



POLYCHEM LIMITED

**64TH
ANNUAL
REPORT
2020 - 2021**

POLYCHEM LIMITED

CIN: L24100MH1955PLC009663

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

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

WORK	CORPORATE MANAGEMENT TEAM	
SPECIALTY CHEMICALS	MR. T. R. KILACHAND	Chairman
W-91, MIDC Phase II, Sonarpada,	MR. P. T. KILACHAND	Managing Director
Dombivali (E), 421 203,	MR. A. H. MEHTA	Dy. Managing Director
Maharashtra, India.		

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NOTICE

Notice is hereby given that the Sixty – Fourth Annual General Meeting of the Members of POLYCHEM LIMITED will be held on Thursday, 16th September, 2021 at 11.00 a.m. via two – way Video Conferencing ('VC') facility or other audio video means ('OAVM') to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt:
 - a) The audited Standalone financial statements of the Company for the financial year ended 31st March, 2021, including the audited Standalone Balance Sheet as at 31st March, 2021, the Statement of Profit and Loss and Cash Flow Statement, for the year ended on that date and the reports of the Board of Directors (the Board) and Auditors thereon.
 - b) The audited consolidated financial statements of the Company for the financial year ended 31st March, 2021, including the audited Consolidated Balance Sheet as at 31st March, 2021, the Statement of Profit and Loss and Cash Flow Statement for the year ended on that date and the report of Auditors thereon.
2. To appoint a Director in place of Mr. P. T. Kilachand (00005516), who retires by rotation and being eligible, offers himself for re-appointment.

SPECIAL BUSINESS:

3. To consider and if thought fit, to pass with or without modification/s, the following resolution as a **Special resolution for investing the surplus funds:**

"RESOLVED THAT pursuant to the provisions of Section 186 and any other applicable provisions of the Companies Act, 2013, read with relevant rules made thereunder, including any statutory modification(s) and re-enactment(s) thereof for the time being in force, the consent of the members be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as 'the Boards') to

1. Give any loan to any person or other bodies corporate;
2. Give any guarantee or provide any security in connection with a loan to any body corporate or person; and
3. Acquire by way of subscription, purchase or otherwise the securities of any other body corporate,

as they may in their absolute discretion deem beneficial and in the interest of the Company, subject however that the aggregate of the loans and investments so far made in and the amount for which guarantees or securities have so far been provided to all persons or bodies corporate along with the additional investments, loans, guarantees or securities proposed to be made or given or provided by the Company, from time to time, in future, shall not exceed a sum of Rs. 20,00,00,000/- (Rupees Twenty Crores Only) over and above the limit prescribed under Section 186 of the Act. "

"RESOLVED FURTHER THAT the Board of Directors of the company be and is hereby authorized to do all such acts deeds and things as may be necessary, proper and expedient to give effect to this Resolution."

4. To consider and if thought fit, to pass with or without modification/s, the following resolution as a **Special resolution for Borrowing the money:**

"RESOLVED THAT pursuant to the provisions of Section 180 (1) (c) and other applicable provisions, if any, of the Companies Act, 2013 read with relevant rules made thereunder including any statutory modifications or re-enactments thereof, the consent of the members be and is hereby accorded to the Board of Directors to borrow money, as and when required, from any Bank and/or other Financial Institution and/or foreign lender and/or any body corporate/ entity/ entities and/or authority/authorities, either in rupees or in such other foreign currencies as may be permitted by law from time to time, as may be deemed appropriate by the Board for an aggregate amount not exceeding a sum of Rs. 20,00,00,000/- (Rupees Twenty Crores Only) notwithstanding that money so borrowed together with the monies already borrowed by the Company, if any (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) may exceed the aggregate of the paid-up share capital of the Company and its free reserves."



“RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to take such steps as may be necessary for obtaining approvals, statutory, contractual or otherwise, in relation to the above and to settle all matters arising out of and incidental thereto, and to sign and to execute deeds, applications, documents and writings that may be required, on behalf of the Company and generally to do all such acts, deeds, matters and things as may be necessary, proper, expedient or incidental for giving effect to this resolution.”

Corporate Identification Number (CIN): L24100MH1955PLC009663

Registered Office:

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

Dated: 24th June, 2021.

By Order of the Board of Directors

DEEPALI V. CHAUHAN

Company Secretary & Compliance Officer

NOTES:

- (a) An Explanatory Statement pursuant to section 102 of the Companies Act, 2013 relating to Special Business under Item Nos. 3 and 4 to be transacted at the meeting, is annexed hereto.
- (b) In view of the global outbreak of the Covid-19 pandemic, the Ministry of Corporate Affairs ('MCA') has vide its General Circulars dated April 8, 2020 and April 13, 2020 and January 13, 2021 (collectively referred to as 'MCA Circulars') Securities and Exchange Board of India ('SEBI') vide its Circulars dated May 12, 2020 and January 15, 2021 ('SEBI Circulars') permitted the holding of the Annual General Meeting ('AGM' or 'Meeting') through Video Conferencing ('VC') facility or other audio visual means (OAVM), without physical presence of the Members at a common venue. In Compliance with the provisions of the Companies Act, 2013 ('the Act'), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') and MCA Circulars, the 64th AGM of the Company is being held through VC/OAVM on Thursday, 16th September, 2021 at 11.00 a.m. The deemed venue for the 64th AGM will be place from where the chairman of the Company will conduct the meeting.
- (c) Further, pursuant to the MCA and SEBI Circulars, the Notice of the AGM along with the Annual Report for FY 2020-21 is sent in electronic form only to those Members whose email addresses are registered with the Company/ Depositories. The Notice calling the 64th AGM has been uploaded on the website of the Company at www.polychemltd.com. The Notice can also be accessed from the website of the Bombay Stock Exchange at www.bseindia.com and NSDL (agency for providing the Remote e-Voting facility) at www.evoting.nsdl.com. Members who would like to obtain pdf copy on their email ID may write an email to polychemltd@kilachand.com. Pursuant to the Circulars mentioned above, the Company has not printed the Annual Reports and hence no hard copies of the Annual Report will be provided.
- (d) Pursuant to the provisions of the Companies Act, 2013, a Member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his/her behalf and the proxy need not be a Member of the Company. Since this AGM is being held pursuant to the MCA Circulars through VC or OAVM, physical attendance of Members has been dispensed with. Accordingly, in terms of the above-mentioned MCA and SEBI circulars, the facility for appointment of proxies by the Members will not be available for the AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice.
- (e) Members attending the meeting through VC or OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act 2013.
- (f) The Members can join the AGM in the VC/ OAVM mode 30 minutes before and 15 minutes after the scheduled time of the commencement of the Meeting by following the procedure mentioned on page 13. The Members will be able to view the proceedings on the National Securities Depository Limited's ('NSDL') e-Voting website at www.evoting.nsdl.com.
- (g) Corporate members intending to send their authorised representative to attend the AGM through VC or OAVM or to vote through remote e-voting, pursuant to Sections 112 and 113 of the Act, are requested to send a certified copy of the board resolution to the Scrutinizer by e-mail at mail@raginichokshi.com with a copy marked to evoting@nsdl.co.in and polychemltd@kilachand.com, authorising their representative to attend and vote on their behalf at the AGM.

- (h) In case of joint holder attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
- (i) All documents referred to in the accompanying Notice of the AGM and the Explanatory Statement and the Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Companies Act, 2013 will be available electronically for inspection by the members during the AGM.
- (j) Brief resume of Director proposed to be re-appointed, nature of his expertise in specific functional areas, of companies in which he holds directorships and memberships/chairmanships of Board Committees, shareholding and relationships between directors inter-se as stipulated under regulation 36(3)(a) of SEBI (LODR) Regulations, 2015 are provided on page 7.
- (k) Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015, the Company is providing facility of remote e-voting to its Members in respect of the business to be transacted at the AGM the details of which are available on page No. 8.
- (l) The Register of Members and Share Transfer Book will remain closed from Friday, 6th August, 2021 to Wednesday, 11th August, 2021 (both days inclusive) for the purpose of Annual General Meeting.
- (m) Members holding shares in electronic form are requested to intimate immediately any change in their bank mandates to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form are requested to advise any change in their bank mandates immediately to the Company or it's Registrar & Share Transfer Agents - Link Intime India Pvt. Ltd.
- (n) The Securities and Exchange Board of India (SEBI) has mandated the submission of the Permanent Account Number (PAN) by every participant in the securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participant(s). Members holding shares in physical form shall submit their PAN details to the Company or its Registrar & Share Transfer Agents – M/s. Link Intime India Pvt. Ltd.
- (o) Members who have not yet registered their e-mail addresses are requested to register the same with their Depository Participants ("DP") in case the shares are held by them in electronic form and with the RTA in case the shares held by them in physical form.
- (p) Members are requested to note that dividends, if not encashed for a consecutive period of 7 years from the date of transfer to Unpaid Dividend Account of the Company, are liable to be transferred to the Investor Education and Protection Fund ("IEPF"). Further, the shares in respect of such unclaimed dividends are also liable to be transferred to the demat account of the IEPF Authority. In view of this, Members are requested to claim their dividends from the Company, within the stipulated timeline.
- (q) In terms of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, securities of listed companies can only be transferred in dematerialised form with effect from 1st April, 2019. In view of the above, members are advised to dematerialise shares held by them in physical form.
- (r) The Company's securities are listed on the following Stock Exchange:

Sr. No.	Name & Address of the Stock Exchange	Nature of Security as on 31-03-2021
1.	Bombay Stock Exchange Ltd., Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400001.	4,04,045 Equity Shares of Rs.10/-each.

The Company has paid Annual Listing fees for the year 2021-22 to the above Stock Exchange.

Corporate Identification Number (CIN): L24100MH1955PLC009663

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Dated: 24th June, 2021.

By Order of the Board of Directors

DEEPALI V. CHAUHAN

Company Secretary & Compliance Officer

**ANNEXURE TO THE NOTICE**

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

The following Explanatory Statement, as required by Section 102 of the Companies Act, 2013 sets out the material facts relating to business under Item Nos. 3 and 4, mentioned in the accompanying Notice dated 24th June, 2021.

Item No. 3

The Company has been making investments in Shares, Mutual Funds etc and giving loans to bodies corporate (including its subsidiary) from time to time, within the limit prescribed under section 186 of the Companies Act, 2013.

Further, the directors want to make optimum use of funds available with the Company by making investment in other bodies corporate or granting loans, giving guarantee or providing security to other persons or other body corporate as and when required which may or may not exceed the limit prescribed under section 186 of the Companies Act, 2013.

Section 186 of the Companies Act, 2013 permits the Company to invest the surplus funds of the Company in excess of the 60% of the aggregate of the paid-up share capital and free reserves and securities premium account of the Company or 100% of its free reserves and securities premium account of the Company, whichever is more, if the same is approved by the members of the Company.

Hence, in the Interest of the Company, directors recommend the Resolution as set out at Item No. 3 of the accompanying Notice, for Members approval.

None of the Directors or Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the Resolution.

Item No. 4

The Board of Directors of a Company shall not, except with the consent of Company by Special Resolution borrow money together with the money already borrowed, if any (apart from temporary loans obtained from the Company's bankers in the ordinary course of business), exceeding the aggregate of the paid up capital and its free reserves as per the provisions of Section 180(1)(c) of the Companies Act, 2013 ("the Act") and its rules made thereunder.

In view of Company's long term strategy and business objective, the Company may require funds in future from time to time. It is therefore, necessary for the members to pass a Special Resolution to borrow money exceeding the limit prescribed under section 180(1)(c) of the Companies Act, 2013..

Hence, the directors recommend the Resolution as set out at Item No. 4 of the accompanying Notice, for Members approval.

None of the Directors or Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the Resolution.

Corporate Identification Number (CIN): L24100MH1955PLC009663

Registered Office:

7, Jamshedji Tata Road,
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Dated: 24th June, 2021.

By Order of the Board of Directors

DEEPALI V. CHAUHAN
Company Secretary & Compliance Officer



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

Name of Director	Mr. P. T. Kilachand
Director Identification Number	00005516
Age	54 years
Qualification	Sc.B "Electrical Engineering" & A.B. "Engineering & Economics" from Brown University.
Expertise	Project Officer in Polychem Limited from 1 st November, 1988, then as Project Executive from 1 st October, 1990 and as Executive Assistant to the Managing Director from 2 nd July, 1993. He has been actively involved and looking after all aspects of various activities of the Company. He was appointed as a Director from December 1996 to 31 st March, 1997. From 1 st April, 1997 he was appointed as a Whole-time Director. His designation has been changed from Whole-time Director to Managing Director with effect from 27 th July, 2012 since then he was re-appointed as Managing Director thrice.
Other Directorship as on 31st March, 2021 (Excluding Private Companies)	<ol style="list-style-type: none"> 1. Gujarat Poly Electronics Limited 2. Ginners & Pressers Limited 3. Sun Tan Trading Company Limited 4. J. K. Investors (Bombay) Limited 5. Environmental Purifiers Limited 6. Ring Plus Aqua Limited 7. J M Financial Services Limited 8. J M Financial Capital Limited 9. J M Financial Asset Management Limited
No. of Equity Shares held	2,127
Relationship with other Directors	Mr. Tanil R. Kilachand, Chairman of the Company is the father and Mr. Nandish T. Kilachand, Director of the Company is the brother of Mr. P. T. Kilachand.

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Registered Office:

7, Jamshedji Tata Road,
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Mumbai – 400 020.

Dated: 24th June, 2021.

By Order of the Board of Directors

DEEPALI V. CHAUHAN

Company Secretary & Compliance Officer

E-VOTING INSTRUCTIONS:

1. In view of the massive outbreak of the COVID-19 pandemic, social distancing is a norm to be followed and pursuant to the Circular No. 14/2020 dated April 08, 2020, Circular No.17/2020 dated April 13, 2020 issued by the Ministry of Corporate Affairs followed by Circular No. 20/2020 dated May 05, 2020 and Circular No. 02/2021 dated January 13, 2021 and all other relevant circulars issued from time to time, physical attendance of the Members to the AGM venue is not required and general meeting be held through video conferencing (VC) or other audio visual means (OAVM). Hence, Members can attend and participate in the ensuing AGM through VC/OAVM.
2. Pursuant to the Circular No. 14/2020 dated April 08, 2020, issued by the Ministry of Corporate Affairs, the facility to appoint proxy to attend and cast vote for the members is not available for this AGM. However, the Body Corporates are entitled to appoint authorised representatives to attend the AGM through VC/OAVM and participate thereat and cast their votes through e-voting.
3. The Members can join the AGM in the VC/OAVM mode 30 minutes before and 15 minutes after the scheduled time of the commencement of the Meeting by following the procedure mentioned on page 13. The facility of participation at the AGM through VC/OAVM will be made available for 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.
4. The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013.
5. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), and the Circulars issued by the Ministry of Corporate Affairs dated April 08, 2020, April 13, 2020 and May 05, 2020 and by the SEBI dated December, 09, 2020 the Company is providing facility of remote e-Voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with National Securities Depository Limited (NSDL) for facilitating voting through electronic means, as the authorized agency. The facility of casting votes by a member using remote e-Voting system as well as venue voting on the date of the AGM will be provided by NSDL.
6. In line with the Ministry of Corporate Affairs (MCA) Circular No. 17/2020 dated April 13, 2020, the Notice calling the AGM has been uploaded on the website of the Company at www.polychemltd.com. The Notice can also be accessed from the website of the Stock Exchange i.e. BSE Limited at www.bseindia.com and the AGM Notice is also available on the website of NSDL (agency for providing the Remote e-Voting facility) i.e. www.evoting.nsdl.com.
7. AGM has been convened through VC/OAVM in compliance with applicable provisions of the Companies Act, 2013 read with MCA Circular No. 14/2020 dated April 08, 2020 and MCA Circular No. 17/2020 dated April 13, 2020, MCA Circular No. 20/2020 dated May 05, 2020 and MCA Circular No. 2/2021 dated January 13, 2021.
8. Ms. Ragini Chokshi of Ragini Chokshi & Co., Practicing Company Secretary (CP 1436) has been appointed as the Scrutinizer to scrutinize the voting and remote e-voting process in a fair and transparent manner.
9. **The remote e-voting period begins on Monday, 13th September, 2021, at 09:00 A.M. and ends on Wednesday, 15th September, 2021 at 05:00 P.M. The remote e-voting module shall be disabled by NSDL for voting thereafter.**
10. The Members, whose names appear in the Register of Members as on the record date (cut-off date) i.e. 9th September, 2021, may cast their vote electronically.
11. The voting rights of members shall be in proportion to their shares of the paid up share capital of the Company as on the cut-off date of 9th September, 2021.



THE INSTRUCTIONS FOR MEMBERS FOR REMOTE E-VOTING AND JOINING GENERAL MEETING ARE ASUNDER:-

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

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

Step 1: Access to NSDL e-Voting system

Step 2: Cast your vote electronically and join General Meeting on NSDL e-Voting system.

→ **STEP 1: ACCESS TO NSDL E-VOTING SYSTEM**

A) Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode

In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

Login method for Individual shareholders holding securities in demat mode is given below:

Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with NSDL.	<ol style="list-style-type: none"> Existing IDEAS user can visit the e-Services website of NSDL Viz. https://eservices.nsd.com either on a Personal Computer or on a mobile. On the e-Services home page click on the “Beneficial Owner” icon under “Login” which is available under ‘IDEAS’ section , this will prompt you to enter your existing User ID and Password. After successful authentication, you will be able to see e-Voting services under Value added services. Click on “Access to e-Voting” under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider i.e. NSDL and you will be re-directed to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. If you are not registered for IDEAS e-Services, option to register is available at https://eservices.nsd.com. Select “Register Online for IDEAS Portal” or click at https://eservices.nsd.com/SecureWeb/IdeasDirectReg.jsp Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsd.com/ either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon “Login” which is available under ‘Shareholder/Member’ section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider i.e. NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.
Individual Shareholders holding securities in demat mode with CDSL	<ol style="list-style-type: none"> Existing users who have opted for Easi / Easiest, they can login through their user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are https://web.cdslindia.com/myeasi/home/loginor www.cdslindia.com and click on New System Myeasi. After successful login of Easi/Easiest the user will be also able to see the E Voting Menu. The Menu will have links of e-Voting service provider i.e. NSDL. Click on NSDL to cast your vote. If the user is not registered for Easi/Easiest, option to register is available at https://web.cdslindia.com/myeasi/Registration/EasiRegistration Alternatively, the user can directly access e-Voting page by providing demat Account Number and PAN No. from a link in www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the demat Account. After successful authentication, user will be provided links for the respective ESP i.e. NSDL where the e-Voting is in progress.



Individual Shareholders (holding securities in demat mode) login through their depository participants	<ol style="list-style-type: none"> 1. You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. 2. Once logged-in, you will be able to see e-Voting option. Click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. 3. Click on company name or e-Voting service provider i.e. NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & e-voting during the meeting.
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Important note: Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at respective websites.

Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. NSDL and CDSL.

Login type	Helpdesk details
Individual Shareholders holding securities in demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at toll free no.: 1800 1020 990 and 1800 22 44 30
Individual Shareholders holding securities in demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at 022- 23058738 or 022-23058542-43

B) Login Method for e-Voting and joining virtual meeting for shareholders other than Individual shareholders holding securities in demat mode and shareholders holding securities in physical mode.

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

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

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

4. Your User ID details are given below:

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



5. Password details for shareholders other than Individual shareholders are given below:
 - a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
 - b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.
 - c) How to retrieve your 'initial password'?
 - (i) If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.
 - (ii) If your email ID is not registered, please follow steps mentioned on page 12 **process for those shareholders whose email ids are not registered.**
 6. If you are unable to retrieve or have not received the "Initial password" or have forgotten your password:
 - a) Click on "**Forgot User Details/Password?**" (If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com.
 - b) **Physical User Reset Password?** (If you are holding shares in physical mode) option available on www.evoting.nsdl.com.
 - c) If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your demat account number/folio number, your PAN, your name and your registered address etc.
 - d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.
 7. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.
 8. Now, you will have to click on "Login" button.
 9. After you click on the "Login" button, Home page of e-Voting will open.
- **STEP 2: CAST YOUR VOTE ELECTRONICALLY AND JOIN GENERAL MEETING ON NSDL E-VOTING SYSTEM.**
1. After successful login at Step 1, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle and General Meeting is in active status.
 2. Select "EVEN" of company for which you wish to cast your vote during the remote e-Voting period and casting your vote during the General Meeting. For joining virtual meeting, you need to click on "VC/OAVM" link placed under "Join General Meeting".
 3. Now you are ready for e-Voting as the Voting page opens.
 4. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.
 5. Upon confirmation, the message "Vote cast successfully" will be displayed.
 6. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
 7. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

**General Guidelines for shareholders**

1. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to mail@csraginichokshi.com with a copy marked to evoting@nsdl.co.in.
2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details/Password?" or "Physical User Reset Password?" option available on www.evoting.nsdl.com to reset the password.
3. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of www.evoting.nsdl.com or call on toll free no.: 1800 1020 990 and 1800 22 44 30 or send a request at evoting@nsdl.co.in

Process for Registering Email id with the Company (Temporary):

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

- Please note that this is a temporary arrangement. For registering email-id permanently, please refer note (o) on page 5.

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

1. In case shares are held in physical mode please provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to polychemltd@kilachand.com.
2. In case shares are held in demat mode, please provide DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) to polychemltd@kilachand.com. If you are an Individual shareholders holding securities in demat mode, you are requested to refer to the login method explained at **step 1 (A) i.e. Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode**.
3. Alternatively shareholder/members may send a request to evoting@nsdl.co.in for procuring user id and password for e-voting by providing above mentioned documents.
4. In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are required to update their mobile number and email ID correctly in their demat account in order to access e-Voting facility.

THE INSTRUCTIONS FOR MEMBERS FOR e-VOTING ON THE DAY OF AGM ARE AS UNDER:-

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



INSTRUCTIONS FOR MEMBERS FOR ATTENDING THE AGM THROUGH VC/OAVM ARE AS UNDER:

1. Member will be provided with a facility to attend the AGM through VC/OAVM through the NSDL e-Voting system. Members may access by following the steps mentioned above for **Access to NSDL e-Voting system**. After successful login, you can see link of "VC/OAVM link" placed under "**Join General meeting**" menu against company name. You are requested to click on VC/OAVM link placed under Join General Meeting menu. The link for VC/OAVM will be available in Shareholder/Member login where the EVEN of Company will be displayed. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice to avoid last minute rush.
2. Members are encouraged to join the Meeting through Laptops for better experience.
3. Further Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
4. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
5. Shareholders who would like to express their views/have questions may send their questions in advance mentioning their name demat account number/folio number, email id, mobile number at polychemltd@kilachand.com. The same will be replied by the company suitably.
6. Shareholders, who would like to be the speaker shareholder at the AGM shall send their request at least four days in advance mentioning their name demat account number/folio number, email id, mobile number at polychemltd@kilachand.com.

OTHER INSTRUCTIONS:

1. The Scrutinizer shall, immediately after the conclusion of voting at the AGM, unblock the votes cast through remote e-Voting (votes cast during the AGM and votes cast through remote e-Voting) and make, not later than 2 working days of conclusion of the AGM, a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the Chairman or a person authorised by him in writing, who shall countersign the same.
2. The result declared along with the Scrutinizer's Report shall be placed on the Company's website www.polychemltd.com and on the website of NSDL <https://www.evoting.nsdl.com/> immediately. The Company shall simultaneously forward the results to BSE, where the shares of the Company are listed.

DIRECTORS' REPORT

To
The Members of
POLYCHEM LIMITED

Your Directors' present the Sixty Forth Annual Report and Statement of Accounts for the year ended 31st March, 2021.

FINANCIAL RESULTS
(Rs in Lakhs)

Particulars	Standalone		Consolidated	
	Year ended on		Year ended on	
	31-03-21	31-03-20	31-03-21	31-03-20
Sales	1,093.84	2,300.81	2,462.67	3,663.61
Profit/(Loss) before tax	27.88	310.78	126.93	432.45
Current tax (for the year)	-	70.00	-	70.00
Current tax (relating to previous year)	0.20	-	0.20	
Deferred tax	(1.57)	(0.16)	(1.57)	(0.16)
Profit/(Loss) after tax	29.25	240.94	128.30	362.61
Other Comprehensive Income				
Re-measurement of the defined benefit plans (net of tax)	2.74	(4.74)	8.99	(8.78)
Total Comprehensive Income for the period	31.99	236.20	137.29	353.83

1. DIVIDEND:

Directors have not been able to recommend any dividend for the financial year 2020-21 due to the absence of realised profit after tax.

The Profit after Tax of Rs.29.25 Lakhs is derived after considering the unrealised gain i.e. Income on account of fair value measurement of Investments (refer Note No. 2.03 of Standalone Balance Sheet as at March 31, 2021 and Note No. 3.02 of Statement of Profit & Loss Account for the year ended March 31, 2021) of Rs. 101.58 Lakhs.

The basis of preparation is in Compliance with Indian Accounting Standards ("Ind AS") notified under Section 133 of the Companies Act, 2013 and relevant rules issued thereunder.

Accordingly, the Company have not made realised profits in the financial year 2020-21 and incurred a loss of Rs. 72.33 Lakhs

2. STATE OF COMPANY'S AFFAIRS:

During the year ended 31st March, 2021, your Company has made a profit of Rs 29.25 lakhs after tax against a profit of Rs. 240.94 lakhs after tax in previous year. The sales of Specialty Chemicals including other operating revenue during the year ended was Rs. 1,093.84 Lakhs compared to Rs. 2,300.81 lakhs during the previous year and for property development Rs. Nil during the current and previous year.

3. SUBSIDIARY COMPANY:

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

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

The sale of GPEL during the year ended 31st March, 2021 was Rs. 1,361.45 lakhs as against sale of Rs. 1,360.14 lakhs in the previous year. GPEL has made profit of Rs. 98.65 lakhs during the current year as compared to profit of Rs. 121.67 lakhs in the previous year. GPEL manufactures as well as outsources ceramic capacitors & marketing the same.

4. IMPACT OF COVID-19 ON COMPANY:

The COVID-19 pandemic is a global humanitarian and health crisis creating disruption across the world. The Financial Year 2020-2021 thus being highly volatile and challenging year.



The focus at the onset of pandemic immediately shifted to ensuring the health and well-being of all employees and the company closed its office before the lockdown was announced and enabled the employees to work from home. The various actions taken by various governments to contain the pandemic, such as closing of borders and lockdown restrictions, resulted in significant disruption to people and businesses and loss of production for two months during the first wave.

The Company has resumed operations, however is still enabling the staff to work from home in the second wave as well with limited attendance for manufacturing activities as per the government/local administration directives and guidelines issued from time to time. The Company has been taking all precautions, adopting social distancing and other safety measures as for prevention and containment of COVID-19. The Company is taking utmost care of its staff at work place.

The Company has been paying statutory dues, salaries and is able to service all its dues on time and there is no delay or default of any commitments. The Company has not resorted to any financing arrangements and is able to service its creditors. It has considered internal and external information available up to the date of approval of the financial results and expects that the carrying amounts of inventories, trade receivables and other assets are recoverable. The company will continue to monitor any material changes to future economic condition. We are expecting improvement in demand in the coming months but the impact on existing demand cannot be ascertained at this moment.

5. NUMBER OF BOARD MEETINGS HELD DURING THE YEAR:

During the year 2020-21, five Board Meetings were held through video conference on the following dates:

- (a) 5th June, 2020; (b) 11th July, 2020; (c) 11th August, 2020;
(d) 3rd November, 2020; and (e) 5th February, 2021

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

6. AUDIT COMMITTEE:

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

7. NOMINATION AND REMUNERATION COMMITTEE:

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

8. VIGIL MECHANISM / WHISTLE BLOWER POLICY:

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

There was no reporting made by any employee for violations of applicable laws and regulations and the Code of Conduct for the F.Y. 2020-21.

9. DIRECTORS' RESPONSIBILITY:

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

- a. In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- b. Appropriate accounting principles have been selected and applied consistently and have made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2021 and of the profit of the Company for the year ended 31st March, 2021;
- c. Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d. The annual accounts have been prepared on a going concern basis;
- e. The directors have laid down internal financial controls to be followed by the company;
- f. The directors have devised proper systems to ensure compliance with the provisions of all applicable laws.

**10. TAXATION:**

The Company's Income Tax assessments have been completed upto the year ended 31st March, 2019.

11. DEPOSITS:

Company has not received any deposits from Public during the year and there are no outstanding deposits.

12. INDUSTRIAL RELATIONS:

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

13. CONSERVATION OF ENERGY:

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

14. DIRECTORS:

Mr. P.T. Kilachand retires from Office by rotation, but being eligible, offers himself for re-appointment. The said re-appointment is placed before the Members for their approval in ensuing Annual General Meeting.

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

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

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

During the year 2020-21, Mr. A. H. Mehta, Dy. Managing Director of the Company has received Rs 26.80 Lakhs excluding retirement benefits from Gujarat Poly Electronics Limited, subsidiary company in capacity of Managing Director.

17. FORMAL ANNUAL EVALUATION:

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

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

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

19. RELATED PARTY TRANSACTIONS:

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

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

1. Details of contracts or arrangements or transactions not at arms's length basis: **NIL**
2. Details of material contracts or arrangement or transactions at arm's length basis:

FORM AOC- 2

Company & Nature of Relationship	Nature of contracts/ arrangements / transaction	Duration of the contracts / arrangement / transaction	Salient terms of the contracts or arrangements or transactions including the value, if any:	Date(s) of approval by the Board, if any:	Amount paid as advances, if any:
GINNERS & PRESSERS LIMITED (Director having significant influence / control)	Rent & Electricity	N.A	N.A	In Year 1997	No Advances. Amount paid as when expenses incurred
TULSI GLOBAL LOGISTICS PVT LTD (Director having significant influence / control)	Rent	N.A	N.A	In Year 2014	No Advances. Amount paid as when expenses incurred



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

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

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

The Company have not given any loan or guarantee during the year and there is no outstanding loan or guarantee as on 31st March, 2021 but the company have made an investment of Rs 11,941.50/- in Equity Instruments and Rs 1 crore in mutual funds during the year.

21. DONATION:

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

22. CORPORATE SOCIAL RESPONSIBILITY:

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

23. INTERNAL FINANCIAL CONTROL:

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

24. RISK MANAGEMENT POLICY:

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

25. Key Financial Ratios:

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

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

Particulars	2020-21	2019-20
Debtor Turnover Ratio	3.10	5.78
Inventory Turnover Ratio	2.41	5.06
Interest coverage Ratio	-	-
Current Ratio	4.61	4.84
Debt to Equity Ratio	-	-
Operating Profit Margin	(0.07)	0.12
Net Profit Margin	0.02	0.10
Revenue Growth	0.12	3.46

Return on Network

The details of return on net worth are given below:

Particulars	2020-21	2019-20
Return on network (%)	1.46	11.95

The return on network has decreased due to the decrease in the profits of the Company from 240.94 Lakhs in the previous Financial Year 2019-20 to 29.25 Lakhs in the Current Financial Year 2020-21.

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

(a) There are no qualifications, reservations or adverse remark or disclaimer by the Statutory Auditor or by Secretarial Auditor in their respective reports.



- (b) Since the lockdown was announced due to covid – 19, the Company’s financial position was affected, the details of which is discussed in Point no. 4 of this report and in Management Discussion and Analysis Report.
- (c) Pursuant to Section 92(3) read with section 134(3)(a) of the Act, the Annual Return as on 31st March, 2021 is available on the Company’s Website at <http://www.polychemltd.com/Download/FORM%20NO.%20MGT-7%20-%202021.pdf>.

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

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

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

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

28. MANAGERIAL REMUNERATION:

- i. The ratio of remuneration of Mr. P. T. Kilachand, Managing Director and Mr. A. H. Mehta, Dy. Managing Director with the median remuneration of the employees of the company is 8.71 and 5.70 respectively.
- ii. Increase in remuneration of Mr. P. T. Kilachand, Managing Director, Mr. A. H. Mehta, Dy. Managing Director, Ms. K. V. Panchasara, Chief Financial officer and Ms. D. V. Chauhan, Company Secretary and Compliance Officer is NIL, since there was no increment during FY 2020-21 due to covid-19.
- iii. No increase in the median remuneration of employees in the financial year.
- iv. There are 27 permanent employees in the company.
- v. Average increase in the salaries of employees other than the managerial personnel was NIL.
- vi. It is hereby affirmed that the remunerations paid is as per the remuneration policy of the company.

29. CORPORATE GOVERNANCE:

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

30. AUDITOR:

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

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



31. SECRETARIAL AUDITOR:

Complying with the provisions of Section 204 of the Companies Act, 2013, the Audit Committee has recommended and the Board of Directors have appointed M/s. Ragini Chokshi & Co., Company Secretaries, (Membership No.2390 &C.P. No.1436), being eligible and having sought re-appointment, as Secretarial Auditor of the Company to carry out the Secretarial Audit of the Company for the year ending March 2022.

The Secretarial Audit Report for F.Y. 2020-21 is enclosed and marked as **Annexure II**.

32. ACKNOWLEDGEMENT:

The Directors extend their sincere thanks to the State and Central Government Authorities and Members for their co-operation and continued support during the difficult times being experienced by the Company.

Sincere thanks are also due to the management team and the staff for their valuable contribution despite adverse circumstances being faced by the Company.

Corporate Identification Number (CIN): L24100MH1955PLC009663

Registered Office:

7, Jamshedji Tata Road,
Churchgate Reclamation,
Mumbai 400020.

Dated: 24th June, 2021.

By Order of the Board of Directors

TANIL KILACHAND

Chairman



ANNEXURE I

A. CONSERVATION OF ENERGY:

----- NIL -----

POWER AND FUEL CONSUMPTION	2020-21	2019-20
Electricity		
Purchased units (Kwh)	12,553.00	15,312.00
Total Amount (Rs.)	192,150.00	207,950.00
Rate (Kwh)	15.31	13.58

B. TECHNOLOGY ABSORPTION:

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

I. Research and Development

1. Specific area in which R&D work is carried out:

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

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

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

3. Future plan of action:

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

4. Expenditure on R&D:

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

II. Technology Absorption, Adaptation and Innovation:

1. Efforts in brief made towards technology absorption, adaptation and innovation:

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

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

Not Applicable

3. Imported Technology:

No new technology has been imported.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO:

(Rs. in lakhs)

	<u>Current Year</u>	<u>Previous Year</u>
a) Foreign exchange outgo	0.97	6.65
b) Foreign exchange earned (FOB Value)	652.21	1730.93

**ANNEXURE II**

Form No. MR-3

SECRETARIAL AUDIT REPORT**FOR THE PERIOD FROM 01-04-2020 TO 31-03-2021**

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

To,
The Members,
Polychem Limited
7, Jamshedji Tata Road,
Churchgate Reclamation,
Mumbai – 400020

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Polychem Limited (CIN: L24100MH1955PLC009663)** (hereinafter called the company) for the year ended on March 31, 2021. Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/ statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the company has, during the audit period covering the financial year 1st April, 2020 to 31st March, 2021 (Audit Period) complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2021 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings; **(Not Applicable during the period under review)**
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
 - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; **(Not applicable during the period under review)**
 - d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; **(Not applicable during the period under review)**
 - e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; **(Not applicable during the period under review)**
 - f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; **(Not applicable during the period under review)**
 - g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; **(Not applicable during the period under review)**
 - h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998. **(Not applicable during the period under review)**



We have relied on the representation made by the Company and its Officers for systems and mechanism formed by the Company for compliances under other applicable Acts, Laws and Regulations to the Company

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

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

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

- (i) Secretarial Standards i.e. SS-1 and SS-2 issued by The Institute of Company Secretaries of India.
- (ii) The Securities and Exchange Board of India (Listing obligations and Disclosure Requirement) Regulation 2015 and the Listing Agreements entered into by the Company with Stock Exchanges.

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

We further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. There was no change in the composition of the Board of Directors during the period under review.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

As per the minutes, the decisions at the Board meeting were taken unanimously.

There are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines

We further report that during the audit period, the company had no specific events or actions which might have a bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc.

For Ragini Chokshi & Co

Ragini Chokshi
(Partner)

C.P.No.: 1436

FCS No.: 2390

UDIN: F002390C000509622

Place: Mumbai

Date: 24th June, 2021

MANAGEMENT DISCUSSION AND ANALYSIS REPORT**A. Overview:**

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

Opportunities:

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

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

Threats:

The basic raw material for the majority of our products is Styrene Monomer. The styrene price is highly volatile.

We have direct threat from two competitors for Cross Linked Polystyrene in India.

Risks & concerns:

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

Effect of Covid -19:

We lost production for 52 days in 2020-21 due to lockdown imposed by the Govt. This resulted in sales loss of about Rs 2.50 cr. The local demand as well as export demand did not pick up immediately after lifting of lockdown. As a result we lost sales to the tune of 10 cr during the entire financial year 2020-21.

Outlook:

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

Financial Performance:1) Share Capital:

The issued and paid-up share capital of the Company is Rs. 40.40 lakhs consisting of 4,04,045 equity shares of Rs. 10/- each as on 31st March, 2021.

2) Reserves and Surplus:

As on 31st March, 2021, the reserves and surplus are Rs 1,958.10 lakhs.

3) Secured Loans:

There are no secured loans outstanding as on 31st March, 2021.

4) Results of Operation:

Revenue for the current year including other income amounts to Rs. 1,223.67 lakhs compared to Rs. 2,376.17 lakhs in the previous year. Profit before tax is Rs. 27.88 Lakhs compared to Profit before tax of Rs. 310.78 Lakhs during the previous year. Provisions for tax including deferred tax during the year is Rs. (1.37) Lakhs compared to Rs. 69.84 Lakhs during the previous year. Profit after tax amounts to Rs. 29.25 Lakhs during the year compared to profit of Rs. 240.94 Lakhs during the previous year.

Industry Structure & Development:

Our Company is manufacturing and selling Specialty Chemicals.

Segment wise Performance:

There are two income generating segments. Segment-wise revenue for the year ended 31st March, 2021 is as follows. viz. (1) Property / Land Rs. NIL (2) Specialty Chemicals Rs. 1,093.84 Lakhs. The sale of Specialty Chemicals has gone down.

Internal Control System:

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

Human Resources:

The Company has good relation with its employees.

**CORPORATE GOVERNANCE REPORT (2020-2021)****I. Statement on Company's philosophy on code of governance**

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

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

II. Board of Directors

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

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

1. Financial year April 20 to March 21:

Name of the Director	Attendance Particulars					No. of other Directorships and Committee Membership/ Chairmanship	
	Category	No. of Board Meetings held	No. of Meetings Attended	Last AGM held on 11/09/2020	Sitting Fees paid (Rs.)	Other Directorship in Public Limited Companies	Committee Membership / Chairmanship
Mr. T. R. Kilachand	NEC(P)	5	5	Yes	40,000	2	3 Committee Membership
Mr. P. T. Kilachand	MD(P)	5	5	Yes	--	9	8 Committee Membership & 4 Chairmanship
Mr. V. V. Sahasrabudhe	NED(I)	5	5	Yes	40,000	--	--
Mr. C. R. Desai	NED(I)	5	5	Yes	40,000	--	--
Mr. N. T. Kilachand	NED(P)	5	5	Yes	40,000	2	--
Mr. A. H. Mehta	Dy.MD	5	5	Yes	--	3	--
Ms. N. S. Mehendale	NED(I)	5	5	Yes	40,000	--	--
Mr. Y. S. Mathur	NED(I)	5	4	Yes	32,000	--	--

Notes:

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

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

During the financial year 2020-21, five Board meetings were held on the following dates through video conference:

- | | | |
|---|------------------------------------|-----------------------------------|
| (a) 5 th June, 2020 | (b) 11 th July, 2020 | (c) 11 th August, 2020 |
| (d) 3 rd November, 2020 and; | (e) 5 th February, 2021 | |

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

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

4. Separate Meeting of Independent Directors:

As stipulated by the code of Independent Directors under the Companies Act, 2013 and under regulation 25(3) of SEBI (LODR) Regulations, 2015, a separate meeting of the Independent directors of the company was held on 5th February, 2021 through video conference to review the performance of Non - Independent Directors and the Board as a whole, review of the performance of the Chairperson of the Company, assessment of the quality, quantity and timeliness of the flow of information between the Company's Management and the Board and its committees.

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

5. Evaluation of Independent Directors and Boards Performance:

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

6. Familiarization Program:

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

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

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

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

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

Except Mr T. R. Kilachand, Mr. N. T. Kilachand and Mr. Chetan Desai who holds 1,938, 1,335 and 2 Equity Shares of Rs 10/- each of the Company respectively, no other Non-Executive Director holds any shares or Convertible Instruments of the Company.

9. Code of Conduct

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

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

Declaration

As provided under Regulation 26 (3) of SEBI (LODR) Regulations, 2015, we confirm that the Board Members and Senior Management of the Company have confirmed compliance with the Code for the year ended 31.03.2021.

For Polychem Limited

Deepali V. Chauhan
Company Secretary & Compliance Officer

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

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

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

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

During the year 2020-21, four meetings of the Audit Committee were held on the following dates through video conference:

- (a) 11th July, 2020, (b) 11th August, 2020,
- (c) 3rd November, 2020 and (d) 5th February, 2021.

Name of the Director	Category	No. of Meeting/s		Sitting Fees Paid (Rs.)
		Held	Attended	
Mr. V. V. Sahasrabudhe	Chairman	4	4	32,000/-
Mr. P. T Kilachand	Member	4	4	-
Mr. C. R. Desai	Member	4	4	32,000/-
Mr. Y. S. Mathur	Member	4	3	24,000/-
Ms. N.S. Mehendale	Member	4	4	32,000/-

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

The Company Secretary acts as the Secretary to the Committee.

(C) Review of information by Audit Committee

The Audit Committee shall mandatorily review the following information:

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

**IV. Nomination and Remuneration Committee:**

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

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

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

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

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

During the year 2020-21, one meeting of the Nomination and Remuneration Committee was held on 5th June, 2020 through video conference.

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

(C) Remuneration Policy and Details of Remuneration:

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

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

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

Sr. No.	Name of Director	Salary	Perquisites & allowances	Commission	Bonus / Incentives	Stock options granted	Sitting Fees	Total
1	Mr. T. R. Kilachand	NIL	NIL	NIL	NIL	NIL	40,000	40,000
2	Mr. P. T. Kilachand	25,87,367	15,43,150	NIL	NIL	NIL	NIL	41,30,517
3	Mr. A. H. Mehta	26,55,336	47,123	NIL	NIL	NIL	NIL	27,02,459
4	Mr. N. T. Kilachand	NIL	NIL	NIL	NIL	NIL	40,000	40,000
5	Mr. V. V. Sahasrabudhe	NIL	NIL	NIL	NIL	NIL	72,000	72,000
6	Mr. C. R. Desai	NIL	NIL	NIL	NIL	NIL	72,000	72,000
7	Ms. N.S. Mehendale	NIL	NIL	NIL	NIL	NIL	72,000	72,000
8	Mr. Y. S. Mathur	NIL	NIL	NIL	NIL	NIL	56,000	56,000

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

**V. Stakeholders Relationship Committee:**

The Constitution of Stakeholders Relationship Committee is as per requirement of Section 178(5) of the Companies Act, 2013. Mr. V. V. Sahasrabudhe, Non – Executive and Independent Director heads the committee

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

The Committee would look into the redressal of the shareholders' complaints in respect of all matters including, transmission of shares, deletion of name, duplicate share certificate, non-receipt of Share Certificates, investors complaints etc.

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

No complaint was received during the year ended on 31st March, 2021, and therefore, No complaints were pending as on 31st March, 2021.

VI. General Body Meetings:**Annual General Meeting (AGM)**

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

Year	Day, Date and Time	Venue	Whether Special Resolution Passed
2017-2018	61 st AGM held on Tuesday, 28 th August, 2018 at 11.00 a.m	Maharashtra Chamber of Commerce, Industry & Agriculture, Oricon House, 6 th Floor, 12 K. Dubash Marg, Fort, Mumbai – 400 001.	No
2018-2019	62 nd AGM held on Friday, 2 nd August, 2019 at 11.00 a.m	Maharashtra Chamber of Commerce, Industry & Agriculture, Oricon House, 6 th Floor, 12 K. Dubash Marg, Fort, Mumbai – 400 001.	Yes
2019-2020	63 rd AGM held on Friday, 11 th September, 2020 at 11.00 a.m	Through Video Conference.	Yes

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

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

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

a) Market Exploration & Potential Marketing:-

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

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

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

c) Financial Expertise:-

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

**d) Law & policies:-**

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

e) Expansion , Modification &Updation:

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

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

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

VIII. Disclosure:

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

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

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

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

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

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

3. Whistle Blower Mechanism:

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

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

4. Details of Compliance with Mandatory Requirements:

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

5. Web Link of Policies :

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

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

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

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

IX. CEO/CFO Certification:

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

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

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

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

1. Audit Qualifications:
 - (a) The Company's financial statement for the year ended 31st March, 2021 does not contain any qualification.
 - (b) Secretarial Audit Report for the year ended 31st March, 2021 does not contain any qualifications.
2. Separate posts of Chairman and CEO: The Chairman of the Board's position is separate from that of Managing Director.
3. Reporting of Internal Auditor: The Internal Auditor reports to the Audit Committee.

XI. Means of Communications:

The quarterly results are communicated to Bombay Stock Exchange Ltd., Mumbai. These results are also published in one English Newspaper i.e The Free press Journal and in one Regional language newspaper i.e Navshakti times. Results of 4th quarter i.e Quarter ended 31st March, 2021 has been uploaded on the website of the company i.e www.polychemltd.com



XII. General Shareholder Information:

AGM: Date Time Venue	16 th September, 2021. 11 a.m. Through Video Conference (Mumbai)
Financial Year	April 2020 to March 2021
e-voting period	From 9.00 a.m., 13 th September, 2021 to 5 p.m., 15 th September, 2021.
Cut-off date for e-voting	9 th September, 2021.
Dates of Book Closure	Friday 6 th August, 2021 to Wednesday 11 th August, 2021 (both days inclusive)
Listing on Stock Exchange	Bombay Stock Exchange Ltd. Mumbai
Demat ISIN Numbers in NSDL & CDSL for Equity Shares	INE 752B01024
Stock Code	Mumbai 506605
Market price Data: High, Low during each Month in the financial year 2020-21	See Table No. 1 below
Registrar and Share Transfer Agents	M/s. LINK Intime India Pvt Ltd. C 101, 247 Park, Lal Bahadur Shastri Marg, Vikhroli West, Mumbai 400 083. Telephone: +91 022 49186000 Fax: +91 022 49186060 Email: rnt.helpdesk@linkintime.co.in Website: www.linkintime.co.in
Share Transfer System	Shares are transferred only in demat mode.
Distribution of shareholding & Category-wise distribution	See table No. 2 & 3
De-materialization of shares and liquidity	See table No. 4
Plant Location	SPECIALTY CHEMICALS W91, MIDC Phase II, Sonarpada, Dombivali (E) 421 202.
Address for correspondence	Registered Office: 7, J. Tata Road, Churchgate Reclamation, Mumbai 400 020. Telephone: 022 22820048 Fax: 022 22850606 Email: polychemltd@kilachand.com Website: www.polychemltd.com CIN: L24100MH1955PLC009663

Table 1 - Market Price Data

High and Low of market price of the Company's shares traded on Bombay Stock Exchange Ltd., Mumbai, during the financial year 2020-2021:

Month	High (Rs.)	Low (Rs.)	Total No. of shares traded.
April - 2020	361.00	270.00	784
May- 2020	326.05	280.00	431
June - 2020	439.00	275.00	2,533
July - 2020	655.70	347.50	6,298
August - 2020	738.25	524.25	3,205
September - 2020	513.80	428.65	3,935
October - 2020	573.30	466.00	749
November - 2020	596.00	387.95	1,492
December - 2020	491.00	376.20	5,344
January - 2021	480.00	395.00	2,385
February - 2021	573.00	409.95	4,082
March - 2021	590.00	385.10	6,965



Table 2 - Distribution of shareholding as on 31-3-2021

No. of Equity Shares held	No. of Shares held	% of total shares	No. of Shareholders	% of total Shareholders
1 to 500	1,01,204	25.05	9,854	99.52
501 to 1000	13,247	3.29	18	0.18
1001 to 2000	15,285	3.78	12	0.12
2001 to 3000	5,301	1.31	2	0.02
3001 to 4000	14,271	3.53	4	0.04
4001 to 5000	9,100	2.25	2	0.02
5001 to 10000	35,481	8.78	5	0.05
10001 and above	2,10,156	52.01	5	0.05
Total	4,04,045	100.00	9,902	100.00

Table 3 - Category wise distribution of shareholding as on 31-03-2021

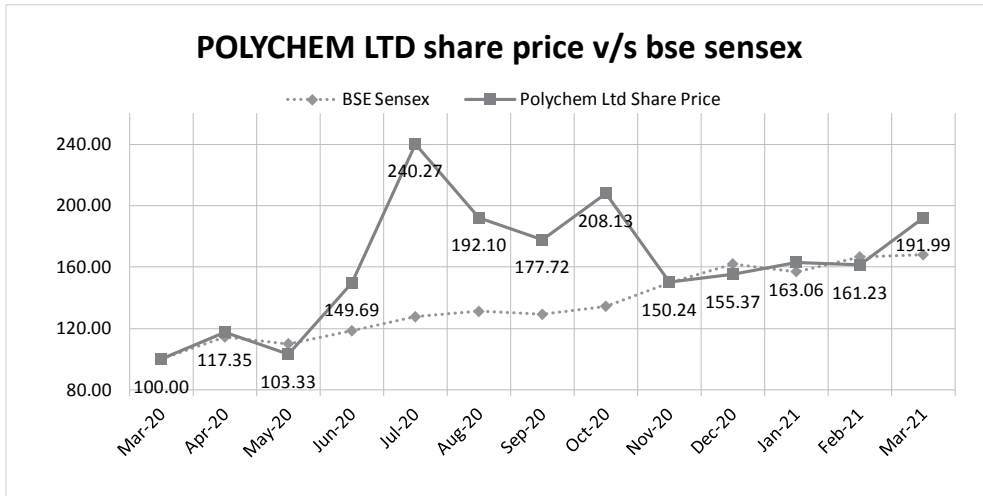
Sr. No.	Category	No. of shareholders	No. of shares held	% of total shares
1.	Promoters	9	2,10,465	52.09
2.	Institutions			
	a. Mutual Funds/UTI	1	162	0.04
	b. Banks / FI	14	1,004	0.25
	c. Insurance Companies	2	15,531	3.84
	d. Others	4	689	0.17
3.	Non- Institutions			
	a. Bodies Corporate	88	13,754	3.40
	b. NRI	43	628	0.16
	c. HUF	50	8,035	1.99
	d. Clearing Members	18	508	0.13
	e. Trusts	3	92	0.02
	f. NBFC registered with RBI	1	125	0.03
4.	Directors other than promoters and their relatives	4	34	0.01
5.	Resident Individuals	9,665	1,53,018	37.87
	Total	9,902	4,04,045	100.00

Table 4 - Break-up of shares in physical & electronic mode as on 31-03-2021

Mode	No of shareholders	% of total shareholders	No. of shares	% of total shares
Physical	7,203	72.74	48,415	11.98
Electronic	2,699	27.26	3,55,630	88.02
Total	9,902	100.00	4,04,045	100.00



Performance in comparison to BSE Sensex



Closing value of Polychem Ltd share price v/s BSE sensex on the last trading day of the month Base is considered to be 100 as on 31st March 2020.



ANNEXURE A

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS
(pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI
(Listing Obligations and Disclosure Requirements) Regulations, 2015)

To,
The Members of
Polychem Limited
7 Jamshedji Tata Road,
Churchgate Reclamation,
Mumbai - 400020.

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

In our opinion and to the best of our information and according to the verifications (including Director identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanation furnished to us by the Company & its officers, we hereby certify that none of the directors on the board of the Company as stated below for the Financial Year ending on 31st March, 2021 have been debarred or disqualified from being appointed or continuing as directors of companies by the Securities Exchange Board of India, Ministry of Corporate Affairs or any such other statutory authority.

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

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

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

Devang J. Vyas
Proprietor

UDIN: F002874C000448836

Membership No.: 2874

CP No.: 1775

Date: 14th June, 2021

Place: Mumbai



CERTIFICATE ON CORPORATE GOVERNANCE

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

We have examined the compliance of the conditions of Corporate Governance by POLYCHEM LIMITED ('the Company') for the year ended on March 31, 2021, as stipulated under Regulations 17 to 27, clauses (b) to (i) of Regulation 46(2) and Para C, D and E of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the "LODR Regulations").

We have obtained all the necessary information and explanations which to the best of our knowledge and belief were necessary for the purpose of certification.

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

On the basis of our examination of the records produced, explanations and information furnished, we certify that the Company has complied with all the conditions of the corporate governance as stipulated in the LODR Regulations.

This certificate is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For Ragini Chokshi & Co.
(Company Secretaries)

Ragini Chokshi
(Partner)

FCS No.: 2390

C. P. No.: 1436

UDIN: F002390C000509666

Date: 24th June, 2021

Place: Mumbai



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF POLYCHEM LIMITED

Report on Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying standalone financial statements of **Polychem Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2021, the Statement of Profit and Loss (including Other Comprehensive Income), Statement of Changes in Equity and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, its profit (including other comprehensive income), its changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

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

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

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

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

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

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

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

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

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance (including other comprehensive income), changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

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

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

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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

**Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of Section 143 (11) of the Act, we give in the "Annexure A", a statement on the matters specified in the paragraphs 3 and 4 of the Order.
2. As required by Section 143 (3) of the Act, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - c) The Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account;
 - d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act, read with relevant rules issued thereunder and relevant provisions of the Act;
 - e) On the basis of the written representations received from the directors as on March 31, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164(2) of the Act;
 - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B";
 - g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act;
 - h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations as at March 31, 2021 on its financial position in its standalone financial statements - Refer Note 4.02 to the standalone financial statements;
 - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts; and
 - iii. There has been no delay in transferring amounts which were required to be transferred to the Investor Education and Protection Fund.

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

K. Y. Narayana
Partner

Membership No.: 060639
UDIN: 21060639AAAIG9020

Place: Mumbai
Dated: 24th June, 2021

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

Referred to in paragraph 1 under "Report on Other Legal and Regulatory Requirements" of our report on even date to the members of the Company on standalone financial statements for the year ended March 31, 2021:

- (i) (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of property, plant and equipments;
- (b) All Property, Plant and Equipment, have been physically verified by the management during the year according to a phased programme as designed by the management. This, in our opinion, is reasonable having regard to the size of the Company and nature of its assets. We have been further informed that there are no material discrepancies between the book records and the physical verification have been noticed;
- (c) The Company does not hold any immovable properties which are freehold. In respect of immovable properties of land and building that have been taken on lease and classified as Right of Use Asset in the standalone financial statements, the lease agreements are in the name of the Company;
- (ii) The inventories have been physically verified by the management during the year. In our opinion, and according to the information and explanation given to us, the frequency of verification is reasonable. The procedures of physical verification, in our opinion, are reasonable and adequate in relation to size of the Company and nature of its business. The Company is maintaining proper records of inventories. No discrepancies were noticed on verification between the physical inventories and the book records;
- (iii) The Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Act. Accordingly, paragraph 3(iii)(a), (b) and (c) of the Order are not applicable;
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Act, with respect to loans and investments made;
- (v) In our opinion and according to the information and explanation given to us, the Company has not accepted deposits from the public and therefore, the provisions of sections 73 to 76 or any other relevant provisions of the Act and the rules framed there under are not applicable to the Company. We have been informed by the management that no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other tribunal in this regard;
- (vi) The Central Government has not prescribed maintenance of cost records under section 148(1) of the Act, for the services rendered by the Company;
- (vii) (a) The Company has generally been regular in depositing with appropriate authorities undisputed statutory dues such as provident fund, employees' state insurance, income tax, goods and service tax, cess and other applicable statutory dues. According to information and explanations given to us, no undisputed statutory dues payable were in arrears as at March 31, 2021, for a period of more than six months from the date they became payable;
- (b) According to the information and explanation given to us, there are no outstanding disputed dues payable by the Company in case of income tax, goods and service tax or cess and any other statutory dues as on march 31, 2021.
- (viii) The Company has neither raised any loan from Banks, Financial Institution nor issued any debentures, therefore provision of paragraph 3(viii) of the Order regarding default in repayment of dues to banks, financial institution and debenture holders are not applicable to the Company.
- (ix) The Company has not raised any money by way of initial public offer or further public offer (including debt instrument) nor any term loans during period under audit. Accordingly, paragraph 3(ix) of the Order is not applicable.



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

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

K. Y. Narayana
Partner

Membership No.: 060639
UDIN: 21060639AAAAIG9020

Place: Mumbai
Dated: 24th June, 2021

ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT

Referred to in paragraph 2(f) under "Report on Other Legal and Regulatory Requirements" of our report on even date to the members of the Company on standalone financial statements for the year ended March 31, 2021

Opinion

We have audited the internal financial controls with reference to financial statements of the Company as of March 31, 2021 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2021 based on the internal controls with reference to financial statements criteria established by the Company considering the essential components of internal controls stated in the Guidance Note.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting ('Guidance Note') issued by the

ICAI. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

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

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

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

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

Meaning of Internal Financial Controls with reference to Financial Statements

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

Inherent Limitations of Internal Financial Controls with reference to Financial Statements

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

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

K. Y. Narayana
Partner

Place: Mumbai
Dated: 24th June, 2021

Membership No.: 060639
UDIN: 21060639AAAAIG9020

STANDALONE BALANCE SHEET AS AT MARCH 31, 2021

All amounts are in '000 unless otherwise stated

Particulars	Note No.	As at March 31,	
		2021	2020
ASSETS			
Non-current Assets			
Property, plant and equipment	2.01	6,952	8,058
Right - to - use asset	2.01	4,124	6,099
Other Intangible assets	2.02	345	78
Financial assets			
Investments	2.03	113,001	92,832
Loans	2.04	546	80
Other financial assets	2.05	1,369	1,187
Deferred tax assets (Net)	2.06	1,382	1,317
Other non-current assets	2.07	1,419	4,342
Total non-current assets		129,138	113,993
Current Assets			
Inventories	2.08	20,862	22,631
Financial Assets			
Trade receivables	2.09	28,280	40,698
Cash and cash equivalents	2.10	32,810	24,804
Bank balances other than cash and cash equivalents	2.11	3,205	20,890
Loans	2.04	333	877
Other financial assets	2.05	120	277
Current tax assets (Net)	2.12	254	1,568
Other current assets	2.07	7,054	3,756
Total current assets		92,918	115,501
Total assets		222,056	229,494
EQUITY AND LIABILITIES			
Equity			
Equity Share capital	2.13	4,040	4,040
Other Equity	2.14	195,810	197,662
Total equity		199,850	201,702
Liabilities			
Non-current liabilities			
Financial Liabilities			
Other financial liabilities	2.15	2,064	4,011
Total non-current liabilities		2,064	4,011
Current Liabilities			
Financial Liabilities			
Trade payables			
Total outstanding dues of Micro & Small Enterprises		1,359	1,708
Other than Micro & Small Enterprises		6,258	6,539
Other financial liabilities	2.15	7,325	8,931
Other current liabilities	2.16	5,123	6,307
Provisions	2.17	77	127
Current Tax Liabilities (Net)	2.18	-	169
Total current liabilities		20,142	23,781
Total equity and liabilities		222,056	229,494
Summary of significant accounting policies	1.00		
Refer accompanying notes. These notes are an integral part of the financial statements.			

As per our report of even date

For Nayan Parikh & Co.

Chartered Accountants

Firm Registration No.: 107023W

K. Y. Narayana

Partner

Membership No.: 060639

Place: Mumbai **Date:** 24th June, 2021

For and on behalf of the Board of Directors

Tanil R. Kilachand
Parthiv T. Kilachand
Atul H. Mehta
Kanan V. Panchasara
Deepali V. Chauhan
Place: Mumbai **Date:** 24th June, 2021

Chairman (DIN No.: 00006659)

Managing Director (DIN No.: 00005516)

Dy. Managing Director (DIN No.: 00005523)

Chief Financial Officer

Company Secretary & Compliance Officer

STANDALONE STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED MARCH 31, 2021

All amounts are in '000 unless otherwise stated

Particulars	Note No.	Year Ended March 31	
		2021	2020
INCOME			
Revenue from operations	3.01	109,384	230,081
Other Income	3.02	12,983	7,536
Total Income		122,367	237,617
EXPENSES			
Cost of materials consumed	3.03	50,099	116,097
Changes in inventories of stock-in-trade	3.04	2,154	1,530
Processing charges		14,324	28,472
Employee benefits expense	3.05	28,150	28,980
Finance Cost	3.06	262	91
Depreciation and amortization expense	3.07	5,128	5,101
Other expenses	3.08	19,462	26,268
Total Expenses		119,579	206,539
Profit/ (Loss) before tax		2,788	31,078
Tax expenses			
Current tax (for the year)	3.09	-	7,000
Current tax (relating to prior years)		20	-
Deferred tax		(157)	(16)
Total tax expense		(137)	6,984
Profit / (Loss) for the period		2,925	24,094
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurements of post employment benefit obligation		366	(633)
Income tax relating to these items	3.09	(92)	159
Total other comprehensive income		274	(474)
Total comprehensive income for the period		3,199	23,620
Earnings per equity share			
Basic (in Rs.)		7.24	59.63
Diluted (in Rs.)		7.24	59.63
Significant accounting policies	1.00		
Refer accompanying notes. These notes are an integral part of the financial statements.			

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

For and on behalf of the Board of Directors
Tanil R. Kilachand Chairman (DIN No.: 00006659)
Parthiv T. Kilachand Managing Director (DIN No.: 00005516)
Atul H. Mehta Dy. Managing Director (DIN No.: 00005523)
Kanan V. Panchasara Chief Financial Officer
Deepali V. Chauhan Company Secretary & Compliance Officer

Place: Mumbai **Date:** 24th June, 2021

Place: Mumbai **Date:** 24th June, 2021

**STANDALONE STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2021**

All amounts are in Rs. '000 unless otherwise stated

Equity share capital	Amount
Balance as at April 1, 2019	4,040
Changes in equity share capital during the year	-
Balance as at March 31, 2020	4,040
Changes in equity share capital during the year	-
Balance as at March 31, 2021	4,040

Other Equity

Particulars	Securities Premium Account	General Reserve	Capital Redemption Reserve	Retained earnings	Total
Balance as at April 1, 2019	142,437	206,993	5,000	(179,171)	175,260
Movement during the year		(179,171)	-	179,171	-
Profit for the year	-	-	-	24,094	24,094
Other comprehensive income	-	-	-	(474)	(474)
Total comprehensive income for the year	-	-	-	23,620	23,620
Dividends	-	-	-	(1,010)	(1,010)
Dividend Distribution Tax Paid	-	-	-	(208)	(208)
Balance as at March 31, 2020	142,437	27,822	5,000	22,402	197,662
Profit for the year	-	-	-	2,925	2,925
Other comprehensive income	-	-	-	274	274
Total comprehensive income for the year	142,437	27,822	5,000	25,601	200,861
Dividend Paid	-	-	-	(5,051)	(5,051)
Balance as at March 31, 2021	142,437	27,822	5,000	20,550	195,810

As per our report of even date

For Nayan Parikh & Co.

Chartered Accountants

Firm Registration No.: 107023W

K. Y. Narayana

Partner

Membership No.: 060639

Place: Mumbai Date: 24th June, 2021

For and on behalf of the Board of Directors

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

Chairman (DIN No.: 00006659)

Managing Director (DIN No.: 00005516)

Dy. Managing Director (DIN No.: 00005523)

Chief Financial Officer

Company Secretary & Compliance Officer

Place: Mumbai Date: 24th June, 2021

**AUDITED STANDALONE STATEMENT OF CASH FLOW FOR THE YEAR ENDED MARCH 31, 2021**

All amounts are in '000 unless otherwise stated

Particulars	Year Ended March 31	
	2021	2020
Cash flow from operating activities		
Profit Before Tax from Continuing Operations	2,788	31,078
Profit before income tax	2,788	31,078
Non-cash Adjustment to Profit Before Tax:		
Depreciation and amortization expense	5,128	5,101
Dividend Income	(70)	(45)
Gratuity & Leave Encashment Provision	(123)	800
Interest Income	(2,006)	(1,886)
Lease Income	(204)	-
Provision for Bonus	(50)	744
Amount written off	184	41
Amount no longer payable written back	(5)	-
MTM (Gain)/loss on forward contracts	(82)	707
Change in fair value of financial assets at fair value through profit or loss	(10,158)	(4,776)
Bad Debts	20	7
Profit on sale of Property, plant and equipment	(6)	-
Loss on fire	519	-
Finance Cost on lease	262	91
Unrealised gain and loss on foreign exchange	(41)	(1,568)
	(3,845)	30,294
Change in operating assets and liabilities:		
Decrease/(increase) in trade receivables	12,250	(2,296)
Decrease/(increase) in inventories	1,250	620
Increase/(decrease) in trade payables	(625)	(1,051)
Increase/(decrease) in other financial assets	-	394
Decrease/(increase) in other non-current assets	2,818	759
Decrease/(increase) in other current assets	(3,298)	4,245
Increase/(decrease) in other current liabilities	(694)	(1,885)
Increase/(decrease) in other financial liabilities	(1,545)	3,032
Cash generated from operations	6,312	34,112
Direct taxes paid (net of refunds)	(1,226)	6,047
Net cash flow from/(used in) operating activities (A)	7,538	28,065
Cash flow from investing activities:		
Payments for acquisition of property, plant and equipment	(1,867)	(1,552)
Payments for acquisition of intangible assets	(450)	(34)
Loans & advances repaid by Subsidiaries	-	8,000
Inter corporate deposit given	-	635
Loans to employees and others	78	(517)
Proceeds from sale of property, plant and equipment	11	-
Movement in Fixed deposits	18,033	(13,502)
Investment in mutual funds & Shares	(10,012)	(2,120)
Interest received	2,163	1,688
Dividend received	70	45
Net cash flow from / (used in) investing activities (B)	8,027	(7,357)

**AUDITED STANDALONE STATEMENT OF CASH FLOW FOR THE YEAR ENDED MARCH 31, 2021**

All amounts are in '000 unless otherwise stated

Particulars	Year Ended March 31	
	2021	2020
Cash flows from financing activities		
Finance lease payments	(2,061)	(2,153)
Dividends Paid	(5,498)	(1,218)
Net cash flow from/(used in) in financing activities (C)	(7,559)	(3,371)
Net increase/(decrease) in cash and cash equivalents (A+B+ C)	8,006	17,336
Cash and cash equivalents at the beginning of the year	24,804	7,468
Cash and cash equivalents at the end of the year	32,810	24,804

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

Cash and cash equivalents		
Balances with banks:		
On current accounts	18,933	11,896
Deposits with original maturity of less than 3 months	13,800	12,800
Cash on hand	77	108
Balance as per the cash flow statement	32,810	24,804

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

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

For and on behalf of the Board of Directors
Tanil R. Kilachand Chairman (DIN No.: 00006659)
Parthiv T. Kilachand Managing Director (DIN No.: 00005516)
Atul H. Mehta Dy. Managing Director (DIN No.: 00005523)
Kanan V. Panchasara Chief Financial Officer
Deepali V. Chauhan Company Secretary & Compliance Officer

Place: Mumbai **Date:** 24th June, 2021

Place: Mumbai **Date:** 24th June, 2021



SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS ON STANDALONE FINANCIAL STATEMENTS

Background

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

Authorization of standalone financial statements

The standalone financial statements were authorized for issue in accordance with a resolution of the directors on June 24, 2021.

1.00 Summary of significant accounting policies

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

1.01 BASIS OF PREPARATION

(i) Compliance with Ind AS :

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

(ii) Historical cost convention :

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

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

1.02 ROUNDING OF AMOUNTS

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

1.03 CURRENT VERSUS NON-CURRENT CLASSIFICATION

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

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

All other assets are classified as non-current.

A liability is current when:

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



The Company classifies all other liabilities as non-current.

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

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

1.04 USE OF JUDGEMENTS, ESTIMATES & ASSUMPTIONS

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

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

Key sources of estimation uncertainty

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

1.05 FOREIGN CURRENCY TRANSACTIONS

(i) Functional and presentation currency

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

(ii) Transactions and balances

Monetary items

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

Non – Monetary items

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

1.06 PROPERTY, PLANT AND EQUIPMENT

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



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

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

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

Depreciation on Property, plant and equipment

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

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

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

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

1.07 INTANGIBLE ASSETS

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

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

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

Amortization of intangible assets

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

1.08 IMPAIRMENT OF ASSETS

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

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

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



1.09 LEASES

As a Lessee

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

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

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

Short-term leases and leases of low-value assets

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

As a Lessor

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

1.10 INVENTORIES

Inventories are valued as follows:

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

Property under development

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

1.11 CASH AND CASH EQUIVALENTS

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

1.12 INVESTMENT IN SUBSIDIARY

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

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

1.13 FINANCIAL INSTRUMENTS

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

**Initial Recognition and Measurement – Financial Assets and Financial Liabilities**

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

Classification and Subsequent Measurement: Financial Assets

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

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

Amortized Cost:

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

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

FVTOCI:

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

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

FVTPL:

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

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

Impairment of Financial Assets :

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

Classification and Subsequent measurement: Financial Liabilities

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

Financial Liabilities at FVTPL:

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

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

Other Financial Liabilities:

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



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

Derecognition of Financial Assets and Financial Liabilities:

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

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

Offsetting Financial Instruments:

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

1.14 PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

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

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

Contingent liabilities are disclosed in the case of:

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

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

1.15 REVENUE RECOGNITION

The Company derives revenue primarily from sale of products.

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

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

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

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

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

**Interest**

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

Dividend

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

1.16 TAXES ON INCOME**Current Tax**

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

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

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

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

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

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

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

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

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

1.17 EMPLOYEE BENEFITS

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

Post-employment obligations

The Company operates the following post-employment schemes:

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

**Gratuity obligations**

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

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

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

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

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

Defined contribution plans

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

Other long-term employee benefit obligations

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

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

1.18 EARNINGS PER SHARE (EPS)

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

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



NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

All amounts are in '000 unless otherwise stated

2.01 Property, Plant and Equipment

Particulars	Gross Carrying Amount				Accumulated Depreciation / Impairment				Net Carrying Amount	
	As at April 1, 2020	Addition	Disposal	As at March 31, 2021	As at April 1, 2020	For the Year	Elimination on disposal	As at March 31, 2021	As at March 31, 2021	As at March 31, 2020
Own Assets:										
Plant and Machinery	2,131	-	-	2,131	1,086	170	-	1,256	875	1,045
Laboratory equipments	487	8	-	495	340	39	-	379	116	147
Furniture & Fixtures	839	11	-	850	583	67	-	650	200	256
Computers	1,672	1,647	-	3,320	1,255	744	-	1,998	1,321	418
Office Equipments	1,249	201	28	1,422	847	182	23	1,007	416	402
Motor Vehicles	9,586	-	-	9,586	3,815	1,767	-	5,582	4,004	5,771
Leasehold Improvements	142	-	-	142	122	-	-	122	20	20
Total (A)	16,106	1,867	28	17,946	8,048	2,969	23	10,994	6,952	8,058
Right to use assets	8,076	-	-	8,076	1,976	1,976	-	3,952	4,124	6,099
Total (B)	8,076	-	-	8,076	1,976	1,976	-	3,952	4,124	6,099
Total (A+B)	24,182	1,867	28	26,021	10,025	4,945	23	14,946	11,076	14,157

Particulars	Gross Carrying Amount				Accumulated Depreciation / Impairment				Net Carrying Amount	
	As at April 1, 2019	Addition	Disposal	As at March 31, 2020	As at April 1, 2019	For the Year	Elimination on disposal	As at March 31, 2020	As at March 31, 2020	As at March 31, 2019
Own Assets:										
Plant and Machinery	2,125	6	-	2,131	879	207	-	1,086	1,045	1,246
Laboratory equipments	487	-	-	487	289	51	-	340	147	198
Furniture & Fixtures	839	-	-	839	496	87	-	583	256	343
Computers	1,319	353	-	1,672	926	329	-	1,255	418	393
Office Equipments	1,025	224	-	1,249	619	228	-	847	402	406
Motor Vehicles	8,617	969	-	9,586	1,630	2,186	-	3,815	5,771	6,987
Leasehold Improvements	142	-	-	142	121	1	-	122	20	21
Total (A)	14,554	1,552	-	16,106	4,960	3,088	-	8,048	8,058	9,592
Right to use assets	-	8,076	-	8,076	-	1,976	-	1,976	6,099	-
Total (B)	-	8,076	-	8,076	-	1,976	-	1,976	6,099	-
Total (A+B)	14,554	9,628	-	24,182	4,960	5,065	-	10,025	14,157	9,592



NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

All amounts are in '000 unless otherwise stated

2.02 Other Intangible Assets

Particulars	Gross Carrying Amount				Accumulated Amortisation / Impairment				Net Carrying Amount	
	As at April 1, 2020	Addition	Disposal	As at March 31, 2021	As at April 1, 2020	For the Year	Elimination on disposal	As at March 31, 2021	As at March 31, 2021	As at March 31, 2020
Software	501	450	-	951	423	183	-	606	345	78
Total	501	450	-	951	423	183	-	606	345	78

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

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

Particulars	With in One year	2 to 5 years	Residual Value	Total WDV
Softwares	202	97	46	345
Total	202	97	46	345



NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

All amounts are in '000 unless otherwise stated

2.03 Non-current Investments

Particulars	Face value per unit	As at March 31,			
		2021		2020	
		Qty	Amount	Qty	Amount
Investments in Equity Instruments (fully paid-up)					
Quoted					
Investment in subsidiary (Measured at Cost)					
Gujarat Poly Electronics Ltd	10	4,616,152	42,144	4,616,152	42,144
Less : Impairment of Investments			(30,479)		(30,479)
	(A)	4,616,152	11,665	4,616,152	11,665
Investment in other companies (FVTPL)					
State Bank of India	1.00	1,050	383	1,050	207
HDFC Limited	2.00	650	1,624	650	1,060
ICICI Bank Limited	2.00	1,612	938	1,612	523
ITC Limited	1.00	1,800	393	1,800	310
Larsen & Toubro Limited	2.00	585	830	585	472
Adani Port Sp. Eco. Zone Limited	2.00	1,500	1,054	1,500	377
Reliance Industries Limited	10.00	584	1,170	584	650
Bajaj Finserv Ltd	5.00	30	290	30	138
HDFC Asset Management Company Limited	5.00	100	292	100	211
HDFC Bank Limited	1.00	300	448	300	259
Maruti Suzuki India Limited	5.00	50	343	50	214
Nestle India Limited	10.00	20	343	20	326
	(B)	8,281	8,108	8,281	4,747
Investments in Equity Instruments (partly paid-up)	2.50	38	41	-	-
Reliance Industries Limited - right shares	(C)	38	41	-	-
Unquoted					
Investment in other companies					
Crescent Finstock Limited	10	9	*	9	*
Mafatlal Dyes & Chemicals Limited	10	62	1	62	1
	(D)	71	1	71	1
Investments in Preference Shares (fully paid-up)					
Unquoted					
Investment in Subsidiaries (Measured at Cost)					
Gujarat Poly Electronics Ltd	100	668,280	1,080	668,280	1,080
Less : Impairment of Investments			(1,080)		(1,080)
	(E)	668,280	-	668,280	-
Investments in Mutual Fund (FVTPL)					
Unquoted					
HDFC Floating Rate Income Fund (Growth)		218,652	8,289	218,652	7,677
HDFC Credit Risk Debt Fund		704,326	12,824	704,326	11,724
DSP Black Rock - SBF - Institutional Plan (Growth)		4,905	12,754	4,905	11,955
Axis Banking & PSU Debt Fund (Growth)		7,630	15,713	7,630	14,584
IDFC Corporate Bond Fund (Growth)		1,237,093	18,585	1,237,093	17,049
DSP Corporate Bond Fund (Reg- Growth)		567,253	7,214	567,253	6,686
IDFC Banking & PSU Debt Fund (Growth)		380,103	7,311	380,103	6,744
HDFC Medium Term Debt Fund - Regular Plan		120,713	5,233	-	-
ICICI Prudential Medium Term Bond Fund - Growth		155,035	5,262	-	-
	(F)	3,395,708	93,186	3,119,961	76,419
Total (A + B + C + D + E + F)		8,688,530	113,001	8,412,745	92,832
Aggregate amount of quoted investments			19,814		16,412
Aggregate market value of quoted investments			42,771		26,627
Aggregate amount of unquoted investments			93,187		76,420
Aggregate amount of Impairment in the value of Investments			31,559		31,559

* Amounts below Rs. 500/-

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

All amounts are in '000 unless otherwise stated

2.04 Loans	Non - Current		Current	
	As at March 31,		As at March 31,	
	2021	2020	2021	2020
Loans to employees	546	80	333	877
Total	546	80	333	877

2.05 Other Financial Assets	Non - Current		Current	
	As at March 31,		As at March 31,	
	2021	2020	2021	2020
Security deposits	1,187	1,187	-	-
Forward Contract - Asset	82	-	-	-
Bank deposits with more than 12 months maturity	100	-	-	-
Accrued Interest On Deposits with Bank	-	-	120	277
Total	1,369	1,187	120	277

2.06 Deferred Tax Assets (net)	As at March 31,	
	2021	2020
Deductible temporary differences		
Property, plant and Equipment	1,410	1,325
Others	-	14
Taxable temporary differences		
Other taxable temporary differences	(28)	(22)
Total	1,382	1,317

	As at March 31, 2020	Recognized in Profit / (loss) account	As at March 31, 2021
Deferred Tax Assets in relation to:			
Property, plant and Equipment	1,325	85	1,410
Others	14	(14)	-
	1,339	71	1,410
Deferred Tax liabilities in relation to:			
Other taxable temporary differences	(22)	(6)	(28)
	(22)	(6)	(28)
	1,317	65	1,382

2.07 Other Assets	Non - Current		Current	
	As at March 31,		As at March 31,	
	2021	2020	2021	2020
Prepaid expenses	136	780	1,813	976
Staff Advances	-	-	65	420
Balances with Statutory Authorities:				
Income Tax (net of provisions)	177	279	-	-
VAT/GST Receivable	1,055	3,234	4,856	2,023
Others	-	-	320	337
Other Advances	51	48	-	-
Total	1,419	4,342	7,054	3,756

**NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021**

All amounts are in '000 unless otherwise stated

2.08 Inventories	As at March 31,	
	2021	2020
Raw Materials	3,642	2,921
Property Development	16,431	16,277
Work in progress	396	3,066
Stores and spares	393	367
Total	20,862	22,631

2.09 Trade Receivables	As at March 31,	
	2021	2020
Trade receivables - Unsecured	28,280	40,698
Total	28,280	40,698

2.10 Cash and Cash Equivalent	As at March 31,	
	2021	2020
<u>Balances with banks:</u>		
On current accounts	18,933	11,896
Deposits with original maturity of less than 3 months*	13,800	12,800
Cash on hand	77	108
Total	32,810	24,804

2.11 Bank balances other than cash and cash equivalents	As at March 31,	
	2021	2020
Deposits with original maturity for more than 3 months but less than 12 months*	2,400	20,533
Unclaimed dividend accounts	805	357
Total	3,205	20,890

*Marked under lien in favour of banks
Lien marked on Deposit of Rs. 2,800('000) for obtaining forward contract exposure with HDFC Bank in respect of trade receivables.
Lien marked on Deposit of Rs. 400('000) for issuance of Corporate Expense card by HDFC Bank.

2.12 Current Tax Assets (Net)	As at March 31,	
	2021	2020
Advance income tax (Net of Provisions)	254	1,568
Total	254	1,568

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

All amounts are in '000 unless otherwise stated

2.13 Equity Share capital	As at March 31,	
	2021	2020
Authorized share capital :		
4,00,00,000 (March 31, 2020 : 4,00,00,000) Equity shares of Rs. 10/- each	400,000	400,000
6,00,00,000 (March 31, 2020 : 6,00,00,000) 13.50% Redeemable cumulative preference shares of Rs. 100/- each	60,000	60,000
5,00,00,000 (March 31, 2020 : 5,00,00,000) Cumulative convertible preference shares of Rs. 100/- each	50,000	50,000
Total	510,000	510,000
Issued, Subscribed & Paid up Capital		
4,04,045 (March 31, 2020 : 4,04,045) Equity shares of Rs. 10/- each (fully paid up)	4,040	4,040
Total issued, subscribed and fully paid-up share capital	4,040	4,040

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

(Separate reconciliation should be prepared for each Class of Shares)

Equity Shares	As at March 31,			
	2021		2020	
	No. of Shares	Amount	No. of Shares	Amount
At the beginning of the period	404,045	4,040	404,045	4,040
Movement during the year	-	-	-	-
Outstanding at the end of the period	404,045	4,040	404,045	4,040

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

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

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

Particulars	As at March 31,			
	2021		2020	
	No. of Shares	% of holding	No. of Shares	% of holding
Equity shares of Rs. 10 each fully paid				
Name of the Shareholder				
Virsun Investments Private Limited	80,802	19.99%	80,802	19.99%
Highclass Trading Private Limited	39,842	9.86%	39,842	9.86%
Masuma Tradecorp Private Limited	59,987	14.85%	59,987	14.85%

2.14 Other Equity	As at March 31,	
	2021	2020
General reserve	27,822	27,822
Surplus in the Statement of Profit and Loss	20,550	22,402
Securities Premium	142,437	142,437
Capital Redemption reserve	5,000	5,000
Total	195,810	197,662

**NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021**

All amounts are in '000 unless otherwise stated

2.15 Other Financial Liabilities	Non - Current		Current	
	As at Mar 31,		As at Mar 31,	
	2021	2020	2021	2020
Lease Liability	2,064	4,011	1,947	2,003
Forward contract - Liability	-	-	-	707
Payables for expenses				
Total outstanding dues of Micro & Small Enterprises	-	-	3,207	4,050
Other than Micro & Small Enterprises	-	-	1,366	1,814
Unpaid dividend	-	-	805	357
Total	2,064	4,011	7,325	8,931

2.16 Other Current Liabilities	Current	
	As at March 31,	
	2021	2020
Gratuity payables (Funded)	2,580	2,696
Leave travel allowance payable	1,327	712
Leave Encashment	472	479
Statutory Payables	745	1,670
Bonus Payable	-	750
Total	5,123	6,307

2.17 Provisions	As at March 31,	
	2021	2020
	Employee benefits	
Provision for Bonus	77	127
Total	77	127

2.18 Current tax liabilities	As at March 31,	
	2021	2020
	Current tax liabilities	
Provision for Income Tax (Net of Advance Tax)	-	169
Total	-	169

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

All amounts are in '000 unless otherwise stated

3.01 Revenue From Operations	Year ended March 31,	
	2021	2020
Revenue from operations		
Sale of products (Net sales)	107,079	224,092
Other operating revenue		
Exchange gain/(loss) on foreign currency	1,120	3,378
Duty drawback received	835	2,495
Sale of scrap	72	116
Other Income	278	-
Total	109,384	230,081
3.02 Other Income	Year ended March 31,	
	2021	2020
Interest Income	2,143	2,257
Fair value measurement of Investments	10,158	4,776
Rent Income	397	454
Lease Income	204	-
Dividend Income	70	45
Profit on sale of Property, plant and equipment	6	-
Other non - operating income		
Amount not payable written back	5	-
Other sundry Income	-	4
Total	12,983	7,536
3.03 Cost of Materials Consumed	Year ended March 31,	
	2021	2020
Opening Stock	2,921	2,022
Purchases	50,977	116,996
Less: Loss by fire	(157)	-
Less: Closing stock	(3,642)	(2,921)
Total	50,099	116,097
3.04 Changes in Inventories of Stock-in-Trade	Year ended March 31,	
	2021	2020
Work in process		
Opening Stock	3,066	4,939
Less: Loss by fire	(362)	-
Less: Closing Stock	(396)	(3,066)
	<u>2,308</u>	<u>1,873</u>
Property Development		
Opening Stock	16,277	15,934
Less: Closing Stock	(16,431)	(16,277)
	<u>(154)</u>	<u>(343)</u>
Total	2,154	1,530
3.05 Employee Benefits Expense	Year ended March 31,	
	2021	2020
Salaries, wages & incentives	23,524	24,038
Contribution to provident and other fund	3,654	4,083
Staff welfare expenses	972	859
Total	28,150	28,980

**NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021**

All amounts are in '000 unless otherwise stated

3.06 Finance Costs	Year ended March 31,	
	2021	2020
Interest expense on Lease Liability	262	91
Total	262	91
3.07 Depreciation and Amortization Expense	Year ended March 31,	
	2021	2020
Depreciation of property, plant and equipment	3,148	3,088
Depreciation on Right to use Assets	1,976	1,976
Amortization of Intangible assets	4	37
Total	5,128	5,101
3.08 Other Expenses	Year ended March 31,	
	2021	2020
Selling & distributions expenses	4,908	9,383
Legal and professional fees	3,971	3,713
Motor car expenses	1,169	1,257
Membership & subscription	1,131	1,245
Rent	1,211	1,211
Conveyance & travelling expenses	196	1,034
Telephone & Internet expenses	553	609
Printing & stationery expenses	341	503
General charges	49	497
Electric Power, oil fuel and water charges	511	429
Rates & taxes	423	413
Research and Development expenses	119	-
Land development expenses	153	343
Postage & courier expenses	57	329
Miscellaneous expenses	224	298
Director sitting fees	352	256
Interest on statutory dues & GST Disallowance	370	221
Insurance charges	167	190
Advertisement expenses	115	105
ISO & certification expenses	106	99
Amount not recoverable written off	184	41
Pollution Control Permission Expenses	21	34
Donation	-	10
Bad debts	20	7
Loss by Fire	519	-
MSME Interest	71	-
Repair & Maintenance		
Computer	167	204
Machinery	-	34
Others	621	556
Packing Material, Stores & spares		
Opening Stock	367	
Add : Purchase during the year	1,413	
Less : Closing Stock	<u>(393)</u>	
	1,387	2,882
Auditor's Remuneration		
Audit fees	350	350
Other matters	-	15
Total	19,462	26,268



NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

All amounts are in '000 unless otherwise stated

3.09 Tax expenses	Year ended March 31,	
	2021	2020
(i) Income tax expenses		
Current tax		
In respect of the current year	-	7,000
In respect of prior years	20	-
	20	7,000
Deferred tax		
In respect of the current year	(157)	(16)
	(157)	(16)
(ii) Income tax recognised in Other Comprehensive Income		
Remeasurements of the defined benefit plans	(92)	159
	(92)	159
Total (a+b)	(45)	6,825
(iii) Reconciliation between the Statutory income tax rate applicable to the company and the effective income tax rate is as follows:		
Net profit/(loss) before tax	2,788	31,078
Effective Tax rate applicable to the company	25.17%	25.17%
Tax amount at the enacted income tax rate	702	7,821
Add : Expenses disallowed	1,504	1,618
Less : Expenses allowed	(3,794)	(2,439)
Expenses allowed on carryforward business losses	1,588	-
Tax relating to earlier years	20	-
Incremental Deferred tax asset on deductible taxable differences	(65)	(175)
Income tax expense	(45)	6,825

4.01 Earnings Per Share (EPS)	As at March 31,	
	2021	2020
Basic earnings per share:		
Attributable to equity holders of the Company	7.24	59.63
Diluted earnings per share:		
Attributable to equity holders of the Company	7.24	59.63
Reconciliation of earnings used in calculating earnings per share:		
Basic earnings per share		
Profit attributable to equity holders of the Company used in calculating basic earnings per share	2,925	24,094
Diluted earnings per share		
Profit attributable to equity holders of the Company used in calculating diluted earnings per share	2,925	24,094
Weighted average number of Equity shares used as the denominator in calculating basic & diluted earnings per share	404,045	404,045

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

All amounts are in '000 unless otherwise stated

4.02 Contingent Liabilities

	As at March 31,	
	2021	2020
i) Claims against the Company not acknowledged as debts: Relates to supplier of materials, employees and other claims etc. (No provision is made, as the Company is hopeful of successfully contesting the claims and as such does not expect any significant liability to crystallize).	2,929	2,929
ii) The Company has taken certain premises on sub-lease. The landlord, a Government Company issued a notice under the Public Premises (Eviction of Unauthorized Occupants) Act, 1971 against the Company for eviction and has demanded damages and other charges, which are disputed by the Company. The proceedings in this connection are pending before the Estate officer. The Contingent liability in respect of damages, interest claimed by the Insurance Company cannot be quantified.		

4.03 Employee benefits
1) Defined Contribution Plans:

The amounts of contribution to provident fund and ESIC recognized as expenses during the year is Rs. 1,491 (March 31, 2020 : 1,792) for the year ended March 31, 2021.

2) Defined Benefit Plans:

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

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

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

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

Particulars	Gratuity	
	As at March 31,	
	2021	2020
Discount rate	6.85%	6.83%
Expected rate of salary increase	6.00%	6.00%
Mortality Rate	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

All amounts are in '000 unless otherwise stated

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

Particulars	Gratuity	
	As at March 31,	
	2021	2020
Service cost		
Current service cost	415	337
Net Interest Cost	185	163
Net Actuarial (Gain)/loss	-	-
Components of defined benefits cost recognized in Statement of Profit and Loss	600	500

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

Particulars	Gratuity	
	As at March 31,	
	2021	2020
Remeasurement of net defined benefit liability		
Return on plan assets (excluding amount included in net interest expense)	(7)	(10)
Net Actuarial (Gain)/ Loss	(359)	644
Components of defined benefits cost recognized in Other Comprehensive Income	(366)	633

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

Particulars	Gratuity	
	As at March 31,	
	2021	2020
Present Value of the Defined Benefit Obligations	9,006	8,378
Fair Value of Plan Assets	(6,427)	(5,682)
Liability Recognized in the Balance Sheet	2,579	2,696

4. (iv) Shortage of funds

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

Particulars	Gratuity	
	As at March 31,	
	2021	2020
Projected benefit obligations at end of the year	9,006	8,378
Fair Value of Plan Asset at the end of the year	(6,427)	(5,682)
Deficit of gratuity plan	2,579	2,696

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

Particulars	Gratuity	
	As at March 31,	
	2021	2020
Opening defined benefit obligations	8,378	6,863
Current service cost	415	337
Interest cost	572	533
Remeasurement (Gains) / Losses		
Actuarial (gains) / losses on Defined Benefit Obligation - Due to change in financial obligation	(6)	276
Actuarial (gains) / losses on Defined Benefit Obligation - Due to experience	(353)	368
Closing defined benefit obligation	9,006	8,378

**NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021**

All amounts are in '000 unless otherwise stated

5. (ii) Reconciliation

Particulars	Gratuity	
	As at March 31,	
	2021	2020
Opening Net Liability	2,696	2,098
Add: Employer Expenses (Expenses recognized in the statement of P/L account)	600	500
Add: Transfer to OCI	(366)	633
Less: Benefit Paid	-	-
Less: Employers contribution	(349)	(536)
Closing Net Liability	2,581	2,696

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

Particulars	Gratuity	
	As at March 31,	
	2021	2020
Deposits with LIC of India	100%	100%

7. Sensitivity Analysis

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

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

Particulars	Gratuity	
	As at March 31,	
	2021	2020
Delta Effect of +0.5% Change in Rate of Discounting	(155.98)	(151.39)
Delta Effect of -0.5% Change in Rate of Discounting	168.24	163.28
Delta Effect of +0.5% Change in Rate of Salary Increase	168.82	163.81
Delta Effect of -0.5% Change in Rate of Salary Increase	(157.91)	(153.23)
Delta Effect of +0.5% Change in Rate of Employee Turnover	10.37	9.94
Delta Effect of -0.5% Change in Rate of Employee Turnover	(11.11)	(10.64)

4.04 Segment Information

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

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

All amounts are in '000 unless otherwise stated

4.05 Dues to Micro and Small Enterprises

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

Particulars	As at March 31,	
	2021	2020
Principal amount remaining unpaid to any supplier as at the end of the accounting year.	4,566	5,757
Interest due thereon remaining unpaid to any supplier as at the end of the accounting year.	-	-
The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day.	4,914	-
The amount of interest due and payable for the year.	-	-
The amount of interest accrued and remaining unpaid at the end of the accounting year.	-	-
The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid.	-	-

4.06 Capital Management
Risk management

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

For the purpose of the Company's capital management, capital includes capital and all other equity reserves. In order to maintain or achieve a capital structure that maximizes the shareholder value, the Company allocates its capital for distribution as dividend or re-investment into business based on its long term financial plans. As at March 31, 2021, the Company has only one class of equity shares and has no debts. Hence, there are no externally imposed capital requirements.

Dividend	As at March 31,	
	2021	2020
Dividend on equity shares paid during the year		
Dividend paid	(5051)	(1,010)
Dividend distribution tax	-	(208)

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

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

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

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

ii) Categories of financial instruments

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

- Level 1: unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2: directly or indirectly observable market inputs, other than Level 1 inputs; and
- Level 3: inputs which are not based on observable market data



NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

All amounts are in '000 unless otherwise stated

Particulars	As at March 31, 2021		As at March 31, 2020	
	Carrying values	Fair value	Carrying values	Fair value
Financial assets				
Measured at amortized cost				
Trade receivables	28,280	28,280	40,698	40,698
Loans	879	879	957	957
Cash and Bank balances	36,015	36,015	45,694	45,694
Other financial assets	1,407	1,407	1,463	1,463
Total (A)	66,581	66,581	88,812	88,812
Measured at fair value through profit or loss				
Investment in equity instruments of other companies	8,150	8,150	4,747	4,747
Investment in mutual funds	93,186	93,186	76,419	76,419
Derivative Instruments	82	82	-	-
Total (B)	101,417	101,417	81,166	81,166
Total Financial assets (A+B)	167,998	167,998	169,978	169,978
Financial liabilities				
Measured at amortized cost				
Trade payables	7,617	7,617	8,246	8,246
Other financial liabilities	5,378	5,378	6,221	6,221
Lease Liability	4,011	4,011	6,014	6,014
Total (A)	17,006	17,006	20,481	20,481
Measurement at fair value through profit or loss				
Derivative Instruments	-	-	707	707
Total (B)	-	-	707	707
Total Financial liabilities (A+B)	17,006	17,006	21,188	21,188

Level wise disclosure of financial instruments

Particulars	As at March 31,		Level	Valuation techniques and key inputs
	2021	2020		
Investment in mutual funds	93,186	76,419	2	NAV as stated by Issuer
Forward contracts - Assets	82	-	2	Quotes from banks or dealers
Forward contracts - Liability	-	707	2	Quotes from banks or dealers

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

All amounts are in '000 unless otherwise stated

4.08 Financial Risk Management

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

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

i) Credit Risk

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

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

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

ii) Liquidity Risk

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

Maturities of financial liabilities

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

As at March 31, 2021	less than 1 year	1 to 5 year	Total
<u>Non-Derivatives</u>			
Trade payables	7,617	-	7,617
Other Financial Liabilities	5,378	-	5,378
Lease Liability	1,947	2,064	4,011
As at March 31, 2020	less than 1 year	1 to 5 year	Total
<u>Non-Derivatives</u>			
Trade payables	8,246	-	8,246
Other Financial Liabilities	6,221	-	6,221
Lease Liability	2,003	4,011	6,014

iii) Market Risk

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

Market Risk – Foreign Exchange

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

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



NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

All amounts are in '000 unless otherwise stated

Foreign currency exposure

Currencies	Assets	
	March 31, 2021	March 31, 2020
EURO	129.33	144.86
USD	39.13	137.90
Foreign currency exposure as at March 31, 2021	EURO	USD
Assets		
Trade receivables	129.60	38.40
Forward contracts - Assets	-	0.73
Liabilities		
Forward contracts - Liability	0.27	-
Foreign currency exposure as at March 31, 2020	EURO	USD
Assets		
Trade receivables	150.00	141.60
Forward contracts - Assets	-	-
Liabilities		
Forward contracts - Liability	5.14	3.70

Details of Unhedged Foreign Currency Exposure is as under:-

Currency	Nature	March 31, 2021		March 31, 2020	
		Amount in Foreign Currency	Amount in INR	Amount in Foreign Currency	Amount in INR
EURO	Asset- Export Receivables	0.80	69	0.50	42
USD	Asset- Export Receivables	42.20	3,102	53.20	4,011

Foreign currency sensitivity

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

Particulars	Impact on profit (loss) before tax and equity: Increase/(Decrease)			
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
	1 % Increase	1 % Increase	1 % Decrease	1 % Decrease
EURO	0.69	0.42	(0.69)	0.42
USD	31.02	40.11	(31.02)	40.11

Market Risk - Price Risk

The Company is mainly exposed to the price risk due to its investment in mutual funds. The price risk arises due to uncertainties about the future market values of these investments. At March 31, 2021, the investments in mutual funds is Rs.93,186 (March 31, 2020 : 76,419). These are exposed to price risk. In order to minimise price risk arising from investments in mutual funds, the Company predominately invests in those mutual funds which have higher exposure to high quality debt instruments with adequate liquidity & no demonstrated track record of price volatility.

Price risk sensitivity:

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

	Impact on Profit: Increase/(Decrease)		Impact on equity: Increase / (Decrease)	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
Price - increase by 0.10%	93	76	93	76
Price - decrease by 0.10%	(93)	(76)	(93)	(76)



NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

All amounts are in '000 unless otherwise stated

4.09 Related Party Transactions

(a) Names of related parties and description of relationship

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

(b) Details of Transactions :

Particulars	Key Managerial personnel		Entities where the key managerial personnel have significant influence/control		Subsidiary		Total Amount	
	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20
Expenses								
Rent								
Ginners & Pressers Limited	-	-	967	967	-	-	967	967
Tulsi Global Logistics Private Limited	-	-	(468)	(535)	-	-	(468)	(535)
Electricity charges								
Ginners & Pressers Limited	-	-	262	204	-	-	262	204
Remuneration*								
P. T. Kilachand	3,941	4,100	-	-	-	-	3,941	4,100
A. H. Mehta	2,457	2,505	-	-	-	-	2,457	2,505
K. V. Panchasara	1,836	1,836	-	-	-	-	1,836	1,836
D.V. Chauhan	637	637	-	-	-	-	637	637
Directors sitting fees								
T. R. Kilachand	40	32	-	-	-	-	40	32
N. T. Kilachand	40	32	-	-	-	-	40	32
C. R. Desai	72	32	-	-	-	-	72	32
N. S. Mehendale	72	64	-	-	-	-	72	64
V. V. Sahasrabudhe	72	64	-	-	-	-	72	64
Y. S. Mathur	56	32	-	-	-	-	56	32
Total expenses payable	9,224	9,334	761	636	-	-	9,984	9,970
Reimbursement/(Recovery) of expenses								
Ginners & Pressers Limited	-	-	195	195	-	-	195	195
Gujarat Poly Electronics Limited	-	-	-	-	-	(52)	-	(52)
Tulsi Global Logistics Private Limited	-	-	(203)	(61)	-	-	(203)	(61)
Total reimbursement	-	-	(8)	134	-	(52)	(8)	82

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

All amounts are in '000 unless otherwise stated

(b) Details of Transactions :

Particulars	Key Managerial personnel		Entities where the key managerial personnel have significant influence/control		Subsidiary		Total Amount	
	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20
<u>Interest on Inter Corporate Deposit</u> Gujarat Poly Electronics Limited	-	-	-	-	-	96	-	96
<u>Interest on Inter Corporate Deposit</u> Gujarat Poly Electronics Limited	-	-	-	-	-	8,000	-	8,000

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

4.10 Unpaid Dividend

Particulars	Year	AGM Date	Amount
Unpaid dividend amount in the unpaid dividend account with HDFC Bank Ltd.as on:	19-20	11-Sep-20	448.38
	18-19	2-Aug-19	88.57
Unpaid dividend amount in the unpaid dividend account with Yes Bank Ltd.as on:	16-17	24-Aug-17	87.34
	15-16	10-Aug-16	92.33
	14-15	27-Jul-15	88.68

There are no amounts due for payment to the Investor Education and Protection fund under Section 125 as on March 31, 2021.

4.11 Revenue from contracts with customers
Disaggregation of Revenue

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

Contract Balances

Trade receivable is presented net of impairment in the Balance Sheet

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

Particulars	March 31, 2021	March 31, 2020
Trade receivables	28,280	40,698

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

Performance Obligations And Remaining Performance Obligations

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

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

All amounts are in '000 unless otherwise stated

4.12 Leases
As Lessee

The Company's lease asset primarily consist of leases for Office Space.

Transition

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

(iv) Following are the changes in the carrying value of Right of Use assets for the year ended March 31, 2021 :

Particulars	Category of ROU	
	Office Place	Total
Balance as at March 31, 2020	6,099	6,099
Depreciation of Right of use assets	1,976	1,976
Balance as at March 31, 2021	4,124	4,124

Following are the changes in the carrying value of Right of Use assets for the year ended March 31, 2020:

Particulars	Category of ROU	
	Office Place	Total
Balance as on April 01, 2019	-	-
Transition impact on account of Ind AS 116 " Leases"	8,076	8,076
Total Right of Use as on date of Transition	8,076	8,076
Depreciation of Right of use assets	1,976	1,976
Balance as at March 31, 2020	6,099	6,099

(v) Following are the changes in the carrying value of Lease liability for the year ended March 31, 2021:

Particulars	Category of ROU	
	Office Place	Total
Balance as at March 31, 2020	6,014	6,014
Finance cost accrued during the year	262	262
Lease concession	204	204
Payment of lease liabilities	2,061	2,061
Balance as at March 31, 2021	4,011	4,011
Current portion of Lease liability	1,947	
Non Current portion of Lease liability	2,064	
	4,011	

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

All amounts are in '000 unless otherwise stated

Following are the changes in the carrying value of Lease liability for the year ended March 31, 2020:

Particulars	Category of ROU	
	Office Place	Total
Balance as on April 01, 2019	-	-
Transition impact on account of Ind AS 116 " Leases"	8,076	8,076
Finance cost accrued during the year	91	91
Payment of lease liabilities	2,153	2,153
Balance as at March 31, 2020	6,014	6,014
Current portion of Lease liability	2,003	
Non Current portion of Lease liability	4,011	
	6,014	

(vi) Amounts recognised in the statement of cash flows

Particulars	FY 2020-21	FY 2019-20
Total cash outflow for leases	2,061	2,153

(vii) Rental expense recorded for short-term leases was Rs.1,211 for the year ended March 31,2021 (March 2020-Rs.1,211)

(viii) The maturity analysis of lease liabilities are disclosed in Note no. 4.08 (ii). The Company does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

(ix) Certain lease agreements are subject to escalation clause and with extension of lease term options.

(x) Future lease payments which will start from April 1, 2021 is Rs. NIL . (March, 2020 : Rs. Nil)

As a Lessor

Rental Income on assets given on operating lease is Rs.397 for the year ended March 2021 (March,2020: Rs.454/-)

4.13 Impact of COVID 19 on financial statements

The Company has assessed the probable impact of COVID-19 pandemic. It has considered internal and external information available up to the date of approval of these financial results and expects that the carrying amounts of inventories, trade receivables and other assets are recoverable. However, the impact of COVID-19, including the current wave, may be different from that estimated as at the approval of these financial results. The company will continue to monitor any material changes to future economic condition.

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

As per our report of even date

For Nayan Parikh & Co.

Chartered Accountants

Firm Registration No.: 107023W

K. Y. Narayana

Partner

Membership No.: 060639

For and on behalf of the Board of Directors

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

Chairman (DIN No.: 00006659)

Managing Director (DIN No.: 00005516)

Dy. Managing Director (DIN No.: 00005523)

Chief Financial Officer

Company Secretary & Compliance Officer

 Place: Mumbai Date: 24th June, 2021

 Place: Mumbai Date: 24th June, 2021



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF POLYCHEM LIMITED

Report on the audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Polychem Limited (hereinafter referred to as “the Holding Company”) and its subsidiary (the Holding Company and its subsidiary together referred to as “the Group”) comprising of the Consolidated Balance Sheet as at March 31, 2021, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as ‘the consolidated financial statements’).

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditor on standalone financial statements and on the other financial information of the subsidiary, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 (“the Act”) in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, (“Ind AS”) and other accounting principles generally accepted in India, of the consolidated state of affairs of the Company as at March 31, 2021, its consolidated profit (including other comprehensive income), consolidated changes in equity and its consolidated cash flows for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

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

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

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

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

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

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

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

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

The Holding Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance (including other comprehensive income), consolidated changes in equity and consolidated cash flows of the Group, in accordance with Ind AS and other accounting principles generally accepted in India. The Holding Company's Board of Directors is also responsible for ensuring accuracy of records including financial information considered necessary for the preparation of these consolidated financial statements. The respective Governing Bodies of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.



- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entity included in the consolidated financial statements, which have been audited by other auditor, such other auditor remain responsible for the direction, supervision and performance of the audit carried out by them. We remain solely responsible for our audit opinion. Our responsibilities in this regard are further described in "Other Matters" paragraph below.

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

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

We communicate with those charged with governance of the Holding Company and such other entity included in the consolidated financial statements of which we are the independent auditor regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

Other Matters

- (i) We did not audit the audited standalone financial statements of subsidiary, whose standalone financial statements reflect total assets of ₹1,219.98 lakhs as at March 31, 2021, total revenues of ₹ 1,379.76 lakhs, Group's share of total net profit after tax of ₹99.04 lakhs, Group's share of total comprehensive income ₹ 105.28 lakhs and net cash inflows amounting to ₹62.33 lakhs for the year ended on that date, as considered in the consolidated financial statements. This financial statements and other financial information have been audited by other auditor whose report have been furnished to us by the Management of the Company and our opinion on the consolidated financial statements, to the extent they have been derived from such financial statements is based solely on the reports of such other auditor.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditor.

Report on Other Legal and Regulatory Requirements

As required by section 143(3) of the Act, we report, to the extent applicable, that:

- a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements;
- b. In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors;



- c. The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements;
- d. In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under section 133 of the Act, read with relevant rules issued thereunder and relevant provisions of the Act;
- e. On the basis of the written representations received from the directors of the Holding Company as on March 31, 2021 taken on record by the Board of Directors of the Holding Company and the report of the statutory auditor of its subsidiary incorporated in India, none of the directors of the Group, is disqualified as on March 31, 2021 from being appointed as a director in terms of section 164 (2) of the Act;
- f. With respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company, its subsidiary incorporated in India and the operating effectiveness of such controls, refer to our separate report in 'Annexure A';
- g. With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

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

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

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

K. Y. Narayana
Partner

Membership No.: 060639
UDIN: 21060639AAAAIE9454

Place: Mumbai
Dated: 24th June, 2021



ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT

Referred to in paragraph (f) under "Report on Other Legal and Regulatory Requirements" of our Independent Auditor's Report on even date to the members of Polychem Limited ("the Holding Company) on the consolidated financial statements for the year ended March 31, 2021:

Opinion

In conjunction with our audit of the consolidated financial statements of the Holding Company as of and for the year ended March 31, 2021, we have audited the internal financial controls with reference to financial statements of **Polychem Limited (hereinafter referred to as 'the Holding Company')** and its subsidiary, which are companies incorporated in India, as of that date.

In our opinion, the Holding Company, its subsidiary, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2021 based on the internal controls with reference to financial statements criteria established by the Holding Company, considering the essential components of internal controls stated in the Guidance Note issued by the ICAI.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding company, its subsidiary, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal controls with reference to financial statements criteria established by the Holding Company, considering the essential components of internal controls stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting ("Guidance Note") issued by the ICAI. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

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

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

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditor in terms of their report referred to in the "Other Matters" paragraph below is sufficient and appropriate to provide a basis for our audit opinion on the Holding Company's internal financial control system with reference to financial statements.

Meaning of Internal Financial Controls with reference to Financial Statements

A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded



as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with reference to Financial Statements

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

Other Matters

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

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

K. Y. Narayana
Partner

Membership No.: 060639
UDIN: 21060639AAAAIE9454

Place: Mumbai
Dated: 24th June, 2021

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2021

All amounts are in '000 unless otherwise stated

Particulars	Note No.	As at March 31,	
		2021	2020
ASSETS			
Non-current Assets			
Property, plant and equipment	2.01	24,517	26,896
Right - to - use asset	2.01	5,230	7,608
Other Intangible assets	2.02	1,226	1,072
Financial assets			
Investments	2.03	101,335	81,166
Loans	2.04	546	80
Other financial assets	2.05	2,210	2,028
Deferred tax assets (Net)	2.06	1,382	1,317
Other non-current assets	2.07	1,435	4,358
Total non-current assets		137,881	124,525
Current Assets			
Inventories	2.08	44,889	43,169
Financial Assets			
Trade receivables	2.09	72,281	77,053
Cash and cash equivalents	2.10	39,560	28,521
Bank balances other than cash and cash equivalents	2.11	24,457	38,942
Loans	2.04	1,674	1,895
Other financial assets	2.05	640	548
Current tax assets (Net)	2.12	254	1,568
Other current assets	2.07	7,625	4,291
Total current assets		191,380	195,987
Assets held for sale	2.13	3,139	3,139
Total assets		332,400	323,651
EQUITY AND LIABILITIES			
Equity			
Equity Share capital	2.14	4,040	4,040
Other Equity	2.15	251,170	247,336
Amount attributable to Owners of Polychem Limited		255,210	251,376
Non controlling Interest		3,676	(1,168)
Total equity		258,886	250,208
Liabilities			
Non-Current Liabilities			
Financial Liabilities			
Other financial liabilities	2.16	2,578	4,544
Provision	2.17	2,651	2,704
Total non-current liabilities		5,229	7,248
Current Liabilities			
Financial Liabilities			
Trade payables			
Total outstanding dues of Micro & Small Enterprises		1,360	-
Other than Micro & Small Enterprises		13,974	11,008
Other financial liabilities	2.16	39,195	41,166
Other current liabilities	2.18	11,527	11,770
Provisions	2.17	2,229	2,082
Current Tax Liabilities (Net)	2.19	-	169
Total current liabilities		68,285	66,195
Total equity and liabilities		332,400	323,651
Summary of significant accounting policies	1.00		
Refer accompanying notes. These notes are an integral part of the financial statements.			

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

For and on behalf of the Board of Directors
Tanil R. Kilachand Chairman (DIN No.: 00006659)
Parthiv T. Kilachand Managing Director (DIN No.: 00005516)
Atul H. Mehta Dy. Managing Director (DIN No.: 00005523)
Kanan V. Panchasara Chief Financial Officer
Deepali V. Chauhan Company Secretary & Compliance Officer

 Place: Mumbai Date: 24th June, 2021

 Place: Mumbai Date: 24th June, 2021

**CONSOLIDATED STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED MARCH 31, 2021**

All amounts are in '000 unless otherwise stated

Particulars	Note No.	Year Ended March 31,	
		2021	2020
INCOME			
Revenue from operations	3.01	246,267	366,361
Other Income	3.02	14,297	11,161
Total Income		260,564	377,522
EXPENSES			
Cost of materials consumed	3.03	50,318	116,382
Purchases of Stock-in-trade	3.04	88,029	76,363
Changes in inventories of stock-in-trade	3.05	(1,351)	5,633
Processing charges		14,324	28,472
Employee benefits expense	3.06	55,042	58,315
Finance Cost	3.07	339	132
Depreciation and amortization expense	3.08	7,339	7,017
Other expenses	3.09	33,831	41,963
Total Expenses		247,871	334,277
Profit/ (Loss) before tax		12,693	43,245
Tax expenses			
Current tax (for the year)	3.10	-	7,000
Current tax (relating to prior years)		20	-
Deferred tax		(157)	(16)
Total tax expense		(137)	6,984
Profit / (Loss) for the period		12,830	36,261
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurements of post employment benefit		991	(1,037)
Income tax relating to these items	3.10	(92)	159
Total other comprehensive income		899	(878)
Total comprehensive income for the period		13,729	35,383
Profit/(Loss) attributable to:			
Owners of the parent		8,273	30,663
Non - Controlling Interest		4,557	5,598
Other comprehensive income/(loss) attributable to:			
Owners of the parent		612	(692)
Non - Controlling Interest		287	(186)
Total comprehensive income/(loss) attributable to:			
Owners of the parent		8,885	29,971
Non - Controlling Interest		4,844	5,412
Earnings per equity share			
Basic (in Rs.)		20.48	75.89
Diluted (in Rs.)		20.48	75.89
Significant accounting policies	1.00		

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

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

For and on behalf of the Board of Directors
Tanil R. Kilachand Chairman (DIN No.: 00006659)
Parthiv T. Kilachand Managing Director (DIN No.: 00005516)
Atul H. Mehta Dy. Managing Director (DIN No.: 00005523)
Kanan V. Panchasara Chief Financial Officer
Deepali V. Chauhan Company Secretary & Compliance Officer

Place: Mumbai Date: 24th June, 2021Place: Mumbai Date: 24th June, 2021

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2021**

All amounts are in Rs. '000 unless otherwise stated

Equity share capital		Amount							
Balance as at April 1, 2019		4,040							
Changes in equity share capital during the year		-							
Balance as at March 31, 2020		4,040							
Changes in equity share capital during the year		-							
Balance as at March 31, 2021		4,040							
Other Equity									
Attributable to owners of the Company									
Particulars	Securities Premium Account	General Reserve	Capital Redemption Reserve	Capital Reserve	Retained earnings	Amount attributable to Owners of the Holding Company	NCI	Total	
Balance as at April 1, 2019	142,437	206,993	5,000	34,415	(170,262)	218,583	(6,580)	212,003	
Movement during the year	-	(179,171)			179,171	-	-		
Profit for the year	-	-	-	-	30,663	30,663	5,598	36,261	
Other comprehensive income	-	-	-	-	(692)	(692)	(186)	(878)	
Total comprehensive income for the year	-	(179,171)	-	-	209,142	29,971	5,412	35,383	
Dividends	-	-	-	-	(1,010)	(1,010)	-	(1,010)	
Dividend Distribution Tax Paid	-	-	-	-	(208)	(208)	-	(208)	
Balance as at March 31, 2020	142,437	27,822	5,000	34,415	37,662	247,336	(1,168)	246,169	
Profit for the year	-	-	-	-	8,273	8,273	4,557	12,830	
Other comprehensive income	-	-	-	-	612	612	287	899	
Total comprehensive income for the year	-	-	-	-	8,885	8,885	4,844	13,729	
Dividend Paid	-	-	-	-	(5,051)	(5,051)	-	(5,051)	
Balance as at March 31, 2021	142,437	27,822	5,000	34,415	41,496	251,170	3,676	254,847	

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

For and on behalf of the Board of Directors
Tanil R. Kilachand Chairman (DIN No.: 00006659)
Parthiv T. Kilachand Managing Director (DIN No.: 00005516)
Atul H. Mehta Dy. Managing Director (DIN No.: 00005523)
Kanan V. Panchasara Chief Financial Officer
Deepali V. Chauhan Company Secretary & Compliance Officer

Place: Mumbai **Date:** 24th June, 2021

Place: Mumbai **Date:** 24th June, 2021

**AUDITED CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2021**

All amounts are in '000 unless otherwise stated

Particulars	Year Ended March 31	
	2021	2020
Cash flow from operating activities		
Profit before income tax	12,693	43,245
Profit before income tax	12,693	43,245
Non-cash Adjustment to Profit Before Tax:		
Depreciation and amortization expense	7,339	7,017
Dividend Income	(70)	(45)
Gratuity & Leave Encashment Provision	(123)	800
Interest Income	(3,001)	(2,526)
Lease Income	(273)	-
Loss by fire	519	-
Provision for Bonus	(50)	744
Amount no longer payable written back	(32)	(54)
Amount written off	210	196
Allowance for bad & doubtful debts	(221)	(2,880)
MTM (Gain)/loss on forward contracts	(82)	707
Gain/Loss on disposal of property, plant and equipment	(6)	-
Change in fair value of financial assets at fair value through profit or loss	(10,158)	(4,776)
Bad Debts	20	7
Finance Cost on Lease	339	120
Unrealised gain and loss on foreign exchange	(778)	(1,834)
Interest and finance charges	-	12
	6,327	40,733
Change in operating assets and liabilities :		
Decrease/(increase) in trade receivables	4,849	12,574
Decrease/(increase) in inventories	(2,239)	4,730
Increase/(decrease) in trade payables	5,090	1,028
Increase/(decrease) in other financial assets	(249)	(220)
Decrease/(increase) in other non-current assets	2,818	759
Decrease/(increase) in other current assets	(3,334)	4,113
Increase/(decrease) in provisions	144	379
Increase/(decrease) in Loans	(323)	(531)
Increase/(decrease) in other current liabilities	872	301
Increase/(decrease) in other financial liabilities	(1,545)	1,030
Cash generated from operations	12,410	64,895
Direct taxes paid (net of refunds)	(1,226)	6,047
Net cash flow from/(used in) operating activities (A)	13,636	58,848



All amounts are in '000 unless otherwise stated

Cash flow from investing activities

Payments for acquisition of property, plant and equipment	(2,133)	(4,946)
Payments for acquisition of other intangible assets	(450)	(34)
Inter corporate deposit given	-	635
Loans to employees and others	78	(517)
Proceeds from sale of property, plant and equipment	54	-
Movement in Fixed deposits	14,833	(31,502)
Investment in mutual funds & shares	(10,012)	(2,120)
Interest received	3,157	2,328
Dividend received	70	45
Net cash flow from/(used in) investing activities (B)	5,597	(36,111)

Cash flows from financing activities

Finance lease payments	(2,692)	(2,826)
Interest and finance charges	-	(12)
Dividends Paid	(5,498)	(1,218)
Net cash flow from/(used in) in financing activities (C)	(8,190)	(4,056)

Net increase/(decrease) in cash and cash equivalents (A+B+ C)

Cash and cash equivalents at the beginning of the year	28,521	9,839
Cash and cash equivalents at the end of the year	39,560	28,521

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

Cash and cash equivalents		
Balances with banks:		
On current accounts	25,448	15,492
Deposits with original maturity of less than 3 months	13,800	12,800
Cheques/drafts on hand	216	-
Cash on hand	97	229
Balance as per the cash flow statement	39,560	28,521

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

As per our report of even date

For Nayan Parikh & Co.

Chartered Accountants

Firm Registration No.: 107023W

K. Y. Narayana

Partner

Membership No.: 060639**Place:** Mumbai **Date:** 24th June, 2021

For and on behalf of the Board of Directors

Tanil R. Kilachand**Parthiv T. Kilachand****Atul H. Mehta****Kanan V. Panchasara****Deepali V. Chauhan****Place:** Mumbai **Date:** 24th June, 2021

Chairman (DIN No.: 00006659)

Managing Director (DIN No.: 00005516)

Dy. Managing Director (DIN No.: 00005523)

Chief Financial Officer

Company Secretary & Compliance Officer



SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON CONSOLIDATED FINANCIAL STATEMENTS

These significant accounting policies and notes to accounts form part of the Consolidated financial statements for the year ended March 31, 2021. The Consolidated financial statements comprises of Polychem Limited (the “Company”) and its subsidiary (Gujarat Poly Electronics Limited (collectively the “Group”).

Background

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

Authorization of consolidated financial statements

The consolidated financial statements were authorized for issue in accordance with a resolution of the directors on 24th June, 2021.

1.00 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

1.01 BASIS OF PREPARATION

(i) Compliance with Ind AS

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

(ii) Historical cost convention

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

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

1.02 ROUNDING OF AMOUNTS

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

1.03 CURRENT VERSUS NON-CURRENT CLASSIFICATION

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

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

All other assets are classified as non-current.

A liability is current when:

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



The Group classifies all other liabilities as non-current.

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

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

1.04 USE OF JUDGEMENTS, ESTIMATES & ASSUMPTIONS

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

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

Key sources of estimation uncertainty

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

Critical accounting judgments

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

1.05 FOREIGN CURRENCY TRANSACTIONS

(i) Functional and presentation currency

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

(ii) Transactions and balances

Monetary items

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

Non – Monetary items

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

**1.06 PROPERTY, PLANT AND EQUIPMENT**

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

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

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

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

Depreciation on Property, plant and equipment

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

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

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

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

1.07 INTANGIBLE ASSETS

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

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

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

Amortisation of intangible assets

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

1.08 IMPAIRMENT OF ASSETS

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



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

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

1.09 LEASES

As a Lessee

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

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

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

Short-term leases and leases of low-value assets

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

As a Lessor

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

1.10 INVENTORIES

Inventories are valued as follows:

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

Property under development

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

1.11 CASH AND CASH EQUIVALENTS

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.



1.12 PRICIPLES OF CONSOLIDATION

Subsidiary

Subsidiary is an entity over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiary is fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group combines the financial statements of the parent and its subsidiary line by line adding together like items of assets, liabilities, equity, income and expenses. Intergroup transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset.

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

1.13 FINANCIAL INSTRUMENTS

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

Initial Recognition and Measurement – Financial Assets and Financial Liabilities

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

Classification and Subsequent Measurement: Financial Assets

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

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

Amortised Cost:

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

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

FVTOCI:

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

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

**FVTPL:**

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

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

Impairment of Financial Assets

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

Classification and Subsequent measurement: Financial Liabilities

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

Financial Liabilities at FVTPL:

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

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

Other Financial Liabilities:

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

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

Derecognition of Financial Assets and Financial Liabilities:

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

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

Offsetting Financial Instruments:

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

1.14 PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

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

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



Contingent liabilities are disclosed in the case of:

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

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

1.15 **REVENUE RECOGNITION**

The Company derives revenue primarily from sale of products.

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

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

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

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

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

Interest

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

Dividend

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

1.16 **TAXES ON INCOME**

Current Tax:

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

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

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax:

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

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



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

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

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

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

1.17 EMPLOYEE BENEFITS

a) Short-term obligations

Short term employee benefits are recognised as an expense at an undiscounted amount in the Statement of profit & loss of the year in which the related services are rendered.

b) Post-employment obligations

The group operates the following post-employment schemes:

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

Gratuity obligations

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

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

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

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

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in statement of profit and loss as past service cost.

Defined contribution plans

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



c) **Other long-term employee benefit obligations**

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

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

1.18 EARNINGS PER SHARE (EPS)

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

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

1.19 SEGMENT REPORTING

The accounting policies adopted for segment reporting are in conformity with the accounting policies adopted for the group. Further, inter-segment revenue have been accounted for based on the transaction price agreed to between segments which is primarily market based. Revenue and expenses have been identified to segments on the basis of their relationship to the operating activities of the segment. Revenue and expenses, which relate to the group as a whole and are not allocable to segments on a reasonable basis, have been included under "Unallocated expenses".

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021
2.01 Property, Plant and Equipment

All amounts are in '000 unless otherwise stated

Particulars	Gross Carrying Amount					Accumulated Depreciation / Impairment				Net Carrying Amount	
	As at April 1, 2020	Addition	Disposal	Reclassification as held for sale	As at March 31, 2021	As at April 1, 2020	For the Year	Elimination on disposal	As at March 31, 2021	As at March 31, 2021	As at March 31, 2020
Own Assets:											
Plant and Machinery	9,694	-	-	-	9,694	1,140	174	-	1,314	8,380	8,554
Laboratory equipments	487	8	-	-	495	340	39	-	379	116	147
Furniture & Fixtures	942	11	-	-	953	616	70	-	686	267	326
Electrical Installations	316	-	-	-	316	6	2	-	8	308	310
Computers	2,398	1,817	2	-	4,213	1,752	820	-	2,572	1,641	646
Office Equipments	2,213	203	28	-	2,388	1,399	320	23	1,697	692	814
Building- Factory	6,512	-	-	-	6,512	2,301	559	-	2,860	3,652	4,211
Motor Vehicles	15,080	-	-	-	15,080	4,755	2,407	-	7,162	7,918	10,325
Leasehold Improvements	1,769	-	-	-	1,769	207	17	-	224	1,545	1,562
Total (A)	39,411	2,038	30	-	41,419	12,515	4,409	23	16,902	24,517	26,896
Right to use Asset	10,166	202	-	-	10,368	2,558	2,580	-	5,138	5,230	7,608
Total (B)	10,166	202	-	-	10,368	2,558	2,580	-	5,138	5,230	7,608
Total	49,577	2,240	30	-	51,787	15,073	6,989	23	22,040	29,747	34,503

Particulars	Gross Carrying Amount					Accumulated Depreciation / Impairment				Net Carrying Amount	
	As at April 1, 2019	Addition	Disposal	Reclassification as held for sale	As at March 31, 2020	As at April 1, 2019	For the Year	Elimination on disposal	As at March 31, 2020	As at March 31, 2020	As at March 31, 2019
Own Assets:											
Plant and Machinery	9,688	6	-	-	9,694	928	212	-	1,140	8,554	8,760
Laboratory equipments	487	-	-	-	487	289	51	-	340	147	198
Furniture & Fixtures	942	-	-	-	942	525	91	-	616	326	417
Electrical Installations	312	4	-	-	316	4	2	-	6	310	308
Computers	2,041	357	-	-	2,398	1,354	398	-	1,752	646	687
Office Equipments	1,845	368	-	-	2,213	1,046	353	-	1,399	814	799
Building- Factory	5,816	696	-	-	6,512	1,744	557	-	2,301	4,211	4,072
Motor Vehicles	11,680	3,400	-	-	15,080	2,064	2,692	-	4,755	10,326	9,616
Leasehold Improvements	1,769	-	-	-	1,769	189	17	-	207	1,561	1,580
Total (A)	34,580	4,831	-	-	39,411	8,143	4,372	-	12,515	26,896	26,437
Right to use Asset	-	10,166	-	-	10,166	-	2,558	-	2,558	7,608	-
Total (B)	-	10,166	-	-	10,166	-	2,558	-	2,558	7,608	-
Total	34,580	14,997	-	-	49,577	8,143	6,930	-	15,073	34,504	26,437

2.02 Other Intangible Assets

All amounts are in '000 unless otherwise stated

Particulars	Gross Carrying Amount					Accumulated Amortisation/Impairment				Net Carrying Amount	
	As at April 1, 2020	Addition	Disposal	Reclassification as held for sale	As at March 31, 2021	As at April 1, 2020	For the Year	Elimination on disposal	As at March 31, 2021	As at March 31, 2021	As at March 31, 2020
Software	1,917	545	40	-	2,421	845	350	-	1,195	1,226	1,072
Total	1,917	545	40	-	2,421	845	350	-	1,195	1,226	1,072

Particulars	Gross Carrying Amount					Accumulated Amortisation/Impairment				Net Carrying Amount	
	As at April 1, 2019	Addition	Disposal	Reclassification as held for sale	As at March 31, 2020	As at April 1, 2019	For the Year	Elimination on disposal	As at March 31, 2020	As at March 31, 2020	As at March 31, 2019
Software	941	976	-	-	1,917	758	87	-	845	1,072	183
Total	941	976	-	-	1,917	758	87	-	845	1,072	183

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

Particulars	With in One year	2 to 5 years	Residual Value	Total WDV
Softwares	420	760	46	1226
Total	420	760	46	1226



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

2.03 Non-current Investments

All amounts are in '000 unless otherwise stated

Particulars	Face value per unit	As at March 31,			
		2021		2020	
		Qty	Amount	Qty	Amount
Investments in Equity Instruments (fully paid-up)					
Quoted					
Investment in other companies (FVTPL)					
State Bank of India	1	1,050	383	1,050	207
HDFC Limited	2	650	1,624	650	1,060
ICICI Bank Limited	2	1,612	938	1,612	523
ITC Limited	1	1,800	393	1,800	310
Larsen & Toubro Limited	2	585	830	585	472
Adani Port Sp. Eco. Zone Limited	2	1,500	1,054	1,500	377
Reliance Industries Limited	10	584	1,170	584	650
Bajaj Finserve Ltd	5	30	290	30	138
HDFC Asset Management Company Limited	5	100	292	100	211
HDFC Bank Limited	1	300	448	300	259
Maruti Suzuki India Limited	5	50	343	50	214
Nestle India Limited	10	20	343	20	326
	(A)	8,281	8,108	8,281	4,747
Investments in Equity Instruments (partly paid-up)					
Reliance Industries Limited - right shares	3	38	41	-	-
	(B)	38	41	-	-
Unquoted					
Investment in other companies					
Crescent Finstock Limited	10	9	*	9	*
Mafatlal Dyes & Chemicals Limited	10	62	1	62	1
	(C)	71	1	71	1
Investments in Mutual Fund (FVTPL)					
Unquoted					
HDFC Floating Rate Income Fund (Growth)	10	218,652	8,289	218,652	7,677
HDFC Credit Risk Debt Fund (Earlier known as HDFC - STP) (Growth)	10	704,326	12,824	704,326	11,724
DSP Black Rock - SBF - Institutional Plan (Growth)	10	4,905	12,754	4,905	11,955
Axis Banking & PSU Debt Fund (Growth)	10	7,630	15,713	7,630	14,584
IDFC Corporate Bond Fund (Growth)	10	1,237,093	18,585	1,237,093	17,049
DSP Corporate Bond Fund (Reg- Growth)	10	567,253	7,214	567,253	6,686
IDFC Banking & PSU Debt Fund (Growth)	10	380,103	7,311	380,103	6,744
HDFC Medium Term Debt Fund - Regular Plan		120,713	5,233	-	-
ICICI Prudential Medium Term Bond Fund - Growth		155,035	5,262	-	-
	(D)	3,395,708	93,186	3,119,961	76,419
Total (A + B + C + D)		3,404,060	101,335	3,128,313	81,166

Aggregate amount of quoted investments	8,149	4,747
Aggregate market value of quoted investments	8,149	4,747
Aggregate amount of unquoted investments	93,187	76,420
Aggregate amount of Impairment in the value of Investments	-	-

* Amounts below Rs. 500/-

2.04 Loans

	Non - Current		Current	
	As at March 31,		As at March 31,	
	2021	2020	2021	2020
Other Loans				
Unsecured, considered good unless stated otherwise				
Loans to employees	546	80	1,674	1,895
Total	546	80	1,674	1,895

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

All amounts are in '000 unless otherwise stated

2.05 Other Financial Assets	Non - Current		Current	
	As at March 31,		As at March 31,	
	2021	2020	2021	2020
Security deposits	2,028	2,028	-	-
Forward Contract - Asset	82	-	-	-
Bank deposits with more than 12 months maturity	100	-	-	-
Accrued Interest on Deposits with Bank	-	-	640	548
Total	2,210	2,028	640	548

2.06 Deferred Tax Assets (net)	Current	
	As at March 31,	
	2021	2020
Property, plant and equipment	1,410	1,325
Others	-	14
Other taxable temporary differences	(28)	(22)
Total	1,382	1,317

Deferred Tax Assets in relation to:

	As at March 31, 2020	Recognized in Profit / (loss) account	As at March 31, 2021
Property, plant and equipment	1,325	85	1,410
Others	14	(14)	-
	1,339	71	1,410

Deferred Tax liabilities in relation to:

	As at March 31, 2020	Recognized in Profit / (loss) account	As at March 31, 2021
Other taxable temporary differences	(22)	(6)	(28)
	(22)	(6)	(28)
	1,317	65	1,382

The Subsidiary Company has substantial unused tax losses and unused tax credits. The deferred tax assets relating to such deductible temporary differences, carry forward unused tax losses and carry forward unused tax credits is significantly higher than deferred tax liabilities. On conservative approach, the Subsidiary Company has recognized deferred tax assets on unabsorbed depreciation only to the extent of its deferred tax liabilities.

Unrecognised deductible temporary differences, unused tax losses and unused tax credits on which deferred tax assets has not being recognised.

Particulars	2019-20	2020-21	2021-22	2022-23	2023-24	Indefinite	Total
Tax losses							
Unabsorbed depreciation	-	-	-	-	-	63,413	63,413
Business losses	-	-	-	-	-	-	-
Total	-	-	-	-	-	63,413	63,413

2.07 Other Assets	Non - Current		Current	
	As at March 31,		As at March 31,	
	2021	2020	2021	2020
Prepaid expenses	136	780	2,210	1,296
Staff Advances	-	-	65	420
Balances with Statutory Authorities:				
Income Tax (net of provisions)	177	279	-	-
VAT/GST Receivable	1,055	3,234	4,856	2,076
Others	-	-	468	457
Other Receivables				
Employee Super Annuation Scheme A/c - HDFC	6	6	-	-
GPEL EMP GGCA SCHEME A/C - HDFC	10	10	-	-
Other Advances	51	48	26	41
Total	1,435	4,358	7,625	4,291



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

All amounts are in '000 unless otherwise stated

2.08 Inventories	As at March 31,	
	2021	2020
Raw Materials	6,349	5,651
Property Development	16,431	16,277
Finished Goods	927	932
Stock in trade	20,124	16,680
Work in progress	557	3,160
Packing Material	62	56
Stores and spares	439	413
Total	44,889	43,169
2.09 Trade Receivables	As at March 31,	
	2021	2020
Trade receivables - Unsecured	72,964	78,628
Less : Provision for impairment	683	1,575
Total	72,281	77,053
2.10 Cash and Cash Equivalent	As at March 31,	
	2021	2020
<u>Balances with banks:</u>		
On current accounts	25,447	15,492
Deposits with original maturity of less than 3 months*	13,800	12,800
Cheques/drafts on hand	216	-
Cash on hand	97	229
Total	39,560	28,521
2.11 Bank balances other than cash and cash equivalents	As at March 31,	
	2021	2020
Deposits with original maturity for more than 3 months but less than 12 months*	23,652	38,585
Unclaimed dividend accounts	805	357
Total	24,457	38,942
	*Marked under lien in favour of banks	
	Lien marked on Deposit of Rs. 2,800('000) for obtaining forward contract exposure with HDFC Bank in respect of trade receivables.	
	Lien marked on Deposit of Rs. 400('000) for issuance of Corporate Expense card by HDFC Bank.	
2.12 Current Tax Assets (Net)	As at March 31,	
	2021	2020
Advance income tax (Net of Provisions)	254	1,568
Total	254	1,568
2.13 Assets held for sale	As at March 31,	
	2021	2020
Plot of Land at cost	3,139	3,139
Less: Amortisation	-	-
Total	3,139	3,139
(i)	The company is occupying two plots of lease Land of which one Plot of Land was not in active use since long and has initiated action for disposal of this land and accordingly this asset is disclosed in "Asst Held for Sale " and is valued at lower of amortised cost or fair market value and amortisation for the year thereof is charged to statement of profit and loss. In view of the COVID-19 pandemic situation , delay in actual sales may arise.	
(ii)	The Company has applied to GIDC, Gandhinagar for Sub-Division of a Plot which is an Asset held for Sale. The GIDC has approved the Sub-Division of the Plot into 5 Plots on 09/06/2021 with a Rider to make the payment of Sub-division fees,development charges and complying certain conditions.	

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021**

All amounts are in '000 unless otherwise stated

2.14 Equity Share capital	As at March 31,	
	2021	2020
Paid up Capital		
4,04,045 (March 31, 2020 : 4,04,045) Equity shares of Rs.10/- each (fully paid up)	4,040	4,040
Total fully paid-up share capital	4,040	4,040

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

(Separate reconciliation should be prepared for each Class of Shares)

Equity Shares	As at March 31,			
	2021		2020	
	No. of Shares	Amount	No. of Shares	Amount
At the beginning of the period	404,045	4,040	404,045	4,040
Movement during the year	-	-	-	-
Outstanding at the end of the period	404,045	4,040	404,045	4,040

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

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

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

Particulars	As at March 31,			
	2021		2020	
	No. of Shares	% of holding	No. of Shares	% of holding
Equity shares of Rs. 10 each fully paid				
Name of the Shareholder				
Virsun Investments Private Limited	80,802	19.99%	80,802	19.99%
Highclass Trading Private Limited	39,842	9.86%	39,842	9.86%
Masuma Tradecorp Private Limited	59,987	14.85%	59,987	14.85%

2.15 Other Equity	As at March 31,	
	2021	2020
General reserve	27,822	27,822
Surplus in the Statement of Profit and Loss	41,496	37,662
Capital reserve	34,415	34,415
Securities Premium	142,437	142,437
Capital Redemption reserve	5,000	5,000
Total	251,170	247,336

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

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

All amounts are in '000 unless otherwise stated

(b) Retained Earnings :

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

(c) Securities Premium :

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

(d) Capital Redemption Reserve :

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

2.16 Other Financial Liabilities

	Non-Current		Current	
	As at March 31,		As at March 31,	
	2021	2020	2021	2020
Preference Share Capital			31,322	31,322
Forward contract - Liability	-	-	-	707
Lease Liability	2,578	4,544	2,495	2,916
Payables for expenses				
Total outstanding dues of Micro & Small Enterprises	-	-	3,207	4,050
Other than Micro & Small Enterprises	-	-	1,366	1,814
Unpaid dividend	-	-	805	357
Total	2,578	4,544	39,195	41,166

2.17 Provisions

	Non-Current		Current	
	As at March 31,		As at March 31,	
	2021	2020	2021	2020
Employee benefits				
Leave Encashment (Unfunded Plans)	2,651	2,704	1,852	1,651
Provision for Bonus	-	-	377	431
Total	2,651	2,704	2,229	2,082

2.18 Other Current Liabilities

	Current	
	As at March 31,	
	2021	2020
Gratuity payables (Funded)	4,108	4,385
Leave travel allowance payable	1,813	1,418
Other Payables	156	166
Provision for expense	2,758	2,005
Leave Encashment	472	479
Statutory Payables	2,220	2,567
Bonus Payable	-	750
Total	11,527	11,770

2.19 Current tax liabilities

	Current	
	As at March 31,	
	2021	2020
Provision for Income Tax (Net of Advance Tax)	-	169
Total	-	169



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

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3.01 Revenue From Operations	Year ended March 31,	
	2021	2020
Revenue from operations		
Sale of products (Net sales)	243,161	360,047
Other operating revenue		
Exchange gain/(loss) on foreign currency	1,858	3,644
Duty drawback received	835	2,495
Sale of scrap	72	116
Others	342	59
Total	246,267	366,361
3.02 Other Income	Year ended March 31,	
	2021	2020
Interest Income	3,137	2,897
Fair value measurement of Investments	10,158	4,776
Rent Income	397	454
Lease Income	273	-
Dividend Income	70	45
Profit on sale of Property, plant and equipment	6	-
Ecl Income	221	2,880
Other non - operating income		
Amount not payable written back	33	54
Other sundry Income	2	55
Total	14,297	11,161
3.03 Cost of Materials Consumed	Year ended March 31,	
	2021	2020
Opening Stock	5,651	4,784
Purchases	51,173	117,249
Less: Loss by fire	(157)	-
Less: Closing stock	(6,349)	(5,651)
Total	50,318	116,382
3.04 Purchases of Stock-in-trade	Year ended March 31,	
	2021	2020
Trading Goods	88,029	76,363
Total	88,029	76,363
3.05 Changes in Inventories of Stock-in-Trade	Year ended March 31,	
	2021	2020
Finished Goods		
Opening Stock	932	955
Less: Closing Stock	(927)	(932)
	5	23
Work in process		
Opening Stock	3,161	5,065
Less: Loss by fire	(362)	-
Less: Closing Stock	(557)	(3,160)
	2,242	1,905

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

All amounts are in '000 unless otherwise stated

		Year ended March 31,	
		2021	2020
Trading Goods			
Opening Stock		16,680	20,728
Less: Closing Stock		<u>(20,124)</u>	<u>(16,680)</u>
		<u>(3,444)</u>	<u>4,048</u>
Property Development			
Opening Stock		16,277	15,934
Less: Closing Stock		<u>(16,431)</u>	<u>(16,277)</u>
		<u>(154)</u>	<u>(343)</u>
Total		<u>(1,351)</u>	<u>5,633</u>
3.06 Employee Benefits Expense			
		Year ended March 31,	
		2021	2020
Salaries, wages & incentives		46,566	48,874
Contribution to provident and other fund		6,695	7,409
Staff welfare expenses		<u>1,781</u>	<u>2,032</u>
Total		<u>55,042</u>	<u>58,315</u>
3.07 Finance Costs			
		Year ended March 31,	
		2021	2020
Interest expense on Lease Liability		339	120
Other Interest Expenses		-	12
Total		<u>339</u>	<u>132</u>
3.08 Depreciation and Amortization Expense			
		Year ended March 31,	
		2021	2020
Depreciation of property, plant and equipment		4,588	4,372
Depreciation on Right to use Assets		2,580	2,558
Amortization of Intangible assets		<u>171</u>	<u>87</u>
Total		<u>7,339</u>	<u>7,017</u>
3.09 Other Expenses			
		Year ended March 31,	
		2021	2020
Selling & distributions expenses		6,159	10,391
Legal and professional fees		6,073	7,211
Rent		1,211	1,211
Factory Expense		473	435
Security service charges		958	897
Motor car expenses		1,762	2,094
Membership & subscription		1,203	1,309
Rates & taxes		505	510
Property tax		370	363
Telephone expenses		782	866
General charges		144	643
Printing & stationery expenses		421	1,217
Conveyance & travelling expenses		279	2,320
CSR Expense		495	410
Electric Power, oil fuel and water charges		1,442	1,510
Research and Development expenses		119	-
Miscellaneous expenses		2,434	2,093
Pollution Control Permission Expenses		21	34
Postage & courier expenses		72	678



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

All amounts are in '000 unless otherwise stated

Insurance charges		688	572
Advertisement expenses		168	207
Amount not recoverable written off		184	41
Land development expenses		153	343
ISO & certification expenses		106	99
Director sitting fees		664	572
Interest on statutory dues		370	221
Donation		-	10
Bad debts		20	7
Loss by Fire		519	-
MSME Interest		71	-
Land Non Use Charges		761	761
Repair & Maintenance			
Computer		167	204
Machinery		8	45
Others		3,186	1,372
Packing Material, Stores & spares			
Opening Stock	367		
Add : Purchase during the year	1,413		
Less : Closing Stock	(393)	1,493	2,954
Auditor's Remuneration		350	365
Total		33,831	41,963

3.10 Tax expenses

	Year ended March 31,	
	2021	2020
(a) Income tax expenses		
Current tax		
In respect of the current year	-	7,000
In respect of prior years	20	-
Others		
	<u>20</u>	<u>7,000</u>
Deferred tax		
In respect of the current year	(157)	(16)
	<u>(157)</u>	<u>(16)</u>
(b) Income tax recognised in Other Comprehensive Income		
Remeasurements of the defined benefit plans	(92)	159
	<u>(92)</u>	<u>159</u>
Total (a+b)	<u>(45)</u>	<u>6,825</u>
(c) Reconciliation between the Statutory income tax rate applicable to the company and the effective income tax rate is as follows:	Year ended March 31,	
	2021	2020
Net profit/(loss) before tax	12,693	43,245
Effective Tax rate applicable to the company	25.17%	25.17%
Tax amount at the enacted income tax rate	3,194	10,884
Add : Expenses disallowed	1,504	1,618
Less : Expenses allowed	(3,794)	(2,439)
Deferred tax not created on current year loss	(2,494)	(3,062)
Expenses allowed on carryforward business losses	1,588	-
Tax relating to earlier years	20	-
Incremental Deferred tax asset on deductible taxable differences	(65)	(175)
Income tax expense	<u>(45)</u>	<u>6,825</u>



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

All amounts are in '000 unless otherwise stated

4.01 Earnings Per Share (EPS)	As at March 31,	
	2021	2020
Basic earnings per share:		
Attributable to equity holders of the Company	20.48	75.89
Diluted earnings per share:		
Attributable to equity holders of the Company	20.48	75.89
Reconciliation of earnings used in calculating earnings per share:		
Basic earnings per share		
Profit attributable to equity holders of the Company used in calculating basic earnings per share	8,273	30,663
Diluted earnings per share		
Profit attributable to equity holders of the Company used in calculating diluted earnings per share	8,273	30,663
Weighted average number of Equity shares used as the denominator in calculating basic & diluted earnings per share	404,045	404,045
4.02 Contingent Liabilities	As at March 31,	
	2021	2020
1) Claims against the Company not acknowledged as debts: Relates to supplier of materials, employees and other claims etc. (No provision is made, as the Company is hopeful of successfully contesting the claims and as such does not expect any significant liability to crystallize).	2,929	2,929
2) The Company has taken certain premises on sub-lease. The landlord, a Government Company issued a notice under the Public Premises (Eviction of Unauthorized Occupants) Act, 1971 against the Company for eviction and has demanded damages and other charges, which are disputed by the Company. The proceedings in this connection are pending before the Estate officer. The Contingent liability in respect of damages, interest claimed by the Insurance Company cannot be quantified.		
3) Disputed Demand of Employees' State Insurance Corporation *	103	103
*Bank Guarantee is issued to ESIC as security for Rs. 52,000/-		
4.03 Employee benefits		
1) Defined Contribution Plans:		
The amounts of contribution to provident fund and ESIC recognized as expenses during the year is Rs. 3,146 (March 31, 2020 : 3,629) for the year ended March 31, 2021.		
2) Defined Benefit Plans:		
The Company sponsors funded defined benefit plans for qualifying employee. The defined benefit plans are administered by separate fund that are legally separate fund from the entity. The board of the fund is responsible for the investment policy with regard to assets of the fund.		
These plans typically expose the Company to Actuarial risks such as : investment risk, interest rate risk, longevity risk and salary risk. No other post-retirement benefit are provided to the employees.		
Investment Risk	The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to government bond yields. If the return on plan asset is below this rate, it will create a plan deficit. Currently the plan has investment with LIC of India.	
Interest Risk	A decrease in the interest rate will increase the plan liability. However, this will be partially offset by an increase in the return on the plan's debt investments.	
Longevity Risk	The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.	
Salary Risk	The present value of the defined plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.	

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

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

Particulars	Gratuity	
	As at March 31,	
	2021	2020
Discount rate	6.85-6.86%	6.83%
Expected rate of salary increase	6.00%	6.00%
Mortality Rate	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)

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

Particulars	Gratuity	
	As at March 31,	
	2021	2020
Service cost		
Current service cost	790	659
Net Interest Cost	300	290
Past Service cost	-	-
Net Actuarial (Gain)/loss	-	-
Components of defined benefits cost recognized in Statement of Profit and Loss	<u>1,091</u>	<u>949</u>

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

Particulars	Gratuity	
	As at March 31,	
	2021	2020
Remeasurement of net defined benefit liability		
Return on plan assets (excluding amount included in net interest expense)	(4)	24
Net Actuarial (Gain)/ Loss	(986)	1,014
Components of defined benefits cost recognized in Other Comprehensive Income	<u>(990)</u>	<u>1,037</u>

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

Particulars	Gratuity	
	As at March 31,	
	2021	2020
Present Value of the Defined Benefit Obligations	(2,014)	19,065
Fair Value of Plan Assets	3,066	(14,680)
Liability Recognized in the Balance Sheet	<u>1,052</u>	<u>4,385</u>

4. (d) Shortage of funds

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

Particulars	Gratuity	
	As at March 31,	
	2021	2020
Projected benefit obligations at end of the year	(2,014)	19,065
Fair Value of Plan Asset at the end of the year	3,066	(14,680)
Deficit of gratuity plan	<u>1,052</u>	<u>4,385</u>



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

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

Particulars	Gratuity	
	As at March 31,	
	2021	2020
Opening defined benefit obligations	19,065	16,407
Current service cost	790	659
Interest cost	1,302	1,274
Past Service cost	-	-
Benefit paid from the fund	(144)	(289)
Remeasurement (Gains) / losses		
Actuarial (gains) / losses on Defined Benefit Obligation - Due to change in financial obligation	(18)	638
Actuarial (gains) / losses on Defined Benefit Obligation - Due to experience	(969)	375
Closing defined benefit obligation	20,027	19,065

5. (b) Reconciliation

Particulars	Gratuity	
	As at March 31,	
	2021	2020
Opening Net Liability	4,386	3,737
Add: Employer Expenses (Expenses recognized in the statement of P/L account)	1,090	949
Add: Transfer to OCI	(991)	1,037
Less: Benefit Paid	-	-
Less: Employers contribution	(378)	(1,338)
Closing Net Liability	4,107	4,384

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

Particulars	Gratuity	
	As at March 31,	
	2021	2020
Deposits with LIC of India	100%	100%

7. Sensitivity Analysis

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

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

Particulars	Gratuity	
	As at March 31,	
	2021	2020
Delta Effect of +0.5% Change in Rate of Discounting	(511)	(539)
Delta Effect of -0.5% Change in Rate of Discounting	566	597
Delta Effect of +0.5% Change in Rate of Salary Increase	480	492
Delta Effect of -0.5% Change in Rate of Salary Increase	(439)	(466)
Delta Effect of +0.5% Change in Rate of Employee Turnover	54	55
Delta Effect of -0.5% Change in Rate of Employee Turnover	(58)	(60)



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

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4.04 Segment Information

Segment information for primary segment reporting (by business segments).

The Group has three business segments:

- (a) Property Development
- (b) Specialty Chemicals
- (c) Manufacturing and trading in Capacitors

Sr. No.	Particulars	As at March 31,	
		2021	2020
1	Segment Revenue		
	(net sale/income from each segment)		
	(a) Property Development	-	-
	(b) Specialty Chemicals	107,079	224,092
	(c) Manufacturing and trading in Capacitors	136,082	135,955
	(d) Unallocated	17,403	17,475
	Total	260,564	377,522
	Less: Inter Segment Revenue	-	-
	Revenue from operations	260,564	377,522
2	Segment Results		
	Profit/Loss before tax and interest from each segment		
	(a) Property Development	-	-
	(b) Specialty Chemicals	21,403	58,005
	(c) Manufacturing and trading in Capacitors	9,865	12,263
	(d) Unallocated	-	-
	Total	31,268	70,268
	Less: Other Un-allocable Expenditure (net off)	18,575	27,023
	Total Profit Before Tax	12,693	43,245
3	Segment Asset		
	(Segment assets - Segment liabilities)		
	(a) Property Development	16,431	16,277
	(b) Specialty Chemicals	54,562	71,758
	(c) Manufacturing and trading in Capacitors	121,960	105,821
	(d) Unallocated	139,447	129,795
	Total	332,400	323,651
4	Segment Liabilities		
	(a) Property Development	-	-
	(b) Specialty Chemicals	15,562	19,258
	(c) Manufacturing and trading in Capacitors	51,307	45,657
	(d) Unallocated	6,646	8,528
	(e) NCI	3,676	(1,168)
	Total	77,191	72,275



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

All amounts are in '000 unless otherwise stated

4.05 Capital Management**Risk management**

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

For the purpose of the Company's capital management, capital includes capital and all other equity reserves. In order to maintain or achieve a capital structure that maximizes the shareholder value, the Company allocates its capital for distribution as dividend or re-investment into business based on its long term financial plans. As at March 31, 2021, the Company has only one class of equity shares and has no debts. Hence, there are no externally imposed capital requirements.

Dividend	As at March 31,	
	2021	2020
Dividend on equity shares paid during the year		
Dividend paid	(5,051)	(1,010)
Dividend distribution tax	-	(208)

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

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

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

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

(ii) Categories of financial instruments

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

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

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

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

Particulars	As at March 31, 2021		As at March 31, 2020	
	Carrying values	Fair value	Carrying values	Fair value
<u>Financial assets</u>				
Measured at amortized cost				
Trade receivables	72,281	72,281	77,053	77,053
Loans	2,220	2,220	1,975	1,975
Cash and Bank balances	64,018	64,018	67,463	67,463
Other financial assets	2,768	2,768	2,576	2,576
Total (A)	141,287	141,287	149,067	149,067
Measured at fair value through profit or loss				
Investment in equity instruments of other companies	8,150	8,150	4,747	4,747
Investment in mutual funds	93,186	93,186	76,419	76,419
Derivative Instruments	82	82	-	-
Total (B)	101,417	101,417	81,166	81,166
Total Financial assets (A+B)	242,704	242,704	230,233	230,233

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

All amounts are in '000 unless otherwise stated

Financial liabilities				
Measured at amortized cost				
Trade payables	15,334	15,334	11,008	-
Other financial liabilities	36,700	36,700	37,543	37,543
Lease Liability	5,073	5,073	7,460	7,460
Total (A)	57,107	57,107	56,011	45,003
Measurement at fair value through profit or loss				
Derivative Instruments	-	-	707	707
Total (B)	-	-	707	707
Total Financial liabilities (A+B)	57,107	57,107	56,718	45,710

Level wise disclosure of financial instruments

Particulars	As at March 31,		Level	Valuation techniques and key inputs
	2021	2020		
Investment in mutual funds	93,186	76,419	2	NAV as stated by Issuer
Forward contracts - Assets	82	-	2	Quotes from banks or dealers
Forward contracts - Liability	-	707	2	Quotes from banks or dealers

4.07 Financial Risk Management

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

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

(i) Credit Risk

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

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

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

Table showing age of gross trade receivables and movement in expected credit loss allowance:

Age of Receivables	As at Mar 31,	
	2021	2020
Within the credit period	68,144	69,856
1-90 days past due	3,294	5,531
91-180 days past due	734	1,673
181-270 days past due	24	185
271-360 days past due	96	49
More than 360 days past due	658	1,334
Total	72,964	78,628



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

All amounts are in '000 unless otherwise stated

Movement in the expected credit allowance	Amount
As at April 1, 2019	4,458
Provided during the year	(2,883)
As at March 31, 2020	1,575
Provided during the year	(892)
As at March 31, 2021	683

(ii) Liquidity Risk

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

Maturities of financial liabilities

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

All amounts are in '000 unless otherwise stated

As at March 31, 2021	less than 1 year	1 to 5 year	Total
<u>Non-Derivatives</u>			
Trade payables	15,334	-	15,334
Other Financial Liabilities	36,700	-	36,700
Lease Liability	2,495	2,578	5,073
As at March 31, 2020	less than 1 year	1 to 5 year	Total
<u>Non-Derivatives</u>			
Trade payables	11,008	-	11,008
Other Financial Liabilities	37,543	-	37,543
Lease Liability	2,916	4,544	7,460

(iii) Market Risk

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

Market Risk – Foreign Exchange

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

All amounts are in '000 unless otherwise stated

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

Foreign currency exposure	Assets	
	March 31, 2021	March 31, 2020
	Currencies	
EURO	129.33	144.86
USD	39.13	137.90

Foreign currency exposure as at March 31, 2021	GBP	EURO	USD
Assets			
Trade receivables	-	129.60	38.40
Forward contracts - Assets	-	-	0.73
Liabilities			
Forward contracts - Liability	-	0.27	-
Foreign currency exposure as at March 31, 2020	GBP	EURO	USD
Assets			
Trade receivables	-	150.00	141.60
Forward contracts - Assets	-	-	-
Liabilities			
Trade Payables	-	5.14	3.70
Forward contracts - Liability	-	-	-

Details of Unhedged Foreign Currency Exposure is as under:-

Currency	Nature	March 31, 2021		March 31, 2020	
		Amount in Foreign Currency	Amount in INR	Amount in Foreign Currency	Amount in INR
GBP	Asset- Export Receivables	-	-	-	-
EURO	Asset- Export Receivables	0.80	69	0.50	42
USD	Asset- Export Receivables	42.20	3,102	53.20	4,011

Foreign currency sensitivity

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

Particulars	Impact on profit/(loss) before tax and equity: Increase/(Decrease)			
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
	1 % Increase	1 % Increase	1 % Decrease	1 % Decrease
GBP	-	-	-	-
EURO	0.69	0.42	(0.69)	(0.42)
USD	31.02	40.11	(31.02)	(40.11)

Market risk - price risk:

The Company is mainly exposed to the price risk due to its investment in mutual funds. The price risk arises due to uncertainties about the future market values of these investments. At March 31, 2021, the investments in mutual funds is Rs.93,816 (March 31, 2020 : Rs.76,419). These are exposed to price risk. In order to minimise price risk arising from investments in mutual funds, the Company predominately invests in those mutual funds which have higher exposure to high quality debt instruments with adequate liquidity & no demonstrated track record of price volatility.



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

All amounts are in '000 unless otherwise stated

Price risk sensitivity:

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

	Impact on Profit: Increase/(Decrease)		Impact on equity: Increase / (Decrease)	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
Price - increase by 0.10%	93	76	93	76
Price - decrease by 0.10%	(93)	(76)	(93)	(76)

4.08 Related Party Transactions

(a) Names of related parties and description of relationship

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

(b) Details of Transactions :

Particulars	Key Managerial personnel		Entities where the key managerial personnel have significant influence/control		Total Amount	
	2020-2021	2019-2020	2020-2021	2019-2020	2020-2021	2019-2020
Expenses						
<u>Rent</u>						
Ginners & Pressers Limited	-	-	1,016	967	1,016	967
Tulsi Global Logistics Private Limited	-	-	(468)	(535)	(468)	(535)
<u>Electricity charges</u>						
Ginners & Pressers Limited	-	-	262	204	262	204
<u>Remuneration*</u>						
T. R. Kilachand	1,462	1,539	-	-	1,462	1,539
P. T. Kilachand	3,941	4,100	-	-	3,941	4,100
A. H. Mehta	5,342	5,464	-	-	5,342	5,464
K. V. Panchasara	1,836	1,836	-	-	1,836	1,836
D. V. Chauhan	637	637	-	-	637	637
<u>Directors sitting fees</u>						
T. R. Kilachand	40	32	-	-	40	32
N. T. Kilachand	40	32	-	-	40	32
C. R. Desai	72	32	-	-	72	32
N. S. Mehendale	72	64	-	-	72	64
V. V. Sahasrabudhe	72	64	-	-	72	64
Y. S. Mathur	56	32	-	-	56	32
Total expenses payable	13,570	13,832	810	636	14,380	14,468

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

All amounts are in '000 unless otherwise stated

(b) Details of Transactions :

Particulars	Key Managerial personnel		Entities where the key managerial personnel have significant influence/control		Total Amount	
	2020-2021	2019-2020	2020-2021	2019-2020	2020-2021	2019-2020
Reimbursement/(Recovery) of expenses						
Ginners & Pressers Limited	-	-	195	195	195	195
Tulsi Global Logistics Private Limited	-	-	(203)	(61)	(203)	(61)
Total reimbursement	-	-	(8)	134	(8)	134

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

4.09 Unpaid Dividend

Particulars	Year	AGM Date	Amount
Unpaid dividend amount in the unpaid dividend account with HDFC Bank Ltd.as on:	19-20	11-Sep-20	448.38
Unpaid dividend amount in the unpaid dividend account with Yes Bank Ltd.as on:	18-19	2-Aug-19	88.57
	16-17	24-Aug-17	87.34
	15-16	10-Aug-16	92.33
	14-15	27-Jul-15	88.68

There are no amounts due for payment to the Investor Education and Protection fund under Section 125 as on March 31, 2021.

4.10 In view of unabsorbed losses/depreciation and in the absence of taxable income under the provisions of the Income Tax Act, 1961, the subsidiary company has not provided for tax in the current year. Further, in view of the brought forward loss/unabsorbed depreciation as per books of account, the subsidiary company also does not have any tax liability under section 115JB of the Income tax Act, 1961.

4.11 Revenue from contracts with customers
Disaggregation of Revenue

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

Contract Balances

Trade receivable is presented net of impairment in the Balance Sheet.

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

Particulars	As at March 31,	
	2021	2020
Trade receivables	72,281	77,053

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

Performance Obligations And Remaining Performance Obligations

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021**

All amounts are in '000 unless otherwise stated

4.12 Leases**As Lessee**

The Company's lease asset primarily consist of leases for Office Space.

Transition

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

(iv) Following are the changes in the carrying value of Right of Use assets for the year ended March 31, 2021:

Particulars	Category of ROU	
	Office Place	Total
Balance as at March 31, 2020	7,608	7,608
Additions during the year	202	202
Depreciation of Right of use assets	2,580	2,580
Balance as at March 31, 2021	5,230	5,230

Following are the changes in the carrying value of Right of Use assets for the year ended March 31, 2020:

Particulars	Category of ROU	
	Office Place	Total
Balance as on April 01, 2019	-	-
Transition impact on account of Ind AS 116 " Leases"	10,166	10,166
Total Right of Use as on date of Transition	10,166	10,166
Depreciation of Right of use assets	2,558	2,558
Balance as at March 31, 2020	7,608	7,608

(v) Following are the changes in the carrying value of Lease liability for the year ended March 31, 2021:

Particulars	Category of ROU	
	Office Place	Total
Balance as at March 31, 2020	7,460	7,460
Additions during the year	241	241
Finance cost accrued during the year	339	339
Lease concession	273	273
Payment of lease liabilities	2,692	2,692
Balance as at March 31, 2021	5,073	5,073
Current portion of Lease liability	2,495	
Non Current portion of Lease liability	2,578	
	5,073	

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021**

All amounts are in '000 unless otherwise stated

Following are the changes in the carrying value of Lease liability for the year ended March 31, 2020:

Particulars	Category of ROU	
	Office Place	Total
Balance as on April 01, 2019	-	-
Transition impact on account of Ind AS 116 " Leases"	10,166	10,166
Finance cost accrued during the year	120	120
Payment of lease liabilities	2,826	2,826
Balance as at March 31, 2020	7,460	7,460
Current portion of Lease liability	2,916	
Non Current portion of Lease liability	4,544	
	7,460	

(vi) Amounts recognised in the statement of cash flows

Particulars	FY 2020-21	FY 2019-20
Total cash outflow for leases	(2,692)	(2,826)

- (vii) Rental expense recorded for short-term leases was Rs.1,211 for the year ended March 31,2021 (March 2020-Rs.1,211)
- (viii) The maturity analysis of lease liabilities are disclosed in Note no. 4.07 (ii). The Company does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.
- (ix) Certain lease agreements are subject to escalation clause and with extension of lease term options.
- (x) Future lease payments which will start from April 1, 2021 is Rs. NIL . (March, 2020 : Rs. Nil)

As a Lessor

Rental Income on assets given on operating lease is Rs.397 for the year ended March 2021 (March,2020: Rs.454/-)

4.13 Impact of COVID 19 on financial statements

The Company has assessed the probable impact of COVID-19 pandemic. It has considered internal and external information available up to the date of approval of these financial results and expects that the carrying amounts of inventories, trade receivables and other assets are recoverable. However, the impact of COVID-19, including the current wave, may be different from that estimated as at the approval of these financial results. The company will continue to monitor any material changes to future economic condition.

- 4.14** Our Subsidiary Company , Gujarat Poly Electronics Limited has aggressively focused in Trading of goods. Due to change in technological advancements, commercial considerations and market preferences, the company has taken up exercise to identify inventories which has very slow turnover ratio. The company will pass necessary accounting treatment on final ascertainment of the same.



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

All amounts are in '000 unless otherwise stated

4.15 Disclosure in terms of Schedule III to the Companies Act, 2013

March 31, 2021:

Name of the entity	Net Assets i.e. Total Assets minus Total Liabilities		Share in Profit or loss		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	Amount (Rs.)	As % of consolidated profit or (loss)	Amount (Rs.)	As % of consolidated other comprehensive income	Amount (Rs.)	As % of consolidated total comprehensive income	Amount (Rs.)
Parent Polychem Limited	72.69%	188,185	22.80%	2,925	30.50%	274	23.30%	3,199
Subsidiary Gujarat Poly Electronics Limited	25.89%	67,024	41.68%	5,348	37.55%	338	41.42%	5,686
Non Controlling Interest	1.42%	3,676	35.52%	4,557	31.95%	287	35.28%	4,844
Total	100%	258,886	100%	12,830	100%	899	100%	13,729

March 31, 2020:

Name of the entity	Net Assets i.e. Total Assets minus Total Liabilities		Share in Profit or loss		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	Amount (Rs.)	As % of consolidated profit or (loss)	Amount (Rs.)	As % of consolidated other comprehensive income	Amount (Rs.)	As % of consolidated total comprehensive income	Amount (Rs.)
Parent Polychem Limited	75.95%	190,037	66.45%	24,094	53.99%	(474)	66.76%	23,620
Subsidiary Gujarat Poly Electronics Limited	24.52%	61,339	18.12%	6,569	24.83%	(218)	17.42%	6,165
Non Controlling Interest	-0.47%	(1,168)	15.44%	5,598	21.18%	(186)	15.82%	5,598
Total	100%	250,208	100%	36,261	100%	(878)	100%	35,383

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

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

For and on behalf of the Board of Directors
Tanil R. Kilachand Chairman (DIN No.: 00006659)
Parthiv T. Kilachand Managing Director (DIN No.: 00005516)
Atul H. Mehta Dy. Managing Director (DIN No.: 00005523)
Kanan V. Panchasara Chief Financial Officer
Deepali V. Chauhan Company Secretary & Compliance Officer

Place: Mumbai Date: 24th June, 2021Place: Mumbai Date: 24th June, 2021

**Form AOC -1**

(Pursuant to first proviso to sub-section (3) Section 129 of the Companies Act 2013)

Statement containing salient features of the financial statements of subsidiary:

Part A : Subsidiary		(Amount in '000)
Sr. No.	Name of the Subsidiary	
1	Gujarat Poly Electronics Limited	
1	Latest audited Balance Sheet date	March 31, 2021
2	The date since subsidiary was acquired	March 31, 2017
3	Shares of Subsidiary	
	- Number of shares	4,616,152
	- Amount of Investment (Rs.in '000)	11,665
	- Extent of Holding %	53.99%
4	Reporting period for the subsidiary concerned,if different from the holding company's reporting period	N.A.
5	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	N.A.
6	Equity Share Capital	85,500
7	Other Equity	(81,675)
8	Total Assets	121,998
9	Total Liabilities	118,135
10	Investments	NIL
11	Revenue from Operations	136,145
12	Profit before taxation	9,903
13	Provision for taxation	NIL
14	Profit after taxation	9,903
15	Other Comprehensive Income	624
16	Total Comprehensive Income	10,527
17	Proposed Dividend	NIL

For and on behalf of the Board of Directors

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

Place: Mumbai

Chairman (DIN No.: 00006659)

Managing Director (DIN No.: 00005516)

Dy. Managing Director (DIN No.: 00005523)

Chief Financial Officer

Company Secretary & Compliance Officer

Date: 24th June, 2021

If undelivered, please return to:

POLYCHEM LIMITED

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