	0	0	0	0	0	0	0	0
d) Bodies Corporate	0	999994	999994	99.9994	0	1514994	1514994	99.9996	0.00002
e) Banks / FI	0	0	0	0	0	0	0	0	0
f) Any Others	0	0	0	0	0	0	0	0	0
<b>Sub-total (A) (1):</b>	<b>0</b>	<b>1000000</b>	<b>1000000</b>	<b>100.00</b>	<b>0</b>	<b>1515000</b>	<b>1515000</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 Others	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>0</b>	<b>1000000</b>	<b>1000000</b>	<b>100.00</b>	<b>0</b>	<b>1515000</b>	<b>1515000</b>	<b>100.00</b>	<b>0</b>
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual	0	0	0	0	0	0	0	0	0
b) Banks / FI	0	0	0	0	0	0	0	0	0
c) Central	0	0	0	0	0	0	0	0	0
d) State	0	0	0	0	0	0	0	0	0
e) Venture Capital Funds	0	0	0	0	0	0	0	0	0
f) Insurance Companies	0	0	0	0	0	0	0	0	0
g) FIIs	0	0	0	0	0	0	0	0	0
h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0



i) Others (specify)	0	0	0	0	0	0	0	0	0
<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									
i) Indian	0	0	0	0	0	0	0	0	0
ii) Overseas	0	0	0	0	0	0	0	0	0
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	0	0	0	0	0	0	0	0	0
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	0	0	0	0	0	0	0	0	0
c) Others (specify)	0	0	0	0	0	0	0	0	0
<b>Sub-total (B)(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 Public Shareholding (B)= (B)(1)+ (B)(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>C. Shares held by Custodian for GDRs &amp; ADRs</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>Grand Total (A+B+C)</b>	<b>0</b>	<b>1000000</b>	<b>1000000</b>	<b>100.00</b>	<b>0</b>	<b>1515000</b>	<b>1515000</b>	<b>100.00</b>	<b>0</b>





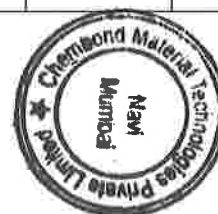
(ii) Shareholding of Promoters

Sr. No	Shareholder's Name	Shareholding at the beginning of the year 01.04.2019			Share holding at the end of the year 31.03.2020			% 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	Sameer V. Shah*	1	0	0.0001	1	0.0001	0	0
2	Nirmal V. Shah*	1	0	0.0001	1	0.0001	0	0
3	Mrs. Mamta N. Shah*	1	0	0.0001	1	0.0001	0	0
4	Dr. Shilpa S. Shah*	1	0	0.0001	1	0.0001	0	0
5	Mrs. Padma V. Shah*	1	0	0.0001	1	0.0001	0	0
6	Mrs. Rashmi Gavli*	1	0	0.0001	1	0.0001	0	0
7	Chembond Chemicals Limited	999994	0	99.99	1514994	99.99	0	0

\*Nominee Shareholders of Chembond Chemicals Limited

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

Sr No.	Name of the Shareholder	Date	Reason	Shareholding at the beginning of the year 01.04.2018'		Cummulative Shareholding during the year	
				No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
1	Chembond Chemicals Limited	01-Apr-2019	At the beginning of the year	999994	99.99	999994	99.99
		19-March-2020	Right Issue of 515000 Equity Shares	515000	0.51	1514994	99.99
		31-Mar-2020	At the end of the year	1514994	99.99	1514994	99.99



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

Sr. No.		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
	<b>For Each of the Top 10 Shareholders</b>				
	At the beginning of the year	No Change			
	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			
	At the End of the year (or on the date of separation, if separated during the year)	No Change			

(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, 2019		Shareholding at the end of the year 31 <sup>st</sup> March, 2020	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	Sameer V Shah*	1	0.0001	1	0.0001
2	Nirmal V. Shah*	1	0.0001	1	0.0001

\*Nominee Shareholders 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	312.70	Nil	Nil	312.70
ii) Interest due but not paid				
iii) Interest accrued but not due				
<b>Total (i+ii+iii)</b>	<b>312.70</b>	<b>Nil</b>	<b>Nil</b>	<b>312.70</b>
<b>Change in Indebtedness during the financial year</b>				
Addition		1298.00	Nil	985.30
(Reduction)	(312.70)			
<b>Net Change</b>	<b>(312.70)</b>	<b>1298.00</b>	<b>Nil</b>	<b>985.30</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	Nil	1298.00	Nil	1298.00
ii) Interest due but not paid				
iii) Interest accrued but not due				
<b>Total (i+ii+iii)</b>	<b>Nil</b>	<b>1298.00</b>	<b>Nil</b>	<b>1298.00</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	Harish Maheshwari (Wholetime Director)	Sameer V. Shah* (Managing Director)	Total Amount
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	6.00	16.59	22.59
2.	Stock Option	Nil	Nil	Nil
3.	Sweat Equity	Nil	Nil	Nil
4.	Commission - as % of profit - others, specify...	Nil	Nil	Nil
5.	Others, please specify	Nil	Nil	Nil
	<b>Total (A)</b>	<b>6.00</b>	<b>16.59</b>	<b>22.59</b>
	Ceiling as per the Act	10 % of Net Profit		

\* Discontinued to act as Managing Director and was re-designated as Non-Executive Director of the Company with effect from 31<sup>st</sup> August, 2019.

### B. Remuneration to other Directors:

(Rs. in lakhs)

Sr. No.	Particulars of Remuneration	Mahendra K. Ghelani	Jaywant Tawade	Raj Kamal Gupta	Subhash Kolhe	Total Amount
	Independent Directors -Fee for attending board / committee meetings -Commission	Nil	Nil	Nil	Nil	Nil
	<b>Total (1)</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>
	Other Non-Executive Directors -Fee for attending board / committee meetings -Commission	0.38	0.30	0.30	-	0.98
	Others (Consulting fees)	Nil	15.60	Nil	40.64	56.24
	<b>Total (2)</b>	<b>0.38</b>	<b>15.90</b>	<b>0.30</b>	<b>42.24</b>	<b>58.82</b>
	<b>Total (B) = (1+2)</b>	<b>0.38</b>	<b>15.90</b>	<b>0.30</b>	<b>42.24</b>	<b>58.82</b>
	<b>Total Managerial Remuneration (A+B)</b>	<b>81.41</b>				
	Overall Ceiling as per the Act	11 % of Net Profit				




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


Sr. No.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	CS	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	NA	NA	NA	NA
2.	Stock Option	NA	NA	NA	NA
3.	Sweat Equity	NA	NA	NA	NA
4.	Commission - as % of profit - others, specify...	NA	NA	NA	NA
5.	Others, please specify	NA	NA	NA	NA
	<b>Total</b>	NA	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 Board of Directors  
Chembond Material Technologies Private Limited

  
Sameer V. Shah  
Director  
DIN: 00105721

  
Nirmal V. Shah  
Director  
DIN: 00083853



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

# **INDEPENDENT AUDITOR'S REPORT**

To the Members of

**Chembond Material Technologies Private Limited  
(Formerly Known as Protochem Industries Private Limited)**

## **1. Opinion**

We have audited the accompanying financial statements of **Chembond Material Technologies Private Limited (Formerly Known as Protochem Industries Private Limited)** ("the Company"), which comprises the Balance Sheet as at March 31, 2020, 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, 2020, 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 41 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.



#### 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, 2020 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164(2) of the Act.
- f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "**Annexure B**".
- g. With respect to the other matters to be included in the Auditor's Report in accordance with 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: 28<sup>th</sup> May, 2020



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

A handwritten signature in blue ink, appearing to read "Dhiren P. Talati".

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 Material Technologies Private Limited on the Financial Statements for the year ended March 31, 2020.

- 1) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.  
  
(b) The Company has a regular programme of physical verification of its Fixed Assets by which Fixed Assets are verified in a phased manner over a period of three years. In accordance with this programme, certain Fixed Assets were verified during the year and no material discrepancies were noticed on such verification. In our opinion this periodicity of physical verification is reasonable having regard to the size of Company and the nature of its 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 title deeds of immovable properties are held in the name of the company.
- 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 is 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, 2020 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 2020, 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.

- 8) According to the information and explanations given to us and the records of the company examined by us, the Company not taken any loans or borrowings to 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 company has not raised moneys 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.
- 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.

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



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

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

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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 Material Technologies Private Limited on the Financial Statements for the year ended March 31, 2020.

### **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 Material Technologies Private Limited ("the Company") as of March 31, 2020 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, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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



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

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

**Chembond Material Technologies Private Limited**  
**(Erstwhile Protochem Industries Private Limited)**  
**Balance Sheet as at 31st March 2020**


	Notes	As at 31/03/2020 (Rs. In lakhs)	As at 31/03/2019 (Rs. In lakhs)
<b>I ASSETS</b>			
1	Non-current assets		
	(a) Property, plant and equipment	2 330.74	332.95
	(b) Other Intangible Assets	2 3.43	3.53
	(c) Financial Assets		
	i) Other financial assets	3 1.31	1.31
	(d) Other non-current assets	4 1.13	0.00
	<b>Total Non - Current Assets</b>	<u>336.61</u>	<u>337.79</u>
2	Current Assets		
	(a) Inventories	5 989.37	368.14
	(b) Financial Assets		
	i) Trade receivables	6 1,232.40	763.46
	ii) Cash and cash equivalents	7 56.52	29.95
	iii) Other bank balances	8 64.01	369.19
	iv) Loans	9 35.63	23.23
	v) Other financial assets	10 1.66	2.14
	(c) Current Tax (Net)	11 2.92	7.17
	(d) Other current assets	12 71.72	4.29
	<b>Total Current Assets</b>	<u>2,454.22</u>	<u>1,567.58</u>
	<b>Total Assets</b>	<u>2,790.82</u>	<u>1,905.37</u>
<b>II EQUITY AND LIABILITIES</b>			
1	Equity		
	(a) Share capital	13 151.50	100.00
	(b) Other equity	14 376.83	518.45
	<b>Total Equity</b>	<u>528.33</u>	<u>618.45</u>
2	Non-Current Liabilities		
	(a) Provisions	15 10.27	-6.91
	(b) Deferred tax liabilities (Net)	16 1.64	4.70
	<b>Total Non - Current Liabilities</b>	<u>11.91</u>	<u>-2.21</u>
3	Current liabilities		
	(a) Financial liabilities		
	i) Borrowings	17 1,298.00	312.70
	ii) Trade payables		
	Trade payables -M3MED	18 151.12	0.00
	Trade payables -Others	18 702.91	919.25
	iii) Other financial liabilities	19 1.70	2.00
	(b) Other current liabilities	20 2.62	2.46
	(c) Provisions	21 94.23	52.72
	<b>Total Current Liabilities</b>	<u>2,250.59</u>	<u>1,289.13</u>
	<b>Total Equity and Liabilities</b>	<u>2,790.82</u>	<u>1,905.37</u>
	Significant Accounting Policies and Notes on Financial Statements	1-42	

As per our attached report of even date  
For M/s Kastury & Talati  
Chartered Accountants  
Firm Registration Number : 104908W

  
Dhiron P Talati  
Partner  
Membership No: 41867  
Place : Navi Mumbai.  
Date: 28th May 2020



For and on behalf of Board of Directors of  
Chembond Material Technologies Pvt. Ltd.  
CIN:U21200MH2000PTC126231

  
Sameer V. Shah  
Director  
DIN:00105721  
Place : Navi Mumbai.  
Date: 28th May 2020

  
Nirmal V. Shah  
Director  
DIN: 00083853  
Place : Navi Mumbai.  
Date: 28th May 2020





**Chembond Material Technologies Private Limited**  
**(Erstwhile Protochem Industries Private Limited)**  
**Statement of Profit and Loss for the year ended 31st March 2020**


	Notes	2019-2020 (Rs. In lakhs)	2018-2019 (Rs. In lakhs)
I Revenue From Operations	22	4,232.65	1,573.26
II Other Income	23	8.66	48.08
III Total Revenue (I+II)		4,241.32	1,621.34
IV Expenses :			
Cost of Materials Consumed	24	3,300.95	1,165.15
Changes in Inventories of Finished goods, Work-in-progress and Stock-in-Ti	24	-242.66	-13.44
Employee Benefits Expense	25	932.20	255.67
Finance Costs	26	35.87	16.01
Depreciation and Amortisation expense	27	24.93	22.66
Other Expenses	28	772.59	278.35
Total Expenses		4,823.88	1,724.39
V Profit before Exceptional items and Tax		-582.57	-103.05
VI Exceptional Items		0.00	0.00
VII Profit before Tax		-582.57	-103.05
VIII Tax Expense			
Current Tax		0.00	0.00
Deferred Tax		-3.07	1.63
Total Tax Expense		-3.07	1.63
IX Profit for the Year		-579.50	-104.68
X Other Comprehensive Income			
1 i) Items that will not be reclassified to profit or loss		-10.68	-2.69
ii) Income Tax relating to items that will not be reclassified to profit or loss		0.00	0.00
2 i) Items that will be reclassified to profit or loss		0.00	0.00
ii) Income Tax relating to items that will be reclassified to profit or loss		0.00	0.00
Other Comprehensive Income (1+2)		-10.68	-2.69
Total Comprehensive Income (IX+X)		-590.18	-107.38
XI Earning Per Equity Share of Face Value of Rs. 10 each	29		
Basic (in Rs.)		-56.91	-10.47
Diluted (in Rs.)		-56.91	-10.47


As per our attached report of even date  
For M/s Kastury & Talati  
Chartered Accountants  
Firm Registration Number : 104908W

  
Dhiren P Talati  
Partner  
Membership No: 41867  
Place : Navi Mumbai.  
Date: 28th May 2020



For and on behalf of Board of Directors of  
Chembond Material Technologies Pvt. Ltd.  
CIN:U24200MH2000PTC125231

  
Sameer V. Shah  
Director  
DIN:00105721  
Place : Navi Mumbai.  
Date: 28th May 2020

  
Nirmal V. Shah  
Director  
DIN: 00083853  
Place : Navi Mumbai.  
Date: 28th May 2020



Chembond Material Technologies Pvt. Ltd.  
(Erstwhile Protochem Industries Private Limited)  
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2020

(a) Equity share capital for the year ended 31st March 2020

	No. of Shares	Amount
Balance as at 31st March 2019	10,00,000	1,00,00,000.00
Changes in equity share capital	5,15,000	51,50,000.00
Balance as at 31 March 2020	15,15,000	1,51,50,000.00

(a) Equity share capital for the year ended 31st March 2019

	No. of Shares	Amount
Balance as at 31st March 2018	10,00,000	1,00,00,000.00
Changes in equity share capital	-	-
Balance as at 31 March 2019	10,00,000	1,00,00,000.00

(b) Other Equity for the year ended 31st March 2020

Particulars	Reserves and Surplus			Statement of other comprehensive Income	
	General Reserve	Securities premium	Retained earnings/Profit & Loss Account	Remeasurements of the net defined benefit Plans	Total other equity
Balance as at 31st March 2019	-	-	5,24,94,422	(6,50,127)	5,18,44,295
Total Comprehensive					
Profit for the year			(5,79,49,924)		(5,79,49,924)
Other comprehensive income for the year				(10,68,349)	(10,68,349)
Income Tax of Earlier Years					
Transactions with owners of the company					
Interim Dividend on Equity Shares					
Interim Dividend Distribution Tax					
Dividend on Equity Shares					
Dividend Distribution Tax of earlier year					
Premium on allotment of shares by way of right issue		4,48,56,500			4,48,56,500
Transferred to General Reserve					
Transferred from Retained Earnings					
Balance as at 31st March 2020	-	4,48,56,500	(54,55,502)	(17,18,476)	3,76,82,522

(b) Other Equity for the year ended 31st March 2019

Particulars	Reserves and Surplus			Statement of other comprehensive Income	
	General Reserve	Securities premium	Retained earnings/Profit & Loss Account	Remeasurements of the net defined benefit Plans	Total other equity
Balance as at 31st March 2018			6,29,63,151	(3,80,972)	6,25,82,179
Total Comprehensive					
Profit for the year			(1,04,68,729)		(1,04,68,729)
Other comprehensive income for the year				(2,69,155)	(2,69,155)
Income Tax of Earlier Years					
Transactions with owners of the company					
Interim Dividend on Equity Shares					
Interim Dividend Distribution Tax					
Dividend on Equity Shares					
Dividend Distribution Tax of earlier year					
Transferred to General Reserve					
Transferred from Retained Earnings					
Balance as at 31st March 2019	-	-	5,24,94,422	(6,50,127)	5,18,44,295

As per our attached report of even date  
For M/s Kastury & Talati  
Chartered Accountants  
Firm Registration Number : 104908W

Dhiren P Talati  
Partner  
Membership No: 41867  
Place : Navi Mumbai.  
Date: 28th May 2020



For and on behalf of Board of Directors of  
Chembond Material Technologies Pvt. Ltd.  
CIN:U24200MH2000PTC125231

Sameer V. Shah  
Director  
DIN:00105721  
Place : Navi Mumbai.  
Date: 28th May 2020

Nirmal V. Shah  
Director  
DIN: 00083853  
Place : Navi Mumbai.  
Date: 28th May 2020





**Chembond Material Technologies Pvt. Ltd.**  
**(Erstwhile Protochem Industries Private Limited)**  
**Cash Flow Statement for the year ended 31st March, 2020 and 31st March, 2019**  
**( All amounts are in Rupees Lakhs except per share data and unless stated otherwise )**

Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
<b>A. Cash Flow From Operating Activities</b>		
Net profit / (loss) before tax	(582.57)	(103.05)
<b>Adjustments for:</b> Depreciation and Amortization	24.93	22.66
Loss on sale of Fixed assets	0.05	0.24
Finance Cost	35.87	16.01
	<b>60.05</b>	<b>38.90</b>
<b>Less:</b> Foreign exchange fluctuation	(0.52)	-
<b>Operating profit before working capital changes</b>	<b>(522.23)</b>	<b>(64.15)</b>
<b>Adjustments for</b>		
Inventories	(621.22)	(193.13)
Trade and other receivables	(542.24)	(532.92)
Trade and other payables	(16.83)	635.71
<b>Cash generated from operating activities</b>	<b>(1,702.53)</b>	<b>(154.49)</b>
Taxes paid	(2.92)	(15.24)
<b>Net cash generated from operating activities</b>	<b>(1,705.45)</b>	<b>(169.73)</b>
<b>B. Cash Flow From Investing Activities</b>		
Purchase of fixed assets	(23.59)	(49.40)
Proceeds from sale of fixed asset	0.92	17.45
<b>Net cash used in investing activities</b>	<b>(22.67)</b>	<b>(31.95)</b>
<b>C. Cash Flow From Financing Activities:</b>		
Finance Cost	(35.87)	(16.01)
Net increase / (decrease) in working capital borrowing	985.30	223.03
Issue of Shares ( Cash recd from Capital increase)	51.50	-
Issue of Shares ( Cash recd from Share premium)	448.57	-
<b>Net cash used in financing activities</b>	<b>1,449.49</b>	<b>207.02</b>
<b>D. Net (decrease) / increase in cash and cash equivalents (A+B+C)</b>	<b>(278.62)</b>	<b>5.33</b>
<b>E. Cash and cash equivalents - Opening balance</b>	<b>399.15</b>	<b>393.81</b>
<b>F. Cash and cash equivalents - Closing balance (D+E)</b>	<b>120.53</b>	<b>399.15</b>

**2 Components of Cash and cash equivalents:**


Particulars	As at 31st March, 2020	As at 31st March, 2019
Cash and cash equivalents	56.52	29.95
Bank balances other than (iii) above	61.01	300.10
<b>Total</b>	<b>117.53</b>	<b>330.05</b>


As per our attached report of even date  
For M/s Kastury & Talati  
Chartered Accountants  
Firm Registration Number : 104908W

For and on behalf of Board of Directors of  
Chembond Material Technologies Pvt. Ltd.  
CIN:U24200MH2000PTC125231

  
Dhiren P Talati  
Partner  
Membership No: 41867  
Place : Navi Mumbai.  
Date: 28th May 2020



  
Sameer V. Shah  
Director  
DIN:00105721  
Place : Navi Mumbai.  
Date: 28th May 2020

  
Nirmal V. Shah  
Director  
DIN: 00083853  
Place : Navi Mumbai.  
Date: 28th May 2020



**Chembond Material Technologies Pvt. Ltd.**  
**(Erstwhile Protochem Industries Private Limited)**  
**Notes forming part of the Financial Statements as at 31st March, 2020**

**COMPANY OVERVIEW**

Chembond Material Technologies Pvt. Ltd. is a subsidiary of Chembond Chemicals Ltd.

Chembond Material Technologies Pvt. Ltd., an ISO 9001:2008 certified company incorporated on 24th March, 2000.

Our product range includes specialty chemicals & lubricants such as corrosion inhibitors, heat treatment chemicals, quenching fluids & aerosol and non aerosol MRO (Maintenance Repair & Operation) products. These are widely demanded in various sectors like automobiles & ancillaries, consumer durables, furniture, engineering, machinery & machine tools and cold forming. Apart from this we supply a large quantum of our products to Government undertakings such as Defense, Railways, Marine & Aviation Industries.

We are also into manufacturing & marketing of Industrial Enzymes used in Textile, Animal Feed, Distillery, Leather, Aqua Fishery, Winery, Bio Fuels & Edible Oil industry, Probiotics used in Animal Health helping to maintain microflora in animal body.

**NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES**

**Statement of Compliance**

The Company has prepared financial statements for the year ended March 31, 2020 in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended) together with the comparative period data as at and for the year ended March 31, 2019.

**A Basis of Preparation, measurement and Transition to Ind AS**

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.

**B Use of Estimates**

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.

Critical accounting estimates and assumptions

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

**Current and Non-current classification**

The Company presents assets and liabilities in the balance sheet based on current/non-current classification.

An asset is treated as current when it is:

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

All other assets are classified as non-current.

A liability is current when:

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

The Company classifies all other liabilities as non-current.

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

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The company has identified twelve months as its normal operating cycle.



## C Property, Plant and Equipment

The cost of an item of Property, Plant and Equipment ('PPE') is recognised as an asset if, and only if, it is probable that the future economic benefits associated with the item will flow to the Company and the cost can be measured reliably, PPE are initially recognised at cost. The initial cost of PPE comprises its purchase price (including import duties and non-refundable purchase taxes but excluding any trade discount and rebates), and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Subsequent to initial recognition, PPE are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Subsequent expenditure relating to PPE is capitalized only when it is probable that future economic benefits associated with these will flow to the Company and the cost of the item can be measured reliably. When an item of PPE is replaced, then its carrying amount is derecognised and the cost of the new item of PPE is recognised. Further, in case the replaced part was not depreciated separately, the cost of the replacement is used as an indication to determine the cost of the replaced part at the time it was acquired. All other repair and maintenance cost are recognised in Statement of profit and loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met. An item of PPE and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gains or losses arising from de-recognition of PPE are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of profit and loss when the PPE is derecognised.

The Company identifies and determines cost of each component/part of the asset separately, if the component/part has a cost which is significant to the total cost of the asset and has useful life that is materially different from that of the remaining asset.

### 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.

### Depreciation and Amortization

The Company has been providing depreciation on Straight Line Basis and in accordance with the rates specified in Schedule II of The Companies Act, 2013. The Depreciation on assets acquired / disposed off during the year is provided on pro-rata basis with reference to the date of addition/disposal. Depreciation methods, useful lives and residual value are reviewed at each reporting date and adjusted prospectively, if appropriate. Intangible assets are amortized over a period of five years on straight-line basis.

The residual values, useful lives and methods of depreciation of PPE are reviewed on a regular basis and changes in estimates, when relevant, are accounted for on a prospective basis.

### Capital Work-in-progress

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 Inventories

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 realisable 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.

## 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, usually on delivery of goods.

ii. Revenue from services is recognised pro-rata as and when services are rendered over a specified period of time. The company collects service tax / goods and service tax on behalf of the government and therefore it is not an economic benefit flowing to the company. Hence it is excluded from the revenue.

F Interest income is recognised using effective interest method on time proportion basis taking in to account the amount outstanding. Dividend income is recognised when the Company's right to receive the payment is established, which is generally when shareholders approve the dividend.

## G Foreign Currency Translation

The functional currency of the Company is Indian rupee (₹).

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.

Non-monetary assets and liabilities that are measured in terms of historical cost in foreign currencies are not retranslated.



## H Impairment of Assets

### (i) Financial assets (other than at fair value)

The Company assesses at each date of Balance sheet whether a financial asset or a group of financial assets is impaired. Ind AS 109 requires expected credit losses to be measured through a loss allowance. The Company recognises lifetime expected losses for all contract assets and/or all trade receivables that do not constitute a financing transaction. For all other financial assets, expected credit losses are measured at an amount equal to the 12 month expected credit losses or an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.

### (ii) Non-financial assets

#### Tangible and intangible assets

Property, plant and equipment and intangible assets with finite life are evaluated for recoverability whenever there is any indication that their carrying amounts may not be recoverable. If any such indication exists, the recoverable amount (i.e. higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the cash generating unit (CGU) to which the assets belong.

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognised in the Statement of profit and loss.

## I Retirement Benefits :

### (a) 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.

#### Post Employment Benefits

##### I. Defined Contribution Plan

Defined contribution plans are employee state insurance scheme and Government administered pension fund scheme for all applicable employees and superannuation scheme for eligible employees.

Recognition and measurement of defined contribution plans:

The Company recognizes contribution payable to a defined contribution plan as an expense in the Statement of Profit and Loss when the employees render services to the Company during the reporting period. If the contributions payable for services received from employees before the reporting date exceeds the contributions already paid, the deficit payable is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the reporting date, the excess is recognized as an asset to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund.

##### II. Defined Benefit plans:

###### Provident Fund scheme

The Company makes specified monthly contributions towards Employee Provident Fund scheme in accordance with the statutory provisions.

###### Gratuity scheme

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.

###### 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.

##### Recognition and measurement of Defined Benefit plans:

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; however, the entire liability towards gratuity is considered as current as the Company will contribute this amount to the gratuity fund within the next twelve months.

##### Other Long Term Employee Benefits:

The Company does not allow any accumulation of leave balance or encashment thereof.

## J Provision For Current & Deferred Tax

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 Income Tax is recognised using the Balance sheet approach. Deferred income tax assets and liabilities are recognised for deductible and taxable temporary differences arising between the tax base of assets and their carrying amount, except when the deferred income tax arises from the initial recognition of an assets or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

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

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which the temporary differences are expected to be received or settled.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the relevant entity intends to settle its current tax assets and liabilities on a net basis.

Deferred tax assets include Minimum Alternative Tax (MAT) paid in accordance with the tax laws in India, which is likely to give future economic benefits in the form of availability of set off against future income tax liability. Accordingly, MAT is recognised as deferred tax asset in the Balance sheet when the asset can be measured reliably and it is probable that the future economic benefit associated with the asset will be realised.

The Company recognises interest levied and penalties related to income tax assessments in finance costs.

#### **K Earnings Per Share :**

The Company presents basic and diluted earnings per share ("EPS") data for its equity shares. Basic EPS is calculated by dividing the profit or loss attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to equity shareholders and the weighted average number of equity shares outstanding for the effects of all dilutive potential ordinary shares, which includes all stock options granted to employees.

The number of equity shares and potentially dilutive equity shares are adjusted retrospectively for all periods presented for any share splits and bonus shares issues including for changes effected prior to the approval of the financial statements by the Board of Directors.

#### **L Provision, Contingent Liabilities And Contingent Assets :**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

#### **Contingent Liabilities and Contingent Assets**

Contingent liability is disclosed for,

- (i) Possible obligations which will be confirmed only by future events not wholly within the control of the Company, or
- (ii) Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made

Contingent Assets are not recognised in the financial statements.

#### **M Dividend distribution to equity shareholders**

Dividend to equity shareholders is recognised as a liability in the period in which the dividends are approved by the equity shareholders. Interim dividends that are declared by the Board of Directors without the need for equity shareholders' approvals are recognised as a liability and deducted from shareholders' equity in the year in which dividends are declared by the Board of directors.

#### **N Lease Accounting**

A lease that transfers substantially all the risks and rewards incidental to ownership to the lessee is classified as a finance lease. All other leases are classified as operating leases.

#### **Company as a lessee**

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in profit or loss as finance costs, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Company's general policy on the borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred.

Operating lease payments are generally recognised as an expense in the profit or loss on a straight-line basis over the lease term. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue. Contingent rentals arising under operating leases are also recognised as expenses in the periods in which they are incurred.



#### **Company as a lessor**

Rental income from operating lease is generally recognised on a straight-line basis over the term of the relevant lease. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the Company's expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Amounts due from lessees under finance leases are recorded as receivables at the Company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Company's net investment outstanding in respect of the leases.

#### **O 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.

#### **P Trade Payables**

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. The amounts are usually unsecured. Trade and other payables are presented as current liabilities unless payment is not due within twelve months after the reporting period. They are recognised initially at their fair value.

#### **Q Financial Instruments**

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value measured on initial recognition of financial assets or financial liability.

#### **Cash and cash equivalents**

The Company considers all highly liquid financial instruments, which are readily convertible into known amounts of cash that are subject to an insignificant risk of change in value and having original maturities of three months or less from the date of purchase, to be cash equivalents. Cash and cash equivalents consist of balances with banks which are unrestricted for withdrawal and usage.

#### **Financial assets at amortised cost**

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business whose objective is to hold these assets to collect contractual cash flows and the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal and interest on the principal amount outstanding.

#### **Financial assets at fair value through other comprehensive income**

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business whose objective is achieved by both collecting contractual cash flows on specified dates that are solely payments of principal and interest on the principal amount outstanding and selling financial assets.

The company has made an irrevocable election to present in other comprehensive income subsequent changes in the fair value of equity investments not held for trading.

#### **Financial assets at fair value through profit or loss**

Financial assets are measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income on initial recognition. The transaction costs directly attributable to the acquisition of financial assets and liabilities at fair value through profit or loss are immediately recognised in profit or loss.

#### **Financial liabilities**

Financial liabilities are measured at amortised cost using the effective interest method.

#### **Equity instruments**

An equity instrument is a contract that evidences residual interest in the assets of the company after deducting all of its liabilities. Equity instruments recognised by the company are recognised at the proceeds received net off direct issue cost.



Chembond Material Technologies Pvt. Ltd.  
(Erstwhile Protochem Industries Private Limited)

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020  
NOTE : 2

Property, plant and equipment, Intangibles and Capital work in progress as at 31st March 2020

Description	GROSS BLOCK (AT COST)			DEPRECIATION INCLUDING AMORTISATION			(Rs. In lakhs)		
	As at 1.04.2019	Additions	Deductions	As at 31.03.2020	As at 1.04.2019	Additions	Deductions	As at 31.03.2020	As at 31.03.2019
<b>Property plant and equipment</b>									
<b>Tangible Assets</b>									
Leasehold Land	10.57	-	-	10.57	0.41	0.14	-	0.55	10.02
Buildings	126.73	-	-	126.73	13.10	5.38	-	18.48	108.25
Plant & Machinery	195.98	13.63	0.76	208.85	27.41	11.71	0.29	38.83	170.02
Computers	17.74	7.29	-	25.03	4.68	3.61	-	8.28	16.75
Furniture & Fixtures	32.69	1.09	-	33.78	7.89	3.15	-	11.04	22.74
Office equipment	5.90	0.45	-	6.36	3.17	0.23	-	3.40	2.96
Sub-total	389.60	22.47	0.76	411.31	56.65	24.22	0.29	80.57	330.74
<b>Intangible Assets</b>									
Technical Know-how	3.47	-	-	3.47	0.26	0.56	-	0.82	2.65
Computers - Software	0.48	0.61	-	1.09	0.17	0.15	-	0.32	0.78
Sub-total	3.95	0.61	-	4.56	0.43	0.71	-	1.14	3.43
Total	393.56	23.08	0.76	415.87	57.08	24.93	0.29	81.71	334.17
Previous Year	363.98	34.54	4.97	393.56	36.56	25.08	4.56	57.08	336.48
Capital Work in Progress									



**Chembond Material Technologies Private Limited**  
**(Erstwhile Protochem Industries Private Limited)**  
**Notes on Financial Statements for the year ended 31st March, 2020**

	As at 31/03/2020 (Rs. In lakhs)	As at 31/03/2019 (Rs. In lakhs)
<b>3 Other Financial Assets</b> (Unsecured & considered good)		
Other Deposits	1.31	1.31
Total	<u>1.31</u>	<u>1.31</u>
<b>4 Other non-current assets</b>		
Capital Advances	1.13	0.00
Total	<u>1.13</u>	<u>-</u>
<b>5 Inventories</b> (At lower of Cost and Net Realisable Value)		
Raw Material	538.96	246.98
Packing Material	64.29	20.78
Finished Goods	334.75	58.33
Stock-in-Trade	51.38	42.06
Total	<u>989.37</u>	<u>368.14</u>
<b>6 TRADE RECEIVABLES</b> (Unsecured)		
Unsecured Considered Good	1,232.40	763.46
Unsecured Considered doubtful	12.00	0.00
Less : Provision for Doubtful Debts	12.00	0.00
Total	<u>1,232.40</u>	<u>763.46</u>
a For Related party transactions Refer Note No.39		
<b>7 CASH AND CASH EQUIVALENTS</b>		
Balances with banks		
In Current Accounts	55.96	29.73
Cash on hand	0.66	0.22
Total	<u>56.52</u>	<u>29.95</u>
<b>8 OTHER BANK BALANCES</b>		
Margin money (Including deposits with original maturity of more than 3 months)	64.01	44.20
Fixed deposit under lien	-	324.99
Total	<u>64.01</u>	<u>369.19</u>
<b>9 Loans</b> (Unsecured & considered good)		
Loan and advance to Employees	10.13	13.49
Other Loans & Advances	25.50	9.74
Total	<u>35.63</u>	<u>23.23</u>
<b>10 OTHER FINANCIAL ASSETS</b> (Unsecured & considered good)		
Security Deposits	1.66	2.14
Total	<u>1.66</u>	<u>2.14</u>





	As at 31/03/2020 (Rs. In lakhs)	As at 31/03/2019 (Rs. In lakhs)
<b>11 Current Tax (Net)</b>		
Current Tax (Net)	2.92	7.17
<b>Total</b>	<b>2.92</b>	<b>7.17</b>

	As at 31/03/2020 (Rs. In lakhs)	As at 31/03/2019 (Rs. In lakhs)
<b>12 Other Current Assets</b>		
Prepaid expenses	9.49	4.29
Advances for supply of goods and services	15.11	0.00
Balances with government authorities	47.12	0.00
<b>Total</b>	<b>71.72</b>	<b>4.29</b>

**13 SHARE CAPITAL**

	As at 31/03/2020 (Rs. In lakhs)	As at 31/03/2019 (Rs. In lakhs)
<b>Authorised</b>		
20,00,000 (P.Y. 10,00,000) Equity Shares of Rs.10/- each	200.00	100.00
<b>Issued, Subscribed and Paid up</b>		
15,15,000 (P.Y. 10,00,000) Equity Shares of Rs.10/- each fully paid up	151.50	100.00
<b>Total</b>	<b>151.50</b>	<b>100.00</b>

**a Reconciliation of the equity shares outstanding at the beginning and at the end of the reporting year:**

Number of shares outstanding at the beginning of the year	10,00,000.00	10,00,000.00
Additions during the year		
- Subdivision of Equity Shares from face Value Rs.10 to Rs.5/- Per Share	0.00	0.00
-Allotment of shares by way of right issue	5,15,000.00	0.00
Deductions during the year	0.00	0.00
Number of shares outstanding at the end of the year	<b>15,15,000.00</b>	<b>10,00,000.00</b>

**b Details of Shareholders holding more than 5% Shares**

Name of the Shareholder	As at 31/3/2020 No of Shares	As at 31/3/2019 No of Shares
Chembond Chemicals Limited (Holding Co.) and its nominees	15,15,000	10,00,000
% held	100.00%	100.00%

**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. The Company declares and pays dividends in Indian Rupees. The dividend proposed by the Board of Directors is subject to approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation of the Company, the holders of Equity Shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.



14 OTHER EQUITY

As at 31/3/2020 (Rs. In lakhs)	As at 31/3/2019 (Rs. In lakhs)
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**Share Premium**

As per last year	0.00	0.00
Add: Premium on allotment of shares by way of right issue	448.57	0.00
	448.57	0.00

**Retained Earnings**

As per last year	524.95	629.63
Add: Profit for the Year	-579.50	-104.68
	(54.55)	524.95

**Other Comprehensive Income (OCI)**

Remeasurements of the net defined benefit Plans

As per last year	-6.50	-3.81
Movement During the Year	(10.68)	(2.69)
	(17.18)	(6.50)

<b>Total</b>	<b>376.83</b>	<b>518.45</b>
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As at 31/03/2020 (Rs. In lakhs)	As at 31/03/2019 (Rs. In lakhs)
---------------------------------------	---------------------------------------

15 Provisions- Non Current

Provision for Gratuity	10.27	-6.91
<b>Total</b>	<b>10.27</b>	<b>(6.91)</b>

16 DEFERRED TAX LIABILITY (NET)

Deferred tax Liability		
Depreciation	28.41	25.65
	28.41	25.65

Deferred tax Asset

Gratuity	2.70	0.00
MAT Credit	20.95	20.95
Provision for Doubtful Debts	3.12	0.00
	26.77	20.95

<b>Net Deferred Tax Liability</b>	<b>1.64</b>	<b>4.70</b>
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17 CURRENT BORROWINGS  
(Repayable on demand)

**Secured**

Working Capital Loan from Banks	-0.00	312.70
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**Unsecured**

Loans from Related Parties	1,298.00	
<b>Total</b>	<b>1,298.00</b>	<b>312.70</b>

a For Related party transactions Refer Note No.39



18	TRADE PAYABLES	As at	As at
		31/03/2020 (Rs. In lakhs)	31/03/2019 (Rs. In lakhs)
	Micro, Small and Medium Enterprises	151.12	0.00
	Others	702.91	919.25
	<b>Total</b>	<b>854.03</b>	<b>919.25</b>

a For Related party transaction Refer Note No.39

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 31/03/2020 (Rs. In lakhs)	As at 31/03/2019 (Rs. In lakhs)
Principal amount due to suppliers under MSMED Act, 2006	151.12	0.00
Interest accrued and due to suppliers under MSMED Act, 2006	0.35	0.00
Payment made to suppliers (other than interest) beyond the appointed day, during the year	0.00	0.00
Interest paid/adjusted to suppliers under MSMED Act, 2006	0.00	0.00
Interest paid/adjusted to suppliers under MSMED Act, 2006	0.00	0.00
Interest due and payable to suppliers under MSMED Act, 2006 for payments already made	0.00	0.00
Interest accrued and remaining unpaid at the end of the year to suppliers under MSMED Act, 2006	0.35	0.00

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 Financial LIABILITIES	As at	As at
		31/03/2020 (Rs. In lakhs)	31/03/2019 (Rs. In lakhs)
	Creditors for Capital Expenditure	1.70	2.00
	<b>Total</b>	<b>1.70</b>	<b>2.00</b>

20	OTHER CURRENT LIABILITIES	As at	As at
		31/03/2020 (Rs. In lakhs)	31/03/2019 (Rs. In lakhs)
	Advance Received From Customers	2.62	0.02
	Statutory Dues	0.00	2.44
	<b>Total</b>	<b>2.62</b>	<b>2.46</b>

21	SHORT-TERM PROVISIONS	As at	As at
		31/03/2020 (Rs. In lakhs)	31/03/2019 (Rs. In lakhs)
	Provision for Gratuity	0.13	0.00
	Provision for Employee Benefits Payable	94.10	52.72
	<b>Total</b>	<b>94.23</b>	<b>52.72</b>



22 REVENUE FROM OPERATIONS		2019-2020 (Rs. In lakhs)	2018-2019 (Rs. In lakhs)
Sales		4,224.14	1,555.04
<b>Net Sales</b>	Total	4,224.14	1,555.04
<b>Sales of Services</b>			
Technical Service Income		2.60	0.00
<b>Other Operating revenue</b>			
Miscellaneous Income		5.92	18.22
Other Operating revenue	Total	5.92	18.22
	Total	4,232.65	1,573.26
a	For Related party transactions Refer Note No.39		
23 OTHER INCOME		2019-2020 (Rs. In lakhs)	2018-2019 (Rs. In lakhs)
Gross Interest {TDS Rs. 0.46 lakhs (P.Y. Rs.2.39 lakhs)}		6.59	24.08
Services Charges from Related Parties		0.00	24.00
Foreign Exchange Fluctuation Loss/ (Gain)		0.52	0.00
Miscellaneous Income		1.56	0.00
	Total	8.66	48.08
24 COST OF MATERIALS CONSUMED		2019-2020 (Rs. In lakhs)	2018-2019 (Rs. In lakhs)
<b>Particulars of Raw Materials Consumed</b>			
Raw Materials Consumed		2,939.11	1,078.36
Packing Material		361.84	86.79
	Total	3,300.95	1,165.15
a	For Related party transactions Refer Note No.39		
24 CHANGES IN INVENTORY OF FINISHED GOODS, WORK IN PROGRESS AND TRADED GOODS		2019-2020 (Rs. In lakhs)	2018-2019 (Rs. In lakhs)
Finished products/ Stock in Trade (At Close)		288.24	45.58
Finished products/ Stock in Trade (At commencement)		45.58	32.14
	Total	(242.66)	(13.44)
25 EMPLOYEE BENEFIT EXPENSES		2019-2020 (Rs. In lakhs)	2018-2019 (Rs. In lakhs)
Director Remuneration		22.59	6.00
Salaries & Wages		848.20	223.25
Contribution to Provident & other funds		44.38	17.14
Staff Welfare Expenses		17.03	9.29
	Total	932.20	255.67



26	FINANCE COST	2019-2020	2018-2019
		(Rs. In lakhs)	(Rs. In lakhs)
	Interest Expense		
	- Banks	12.83	14.66
	- MSMED	0.35	0.00
	- Others	19.16	0.00
	Bank Guarantee fees & charges	3.52	1.35
	<b>Total</b>	<b>35.87</b>	<b>16.01</b>
27	DEPRECIATION AND AMORTISATION EXPENSES		
		2019-2020	2018-2019
		(Rs. In lakhs)	(Rs. In lakhs)
	Depreciation and Amortisation Expenses	24.93	22.66
	<b>Total</b>	<b>24.93</b>	<b>22.66</b>
28	OTHER EXPENSES	2019-2020	2018-2019
		(Rs. In lakhs)	(Rs. In lakhs)
	<b>MANUFACTURING EXPENSES</b>		
	Consumable stores	5.29	1.64
	Power, Fuel & Water Charges	17.43	14.34
	Research and Development	5.89	4.68
	Repairs and Renewals to Plant & Machinery	13.48	7.38
	Godown Rent	4.56	1.66
	Labour Charges	9.20	4.19
	Security Expenses	4.26	5.03
	Factory Maintenance	3.84	7.64
	<b>A</b>	<b>63.94</b>	<b>46.55</b>
	<b>ADMINISTRATIVE EXPENSES</b>		
	Director's Sitting Fees	0.98	1.00
	Rates & Taxes	10.74	1.57
	Printing and stationary	2.22	1.89
	Telephone & Postage Expenses	8.60	3.40
	Insurance	5.55	1.72
	Motor car expenses	20.57	3.99
	Auditors Remuneration	2.31	2.06
	Legal, Professional & consultancy fees	141.22	51.22
	Repairs & Maintenance Buildings	1.76	6.66
	Repairs & Maintenance Others	9.28	6.64
	Miscellaneous expenses	12.83	5.10
	Loss on Sale of Fixed Asset	0.05	0.20
	Provision for Doubtful Debts	12.00	0.00
	Input GST Disallowed	10.46	4.26
	Bad Debts Written Off	0.24	0.00
	<b>B</b>	<b>238.79</b>	<b>89.72</b>
	<b>SELLING AND DISTRIBUTION EXPENSES</b>		
	Carriage outwards	177.04	45.89
	Commission on sales	113.09	32.31
	Travelling Expenses	82.25	24.84
	Conveyance expenses	47.93	25.03
	Advertising & Publicity Expenses	8.82	1.83
	Warehousing Charges	0.04	3.34
	Sales Promotion Expenses	31.00	0.00
	<b>C</b>	<b>469.86</b>	<b>142.07</b>
	<b>Total</b>	<b>772.59</b>	<b>278.35</b>



a Auditor's Remuneration consists of:

	2019-2020 (Rs. In lakhs)	2018-2019 (Rs. In lakhs)
Statutory Audit Fees	1.76	1.60
Tax Audit Fees	0.55	0.46
Taxation and Other Matters	0.00	0.00
<b>Total</b>	<b>2.31</b>	<b>2.06</b>

a For Related party transactions Refer Note No.39

29 EARNINGS PER SHARE

	2019-2020	2018-2019
Net Profit available to Equity Shareholders (Rs. In Lakhs)	-579.50	-104.68
Total number of Equity Shares (Face value of Rs. 10/- each fully paid up)	15,15,000.00	10,00,000.00
Weighted No. of Equity Shares	10,18,292.35	10,00,000.00
Basic Earnings per Share (in Rupees)	(56.91)	(10.47)
Diluted No. of Equity Shares	10,18,292.35	10,00,000.00
Diluted Earnings per Share (in Rupees)	(56.91)	(10.47)

30 VALUE OF IMPORTS CALCULATED ON CIF BASIS

	2019-2020 (Rs. In lakhs)	2018-2019 (Rs. In lakhs)
Raw Materials and Finished Goods	9.65	0.00

31 EXPENDITURE IN FOREIGN CURRENCY

	2019-2020 (Rs. In lakhs)	2018-2019 (Rs. In lakhs)
Travelling	1.07	0.00
<b>Total</b>	<b>1.07</b>	<b>-</b>



**Chembond Material Technologies Pvt. Ltd.(Erstwhile Protochem Industries Private Limited)**

Notes forming part of the Financial Statements as at 31st March, 2020

(All amounts are in Rupees Lakhs, except per share data and unless stated otherwise)

**NOTE : 32**

Reconciliation of tax expense	2019-20	2018-19
<b>(a) Current tax</b>		
Current tax on on profits for the year	-	-
Short/Excess Provision for earlier years	-	-
Mat Credit Entitlement	-	-
<b>Total Current tax expense</b>	-	-
<b>Current Income Tax</b>		
The income tax expense consists of the followings:		
Particulars		
Current Income Tax	-	-
Deferred Tax Expense	(3.07)	1.63
<b>Tax expense for the year</b>	(3.07)	1.63
Reconciliation of tax expense and the accounting profit multiplied by India's tax Rate		
Profit before income tax expense	(582.57)	(103.05)
Indian statutory income tax rate (MAT)	16%	16%
Expected Income Tax expenses		
Part A		
Tax effect of amounts which are not deductible (allowable) in calculating taxable income:		
Additional allowances/deduction	-	-
Transition gain	-	-
MAT credit entitlement	-	-
Others	-	-
Short/Excess Provision for earlier years	-	-
Current Tax (A)	-	-
Part B		
Deferred Tax Effect at the rate of:	26%	26%
Depreciation	2.76	1.63
Less:		
Gratuity	(2.70)	-
MAT Credit	-	-
Other Deferred tax Asset	-	-
Provision for Doubtful Debts	(3.12)	-
Deferred Tax (B)	(3.07)	1.63
<b>Tax Expense (A+B)</b>	(3.07)	1.63



**Chembond Material Technologies Pvt. Ltd.**  
**(Erstwhile Protochem Industries Private Limited)**  
Notes forming part of the Financial Statements as at 31st March, 2020  
(All amounts are in Rupees Lakhs, except per share data and unless stated otherwise)

**NOTE : 33**

**CONTINGENT LIABILITIES AND COMMITMENTS (TO THE EXTENT NOT PROVIDED FOR)**

Particulars	2019-20	2018-19
<b>(i) Contingent liabilities</b>		
(a) Liabilities disputed - appeals filed with respect to:		
Income Tax (TDS)	-	-
Sales Tax	-	-
Gujarat Value Added tax	-	-
<b>(ii) Counter Guarantees given by Company for Bank Guarantees issued</b>	47.86	36.35
<b>Total</b>	<b>47.86</b>	<b>36.35</b>

**NOTE : 34**

**CATEGORIES OF FINANCIAL INSTRUMENTS**

	As at March 31, 2020		
	Fair value through profit or loss	Fair value through other comprehensive income	Amortised cost
<b>Financial assets</b>			
Investments			
Mutual Funds - quoted	-	-	-
Loans to employees / others	-	-	35.63
Deposits Account - Pledged with Government Authorities	-	-	1.31
Security deposits	-	-	1.66
Trade receivables	-	-	1232.40
Cash and cash equivalents	-	-	56.52
Bank balances other than above	-	-	64.01
	-	-	<b>1391.53</b>
<b>Financial liabilities</b>			
Borrowings	-	-	1298.00
Trade payables	-	-	854.03
Other financial liabilities	-	-	1.70
	-	-	<b>2153.73</b>

	As at March 31, 2019		
	Fair value through profit or loss	Fair value through other comprehensive income	Amortised cost
<b>Financial assets</b>			
Investments			
Mutual Funds - quoted	-	-	-
Loans to employees / others	-	-	23.23
Deposits Account - Pledged with Government Authorities	-	-	1.31
Security deposits	-	-	2.14
Trade receivables	-	-	763.46
Cash and cash equivalents	-	-	29.95
Bank balances other than above	-	-	369.19
	-	-	<b>1189.29</b>
<b>Financial liabilities</b>			
Borrowings	-	-	312.70
Trade payables	-	-	919.25
Other financial liabilities	-	-	2.00
	-	-	<b>1,234.00</b>

The management considers that the carrying amount of financial assets and financial liabilities carried as amortised cost approximates their fair value.





**NOTE : 35**  
**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, 2020	As at March 31, 2019
Debt (includes non-current, current borrowings and current maturities of long term debt)	1,298.00	312.70
Less : cash and cash equivalents	56.52	29.95
Net debt	<b>1,241.48</b>	<b>282.75</b>
Total equity	<b>528.33</b>	<b>618.45</b>
Net debt to total equity ratio	235.0%	45.7%

**NOTE : 36**  
**FINANCIAL RISK MANAGEMENT**

**Financial risk management**

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

**i. Risk management framework**

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

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

**ii. Credit risk**

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arise 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 continuous 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.

### iv. Market risk

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

### a) Currency risk

The Company is exposed to currency risk to the extent that there is a mismatch between the currencies in which sales, purchase, and other expenses are denominated and the functional currency of the Company. The functional currency of the Company is Indian Rupees (INR).

### Exposure to currency risk

Foreign Currency Exposures at the year end not hedged by derivative instruments:

			Amount in Lakhs			
			As at 31/03/2020		As at 31/03/2019	
			Foreign Currency	Indian Currency	Foreign Currency	Indian Currency
US Dollars ( USD)	Sell		0.10	7.45	-	-
Swiss Franc (CHF)	Sell		0.01	0.57	-	-

### b) Interest rate risk

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

### NOTE : 37

#### EMPLOYEE BENEFIT PLANS

#### 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 38.36 Lakhs (Previous year Rs 17.14 Lakhs).

	Year ended March 31, 2020	Year ended March 31, 2019
Contribution to Provident Fund and Family Pension Fund, Others	42.85	14.65
Contribution to ESIC and Employees Deposit Linked Insurance (EDLI)	1.46	2.21
Contribution to Labour Welfare Fund	0.07	0.28



**Defined benefit plan**

**(A) Defined Benefit Plan**

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

Particulars	Gratuity (Funded)	Gratuity (Funded)
	As on 31-Mar-2020	As on 31-Mar-2019
<b>I) Change in Defined Benefit Obligation</b>		
Opening defined benefit obligation	31.06	23.35
Amount recognised in profit and loss	-	-
Current service cost	12.56	4.26
Interest cost	2.41	1.81
Amount recognised in other comprehensive income		
Actuarial loss / (gain) arising from:		
Return on Plan Assets	-	-
Financial assumptions	5.68	2.79
Experience adjustment	25.82	
Other	-	-
Benefits paid	(4.99)	(1.15)
<b>Closing defined benefit obligation</b>	<b>72.54</b>	<b>31.06</b>
<b>II) Change in fair value of assets :</b>		
Opening fair value of plan assets	37.97	31.24
Amount recognised in profit and loss		
Interest income	2.94	2.42
Amount recognised in other comprehensive income		
Actuarial gain / (loss)		
Return on Plan Assets, Excluding Interest Income	(0.03)	0.10
Equitable fund transfer in	20.85	
Other		-
Contributions by employer	5.39	5.37
Benefits paid	(4.99)	(1.15)
<b>Closing fair value of plan assets</b>	<b>62.14</b>	<b>37.98</b>
Actual return on Plan Assets	2.91	2.52
<b>Plan assets comprise the following</b>		
Insurance fund (100%)	Unquoted 62.14	Unquoted 37.98
<b>IV) Principal actuarial assumptions used</b>		
Rate of Interest (%)	6.75	7.75
Withdrawal rate (%)	1.00	1.00
Salary escalation rate (%)	7.50	7.50

V) Amount recognised in the Balance Sheet	As at 31st March, 2020	As at 31st March, 2019
Present value of obligations as at year end	72.54	31.06
Fair value of plan assets as at year end	62.14	37.98
Net (asset) / liability recognised as at year end	10.40	(6.92)
Recognised under:		
Other Current assets	(0.13)	-
Other non current assets	(10.27)	6.92
	<b>(10.40)</b>	<b>6.92</b>



## VII) Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

	As at 31st March, 2020		As at 31st March, 2019	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement) - Gratuity	(8.86)	7.41	(2.91)	2.54
Future salary growth (1% movement) - Gratuity	8.70	(7.43)	2.89	(2.57)

there are no other changes in market conditions at the reporting date. In practice, generally it does not occur. When we change one variable, it affects to others. In calculating the sensitivity, project unit credit method at the end of the reporting period has been applied.

### (vii) Expected future cash flows

The expected maturity analysis is as follows :	For year ended 31.3.2020	For year ended 31.3.2019
Expected benefits for year 1	15.40	3.42
Expected benefits for year 2	8.78	2.73
Expected benefits for year 3	6.84	2.03
Expected benefits for year 4	7.06	4.98
Expected benefits for year 5	13.60	4.97
Expected benefits for year 6 and above	251.32	117.13

### NOTE : 38

#### Leases

The Company normally acquires offices and warehouses under non-cancellable operational leases. Minimum lease payments outstanding at year end in respect of these assets are as under:	Total Minimum Lease Payment Outstanding as on 31/03/2020 (Rs. In lakhs)	Total Minimum Lease Payment Outstanding as on 31/03/2019 (Rs. In lakhs)
Due within one year	3.96	3.60
Due later than one year and not later than five years	1.32	4.80
Due later than five years	-	-
Lease payments recognised in the Statement of Profit & Loss	4.56	1.66



NOTE : 39

RELATED PARTY TRANSACTIONS

Details of Related parties and the nature of relationship

Sr no.	Major Headings	Name of related party	Related Party Relationship
I)	Holding Company	Chembond Chemicals Limited	Holding company
II)	Key Management Personnel	Sameer V. Shah	Director
		Nirmal V. Shah	Director
		Mahendra Ghelani	Director
		Harish Maheshwari	Whole-time Director
		Raj Kamal Gupta	Director
		Jaywant Tawade	Director
		Subhash Kolhe	Director
III)	Relatives of Key	Padma V Shah	Director's mother
	Management Personnel	Dr. Shilpa S. Shah	Director's Wife
	& Other Related Parties	Mamta N. Shah	Director's Wife
		Jyoti N. Mehta	Director's sister
		Alpana S. Shah	Director's sister
		Gauri N. Mehta ( not covered under rule 4)	Director's Sister's daughter
		Karishma N. Mehta ( not covered under rule 4)	Director's Sister's daughter
		Chembond Water Technologies Limited	Fellow Subsidiary
		Chembond Clean Water Technologies Ltd.	Fellow Subsidiary
		Chembond Biosciences Limited	Fellow Subsidiary
		Chembond Polymers and Materials Ltd.	Fellow Subsidiary
		Chembond Calvatis Industrial Hygiene Systems Limited	Fellow Subsidiary
		Phiroze Sethna Private Limited	Fellow Subsidiary
		Gramos Chemicals India Private Limited	Fellow Subsidiary
		Chembond Distribution Ltd	Fellow Subsidiary
		Finor Piplaj Chemicals Limited	Company in which directors have significant influence
		CCL Optoelectronics Pvt. Ltd	Company in which directors have significant influence
		S and N Ventures Ltd	Company in which directors have significant influence
		Protochem Investments Pvt. Ltd	Company in which directors have significant influence





Year ended 31st March, 2020

Sr. No.	Particulars	Holding company	Joint Venture Partner	Key Management Person (KMP)	Relatives of KMP & other related parties	Total
<b>1</b>	<b>Purchase</b>	<b>749.60</b>	-	-	<b>90.14</b>	<b>839.74</b>
	Chembond Chemicals Ltd	749.60				749.60
	Finor Piplaj Chemicals Ltd				4.04	4.04
	Chembond Biosciences Limited				37.73	37.73
	Chembond Water Technologies Ltd				0.36	0.36
	Chembond Distribution Ltd				2.43	2.43
	Phiroze Sethna Private Limited				45.59	45.59
<b>2</b>	<b>Sale of Finished Goods</b>	<b>380.46</b>	-	-	<b>91.71</b>	<b>472.17</b>
	Chembond Chemicals Ltd	380.46				380.46
	Chembond Clean Water Technologies Ltd				5.34	5.34
	Chembond Distribution Ltd.				0.75	0.75
	CCL Optoelectronics Pvt. Ltd				0.09	0.09
	Chembond Biosciences Limited				49.16	49.16
	Finor Piplaj Chemicals Ltd				0.57	0.57
	Chembond Water Technologies Ltd				18.06	18.06
	Chembond Polymers And Materials Ltd.				0.10	0.10
	Phiroze Sethna Private Limited				7.98	7.98
	Gramos Chemicals India Private Limited				9.65	9.65
<b>3</b>	<b>Expenses Rent</b>	<b>1.15</b>	-	-	<b>3.29</b>	<b>4.44</b>
	Chembond Chemicals Ltd	1.15				1.15
	Phiroze Sethna Private Limited				2.48	2.48
	Gramos Chemicals India Private Limited				0.81	0.81
<b>4</b>	<b>Reimbursement of Telephone exp.</b>	-	-	-	<b>0.04</b>	<b>0.04</b>
	Phiroze Sethna Private Limited				0.04	0.04
<b>5</b>	<b>Reimbursement of Salary Cost</b>	<b>134.79</b>	-	-	-	<b>134.79</b>
	Chembond Chemicals Ltd	134.79				134.79
<b>6</b>	<b>Sub Contracting Charges</b>	<b>273.57</b>	-	-	<b>1.60</b>	<b>275.17</b>
	Chembond Chemicals Ltd	273.57				273.57
	Chembond Biosciences Limited				1.60	1.60
<b>7</b>	<b>Purchase of Fixed Assets</b>	<b>1.24</b>	-	-	-	<b>1.24</b>
	Chembond Chemicals Ltd	1.24				1.24
<b>8</b>	<b>Sale of Fixed Assets</b>	<b>0.16</b>	-	-	<b>0.41</b>	<b>0.57</b>
	Chembond Chemicals Ltd	0.16				0.16
	Phiroze Sethna Private Limited				0.41	0.41
<b>9</b>	<b>Loan Interest Paid</b>	<b>8.97</b>	-	<b>1.09</b>	<b>9.10</b>	<b>19.16</b>
	Chembond Chemicals Ltd	8.97				8.97
	Phiroze Sethna Private Limited				9.10	9.10
	Sameer V. Shah			1.09		1.09
<b>10</b>	<b>Director Sitting Fees</b>	-	-	<b>0.98</b>	-	<b>0.98</b>
	Mahendra K. Ghelani			0.38		0.38
	Jaywant Tawade			0.30		0.30
	Raj Kamal Gupta			0.30		0.30
<b>11</b>	<b>Director Remuneration</b>	-	-	<b>22.59</b>	-	<b>22.59</b>
	Sameer V. Shah			16.59		16.59
	Harish Maheshwari			6.00		6.00
<b>12</b>	<b>Consulting fees</b>	-	-	<b>56.24</b>	-	<b>56.24</b>
	Subhash Kolhe			40.64		40.64
	Jaywant Tawade			15.60		15.60
<b>13</b>	<b>Commission</b>	-	-	<b>1.60</b>	-	<b>1.60</b>
	Subhash Kolhe			1.60		1.60



**Year ended 31st March, 2019**

Sr. No.	Particulars	Holding company	Joint Venture Partner	Key Management Person (KMP)	Relatives of KMP & other related parties	Total
<b>1</b>	<b>Purchase</b>	<b>432.27</b>	-	-	<b>7.30</b>	<b>439.57</b>
	Chembond Chemicals Ltd	432.27			-	432.27
	Finor Piplaj Chemicals Ltd				6.78	6.78
	Chembond Biosciences Limited				0.52	0.52
<b>2</b>	<b>Sale of Finished Goods</b>	<b>189.89</b>	-	-	<b>10.54</b>	<b>200.43</b>
	Chembond Chemicals Ltd	189.89				189.89
	Chembond Clean Water Technologies Ltd				6.52	6.52
	Chembond Distribution Ltd.				0.17	0.17
	Gramos Chemicals India Private Limited				0.40	0.40
	Chembond Water Technologies Ltd				3.41	3.41
	Chembond Polymers And Materials Ltd.				0.04	0.04
<b>3</b>	<b>Expenses Rent</b>	-	-	-	<b>1.66</b>	<b>1.66</b>
	CCL Opto Electronics				1.66	1.66
<b>4</b>	<b>Compensation expense</b>	<b>42.22</b>	-	-	-	<b>42.22</b>
	Chembond Chemicals Ltd	42.22				42.22
<b>5</b>	<b>Sub Contracting Charges</b>	<b>58.23</b>	-	-	-	<b>58.23</b>
	Chembond Chemicals Ltd	58.23				58.23
<b>6</b>	<b>Purchase of Fixed Assets</b>	<b>1.47</b>	-	-	-	<b>1.47</b>
	Chembond Chemicals Ltd	1.47				1.47
<b>7</b>	<b>Sale of Fixed Assets</b>	<b>4.97</b>	-	-	-	<b>4.97</b>
	Chembond Chemicals Ltd	4.97				4.97
<b>8</b>	<b>Director sitting fees</b>	-	-	<b>1.00</b>	-	<b>1.00</b>
	Mahendra K Ghelani			1.00		1.00
<b>9</b>	<b>Director Remuneration</b>	-	-	<b>6.00</b>	-	<b>6.00</b>
	Harish Maheshwari			6.00		6.00

**Balances Receivable from Related Parties are as Follows:**

**As at March 31, 2020**

Sr. No.	Particulars	Holding company	Joint Venture Partner	Key Management Person (KMP)	Relatives of KMP & other related parties	Total
<b>1</b>	<b>Trade Receivables/Other receivable</b>	-	-	-	<b>97.96</b>	<b>97.96</b>
	Chembond Clean Water Technologies Ltd				1.67	1.67
	Chembond Distribution Ltd.				0.01	0.01
	Phiroze Sethna Private Limited				4.65	4.65
	Gramos Chemicals India Private Limited				5.46	5.46
	Chembond Water Technologies Ltd				11.39	11.39
	Finor Piplaj Chemicals Ltd				0.67	0.67
	CCL Optoelectronics Pvt. Ltd				0.22	0.22
	Chembond Biosciences Limited				73.90	73.90
	Harish Maheshwari				-	-
<b>2</b>	<b>Finance (Equity Contribution)</b>	<b>151.50</b>	-	-	-	<b>151.50</b>
	Chembond Chemicals Ltd (Holding Co.)	151.50				151.50
	<b>TOTAL</b>	<b>151.50</b>	-	-	<b>97.96</b>	<b>249.46</b>

**As at March 31, 2019**

Sr. No.	Particulars	Holding company	Joint Venture Partner	Key Management Person (KMP)	Relatives of KMP & other related parties	Total
<b>1</b>	<b>Trade Receivables</b>	-	-	-	<b>41.50</b>	<b>41.50</b>
	Chembond Clean Water Technologies Ltd				6.46	6.46
	Gramos Chemicals India Private Limited				0.47	0.47
	Chembond Water Technologies Ltd				3.81	3.81
	Chembond Polymers and Materials Ltd.				0.04	0.04
	Chembond Biosciences Limited				30.72	30.72
<b>2</b>	<b>Finance (Equity Contribution)</b>	<b>100.00</b>	-	-	-	<b>100.00</b>
	Chembond Chemicals Ltd (Holding Co.)	100.00				100.00
	<b>TOTAL</b>	<b>100.00</b>	-	-	<b>41.50</b>	<b>141.50</b>



Balances Payable to Related Parties are as Follows:						
As at March 31, 2020						
Sr. No.	Particulars	Holding company	Joint Venture Partner	Key Management Person (KMP)	Relatives of KMP & other related parties	Total
1	<b>Trade Payables/Other Payables</b>	41.45	-	0.77	33.94	76.16
	Chembond Chemicals Ltd	41.45				41.45
	Finor Piplaj Chemicals Ltd				0.19	0.19
	Chembond Distribution Ltd.				1.59	1.59
	Phiroze Sethna Private Limited				31.59	31.59
	Gramos Chemicals India Private Limited				0.15	0.15
	Chembond Biosciences Limited				0.41	0.41
	Sameer V. Shah			0.36		0.36
	Mahendra K Ghelani			0.26		0.26
2	<b>Loans</b>	1,288.00	-	10.00	-	1,298.00
	Chembond Chemicals Ltd	1,288.00				1,288.00
	Sameer V. Shah			10.00		10.00
	<b>TOTAL</b>	1,329.45	-	10.77	33.94	1,374.16
As at March 31, 2019						
Sr. No.	Particulars	Holding company	Joint Venture Partner	Key Management Person (KMP)	Relatives of KMP & other related parties	Total
1	<b>Trade Payables</b>	495.33	-	-	0.34	495.67
	Chembond Chemicals Ltd	495.33				495.33
	Finor Piplaj Chemicals Ltd				0.34	0.34
	<b>TOTAL</b>	495.33	-	-	0.34	495.67

NOTE : 40

**SEGMENT REPORTING**

The Company is engaged in Metal Treatment chemicals, specialty chemicals, Lubricants, MRO, Industrial Enzymes & Probiotics, which in the context of IND AS 108- Operating segment specified under section 133 of the Companies Act, 2013 is considered as a single business segment of the company.

NOTE : 41

**COVID-19 ASSESSMENT**

The COVID-19 pandemic is an evolving human tragedy declared a global pandemic by the World Health Organisation with adverse impact on economy and business globally. Supply Chain disruptions in India as a result of the outbreak started with restrictions on movement of goods, closure of borders etc. in several states followed by a nationwide lockdown announced by the Indian Government, to stem the spread of COVID-19. This has impacted normal business operations of the Company. Manufacturing, supply chain, cashflows etc. have been disrupted. All plants of the Company were shut down on 23rd March, 2020 only to restart at considerably lower productivity during the period 8th April, 2020 and 25th April, 2020 in a phased manner. We have implemented the necessary precaution measures to ensure hygiene, safety and wellbeing of all our employees at all plants and locations. The Company has considered the possible effects COVID-19 may have on the recoverability and carrying value of its assets comprising Property Plant and Equipment, Investments, Inventories and Trade Receivables. Based on current indicators of future economic conditions the Company expects to recover the carrying amount of these assets and there is no significant impact on its financial statements as on 31st March, 2020. The situation is changing rapidly giving rise to inherent uncertainty around the extent and timing of the potential future impact of the COVID-19 which may be different from that estimated as at the date of approval of these financial statements. The Company will continue to closely monitor any material changes arising of future economic conditions and impact on its business.

NOTE : 42

Previous year figures have been regrouped, reallocated and 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 Registration Number : 104908W

Dhiren P Talati  
Partner  
Membership No: 41867  
Place : Navi Mumbai.  
Date: 28th May 2020



For and on behalf of Board of Directors of  
Chembond Material Technologies Pvt. Ltd.  
CIN:U24200MH2000PTC125231

Sameer V. Shah  
Director  
DIN:00105721  
Place : Navi Mumbai.  
Date: 28th May 2020

Nirmal V. Shah  
Director  
DIN: 00083853  
Place : Navi Mumbai.  
Date: 28th May 2020

