62nd Annual Report

2018 - 2019

POLYCHEM LIMITED

POLYCHEM LIMITED

CIN: L24100MH1955PLC009663

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

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

WORK

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

CORPORATE MANAGEMENT TEAM

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

Note: As a measure of economy, copies of the Annual Report will not be distributed at the Annual General Meeting. Shareholders are requested to kindly bring their copies to the Meeting.

Contents:

NOTICE

Notice is hereby given that the Sixty - Second Annual General Meeting of the Members of POLYCHEM LIMITED will be held at Maharashtra Chamber of Commerce, Industry & Agriculture, Oricon House, 6th Floor, 12 K. Dubash Marg, Fort, Mumbai – 400 001 on Friday, 2nd August, 2019 at 11.00 a.m., to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt:

   a) The audited Standalone financial statements of the Company for the year ended 31st March, 2019, including the audited Standalone Balance Sheet as at 31st March, 2019, the Statement of Profit and Loss for the year ended on that date and the reports of the Board of Directors (the Board) and Auditors thereon.

   b) The audited consolidated financial statements of the Company for the year ended 31st March, 2019, including the audited Consolidated Balance Sheet as at 31st March, 2019 and the Statement of Consolidated Profit and Loss for the year ended on that date and the report of Auditors thereon.

2. To declare dividend on equity shares.

3. To appoint a Director in place of Mr. A. H. Mehta (DIN 00005523), who retires by rotation, and being eligible, offers himself for re-appointment.

SPECIAL BUSINESS:

4. To consider and if thought fit, to pass with or without modification/s, the following resolution as an Ordinary resolution:

   "**RESOLVED THAT** pursuant to section 20 and other applicable provisions, if any, of the Companies Act, 2013 and relevant Rules prescribed thereunder, upon receipt of a request from a member for delivery of any document through a particular mode an amount equal to actual expenses to be incurred by the Company, be levied as and by way of fees for sending the document to shareholders in the desired particular mode.

   "RESOLVED FURTHER THAT the estimated fees for delivery of the document shall be paid by the member in advance to the Company, before dispatch of such document.

   "**RESOLVED FURTHER THAT** for the purpose of giving effect to this resolution, any Key Managerial Personnel be and are hereby severally authorized to do all such acts, deeds, matters and things as they may in their absolute discretion deem necessary, proper, desirable or expedient and to settle any question, difficulty, or doubt that may arise in respect of the matter aforesaid, including determination of the estimated fees for delivery of the document to be paid in advance."

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

   "**RESOLVED THAT** pursuant to the provisions of sections 149, 152 & other applicable provisions, if any, of the Companies Act, 2013 (Act) and the Companies (Appointment & Qualifications of Director) Rules, 2014 read with Regulation 17(1A) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") and other applicable provisions, if any, Mr. T. R. Kilachand (DIN 00006659), Non-Executive Director and Chairman of the Company, who is above the age of 75 years and in respect of whom the company has received a notice in writing, proposing his candidature for the office of director, be and is hereby re-appointed as a Non-Executive Director and Chairman of the Company, liable to retire by rotation."

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

"**RESOLVED THAT** pursuant to the provisions of sections 149, 150, 152, Schedule IV & other applicable provisions, if any, of the Companies Act, 2013 (Act) and the Companies (Appointment & Qualifications of Director) Rules, 2014 read with Schedule IV to the Act and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") and Regulation 17(1A) of Listing Regulations, Mr. V. V. Sahasrabudhe (DIN 00296976), Independent Non-Executive Director of the Company, who is above the age of 75 years and whose term will expire on 5th August, 2019 and who has submitted a declaration that he meets the criteria for independence as provided in the Act and Listing Regulations and who is eligible for re-appointment and in respect of whom the Company has received a notice in writing, proposing his candidature for the office of director, be and is hereby re-appointed as an Independent Non-Executive Director of the Company, to hold office for a second term of five (5) consecutive years commencing from 5th August, 2019, not liable to retire by rotation."

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

"**RESOLVED THAT** pursuant to the provisions of sections 149, 150, 152, Schedule IV & other applicable provisions, if any, of the Companies Act, 2013 (Act) and the Companies (Appointment & Qualifications of Director) Rules, 2014 read with Schedule IV to the Act and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), Mr. Chetan R. Desai (DIN 03246010), Independent Non-Executive Director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in the Act and Listing Regulations and who is eligible for re-appointment and in respect of whom the Company has received a notice in writing, proposing his candidature for the office of director, be and is hereby re-appointed as an Independent Non-Executive Director of the Company, to hold office for a second term of five (5) consecutive years commencing from 5th August, 2019, not liable to retire by rotation."

Corporate Identification Number (CIN): L24100MH1955PLC009663
Registered Office:
7, Jamshedji Tata Road,
Churchgate Reclamation,
Mumbai 400 020.
Dated: 11th May, 2019.

By Order of the Board of Directors

DEEPALI V. CHAUHAN
Company Secretary & Compliance Officer

NOTES:

(a) Explanatory Statement pursuant to section 102 of the Companies Act, 2013 relating to Special Business under Item nos. 4 to 7 to be transacted at the meeting is annexed hereto.

(b) A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER. Pursuant to the provisions of Section 105 of the Companies Act, 2013, a person can act as a proxy on behalf of not more than fifty members and holding in aggregate not more than ten percent of the total share Capital of the Company. Members holding more than ten percent of the total Share Capital of the Company may appoint a single person as proxy, who shall not act as a proxy for any other Member. The instrument appointing Proxy as per the format included in the Annual Report should be returned to the Registered Office of the Company not less than FORTY-EIGHT HOURS before the commencement of the Meeting.

(c) Corporate members intending to send their authorised representatives to attend the Meeting are requested to send to the Company a certified copy of the Board Resolution authorising their representative to attend and vote on their behalf at the Meeting.

(d) 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.

(e) Relevant documents referred to in the accompanying Notice are open for inspection by the members at the Registered Office of the Company on all working days, except Saturdays, between 11:00 a.m. and 1:00 p.m. up to the date of the Meeting.

(f) Brief resume of Directors proposed to be re-appointed, nature of their expertise in specific functional areas, names of companies in which they hold directorships and memberships/ chairmanships of Board Committees, shareholding and relationships between directors inter-se as stipulated under regulation 36(3)(a) of SEBI (LODR) Regulations, 2015 are provided on page No. 9

(g) The Register of Members and the Share Transfer Books will remain closed from Friday, 28th June, 2019 to Tuesday, 2nd July, 2019 (both days inclusive) for determining the names of members eligible for dividend on equity shares, if declared at the meeting.

(h) Dividend on Equity Shares, if declared at the Meeting, will be credited/ dispatched on or after 2nd August, 2019 to those members whose names shall appear on the Company's Register of Members on the book closure date.

(i) Members holding shares in electronic form are requested to intimate immediately any change in their address or 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 address or bank mandates immediately to the Company or its Registrar & Share Transfer Agents - Link Intime India Pvt. Ltd.

(j) Pursuant to Section 101 and Section 136 of the Companies Act, 2013 read with relevant Rules made thereunder and as a part of 'Green Initiative in Corporate Governance,' Companies can serve Annual Reports and other communications through electronic mode to those Members who have registered their e-mail address either with the Company or with the Depository. Members who have not registered their e-mail addresses so far are requested to register their e-mail address so that they can receive the Annual Report and other communication from the Company electronically. Members holding shares in demat form are requested to register their e-mail address with their Depository Participant(s) only. Members of the Company, who have registered their e-mail address, are entitled to receive such communication in physical form upon request.

(k) The Annual Report of the Company circulated to the Members of the Company, will be made available on the Company's website at www.polychemltd.com and also on website of the respective Stock Exchange.

(l) The Notice of AGM, Annual Report and Attendance Slip are being sent in electronic mode to Members whose e-mail IDs are registered with the Company or the Depository Participant(s), unless the Members have registered their request for a hard copy of the same. Physical copy of the Notice of AGM, Annual report and Attendance Slip are being sent to those Members who have not registered their e-mail IDs with the Company or Depository Participant(s). Members who have received the Notice of AGM, Annual Report and Attendance Slip in electronic mode are requested to print the Attendance Slip and submit a duly filled in Attendance Slip at the registration counter to attend the AGM.

(m) 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.

(n) All unclaimed Dividends pertaining to the earlier years have been transferred to the General Revenue Account of the Central Government in terms of Section 205-A of the Companies Act, 1956.

(o) 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.

(p) The Company's securities are listed on the following Stock Exchange:

Sr. No.	Name & Address of the Stock Exchange	Nature of Security as on 31-03-2019
1.	Bombay Stock Exchange Ltd., Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 001.	4,04,045 Equity Shares of Rs.10/- each.

The Company has paid Annual Listing fees for the year 2019-20 to the above Stock Exchange.

Corporate Identification Number (CIN): L24100MH1955PLC009663
Registered Office:
7, Jamshedji Tata Road,
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Mumbai 400 020.
Dated: 11th May, 2019.

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. 4 to 7, mentioned in the accompanying Notice dated 11th May, 2019.

Item No.4

As per the provisions of section 20 of the Companies Act, 2013 a document may be served on any member by sending it to him by post or by Registered post or by speed post or by Courier or by delivering at his office or address or by such electronic or other mode as may be prescribed. It further provides that a member can request for delivery of any document to him through a particular mode for which he shall pay such fees as may be determined by the company in its Annual General Meeting. Therefore, to enable the members to avail of this facility, it is necessary for the company to determine the fees to be charged for delivery of a document in a particular mode, as mentioned in the resolution. Since the Companies Act, 2013 requires the fees to be determined in the Annual General Meeting, the Directors accordingly commend the Ordinary Resolution of the accompanying notice, for the approval of the members of the company.

None of the Directors or Key Managerial Personnel of the Company are in any way, concerned or interested in the said resolution.

Item No. 5

Mr. T. R. Kilachand (DIN 00006659), aged about 82 years is associated with the company from 1980 in various capacities. He is a Director of the Company since 1986 and Chairman of the Company since 1995.

He had been re-appointed as a Non-Executive Director of the Company, liable to retire by rotation, by passing an Ordinary resolution in the 60th Annual General Meeting held on 24th August, 2017.

Pursuant to Regulation 17(1A) of SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015 (Listing Regulations) which came into effect from 1st April, 2019, every Non- Executive Director who has attained the age of 75 years requires Special Resolution to continue his directorship. Though the above regulation does not apply to our company as per regulation 15(2) of Listing Regulations, the company voluntarily takes this special resolution since Mr. T. R. Kilachand is more than 75 years of age.

Based on the recommendation of the Nomination and Remuneration Committee, Mr. T. R. Kilachand, being eligible for re-appointment as a Non – Executive Director and Chairman is offering himself for re-appointment, is proposed to be re-appointed as a Non – Executive Director and Chairman, liable to retire by rotation.

Mr. T. R. Kilachand has served the company for almost 38 years now. During his tenure, the Company faced multiple challenges, his leadership and guidance enabled the company overcome those challenges. He has guided the company for framing its Business policies.

Mr. T. R. Kilachand has rich experience which will immensely benefit the company. The Company hopes to continue to receive his guidance in the future.

The company has received the notice in writing under the provisions of section 160 of the Act from Member Proposing his re-appointment as a Non-executive director and chairman.

The re-appointment of Mr. T. R. Kilachand as a Non – Executive Director and Chairman is now being placed before the Members for their approval.

The terms and conditions of appointment of the above Director shall be open for inspection by the Members at the Registered Office of the Company between 11:00 am to 1:00 pm on any working day except Saturday.

Except Mr. T. R. Kilachand, Mr. P. T. Kilachand and Mr. N. T. Kilachand, none of the other Directors or Key Managerial Personnel of the Company and their relatives, are concerned or interested, financially or otherwise, in this Special Resolution.

Item No. 6

The Company had, pursuant to the provisions of clause 49 of the Listing Agreements, entered with the Bombay Stock Exchange, appointed Mr. V. V. Sahasrabudhe (DIN 00296976), as an Independent Director in compliance with the requirements of the said clause.

Mr. V. V. Sahasrabudhe (DIN 00296976) is the Chairman of Nomination and Remuneration Committee, Audit Committee and Stakeholders Relationship Committee. Pursuant to the provisions of section 149 of the Act, which came into effect from April 1, 2014, he was re-appointed as Independent Non – Executive Director by the members to hold office for a consecutive term of five (5) years, commencing from 5th August, 2014 in the 57th Annual General Meeting held on 5th August, 2014. Every listed public company is required to have at least one-third of the total number of directors as independent directors, who are not liable to retire by rotation.

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

Based on the recommendations of the Nomination and Remuneration Committee and in terms of provisions of Sections 149, 150, 152, Schedule IV and any other applicable provisions of the Act and the Listing Regulations, Mr.V.V.Sahasrabudhe, being eligible for re-appointment as an Independent Director and offering himself for re-appointment, is proposed to be re-appointed as an Independent Non – Executive Director for a second term of five consecutive years from 5th August, 2019.

Pursuant to Regulation 17(1A) of SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015 (Listing Regulations) which came into effect from 1st April, 2019, every Non- Executive Director who has attained the age of 75 years requires Special Resolution to continue his directorship. Though the above regulation does not apply to our company as per regulation 15(2) of Listing Regulations, the company voluntarily complies with Regulation 17 (1A), since Mr. V. V. Sahasrabudhe is more than 75 years of age.

Mr. V. V. Sahasrabudhe was an income-tax officer from 1967 to 1975 in Income Tax Department. He was a Senior Tax Officer from 1975 with Kilachand Devchand & Co. Ltd and thereafter as General Manager, Legal & Taxation upto 2002, He is practicing as Tax consultant since 2003. He has been associated with the company for more than a decade now.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail the services of Mr. V. V. Sahasrabudhe as an Independent Director.

The Company has received the notice in writing under the provisions of Section 160 of the Act from Member proposing his re-appointment as Independent Non – Executive Director.

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

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

The terms and conditions of appointment of the above Director shall be open for inspection by the Members at the Registered Office of the Company between 11:00 am to 1:00 pm on any working day except Saturday.

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

Item No. 7

The Company had, pursuant to the provisions of clause 49 of the Listing Agreements, entered with the Bombay Stock Exchange, appointed Mr. Chetan R. Desai (DIN 03246010), as Independent Director, in compliance with the requirements of the clause.

Mr. Chetan R. Desai (DIN 03246010) is a member of Nomination and Remuneration Committee and Audit Committee.

Pursuant to the provisions of section 149 of the Act, which came into effect from April 1, 2014, he was re-appointed as Independent Non – Executive Director by the members to hold office for a consecutive term of five (5) years, commencing from 5th August, 2014 in 57th Annual General Meeting held on 5th August, 2014. Every listed public company is required to have at least one-third of the total number of directors as independent directors, who are not liable to retire by rotation.

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

Based on the recommendations of the Nomination and Remuneration Committee and in terms of provisions of Sections 149, 150, 152, Schedule IV and any other applicable provisions of the Act and the Listing Regulations, Mr. Chetan R. Desai, being eligible for re-appointment as an Independent Director and offering himself for re-appointment, is proposed to be re-appointed as an Independent Non – Executive Director for a second term of five consecutive years from 5th August, 2019.

Mr. Chetan R. Desai has over 40 years of top Management working experience in Project Management, Transfer, Sales, Marketing, branding and Retail. He has held positions such as General Manager in Eureka Forbes, Director – Retail in Raymond and Sr. Vice – President in Reliance Industries Ltd.

Considering the rich experience and his valuable contribution to the Company, the Board desires to continue to avail the services of Mr. Chetan R. Desai as an Independent Director.

The Company has received the notice in writing under the provisions of Section 160 of the Act from Member proposing his re-appointment as Independent Non – Executive Director.

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

The appointment of Mr. Chetan R. Desai as an Independent Non – Executive Director is now being placed before the Members for their approval.

The terms and conditions of appointment of the above Director shall be open for inspection by the Members at the Registered Office of the Company between 11:00 am to 1:00 pm on any working day except Saturday.

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

Corporate Identification Number (CIN): L24100MH1955PLC009663
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7, Jamshedji Tata Road,
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Dated: 11th May, 2019.

By Order of the Board of Directors

DEEPALI V. CHAUHAN
Company Secretary & Compliance Officer

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

Name of Director	**Mr. A. H. Mehta**	**Mr. T. R. Kilachand**	**Mr. V. V. Sahasrabudhe**	**Mr. C. R. Desai**
Director Identification Number	00005523	00006659	00296976	03246010
Age	74 years	82 years	80 years	65 years
Qualification	B.Com., F.C.A., F.C.S.	B.A. from Cambridge University in History and Law. M.B.A. in Business Administration from Harvard Business School.	B.A., LL.B.	B.E. (Electronics and Communications). MDP in Project and Retail Management from IIM Ahmedabad.
Expertise	He has been involved with the company since January 1988 and is familiar with all aspects of the Company. He was Vice President – Corporate Affairs & Company Secretary till 29th May, 2014. He was then appointed as Dy. Managing Director on 1st June, 2014 and Re-appointed on 1st June, 2017 He has experience in audit, accountancy, secretarial, legal & Admn., Taxation etc with the Company and Sandeep Holdings and Tandon Singapore Pte. Ltd.	He was the Managing Director of the Company from 19th August, 1986 and Chairman & Managing Director from 1st February, 1995. He was the Executive Chairman from 27th July, 2012 to 17th May, 2016. He has over 50 years of experience in industry, management, implementation of projects etc. He has been associated with various Chambers of Commerce and was the President of Indian Merchants' Chamber. He has been associated with various charitable trusts and is Director / Chairman of several Companies.	Income-tax Officer from 1967 to 1975 in the Income-tax Department. Senior Tax Officer from 1975 with Kilachand Devchand & Co. Ltd. and thereafter as General Manager, Legal & Taxation up to 2002. From 2003 practicing as Tax Consultant.	Over 34 years of Top Management working experience in Project Management, Tech Transfer, Sales, Marketing, Branding and Retail. Held positions such as General Manager in Eureka Forbes, Vice – President in Gujarat Poly-AVX Electronics Ltd, Retail in Raymond and Sr. Vice President in Reliance Industries Ltd.
Other Directorship as on 31st March, 2019 (Excluding Private Companies)	1. Gujarat Poly Electronics Limited 2. Environmental Purifiers Limited 3. Sun Tan Trading Company Limited	1. Gujarat Poly Electronics Ltd 2. Ginners & Pressers Limited	Not Applicable	Not Applicable
No. of Equity Shares held	5	1,938	None	None
Relationship with other Directors	None of the Directors are related to Mr. A. H. Mehta	Mr. Parthiv T. Kilachand, Managing Director of the Company and Mr. Nandish T. Kilachand, Director of the Company are the sons of Mr. Tanil R. Kilachand.	None of the Directors are related to Mr. V. V. Saharabudhe.	None of the Directors are related to Mr. C. R. Desai.

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7, Jamshedji Tata Road,
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Dated: 11th May, 2019.

By Order of the Board of Directors

DEEPALI V. CHAUHAN
Company Secretary & Compliance Officer

E-VOTING INSTRUCTIONS

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

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

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

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

Details on Step 1 is mentioned below:

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

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

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

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

5. Your password details are given below:
   a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
   b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.
   c) How to retrieve your 'initial password'?
      (i) If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.
      (ii) If your email ID is not registered, your 'initial password' is communicated to you on your postal address.
6. If you are unable to retrieve or have not received the " Initial password" or have forgotten your password:
   a) Click on "Forgot User Details/Password?"(If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com.
   b) Physical User Reset Password?" (If you are holding shares in physical mode) option available on www.evoting.nsdl.com.
   c) If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your demat account number/folio number, your PAN,your name and your registered address.
   d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.

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

Details on Step 2 is given below:

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

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

Shareholders needs to know:

1. The remote e-voting period commences on Tuesday, 30th July, 2019 (9:00 am) and ends on Thursday, 1st August, 2019 (5:00 pm). During this period members’ of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of Friday, 26th July 2019, may cast their vote by remote e-voting. The remote e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the member, the member shall not be allowed to change it subsequently.
2. The voting rights of members shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date of 26th July, 2019.
3. Any person, who acquires shares of the Company and become member of the Company after 4th July, 2019 i.e. the date considered for dispatch of the notice and holding shares as of the cut-off date i.e. 26th July, 2019, may obtain the login ID and password by sending a request at evoting@nsdl.co.in or evoting.investors@linkintime.co.in.
4. A member may participate in the AGM even after exercising his right to vote through remote e-voting but shall not be allowed to vote again at the AGM.
5. 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.
6. The Scrutinizer shall after the conclusion of voting at the general meeting, will first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than 48 hours of the 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 authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.
7. The Results declared alongwith the report of the Scrutinizer shall be placed on the website of the Company www.polychemltd.com and on the website of NSDL immediately after the declaration of result by the Chairman or a person authorized by him in writing. The results shall also be immediately forwarded to Stock Exchange where the shares of the Company are listed.

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.: 1800-222-990 or send a request at evoting@nsdl.co.in

DIRECTORS' REPORT

To
The Members of
POLYCHEM LIMITED

Your Directors' present the Sixty - Second Annual Report and Statement of Accounts for the year ended 31st March, 2019.

FINANCIAL RESULTS **(Rs in Lakhs)**

Particulars	Standalone		Consolidated	
	Year ended on		Year ended on	
	31-03-19	31-03-18	31-03-19	31-03-18
Sales	1,891.40	1,674.46	4,154.19	3,123.40
Profit/(Loss) before tax	70.02	(10.38)	612.45	56.14
Current tax (for the year)	2.50	--	2.50	--
Current tax (relating to previous year)	(3.00)	0.76	(3.00)	0.76
Deferred tax	0.93	2.71	0.93	2.71
Profit/(Loss) after tax	69.59	(13.85)	612.02	52.67
Other Comprehensive Income				
Re-measurement of the defined benefit plans (net of tax)	(2.30)	(2.16)	(4.31)	(0.07)
Total Comprehensive Income for the period	67.29	(16.01)	607.71	52.60

1. DIVIDEND:

For the year under review, the Directors propose to recommend a Dividend of Rs. 2.5/- per share of Rs 10/- each i.e. 25% (Rs. nil per share for the previous year) on the Equity shares of the Company aggregating to Rs. 1,217,711/- (including Dividend Tax). The dividend payment is subject to approval of the Members at the ensuing Annual General Meeting.

2. STATE OF COMPANY'S AFFAIRS:

During the year ended 31st March, 2019, your Company has made a profit of Rs 69.59 lakhs after tax against a loss of Rs. (13.85) lakhs after tax in previous year. The sales of Specialty Chemicals during the year ended was Rs. 1,891.40 Lakhs compared to Rs. 1,674.46 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, 2019 was Rs. 2,255.28 lakhs as against sale of Rs. 1,441.21 lakhs in the previous year. GPEL has made profit of Rs. 542.43 lakhs during the current year as compared to profit of Rs. 66.53 lakhs in the previous year. GPEL manufactures as wells as outsources ceramic capacitors & marketing the same.

4. NUMBER OF BOARD MEETINGS HELD DURING THE YEAR:

During the year 2018-19, four Board Meetings were held on the following dates:

(a) 30th May, 2018;
(b) 10th August, 2018;
(c) 5th November, 2018; and
(d) 11th February, 2019

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

5. AUDIT COMMITTEE:

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

6. NOMINATION AND REMUNERATION COMMITTEE:

The Nomination and Remuneration Committee consist of 3 members, More details on the committee are given in Corporate Governance Report.

7. 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. 2018-19.

8. 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, 2019 and of the profit of the Company for the year ended 31st March, 2019;

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 and such internal financial controls are adequate and operating effectively;

f. The directors have devised proper systems to ensure compliance with the provisions of all applicable laws.

9. TAXATION:

The Company's Income Tax assessments have been completed up to the year ended 31st March, 2016.

10. DEPOSITS:

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

11. INDUSTRIAL RELATIONS:

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

12. 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.

13. DIRECTORS:

Mr. A. H. Mehta retires from Office by rotation, but being eligible, offers himself for re-appointment.

Mr. T. R. Kilachand who is aged 82 years is re-appointed in terms of provision of regulation 17(1A) of SEBI (LODR) Regulations, 2015.

Mr. V. V. Sahasrabudhe and Mr. Chetan R. Desai, Independent Directors of the Company who were appointed for the period of five (5) years by members in 57th Annual General Meeting held on 5th August, 2014 and whose term of office expires on 5th August, 2019 are re-appointed as Independent Directors in board Meeting held on 11th May, 2019 for the second term of five (5) years commencing from 5th August, 2019.

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

14. 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.

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

During the year 2018-19, Mr. A. H. Mehta, Dy. Managing Director of the Company has received Rs 27.67/- Lakhs excluding retirement benefits from Gujarat Poly Electronics Limited, subsidiary company in capacity of Managing Director.

16. FORMAL ANNUAL EVALUATION:

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

17. 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

18. 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.

The Company has an ongoing loan of Rs.446 lakhs to Gujarat Poly Electronics Ltd at the rate of 10.5% p.a., outstanding loan as on 31st March, 2019 is Rs. 80 lakhs. There are no contracts or arrangements under sub-section (1) of Section 188.

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: NIL

   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

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

There is an ongoing loan of Rs.446 lakhs given to Gujarat Poly Electronics Ltd at the rate of 10.5% p.a., outstanding loan as on 31st March, 2019 is 80 lakhs.

During the year, the company have made investment in mutual fund of Rs. 395 lakhs.

20. DONATION:

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

21. CORPORATE SOCIAL RESPONSIBILITY:

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

22. INTERNAL FINANCIAL CONTROL:

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

23. 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.

24. 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) There are no material changes and commitments affecting the financial position of the Company which have occurred between the end of the financial year of the Company, to which the financial statements relate and the date of the report.

(c) Extract of the Annual Report as provided in sub-section 3 of section 92, which is given in **Annexure II** forming part of this report.

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

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

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

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

26. 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 11.18 and 6.06 respectively.

ii. Increase in remuneration of Mr. P. T. Kilachand, Managing Director is 33.27%, Mr. A. H. Mehta, Dy. Managing Director is 6.53%, Ms. K.V. Panchasara, Chief Financial officer is 7.92% and Ms. D. V. Chauhan, Company Secretary and Compliance Officer is 6.32%

iii. There is an increase of 3.13% in the median remuneration of employees in the financial year.

iv. There are 25 permanent employees in the company.

v. There is an increase of 16.82 % in Company's Performance for the year considering the revenue from the operations and the average increase in the remuneration of the Company is 8.00 % for the year.

vi. During the financial year 2018-19, remuneration to Key Managerial Personnel is Rs. 84,92,904/- as against the Company's performance is Rs 18,56,32,105/- – remuneration to performance ratio comes to 4.58 %.

vii. There is a decrease in Market Capitalisation and the Price earnings ratio of the Company is positive. Market capitalisation as on 31st March, 2019 is Rs 126,668,107/- and as on 31st March, 2018 it was Rs 142,526,874/-. Price earning ratio for current financial year is 18.21, whereas for the previous financial year it was negative.

viii. Average increase in the salaries of employees other than the managerial personnel was 8.00%.

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

Key Managerial Personnel	Remuneration (Rs)	Performance of the Company (Rs)	% of remuneration against the performance of the company
Mr. P. T. Kilachand	41,26,505	18,56,32,105	2.22
Mr. A. H. Mehta	22,35,928	18,56,32,105	1.20
Ms. K. V. Panchasara	15,97,548	18,56,32,105	0.86
Ms. D. V. Chauhan	5,32,923	18,56,32,105	0.29

x. The key parameters for the variable component of remuneration availed by the directors are considered by the Board of directors based on the recommendation of Nomination and Remuneration committee as per Remuneration Policy for Directors, Key Managerial Personnel and other Employees.

xi. The ratio of the remuneration of the highest paid director to that of the employees who are not directors, but receive remuneration in excess of the highest paid director during the year – NOT APPLICABLE; and

xii. It is hereby affirmed that the remunerations paid is as per the remuneration policy of the company.

Average increase in remuneration in point no. (v) relates to all the employees including Managerial remuneration. Whereas, increase in remuneration in point no. (viii) relates to the employees excluding Managerial remuneration.

27. 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.

28. 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.

29. SECRETARIAL AUDITOR:

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

The Secretarial Audit Report for F.Y. 2018-19 is enclosed and marked as **Annexure III.**

30. ACKNOWLEDGEMENT:

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

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

Corporate Identification Number (CIN): L24100MH1955PLC009663
Registered Office:
7, Jamshedji Tata Road,
Churchgate Reclamation,
Mumbai 400 020.
Dated: 11th May, 2019.

By Order of the Board of Directors

TANIL KILACHAND
Chairman

ANNEXURE I

A. CONSERVATION OF ENERGY:

--------------- NIL ---------------

POWER AND FUEL CONSUMPTION	**2018-19**	2017-18
Electricity		
Purchased units (Kwh)	**14,397.20**	16,159.00
Total Amount (Rs.)	**187,450.00**	180,780.00
Rate (Kwh)	**13.02**	11.19

B. TECHNOLOGY ABSORPTION:

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

I. Research and Development

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

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

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

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

3. Future plan of action:

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

4. Expenditure on R&D:

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

II. Technology Absorption, Adaptation and Innovation:

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

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

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

Not Applicable

3. Imported Technology:

No new technology has been imported.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO: (Rs. in lakhs)

	Current Year	Previous Year
a) Foreign exchange outgo	**15.61**	0.61
b) Foreign exchange earned (FOB Value)	**1,337.41**	1,026.20

ANNEXURE II

FORM NO. MGT 9

EXTRACT OF ANNUAL RETURN

As on financial year ended on 31.03.2019

Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management & Administration) Rules, 2014.

I. REGISTRATION & OTHER DETAILS:

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

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

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

III. Particulars of Holding, Subsidiary and Associate Companies -

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

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

A) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year [As on 1-April-2018]				No. of Shares held at the end of the year [As on 31-March-2019]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/ HUF	6,413	-	6,413	1.59	6,413	-	6,413	1.59	-
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	204,052	-	204,052	50.50	204,052	-	204,052	50.50	-
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
(2) Foreign									
a) Individual/ HUF	-	-	-	-	-	-	-	-	-
b) Other Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks / FI	-	-	-	-	-	-	-	-	-
e) Any other	-	-	-	-	-	-	-	-	-
Total shareholding of Promoter (A)	**210,465**	**-**	**210,465**	**52.09**	**210,465**	**-**	**210,465**	**52.09**	**-**
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	-	162	162	0.04	-	162	162	0.04	-
b) Banks / FI	432	572	1,004	0.25	432	572	1,004	0.25	-
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	15,529	2	15,531	3.84	15,529	2	15,531	3.84	-
g) FIIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)									
1. SHCIL Ltd	-	687	687	0.17	-	687	687	0.17	-
2. SBI Capital Markets Ltd.	-	2	2	0.00	-	2	2	0.00	-
Sub-total (B)(1):-	**15,961**	**1,425**	**17,386**	**4.30**	**15,961**	**1,425**	**17,386**	**4.30**	**-**
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	10,111	-	10,111	2.50	9,405	-	9,405	2.33	(0.17)
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	106,767	49,446	156,213	38.66	108,576	48,406	156,982	38.85	0.19
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	-	-	-	-	-	-	-	-	-

Category of Shareholders	No. of Shares held at the beginning of the year [As on 1-April-2018]				No. of Shares held at the end of the year [As on 31-March-2019]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
c) Others (specify)	-	-	-	-	125	-	125	0.03	-
Directors other than promoters and their Relatives	30	-	30	0.01	30	-	30	0.01	-
Non Resident Indians	491	141	632	0.16	330	141	471	0.12	(0.04)
Overseas Corporate Bodies	-	-	-	-	-	-	-	-	-
HUF	8,785	-	8,785	2.17	8,824	-	8,824	2.18	0.01
Clearing Members	227	-	227	0.06	172	-	172	0.04	0.02
Trusts	196	-	196	0.05	185	-	185	0.04	(0.01)
Foreign Bodies - D R	-	-	-	-	-	-	-	-	-
Sub-total (B)(2):-	**126,607**	**49,587**	**176,194**	**43.61**	**127,647**	**48,547**	**176,194**	**43.61**	**-**
Total Public Shareholding (B)=(B)(1)+ (B)(2)	**142,568**	**51,012**	**193,580**	**47.91**	**143,608**	**49,972**	**193,580**	**47.91**	**-**
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	**353,033**	**51,012**	**404,045**	**100**	**354,073**	**49,972**	**404,045**	**100**	**-**

B) Shareholding of Promoter

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year (01-04-18)			Shareholding at the end of the year (31-03-19)			% change in shareholding during the year
		No. of Shares	% of total Shares of the Company	%of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the Company	%of Shares Pledged / encumbered to total shares	
1	Mr. Parthiv T. Kilachand	2,127	0.53	-	2,127	0.53	-	-
2	Mr. Tanil R. Kilachand	1,938	0.48	-	1,938	0.48	-	-
3	Mr. Nandish T. Kilachand	1,335	0.33	-	1,335	0.33	-	-
4	Ms. Nilima T. Kilachand	1,013	0.25	-	1,013	0.25	-	-
5	Virsun Invst Pvt Ltd	80,802	19.99	-	80,802	19.99	-	-
6	Highclass Trading Pvt Ltd	39,842	9.86	-	39,842	9.86	-	-
7	Ginners & Pressers Ltd	13,996	3.46	-	13,996	3.46	-	-
8	Masuma Tradecorp Pvt Ltd	59,987	14.85	-	59,987	14.85	-	-
9	Delmar Trading Co. Pvt Ltd	9,425	2.33	-	9,425	2.33	-	-
	Total	**2,10,465**	**52.09**	-	**2,10,465**	**52.09**		**-**

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

Sr. No.	Promoters	No. of shares at the beginning (01-04-18)/ end of the year (31-03-19)	% of total shares of the Company	Date	Increase/ Decrease In shareholding	Reason	Cumulative Shareholding during the year (01-04-18 to 31-03-19)	
							No. of shares	% of total shares of the Company
No Change during the year								

D) Shareholding Pattern of top ten Shareholders as on 31st March, 2019 (Other than Directors, Promoters and Holders of GDRs and ADRs):

Sr. No.	Top 10 Shareholders	No. of Shares at the beginning (01-04-18)/ end of the year (31-03-19)	% of total shares of the company	Date	Increase / Decrease In shareholding	Reason	Cumulative Shareholding during the year (01-04-18 to 31-03-19)	
							No. of shares	% of total shares of the company
1.	Life Insurance Corporation of India	15,529	3.84	01-04-18	0	No change during the year		
		15,529	**3.84**	**31-03-19**	0			
2.	A. K. Gupta	10,000	2.47	01-04-18	0	No change during the year		
		10,000	**2.47**	**31-03-19**	0			
3.	Samaj Projects Pvt Ltd	7,852	1.94	01-04-18	0	No change during the year		
		7,852	**1.94**	**31-03-19**	0			
4.	Renu Gupta	7,351	1.82	01-04-18	0	No change during the year		
		7,351	**1.82**	**31-03-19**	0			
5.	Sudhir Ghanshyamdas Khandelwal	5,500	1.36	01-04-18	0	No change during the year		
		5,500	**1.36**	**31-03-19**	0			
6.	Hitesh Ramji Javeri	5,200	1.29	01-04-18	0	No change during the year		
		5,200	**1.29**	**31-03-19**	0			
7.	Harsha Hitesh Javeri	4,100	1.01	01-04-18	0	No change during the year		
		4,100	**1.01**	**31-03-19**	0			
8.	Yogendra Kumar Goyal	4,000	0.99	01-04-18	0	No change during the year		
		4,000	**0.99**	**31-03-19**	0			
9.	Ami Hitesh Javeri	3,000	0.74	01-04-18	0			
				25-05-18	446	bought	3,446	0.85
				02-11-18	10	bought	3,456	0.85
		3,456	**0.85**	**31-03-19**				
10.	Mitali Hitesh Javeri	3,150	0.78	01-04-18	0			
				25-05-18	156	bought	3,306	0.82
				09-11-18	50	bought	3,356	0.83
				07-12-18	50	bought	3,406	0.84
		3,406	**0.84**	**31-03-19**				

E) Shareholding of Directors and Key Managerial Personnel:

Sr. No.	Shareholding of each Directors and each Key Managerial Personnel	No. of shares at the beginning (01-04-18)/ end of the year (31-03-19)	% of total shares of the Company	Date	Increase / Decrease In shareholding	Reason	Cumulative Shareholding during the year (01-04-18 to 31-03-19)	
							No. of shares	% of total shares of the Company
	Directors							
1	Mr. P. T. Kilachand	2,127	0.53	01-04-18	0	No change during the year		
		2,127	**0.53**	**31-03-19**	0			
2	Mr. T. R. Kilachand	1,938	0.48	01-04-18	0	No change during the year		
		1,938	**0.48**	**31-03-19**	0			
3	Mr. N. T. Kilachand	1,335	0.33	01-04-18	0	No change during the year		
		1,335	**0.33**	**31-03-19**	0			
4	Mr. A. H. Mehta	05	0.00	01-04-18	0	No change during the year		
		05	**0.00**	**31-03-19**	0			
5	Mr. V. V. Sahasrabudhe	Do not hold any shares in the Company						
6	Mr. C. R. Desai	Do not hold any shares in the Company						
7	Ms. N. S. Mehendale	Do not hold any shares in the Company						
8	Mr. Y. S. Mathur	Do not hold any shares in the Company						
	KMPs							
9	Ms. K. V. Panchasara	Do not hold any shares in the Company						
10	Ms. D. V. Chauhan	Do not hold any shares in the Company						

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

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

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL-

A. Remuneration to Managing Director, Whole-time Directors and/or Manager: (in Rupees)

Sr. No.	Particulars of Remuneration	Name of MD/WTD/ Manager		Total Amount
		P. T. Kilachand - MD	**A. H. Mehta – Dy. MD**	
1	Gross salary	*4,126,505	*2,235,928	6,362,433
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	2,222,852	2,235,928	4,458,780
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	1,903,653	-	1,903,653
	(c) Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	- -	-	-
4	Commission - as % of profit - others, specify…	- -	- -	- -
5	Others, please specify	-	-	-
	Total (A)	**4,126,505**	**2,235,928**	**6,362,433**
	Ceiling as per the Act			16,800,000

* Excluding Provident Fund and Superannuation Fund

B. Remuneration to other directors (in Rupees)

Sr. No.	Particulars of Remuneration	Name of Directors						Total Amount
		V. V. Sahasrabudhe	**C. R. Desai**	**N. S. Mehendale**	**Y. S. Mathur**	**N. T. Kilachand**	**T. R. Kilachand**	
		Independent Directors						
1	**Independent Directors**							
	Fee for attending board & committee meetings	54,000	22,000	51,000	38,000	-	-	165,000
	Commission	-	-	-	-	-	-	-
	Others, please specify	-	-	-	-	-	-	-
	Total (1)	54,000	22,000	51,000	38,000	-	-	**165,000**
2	**Other Non-Executive Directors**							
	Fee for attending board committee meetings	-	-	-	-	27,000	27,000	54,000
	Commission	-	-	-	-	-	-	-
	Others, please specify	-	-	-	-	-	-	-
	Total (2)	-	-	-	-	27,000	27,000	**54,000**
	Total (B)=(1+2)	**54,000**	**22,000**	**51,000**	**38,000**	**27,000**	**27,000**	**219,000**
	Total Managerial Remuneration	N.A	N.A	N.A	N.A	N.A	N.A	N.A
	Overall Ceiling as per the Act	N.A	N.A	N.A	N.A	N.A	N.A	N.A

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD (in Rupees)

Sr. No.	Particulars of Remuneration	Key Managerial Personnel		
		Deepali V. Chauhan	**Kanan V. Panchasara**	**Total Amount**
		CS	**CFO**	
1	Gross salary	*532,923	*1,597,548	2,130,471
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	523,923	1,597,548	2,130,471
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	-	-	-
	(c) Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission	-	-	-
	- as % of profit	-	-	-
	others, specify…	-	-	-
5	Others, please specify	-	-	-
	Total	**523,923**	**1,597,548**	**2,130,471**

***Excluding Provident Fund**

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

No such Penalties or Punishment or Compounding of offence was there during the Financial Year 2018-19 under Companies Act, 2013.

ANNEXURE III

FORM NO. MR-3

SECRETARIAL AUDIT REPORT

FOR THE PERIOD 01-04-2018 TO 31-03-2019

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

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

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **POLYCHEM LIMITED (CIN: L24100MH1955PLC009663)** (hereinafter called "the Company"). 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 **POLYCHEM LIMITED** 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 **1st April, 2018 to 31st March, 2019** ("the reporting 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 period of 1st April, 2018 to 31st March, 2019 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 Audit Period).**

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):

  a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

  b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992.

  c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; **(Not Applicable during the Audit Period)**

  d. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; **(Not applicable during reporting period)**

  e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; **(Not Applicable as the Company has not issued any debt securities during the Audit 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 as the Company is not registered as Registrar to an Issue and Share Transfer Agent during the Audit Period under review)**

  g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; **(Not applicable during reporting period).**

  h. Securities and Exchange Board of India (Buy Back of Securities) Regulations, 2009. **(Not applicable during reporting period).**

We have relied on the certificates obtained by the Company from the Management Committee/Function heads and based on the report received, there has been due compliance of all laws, orders, regulations and other legal requirements of the central, state and other Government and Legal Authorities concerning the business and affairs of 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. Industrial Disputes Act, 1947
3. Labour Laws and other incidental laws;
4. Environment Protection Act, 1986 and other Environmental Laws;
5. Employees State Insurance Act, 1948;
6. Hazardous Wastes (Management and Handling) Rules, 1989 and Amendment Rule, 2003;
7. Indian Contract Act, 1872;
8. Minimum Wages Act, 1948;
9. Negotiable Instruments Act, 1881;
10. The Trade Marks Act 1999;
11. The Patents Act, 1970
12. The Copyright Act 1957;
13. The Legal metrology Act, 2009;
14. Maharashtra Shops and Establishments (Regulation of Employment and Conditions of Service) Rules, 2018.

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

a) Secretarial Standards issued by The Institute of Company Secretaries of India.
b) The Listing Agreement entered into by the Company with Stock Exchanges as specified in the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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 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 like Income Tax Act, 1961, Finance Act 1994 viz-a-viz Professional Tax, Goods and Service Tax etc.

We further report that during the reporting period;

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

For **Ragini Chokshi & Co.**
Ragini Chokshi
(Partner)
C. P. No. 1436
FCS No. 2390

Place: Mumbai
Date: 03-05-2019

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 & beams 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. They are M/s Thermax Limited & M/s Makevale. Both of them overtake us on price.

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.

Outlook:

Substantial part of Company's sales consists of Exports. Currently the export market is growing, but the competition from thermax and Makevale 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, 2019.

2) Reserves and Surplus:

   As on 31st March, 2019 the reserves and surplus are Rs 1,752.60 lakhs.

3) Secured Loans:

   There are no secured loans outstanding as on 31st March, 2019.

4) Results of Operation:

   Revenue for the current year including other income amounts to Rs. 1,979.30 lakhs compared to Rs. 1,758.67 lakhs in the previous year. Profit before tax is Rs. 70.02 Lakhs compared to Profit/(Loss) before tax of Rs. (10.38) Lakhs during the previous year. Provisions for tax including deferred tax asset during the year is Rs. 0.43 Lakhs compared to Rs. 3.47 Lakhs during the previous year. Profit after tax amounts to Rs. 69.59 Lakhs during the year compared to profit/ (Loss) of Rs. (13.85) 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, 2019 is as follows. viz. (1) Property / Land Rs. NIL (2) Specialty Chemicals Rs. 1,891.40 Lakhs. The sale of Specialty Chemicals has shown reasonable growth.

Internal Control System:

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

Human Resources:

The Company has good relation with its employees.

CORPORATE GOVERNANCE REPORT (2018-2019)

I. Statement on Company's philosophy on code of governance

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

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

II. Board of Directors

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

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

1. Financial year April 18 to March 19:

	Attendance Particulars					No. of other Directorships and Committee Membership/ Chairmanship	
Name of the Director	Category	No. of Board Meetings held	No. of Meetings Attended	Last AGM held on 28/08/2018	Sitting Fees paid (Rs.)	Other Directorship in Public Limited Companies	Committee Membership/ Chairmanship
Mr. T. R. Kilachand	NEC(P)	4	4	Yes	27,000	2	3 Committee Membership
Mr. P. T. Kilachand	MD(P)	4	4	Yes	--	4	2 Committee Membership & 1 Chairmanship
Mr. V. V. Sahasrabudhe	NED(I)	4	4	Yes	27,000	--	--
Mr. C. R. Desai	NED(I)	4	2	Yes	11,000	--	--
Mr. N. T. Kilachand	NED(P)	4	4	Yes	27,000	2	--
Mr. A. H. Mehta	Dy. MD	4	4	Yes	--	3	--
Ms. N. S. Mehendale	NED(I)	4	4	Yes	27,000	--	--
Mr. Y. S. Mathur	NED(I)	4	3	No	19,000	--	--

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 2018-19, four Board meetings were held on the following dates:

(a) 30th May, 2018 (b) 10th August, 2018

(c) 5th November, 2018 and; (d) 11th February, 2019

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 11th February, 2019 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 re-appointed in the ensuing Annual General Meeting has been given in the 'Notice' calling the Sixty – Second Annual General Meeting of the Company.

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

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

9. Code of Conduct

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

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

Declaration

As provided under Regulation 26 (3) of SEBI (LODR) Regulations, 2015, we confirm that the Board Members and Senior Management of the Company have confirmed compliance with the Code for the year ended 31.03.2019.

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 2018-19, four meetings of the Audit Committee were held on the following dates:

(a) 30th May, 2018, (b) 10th August, 2018,

(c) 5th November, 2018 and (d) 11th February, 2019.

Name of the Director	Category	No. of Meeting/s		Sitting Fees paid (Rs.)
		held	attended	
Mr. V. V. Sahasrabudhe	Chairman	4	4	27,000/-
Mr. P. T Kilachand	Member	4	4	-
Mr. C. R. Desai	Member	4	2	11,000/-
Mr. Y. S. Mathur	Member	4	3	19,000/-
Ms. N. S. Mehendale	Member	4	3	24,000/-

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 internal auditor shall be subject to review by the Audit Committee.

IV. Nomination and Remuneration Committee:

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

During the year 2018-19, one meeting of the Nomination and Remuneration Committee was held on 30th May, 2018

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

(C) Remuneration Policy and Details of Remuneration:

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

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

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

Sr. No.	Name of Director	Salary	Perquisites and allowances	Commission	Bonus/ Incentives	Stock options granted	Sitting Fees	Total
1	Mr. T. R. Kilachand	NIL	NIL	NIL	NIL	NIL	27,000	27,000
2	Mr. P. T. Kilachand	2,222,852	1,903,653	NIL	NIL	NIL	NIL	41,26,505
3	Mr. A. H. Mehta	2,235,928	NIL	NIL	NIL	NIL	NIL	22,35,928
4	Mr. N. T. Kilachand	NIL	NIL	NIL	NIL	NIL	27,000	27,000
5	Mr. V. V. Sahasrabudhe	NIL	NIL	NIL	NIL	NIL	54,000	54,000
6	Mr. C. R. Desai	NIL	NIL	NIL	NIL	NIL	22,000	22,000
7	Ms. N.S. Mehendale	NIL	NIL	NIL	NIL	NIL	51,000	51,000
8	Mr. Y. S. Mathur	NIL	NIL	NIL	NIL	NIL	38,000	38,000

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

V. Stakeholders Relationship Committee:

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

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

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

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

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

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

4 complaints were received during the year ended on 31st March, 2019 out of which 3 were disposed off within time limit and 1 complaint was pending as on 31st March, 2019.

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
2015-2016	59th AGM held on Tuesday, 10th August, 2016 at 11.00 a.m	Maharashtra Chamber of Commerce, Industry & Agriculture, Oricon House, 6th Floor, 12 K. Dubash Marg, Fort, Mumbai – 400 001.	Yes
2016-2017	60th AGM held on Thursday, 24th August, 2017 at 11.00 a.m	Maharashtra Chamber of Commerce, Industry & Agriculture, Oricon House, 6th Floor, 12 K. Dubash Marg, Fort, Mumbai – 400 001.	Yes
2017-2018	61st AGM held on Tuesday, 28th August, 2018 at 11.00 a.m	Maharashtra Chamber of Commerce, Industry & Agriculture, Oricon House, 6th Floor, 12 K. Dubash Marg, Fort, Mumbai – 400 001.	No

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

VII. Disclosure:

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

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

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

   The details of transactions of the company with the related parties have been disclosed as Note No. 4.10 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 :**

a) 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.

b) 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.

VIII. 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.

IX. 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, 2019 does not contain any qualification.
   (b) Secretarial Audit Report for the year ended 31st March, 2019 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.

X. 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, 2019 has been uploaded on the website of the company i.e www.polychemltd.com

XI. General Shareholder Information:

AGM: Date **Time** **Venue**	2nd August, 2019. 11 a.m. Maharashtra Chamber of Commerce, Industry & Agriculture, Oricon House, 6th Floor, 12 K. Dubash Marg, Fort, Mumbai – 400 001.
Financial Year	April 2018 to March 2019
e-voting period	From 9.00 a.m., 30th July, 2019 to 5 p.m., 1st August, 2019.
Cut-off date for e-voting	26th July, 2019.
Dates of Book Closure	Friday 28th June, 2019 to Tuesday 2nd July, 2019 (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 2018-19	See Table No. 1
Registrar and Share Transfer Agents	M/s. LINK Intime India Pvt Ltd. C 101, 247 Park, Lal Bahadur Shastri Marg, Vikhroli West, Mumbai 400 083. Telephone : +91 022 49186000 Fax : +91 022 49186060 Email: rnt.helpdesk@linkintime. co.in Website: www.linkintime.co.in
Share Transfer System	Share Transfers are registered and returned within a period of 15 days from the date of receipt, if the documents are clear in all respects.
Distribution of shareholding & Category-wise distribution	See table No. 2 & 3
De-materialization of shares and liquidity	See table No. 4
Plant Location	**SPECIALTY CHEMICALS** W91, MIDC Phase II, Sonarpada, Dombivali (E) 421 203.
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 2018-2019:

Month	High(Rs.)	Low(Rs.)	Total No. of shares traded.
April - 2018	399.00	345.05	1,552
May - 2018	432.30	286.00	1,212
June - 2018	395.80	265.15	317
July - 2018	377.00	295.00	435
August - 2018	370.00	291.15	801
September - 2018	319.25	245.00	401
October - 2018	270.80	199.05	465
November - 2018	358.00	256.50	730
December - 2018	385.00	346.60	278
January - 2019	363.90	304.90	339
February - 2019	314.00	281.00	67
March - 2019	346.60	262.20	570

Table 2 - Distribution of shareholding as on 31-3-2019

No. of Equity Shares held	No. of Shares held	% of total shares	No. of Shareholders	% of total Shareholders
1 to 500	1,00,385	24.85	9,947	99.54
501 to 1000	10,100	2.50	15	0.15
1001 to 2000	16,761	4.15	13	0.13
2001 to 3000	5,301	1.31	2	0.02
3001 to 4000	14,265	3.53	4	0.04
4001 to 5000	9,100	2.25	2	0.02
5001 to 10000	37,977	9.40	5	0.05
10001 and above	2,10,156	52.01	5	0.05
Total	**4,04,045**	**100.00**	**9,993**	**100.00**

Table 3 - Category wise distribution of shareholding as on 31-03-2019

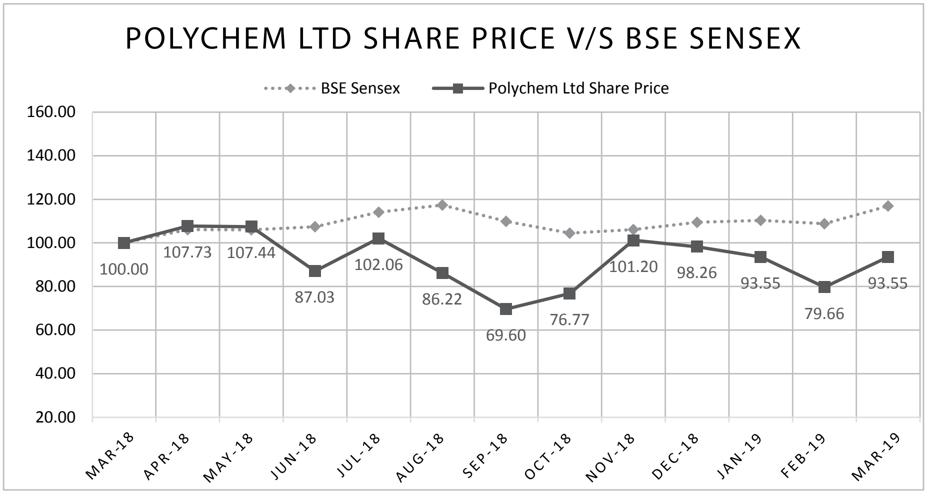
Sr. No.	Category	No. of shareholders	No. of shares held	% of total shares
1.	Promoters	9	2,10,465	52.09
2.	Institutions			
	a. Mutual Funds/UTI	1	162	0.04
	b. Banks / FI	14	1,004	0.25
	c. Insurance Companies	2	15,531	3.84
	d. Others	4	689	0.17
3.	Non- Institutions			
	a. Bodies Corporate	40	9,405	2.33
	b. NRI	42	471	0.12
	c. HUF	50	8,824	2.18
	d. Clearing Members	8	172	0.04
	e. Trusts	4	185	0.05
	f. NBFC registered with RBI	1	125	0.03

Sr. No.	Category	No. of shareholders	No. of shares held	% of total shares
4.	Directors other than promoters and their relatives	2	30	0.01
5.	Resident Individuals	9,816	1,56,982	38.85
	Total	**9,993**	**4,04,045**	**100.00**

Table 4 - Break-up of shares in physical & electronic mode as on 31-03-2019

Mode	No of shareholders	% of total shareholders	No. of shares	% of total shares
Physical	7,371	73.76	49,972	12.36
Electronic	2,622	26.24	3,54,073	87.64
Total	**9,993**	**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 2018.

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 disclosures received from the Directors of Polychem Limited having CIN L24100MH1955PLC009663 and having Registered Office situated 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 and 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 Directors Identification Number (DIN) status at the portal www.mca.gov.in] as considered necessary and explanations furnished to us by the Company and its officers, I hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31stMarch, 2019 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and 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

Place: Mumbai
Date: May 10, 2019

CERTIFICATE ON CORPORATE GOVERNANCE

To,
The Members of
Polychem Limited

We have examined the compliance of the conditions of Corporate Governance by Polychem Limited ('the Company') for the year ended on March 31, 2019, as stipulated under Regulations 17 to 27, clauses (b) to (i) of sub-regulation (2) of Regulation 46 and para C and D of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations").

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

In our opinion and to the best of our information and according to the explanations given to us, and the representations made by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the SEBI Listing Regulations for the year ended on March 31, 2019.

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

For Ragini Chokshi & Co.
Company Secretaries

Ragini Chokshi
Partner
FCS No.: 2390
CP No.: 1436

Place: Mumbai
Date: May 11, 2019

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF POLYCHEM LIMITED

Report on the 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, 2019, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flow for the year ended on that date and notes to financial statements including summary of the 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 (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 Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Inds AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019 and its profit and total comprehensive income, changes in equity and its cash flow for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013 ("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 independence requirements that are relevant to our audit of standalone financial statement 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 ICAI's Code of Ethics. 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.

Other Information

The Company's Board of Directors is responsible for the Other Information. The Other Information comprises of the Management Discussion and Analysis, Board's Report including Annexures to Boards's Report , Business Responsibility Report, Corporate Governance and Shareholder's Informartion, (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 and will 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 identified above 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 the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the 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.

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

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

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

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

Report on Other Legal and Regulatory Requirements

1. As required by 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 matter specified in the paragraph 3 and 4 of the Order.

2. As required by Section 143 (3) of the Act, based on our audit 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 and the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the books of account;

   d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS as specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;

   e) On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 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 A"; Our report express an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial control over financial reporting;

   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 the pending litigation on it's financial position in it's standalone financial statements. Refer Note no. 4.02 to the standalone financial statements.;

      ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and

      iii. There were no amounts, which were required to be transferred to the Investor Education and Protection Fund by the Company.

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

K. Y. Narayana
Partner
Membership No.: 060639

Place: Mumbai
Dated: May 11, 2019

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT

Referred to in paragraph 1 under "Report on Other Legal & Regulatory Requirements" of our report on even date to the members of the Company on standalone financial statements for the year ended March 31, 2019:

(i) (a) The Company is maintaing porper 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. Accordingly, the paragraph 3(i)(c) of the Order regarding title deeds of immovable properties is not applicable;

(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 during the year;

(a) Since the company has not given any loan during the year, so the provision of sub- clause (a) of clause (iii) of paragraph 3 of the Order is not applicable;

(b) According to the information and explanation given to us, no repayment schedule has been specified for the outstanding balance amount of the loan given by the company in the earlier periods and accordingly, the question of regularity in repayment of principal amount does not arise;

(c) There are no overdue amounts in respect of such loan;

(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 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 provision of clause (vi) of paragraph 3 of the order relating to maintenance of cost records are not applicable;

(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, 2019, 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, 2019;

(viii) The Company has neither raised any loan from Banks, Financial Instution nor issued any debentures, therefore provision of paragraph 3(viii) of the Order regarding default in repayment of dues to banks, financial instutuion and debenture holders are not applicable to the Company;

(ix) The Company has not raised any money by way of intital public offer or further public offer (including debt instrument) nor any term loans during period under audit. Acordingly, 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 managerial remuneration in accordance with the provisions of section 197 read with schedule V of the Companies Act, 2013;

(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 the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such 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 and based on our examination of the records of the company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year;

(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

Place: Mumbai
Dated: May 11, 2019

ANNEXURE B TO THE INDEPENDENT AUDITOR’S REPORT

Report on the Internal Financial Controls under section 143(3)(i) of the Act

We have audited the internal financial controls with reference to financial statements of the Company as of March 31, 2019 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

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

Opinion

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, 2019 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.

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

K. Y. Narayana
Partner
Membership No.: 060639

Place: Mumbai
Dated: May 11, 2019

STANDALONE BALANCE SHEET AS AT MARCH 31, 2019

All amounts are in '000 unless otherwise stated

Particulars	Note No.	As at March 31, 2019	As at March 31, 2018
ASSETS			
Non-current Assets			
Property, plant and equipment	2.01	9,592	5,271
Other Intangible assets	2.02	81	132
Intangible assets under development			
Financial assets			
Investments	2.03	85,936	42,282
Loans	2.04	200	435
Other financial assets	2.05	1,187	1,187
Deferred tax assets (Net)	2.06	1,142	1,154
Other non-current assets	2.07	5,931	5,868
Total non-current assets		**104,069**	**56,329**
Current Assets			
Inventories	2.08	23,251	21,977
Financial Assets			
Trade receivables	2.09	36,842	32,426
Cash and cash equivalents	2.10	7,751	12,613
Bank balances other than cash and cash equivalents	2.11	7,031	16,026
Loans	2.04	8,875	45,002
Other financial assets	2.05	473	118
Current tax assets (Net)	2.12	1,636	1,653
Other current assets	2.07	8,000	4,700
Total current assets		**93,859**	**134,516**
Total assets		**197,928**	**190,845**
EQUITY AND LIABILITIES			
Equity			
Equity Share capital	2.13	4,040	4,040
Other Equity	2.14	175,260	168,531
Total equity		**179,300**	**172,571**
Liabilities			
Current Liabilities			
Financial Liabilities			
Trade payables			
Total oustanding dues of Micro & Small Enterprises		4,851	-
Other than Micro & Small Enterprises		8,852	13,238
Other financial liabilities	2.15	786	1,489
Other current liabilities	2.16	4,006	3,476
Provisions	2.17	133	70
Total current liabilities		**18,628**	**18,274**
Total equity and liabilities		**197,928**	**190,845**
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 and on behalf of the Board of Directors	
For Nayan Parikh & Co.	**Tanil R. Kilachand**	Chairman (DIN No.: 00006659)
Chartered Accountants	**Parthiv T. Kilachand**	Managing Director (DIN No.: 00005516)
Firm Registration No.: 107023W	**Atul H. Mehta**	Dy. Managing Director (DIN No.: 00005523)
K.Y.Narayana	**Kanan V. Panchasara**	Chief Financial Officer
Partner	**Deepali V. Chauhan**	Company Secretary & Compliance Officer
Membership No.: 060639		
Place: Mumbai Date: May 11, 2019	Place: Mumbai Date: May 11, 2019	

STANDALONE STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED MARCH 31, 2019

All amounts are in '000 unless otherwise stated

Particulars	Note No.	Year Ended March 31	
		2019	2018
INCOME			
Revenue from operations	3.01	189,140	167,446
Other Income	3.02	8,790	8,421
Total Income		**197,930**	**175,867**
EXPENSES			
Cost of materials consumed	3.03	118,318	102,929
Changes in inventories of stock-in-trade	3.04	(2,032)	423
Excise duty		-	4,707
Processing charges		23,470	21,915
Employee benefits expense	3.05	25,472	21,784
Depreciation and amortization expense	3.06	1,795	1,920
Other expenses	3.07	23,905	23,227
Total Expenses		**190,928**	**176,905**
Profit/ (Loss) before tax		**7,002**	**(1,038)**
Tax expenses			
Tax expenses	3.08		
Current tax (for the year)		250	-
Current tax (relating to prior years)		(300)	76
Deferred tax		93	271
Total tax expense		**43**	**347**
Profit / (Loss) for the period		**6,959**	**(1,385)**
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurements of post employment benefit obligation		(311)	(172)
Income tax relating to these items	3.08	81	44
Total other comprehensive income		**(230)**	**(216)**
Total comprehensive income for the period		**6,729**	**(1,601)**
Earnings per equity share			
Basic (in Rs.)		17.22	(3.43)
Diluted (in Rs.)		17.22	(3.43)
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 and on behalf of the Board of Directors	
For Nayan Parikh & Co.	**Tanil R. Kilachand**	Chairman (DIN No.: 00006659)
Chartered Accountants	**Parthiv T. Kilachand**	Managing Director (DIN No.: 00005516)
Firm Registration No.: 107023W	**Atul H. Mehta**	Dy. Managing Director (DIN No.: 00005523)
K.Y.Narayana	**Kanan V. Panchasara**	Chief Financial Officer
Partner	**Deepali V. Chauhan**	Company Secretary & Compliance Officer
Membership No.: 060639		

Place: Mumbai Date: May 11, 2019

Place: Mumbai Date: May 11, 2019

STANDALONE STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2019

All amounts are in Rs. '000 unless otherwise stated

Equity share capital	Amount
Balance as at April 1, 2017	**4,040**
Changes in equity share capital during the year	-
Balance as at March 31, 2018	**4,040**
Changes in equity share capital during the year	-
Balance as at March 31, 2019	**4,040**

Other Equity

Particulars	Attributable to owners of the Company				Total Other Equity
	Reserves and Surplus				
	Securities Premium Account	General Reserve	Capital Redemption Reserve	Retained earnings	
Balance as at April 1, 2017	**142,437**	**206,993**	**5,000**	**(183,083)**	**171,348**
Profit for the year	-	-	-	(1,385)	(1,385)
Other comprehensive income	-	-	-	(216)	(216)
Total comprehensive income for the year	**-**	**-**	**-**	**(1,601)**	**(1,601)**
Dividends	-	-	-	(1,010)	(1,010)
Dividend Distribution Tax Paid	-	-	-	(206)	(206)
Balance as at March 31, 2018	**142,437**	**206,993**	**5,000**	**(185,900)**	**168,531**
Profit for the year	-	-	-	6,959	6,959
Other comprehensive income	-	-	-	(230)	(230)
Total comprehensive income for the year	-	-	-	**6,729**	**6,729**
Balance as at March 31, 2019	**142,437**	**206,993**	**5,000**	**(179,171)**	**175,260**

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: May 11, 2019

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: May 11, 2019

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2019

All amounts are in '000 unless otherwise stated

Particulars	Year Ended March 31 2019	Year Ended March 31 2018
Cash flow from operating activities		
Profit before income tax	**7,002**	**(1,038)**
Non-cash Adjustment to Profit Before Tax:		
Depreciation and amortization expense	1,795	1,920
Dividend Income	(42)	(41)
Gratuity & Leave Encashment Provision	125	520
Interest Income	(4,227)	(6,564)
Provision for Bonus	63	(14)
Amount no longer payable written back	(4)	(1)
Amount written off	1	169
MTM (Gain)/loss on forward contracts	(244)	-
Change in fair value of financial assets at fair value through profit or loss	(4,412)	(1,651)
Bad Debts	38	-
Loss on sale of Investments	14	-
Loss on sale of property, plant and equipment	3	-
	112	**(6,700)**
Change in operating assets and liabilities:		
Decrease/(increase) in trade receivables	(4,212)	(8,646)
Decrease/(increase) in inventories	(1,274)	(404)
Increase/(decrease) in trade payables	469	3,693
Increase/(decrease) in other financial assets	(394)	349
Decrease/(increase) in other non-current assets	(748)	2,621
Decrease/(increase) in other current assets	(3,300)	2,765
Increase/(decrease) in other current liabilities	94	(610)
Increase/(decrease) in other financial liabilities	(696)	(1,408)
Cash generated from operations	**(9,949)**	**(8,341)**
Direct taxes paid (net of refunds)	(752)	174
Net cash flow from/(used in) operating activities (A)	**(9,197)**	**(8,515)**
Cash flow from investing activities:		
Payments for acquisition of property, plant and equipment	(6,110)	(3,131)
Loans & advances repaid by Subsidiaries	36,244	5,507
Inter corporate deposit given	(75)	(285)
Loans to employees and others	193	(98)
Regulatory fees paid for acquisition of shares	-	(150)
Proceeds from sale of property, plant and equipment	42	1
Fixed deposits withdrawn from bank	8,995	5,095
Investment in mutual funds	(39,500)	-
Proceeds from sale of shares	246	-
Interest received	4,266	6,487
Dividend received	42	41
Dividend paid	(9)	-
Net cash flow from/(used in) investing activities (B)	**4,335**	**13,467**

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2019

All amounts are in '000 unless otherwise stated

Particulars	Year Ended March 31 2019	2018
Repayment of short-term borrowings		
Dividends Paid	-	(1,121)
Net cash flow from/(used in) in financing activities (C)	-	(1,121)
Net increase/(decrease) in cash and cash equivalents (A+B+ C)	(4,862)	3,829
Cash and cash equivalents at the beginning of the year	12,613	8,784
Cash and cash equivalents at the end of the year	**7,751**	**12,613**
Reconciliation of cash and cash equivalents as per the cash flow statement		
Cash and cash equivalents		
Balances with banks:		
On current accounts	3,905	7,716
Deposits with original maturity of less than 3 months	3,846	4,897
Balance as per the cash flow statement	**7,751**	**12,613**

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: May 11, 2019

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: May 11, 2019

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 May 11, 2019.

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 thereunder. 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:

i) Expected to be realized or intended to sold or consumed in normal operating cycle,

ii) Held primarily for the purpose of trading,

iii) Expected to be realized within twelve months after the reporting period, or

iv) Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

i) It is expected to be settled in normal operating cycle,

ii) It is held primarily for the purpose of trading,

iii) It is due to be settled within twelve months after the reporting period, or

iv) There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

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

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 4.04)

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

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

As a Lessee

Operating Lease

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to Statement of Profit and Loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

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.

Effective April 1, 2018 the Company adopted Ind AS 115 Revenue from Contracts with Customers using the cumulative catch-up transition method, applied to contracts with customers that were not completed as at April 1, 2018. In accordance with the cumulative catch-up transition method, the comparatives have not been retrospectively adjusted. The following is the summary of new and/ or revised significant accounting policies related to revenue recognition. Refer Note 1.00 Significant Accounting Policies, in the Company's 2018 Annual Report for the policies in effect for revenue prior to April 1, 2018. The effect on adoption of Ind AS 115 was insignificant.

Significant accounting policy

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

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

1. Identify the contract with a customer;
2. Identify the performance obligations in the contract;
3. Determine the transaction price;

4. Allocate the transaction price to the performance obligations in the contract; and
5. Recognize revenues when a performance obligation is satisfied

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

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

Interest

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

Dividend

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

1.16 TAXES ON INCOME

Current Tax

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

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

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

Deferred tax

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

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

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

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

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

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

1.17 EMPLOYEE BENEFITS

Short-term obligations

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

Post-employment obligations

The Company operates the following post-employment schemes:

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

Gratuity obligations

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

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

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

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

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

Defined contribution plans

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

Other long-term employee benefit obligations

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

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

1.18 EARNINGS PER SHARE (EPS)

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

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

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

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

Particulars	Gross Carrying Amount				Accumulated Depreciation / Impairment				Net Carrying Amount	
	As at April 1, 2017	Addition	Disposal	As at March 31, 2018	As at April 1, 2017	For the Year	Elimination on disposal	As at March 31, 2018	As at March 31, 2018	As at March 31, 2017
Own Assets:										
Plant and Machinery	2,062	63	-	2,125	332	291	-	623	1,502	1,731
Laboratory equipments	487	-	-	487	126	93	-	220	267	361
Furniture & Fixtures	804	22	-	826	216	160	-	376	450	587
Computers	595	601	37	1,159	264	379	36	607	552	331
Office Equipments	569	208	-	777	259	184	-	443	334	310
Motor Vehicles	842	2,237	-	3,079	280	661	-	941	2,138	562
Leasehold Improvements	142	-	-	142	78	34	-	112	30	63
Total	**5,500**	**3,131**	**37**	**8,595**	**1,556**	**1,802**	**36**	**3,322**	**5,271**	**3,944**

2.02 Other Intangible Assets

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

Particulars	Gross Carrying Amount				Amortisation / Impairment				Net Carrying Amount	
	As at April 1, 2017	Addition	Disposal	As at March 31, 2018	As at April 1, 2017	For the Year	Elimination on disposal	As at March 31, 2018	As at March 31, 2018	As at March 31, 2017
Software	467	-	-	467	218	117	-	336	132	249
Total	**467**	**-**	**-**	**467**	**218**	**117**	**-**	**336**	**132**	**249**

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

Particulars	With in One year	2 to 5 years	Exceeding 5 years	Total WDV
Softwares	28	35	18	81
Total	**28**	**35**	**18**	**81**

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

All amounts are in '000 unless otherwise stated

2.03 Non-current Investments

Particulars	Face value per unit	As at March 31, 2019 Qty	2019 Amount	2018 Qty	2018 Amount
Investments in Equity Instruments (fully paid-up)					
Quoted					
Investment in subsidiary (Measured at Cost)					
Gujarat Poly Electronics Ltd	10	4,616,152	42,144	4,616,152	42,144
Less : Impairment of Investments		-	(30,479)	-	(30,479)
	(A)	**4,616,152**	**11,665**	**4,616,152**	**11,665**
Investment in other companies (FVTPL)					
State Bank of India	1	1,050	337	1,050	262
HDFC Limited	2	500	984	500	913
ICICI Bank Limited	2	962	385	962	268
ITC Limited	1	1,800	535	1,800	460
Larsen & Toubro Limited	2	585	810	585	767
Adani Port Sp. Eco. Zone Limited	2	1,500	567	1,500	531
Reliance Industries Limited	10	584	796	584	515
Great Eastern Shipping Company Limited	10	-	-	600	198
IDFC Limited	10	-	-	800	39
IDFC Bank Limited	10	-	-	800	38
DCM Limited	10	-	-	1	*
DCM Shriram Industries Limited	10	-	-	6	1
	(B)	**6,981**	**4,414**	**9,188**	**3,992**
Unquoted					
Investment in other companies					
Crescent Finstock Limited	10	9	0	9	*
Mafatlal Dyes & Chemicals Limited	10	62	1	62	1
	(C)	**71**	**1**	**71**	**1**
Investments in Preference Shares (fully paid-up)					
Unquoted					
Investment in Subsidiaries (Measured at Cost)					
Gujarat Poly Electronics Ltd	100	668,280	1,080	668,280	1,080
Less : Impairment of Investments			(1,080)		(1,080)
	(D)	**668,280**	**-**	**668,280**	**-**
Investments in Mutual Fund (FVTPL)					
Unquoted					
HDFC Floating Rate Income Fund (Growth)		218,652	7,107	218,652	6,612
HDFC Credit Risk Debt Fund		293,417	10,745	293,417	10,103
DSP Black Rock - SBF - Institutional Plan (Growth)		4,905	10,710	4,905	9,909
Axis Banking & PSU Debt Fund (Growth)		7,630	13,335	-	-
IDFC Corporate Bond Fund (Growth)		1,237,093	15,751	-	-
DSP Corporate Bond Fund (Reg- Growth)		567,253	6,096	-	-
IDFC Banking & PSU Debt Fund (Growth)		380,103	6,112	-	-
	(E)	**2,709,052**	**69,856**	**516,974**	**26,624**
Total (A + B + C + D + E)		**8,000,536**	**85,936**	**5,810,665**	**42,282**

	2019	2018
Aggregate amount of quoted investments	16,079	15,657
Aggregate market value of quoted investments	68,128	68,387
Aggregate amount of unquoted investments	69,856	26,625
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, 2019

All amounts are in '000 unless otherwise stated

2.04 Loans		Non - Current		Current	
		As at March 31,		As at March 31,	
		2019	2018	2019	2018
Loans to related parties					
Loans receivables considered good- unsecured					
Loan to Gujarat Poly Electronics Limited (Subsidiary)		-	-	8,000	44,244
		-	-	8,000	44,244
Less : Provision for Impairment		-	-	-	-
	(A)	**-**	**-**	**8,000**	**44,244**
Other Loans					
Considered good - unsecured					
Loans to employees		200	435	240	198
Inter corporate deposit		-	-	635	560
		200	435	875	758
Less : Provision for Impairment		-	-	-	-
	(B)	**200**	**435**	**875**	**758**
Total (A + B)		**200**	**435**	**8,875**	**45,002**

2.05 Other Financial Assets	Non - Current		Current	
	As at March 31,		As at March 31,	
	2019	2018	2019	2018
Security deposits	1,187	1,187	-	-
Forward Contract - Asset	-	-	394	-
Accrued Interest on Deposits with Bank	-	-	79	118
Total	**1,187**	**1,187**	**473**	**118**

2.06 Deferred Tax Assets (net)	As at March 31,	
	2019	2018
Deductible temporary differences		
Unabsorbed Depreciation as per Income Tax	1,142	1,154
Total	**1,142**	**1,154**

2.07 Other Assets	Non - Current		Current	
	As at March 31,		As at March 31,	
	2019	2018	2019	2018
Prepaid expenses	783	47	859	481
Staff Advances	-	-	382	468
Advance to suppliers	-	-	1,004	-
Balances with Statutory Authorities:				
Income Tax (net of provisions)	995	1,680	-	-
VAT/GST Receivable	4,117	4,117	5,374	3,416
Others	-	-	227	235
Other Advances	36	24	155	100
Total	**5,931**	**5,868**	**8,000**	**4,700**

2.08 Inventories	As at March 31,	
	2019	2018
Raw Materials	2,022	2,892
Property Development	15,934	15,880
Work in progress	4,939	2,961
Stores and spares	356	244
Total	**23,251**	**21,977**

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

All amounts are in '000 unless otherwise stated

2.09 Trade Receivables	As at March 31, 2019	As at March 31, 2018
Trade receivables - Unsecured	36,842	32,426
Less : Provision for impairment	-	-
Total	**36,842**	**32,426**

2.10 Cash and Cash Equivalent	As at March 31, 2019	As at March 31, 2018
Balances with banks:		
On current accounts	3,905	7,716
Deposits with original maturity of less than 3 months*	3,846	4,897
Total	**7,751**	**12,613**

2.11 Bank balances other than cash and cash equivalents	As at March 31, 2019	As at March 31, 2018
Deposits with original maturity for more than 3 months but less than 12 months*	7,031	16,026
Total	**7,031**	**16,026**

*Marked under lien in favour of banks

Lien marked on Deposit of Rs. 2,300('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, 2019	As at March 31, 2018
Advance income tax (Net of Provisions)	1,636	1,653
Total	**1,636**	**1,653**

2.13 Equity Share capital	As at March 31, 2019	As at March 31, 2018
Authorized share capital :		
4,00,00,000 (March 31, 2018 : 4,00,00,000) Equity shares of Rs. 10/- each	400,000	400,000
6,00,000 (March 31, 2018 : 6,00,000) 13.50% Redeemable cumulative preference shares of Rs. 100/- each	60,000	60,000
5,00,000 (March 31, 2018 : 5,00,000) Cumulative convertible preference shares of Rs. 100/- each	50,000	50,000
Total	**510,000**	**510,000**
Issued, Subscribed & Paid up Capital		
4,04,045 (March 31, 2018 : 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:

All amounts are in '000 unless otherwise stated

Equity Shares	As at March 31, 2019 No. of Shares	2019 Amount	2018 No. of Shares	2018 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**

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

All amounts are in '000 unless otherwise stated

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, 2019 No. of Shares	2019 % of holding	2018 No. of Shares	2018 % 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, 2019	2018
General reserve	206,993	206,993
Surplus in the Statement of Profit and Loss	(179,171)	(185,899)
Securities Premium	142,437	142,437
Capital Redemption reserve	5,000	5,000
Total	**175,260**	**168,531**

Description of the nature and purpose of each reserve within equity is as follows:

(a) General Reserve :

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

(b) Retained Earnings :

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

(c) Securities Premium :

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

(d) Capital Redemption Reserve :

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

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

All amounts are in '000 unless otherwise stated

2.15 Other Financial Liabilities

	As at March 31, 2019	As at March 31, 2018
Forward contract - liability	-	93
Unpaid dividend	269	277
Liability for expenses	517	1,119
Total	**786**	**1,489**

2.16 Other Current Liabilities

	As at March 31, 2019	As at March 31, 2018
Gratuity payables (Funded Plans)	2,098	1,973
Leave travel allowance payable	484	433
Leave Encashment	277	221
Statutory Payables	1,147	849
Total	**4,006**	**3,476**

2.17 Provisions

	As at March 31, 2019	As at March 31, 2018
Employee benefits		
Provision for Bonus	133	70
Total	**133**	**70**

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

All amounts are in '000 unless otherwise stated

3.01 Revenue From Operations	Year ended March 31, 2019	2018
Revenue from operations		
Sale of products (Net sales)	185,632	158,898
Excise Duty	-	4,707
Other operating revenue		
Exchange gain/(loss) on foreign currency	1,460	2,292
Duty drawback received	1,985	1,542
Sale of scrap	63	7
Total	**189,140**	**167,446**

3.02 Other Income	Year ended March 31, 2019	2018
Interest Income	4,326	6,727
Fair value measurement of Investments	4,412	1,651
Dividend Income	42	41
Other non - operating income		
Amount not payable written back	4	1
Other sundry Income	6	1
Total	**8,790**	**8,421**

3.03 Cost of Materials Consumed	Year ended March 31, 2019	2018
Opening Stock	2,892	2,032
Purchases	117,448	103,789
Less: Closing stock	(2,022)	(2,892)
Total	**118,318**	**102,929**

3.04 Changes in Inventories of Stock-in-Trade	Year ended March 31, 2019	2018
Work in process		
Opening Stock	2,961	3,534
Less: Closing Stock	(4,939)	(2,961)
	(1,978)	573
Property Development		
Opening Stock	15,880	15,730
Less: Closing Stock	(15,934)	(15,880)
	(54)	(150)
Total	**(2,032)**	**423**

3.05 Employee Benefits Expense	Year ended March 31, 2019	2018
Salaries, wages & incentives	21,288	17,512
Contribution to provident and other fund	3,588	3,323
Staff welfare expenses	596	949
Total	**25,472**	**21,784**

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

All amounts are in '000 unless otherwise stated

3.06	Depreciation and Amortization Expense	Year ended March 31,	
		2019	2018
	Depreciation of property, plant and equipment	1,745	1,803
	Amortization of Intangible assets	50	117
	Total	**1,795**	**1,920**

3.07	Other Expenses		Year ended March 31,	
			2019	2018
	Selling & distributions expenses		5,951	4,574
	Legal and professional fees		2,597	4,240
	Rent		2,640	2,512
	Motor car expenses		1,333	1,594
	Membership & subscription		953	1,009
	Rates & taxes		609	912
	Telephone expenses		638	815
	General charges		453	719
	Printing & stationery expenses		558	598
	Conveyance & travelling expenses		440	597
	Electric Power, oil fuel and water charges		410	403
	Miscellaneous expenses		251	236
	Pollution control permission expenses		382	96
	Postage & courier expenses		330	303
	Insurance charges		219	199
	Advertisement expenses		101	181
	Amount not recoverable written off		1	169
	Land development expenses		54	149
	ISO & certification expenses		1,657	118
	Medical Expenses		-	100
	Director sitting fees		219	87
	Interest on statutory dues		-	59
	Donation		-	3
	Bad debts		38	-
	Loss on sale of investments		14	-
	Loss on sale of property, plant and equipment		3	-
	Repair & Maintenance			
	Computer		228	178
	Machinery		15	-
	Others		1,201	999
	Packing Material, Stores & spares			
	Opening Stock	244		
	Add : Purchase during the year	2,158		
	Less : Closing Stock	(356)	2,046	1,810
	Auditor's Remuneration			
	Audit fees		150	175
	Limited review fees		150	150
	Consolidation audit fee		50	50
	Tax audit fees		70	70
	Other matters		144	122
	Total		**23,905**	**23,227**

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

All amounts are in '000 unless otherwise stated

3.08 Tax expenses

	Year ended March 31, 2019	Year ended March 31, 2018
(i) Income tax expenses		
Current tax		
In respect of the current year	250	-
In respect of prior years	(300)	76
	(50)	**76**
Deferred tax		
In respect of the current year	93	271
	93	271
(ii) Income tax recognised in Other Comprehensive Income		
Remeasurements of the defined benefit plans	81	44
	81	**44**
Total (a+b)	**123**	**391**

(iii) Reconciliation between the Statutory income tax rate applicable to the company and the effective income tax rate is as follows:

	2019	2018
Net profit/(loss) before tax	7,002	(1,038)
Effective Tax rate applicable to the company	26.00%	25.75%
Tax amount at the enacted income tax rate	1,820	(267)
Expenses not deductible in determining taxable profits	521	674
Allowances / Deductible	(1,638)	(920)
Income not considered for taxation	(10)	(11)
Deferred tax not created on current year loss	(231)	524
Unabsorbed depreciation	(431)	-
Unabsorbed Business Loss	(31)	-
Tax relating to current year	250	-
Tax relating to earlier years	(300)	76
Deferred tax liability on account of other temporary differences	174	315
Income tax expense	**123**	**391**

4.01 Earnings Per Share (EPS)

	As at March 31, 2019	As at March 31, 2018
Basic earnings per share:		
Attributable to equity holders of the Company	17.22	(3.43)
Diluted earnings per share:		
Attributable to equity holders of the Company	17.22	(3.43)
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	6,959	(1,385)
Diluted earnings per share		
Profit attributable to equity holders of the Company used in calculating diluted earnings per share	6,959	(1,385)
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, 2019

All amounts are in '000 unless otherwise stated

4.02 Contingent Liabilities	As at March 31, 2019	As at March 31, 2018
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	2,873

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 Amount of lease rental charged to the Statement Profit and Loss in respect of premises taken on cancellable operating lease is Rs.2,410 (March 2018 : Rs. 2,341).

4.04 Employee benefits

1) Defined Contribution Plans:

The amounts of contribution to provident fund and ESIC recognized as expenses during the year is Rs. 1,492 (March 31, 2018 : 1,296) for the year ended March 31, 2019.

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, longetivity 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, 2019	Gratuity As at March 31, 2018
Discount rate	7.77%	7.73%
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, 2019

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, 2019	Gratuity As at March 31, 2018
Service cost		
Current service cost	292	278
Net Interest Cost	153	106
Net Actuarial (Gain)/loss	-	-
Components of defined benefits cost recognized in Statement of Profit and Loss	**445**	**384**

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

Particulars	Gratuity As at March 31, 2019	Gratuity As at March 31, 2018
Remeasurement of net defined benefit liability		
Return on plan assets (excluding amount included in net interest expense)	(39)	(8)
Net Actuarial (Gain)/ Loss	350	180
Components of defined benefits cost recognized in Other Comprehensive Income	**311**	**172**

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

Particulars	Gratuity As at March 31, 2019	Gratuity As at March 31, 2018
Present Value of the Defined Benefit Obligations	6,863	5,774
Fair Value of Plan Assets	(4,765)	3,801
Liability Recognized in the Balance Sheet	**2,098**	**(1,973)**

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, 2019	Gratuity As at March 31, 2018
Projected benefit obligations at end of the year	6,863	5,774
Fair Value of Plan Asset at the end of the year	(4,765)	(3,801)
Deficit of gratuity plan	**2,098**	**1,973**

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

Particulars	Gratuity As at March 31, 2019	Gratuity As at March 31, 2018
Opening defined benefit obligations	5,774	4,955
Current service cost	292	278
Interest cost	446	361
Remeasurement (Gains) / Losses		
Actuarial (gains) / losses on Defined Benefit Obligation - Due to change in financial obligation	(9)	(89)
Actuarial (gains) / losses on Defined Benefit Obligation - Due to experience	360	269
Closing defined benefit obligation	**6,863**	**5,774**

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

All amounts are in '000 unless otherwise stated

5. (ii) Reconciliation

Particulars	Gratuity As at March 31, 2019	Gratuity As at March 31, 2018
Opening Net Liability	1,973	1,453
Add: Employer Expenses (Expenses recognized in the statement of P/L account)	445	384
Add: Transfer to OCI	311	172
Less: Benefit Paid	-	-
Less: Employers contribution	(631)	(36)
Closing Net Liability	**2,098**	**1,973**

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

Particulars	Gratuity As at March 31, 2019	Gratuity As at March 31, 2018
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, 2019	Gratuity As at March 31, 2018
Delta Effect of +0.5% Change in Rate of Discounting	(112.61)	(94.25)
Delta Effect of -0.5% Change in Rate of Discounting	120.95	101.30
Delta Effect of +0.5% Change in Rate of Salary Increase	122.45	102.51
Delta Effect of -0.5% Change in Rate of Salary Increase	(114.95)	(96.18)
Delta Effect of +0.5% Change in Rate of Employee Turnover	16.83	9.92
Delta Effect of -0.5% Change in Rate of Employee Turnover	(17.92)	(10.83)

4.05 Segment Information

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

4.06 Dues to Micro and Small Enterprises

Particulars	As at March 31, 2019	As at March 31, 2018
Principal amount remaining unpaid to any supplier as at the end of the accounting year	4,851	-
Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	-	-
The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	-	-
The amount of interest due and payable for the year	-	-
The amount of interest accrued and remaining unpaid at the end of the accounting year	-	-
The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid	-	-

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

All amounts are in '000 unless otherwise stated

4.07 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, 2019, 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,**	
	2019	**2018**
Dividend on equity shares paid during the year		
Dividend paid	-	1,010
Dividend distribution tax	-	206

4.08 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:

(a) 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.

(b) 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, 2019**		**As at March 31, 2018**	
	Carrying values	**Fair value**	**Carrying values**	**Fair value**
Financial assets				
Measured at amortized cost				
Trade receivables	36,842	36,842	32,426	32,426
Loans	9,075	9,075	45,437	45,437
Cash and Bank balances	14,782	14,782	28,639	28,639
Other financial assets	1,266	1,266	1,305	1,305
Total (A)	**61,965**	**61,965**	**107,807**	**107,807**
Measured at fair value through profit or loss				
Investment in equity instruments of other companies	4,414	4,414	3,992	3,992
Investment in mutual funds	69,856	69,856	26,624	26,624
Derivative Instruments	394	394	-	-
Total (B)	**74,664**	**74,664**	**30,616**	**30,616**
Total Financial assets (A+B)	**136,629**	**136,629**	**138,423**	**138,423**

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

All amounts are in '000 unless otherwise stated

Particulars	As at March 31, 2019		As at March 31, 2018	
	Carrying values	Fair value	Carrying values	Fair value
Financial liabilities				
Measured at amortized cost				
Trade payables	13,703	13,703	13,238	13,238
Other financial liabilities	786	786	1,396	1,396
Total (A)	**14,489**	**14,489**	**14,634**	**14,634**
Measurement at fair value through profit or loss				
Derivative Instruments	-	-	93	93
Total (B)	**-**	**-**	**93**	**93**
Total Financial liabilities (A+B)	**14,488**	**14,488**	**14,727**	**14,727**

Level wise disclosure of financial instruments

Particulars	As at March 31, 2019	2018	Level	Valuation techniques and key inputs
Investment in equity instruments of other companies	4,414	3,992	1	Market Value
Investment in mutual funds	69,856	26,624	2	NAV as stated by Issuer
Forward contracts - Assets	394	-	2	Quotes from banks or dealers
Forward contracts - Liability	-	93	2	Quotes from banks or dealers

4.09 <u>Financial Risk Management</u>

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 it's obligation as agreed.

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

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

ii) Liquidity Risk

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

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

All amounts are in '000 unless otherwise stated

Maturities of financial liabilities

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

As at March 31, 2019	**less than 1 year**	**1 to 5 year**	**Total**
Non-Derivatives			
Trade payables	13,703	-	13,703
Other Financial Liabilities	786	-	786
As at March 31, 2018	**less than 1 year**	**1 to 5 year**	**Total**
Non-Derivatives			
Trade payables	13,238	-	13,238
Other Financial Liabilities	1,489	-	1,489

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:

Currencies	**Liabilities**	**Assets**	
	March 31, 2018	**March 31, 2018**	**March 31, 2018**
GBP	0.66	137.11	84.60
EURO	0.39	60.49	64.80
USD	-	137.88	-

Foreign currency exposure as at March 31, 2019	**GBP**	**EURO**	**USD**
Assets			
Trade receivables	135.00	60.00	135.51
Forward contracts - Assets	2.11	0.49	2.37
Foreign currency exposure as at March 31, 2018	**GBP**	**EURO**	**USD**
Assets			
Trade receivables	84.60	64.80	-
Liabilities			
Forward contracts - Liability	0.66	0.39	-

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

All amounts are in '000 unless otherwise stated

Details of Unhedged Foreign Currency Exposure is as under:-

Currency	Nature	March 31, 2019		March 31, 2018	
		Amount in Foreign Currency	Amount in INR	Amount in Foreign Currency	Amount in INR
GBP	Asset- Export Receivables	2.30	208	29.30	2,704
EURO	Asset- Export Receivables	0.80	62	0.60	48
USD	Asset- Export Receivables	56.11	3,881	-	-

Foreign currency sensitivity

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

Particulars	Impact on profit (loss) before tax and equity: Increase/(Decrease)			
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
	1 % Increase	1 % Increase	1 % Decrease	1 % Decrease
GBP	2.08	129.34	(2.08)	(129.34)
EURO	38.81	104.29	(38.81)	(104.29)
USD	0.62	-	(0.62)	-

Market Risk - Price Risk

The Company is mainly exposed to the price risk due to its investment in mutual funds. The price risk arises due to uncertainties about the future market values of these investments. At March 31 2019, the investments in mutual funds is Rs.69,856 (March 31, 2018 : 26,624).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, 2019	March 31, 2018	March 31, 2019	March 31, 2018
Price - increase by 0.10%	70	27	70	27
Price - decrease by 0.10%	**(70)**	**(27)**	**(70)**	**(27)**

4.10 Related Party Transactions

(a) Names of related parties and description of relationship

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

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

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	
	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18
Expenses								
Rent								
Ginners & Pressers Limited	-	-	967	940	-	-	967	940
Tulsi Global Logistics Private Limited	-	-	(546)	(469)	-	-	(546)	(469)
Electricity charges								
Ginners & Pressers Limited	-	-	190	193	-	-	190	193
Remuneration*								
P. T. Kilachand	4,127	3,096	-	-	-	-	4,127	3,096
A. H. Mehta	2,236	2,099	-	-	-	-	2,236	2,099
K. V. Panchasara	1,883	1,480	-	-	-	-	1,883	1,480
D.V. Chauhan	533	501	-	-	-	-	533	501
Directors sitting fees								
T. R. Kilachand	27	12	-	-	-	-	27	12
N. T. Kilachand	27	9	-	-	-	-	27	9
C. R. Desai	22	18	-	-	-	-	22	18
N. S. Mehendale	51	12	-	-	-	-	51	12
V. V. Sahasrabudhe	54	18	-	-	-	-	54	18
Y. S. Mathur	38	18	-	-	-	-	38	18
Total expenses payable	**8,998**	**7,263**	**611**	**664**	**-**	**-**	**9,607**	**7,927**
Reimbursement/(Recovery) of expenses								
Ginners & Pressers Limited	-	-	62	(1)	-	-	62	(1)
Gujarat Poly Electronics Limited	-	-	-	-	(41)	(36)	(41)	(36)
Suntan Trading Company Limited	-	-	-	-	-	-	-	-
Tulsi Global Logistics Private Limited	-	-	(53)	(65)	-	-	(53)	(65)
Total reimbursement	**-**	**-**	**9**	**(66)**	**(41)**	**(36)**	**(32)**	**(102)**
Interest on Inter Corporate Deposit								
Gujarat Poly Electronics Limited	-	-	-	-	3,091	5,104	3,091	5,104
Inter corporate deposit								
Gujarat Poly Electronics Limited	-	-	-	-	36,244	5,507	36,244	5,507
Balance outstanding as at year end								
Gujarat Poly Electronics Limited	-	-	-	-	8,000	44,244	8,000	44,244

*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.

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

All amounts are in ‘000 unless otherwise stated

4.11 Revenue from Operations for year ended March 31, 2019 is shown net of Goods and Services Tax (GST).However, Revenue from Operations for the preceding period is shown inclusive of Excise Duty, wherever applicable. For comparison purposes revenue excluding excise duty is given below:

Sr. No.	Particulars	Year ended on March 31, 2019	Year ended on March 31, 2018
(a)	Total Revenue from operations	185,632	163,605
(b)	Excise Duty on sales (included in other expenses)	-	4,707
(c)	**Total Revenue from operations excluding excise duty on Sales (a-b)**	**185,632**	**158,898**

4.12 **<u>Proposed Dividend</u>**

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

4.13 **<u>Unpaid Dividend</u>**

Particulars	Year	AGM Date	Amount
Unpaid dividend amount in the unpaid dividend account with Yes Bank Ltd.as on:	16-17	August 24, 2017	87.59
	15-16	August 10, 2016	92.53
	14-15	July 27, 2015	88.86

There are no amounts due for payment to the Investor Education and Protection fund under Section 125 as on March 31, 2019.

4.14 **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.

<u>Contract Balances</u>

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, 2019
Trade receivables	36,842
Contract assets	-
Contract liabilities	-

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

<u>Performance Obligations And Remaining Performance Obligations</u>

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

4.15 Recent Pronouncements

On March 30, 2019, Ministry of Corporate Affairs ("MCA") has notified the Ind AS 116 Leases which replaces the existing Ind AS 17 Leases. The new standard will come into force from April 1, 2019.

The core principle of the new standard lies in identifying whether the contract is or contains a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The new standard modifies the accounting of leases in the books of lessee. At the commencement date, a lessee shall recognise a right-of-use asset and a lease liability, for all leases with a term of more than 12 months, unless the underlying asset is of a low value. The accounting for leases in the books of the lessor is substantially similar to the requirements of Ind AS 17.

The standard allows for two methods of transition: the full retrospective approach, requires entities to retrospectively apply the new standard to each prior reporting period presented and the entities need to adjust equity at the beginning of the earliest comparative period presented, or the modified retrospective approach, under which the date of initial application of the new leases standard, lessees recognize the cumulative effect of initial application as an adjustment to the opening balance of equity as of annual periods beginning on or after April 1, 2019.

The Company will adopt this standard using modified retrospective method effective April 1, 2019, and accordingly, the comparative for year ended March 31, 2019, will not be retrospectively adjusted.

The effect on adoption of Ind AS 116 is being ascertained.

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
Place: Mumbai Date: May 11, 2019

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: May 11, 2019

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, 2019, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the year 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, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Company as at March 31, 2019, of consolidated profit, consolidated changes in equity and its consolidated cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013 ("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), and we have fulfilled our other ethical responsibilities in accordance with the provisions of the Act. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the 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.

Other Information

The Holding Company's Board of Directors is responsible for the Other Information. The Other Information comprises the information including in the Management Discussion and Analysis, Boards's report including annexures to Board's report, Corporate Governance (but does not include the Consolidated Financial Statements and our auditors report there on). Our opinion on the consolidated financial statements does not cover the other information and we do not will 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 informing, 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 preparation and presentation of these consolidated financial statements in term of the requirements of the Companies Act, 2013 that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards Ind AS specified under section 133 of the Act. The respective Governing Bodies of the companies included in the Group is responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group is 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 management either intends to liquidate the Group 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 is responsible for overseeing the financial reporting process of the Group.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

- Obtain sufficient appropriate audit evidence regarding the financial information of 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 consolidated 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 auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

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 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 financial statements.

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

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

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

Other Matters

We did not audit financial statements of one subsidiary, whose standalone financial statements reflect total assets of ₹97,886 thousand as at March 31, 2019, total revenues of ₹2,26,317 thousand and net cash outflows amounting to ₹479 thousand for the year ended on that date, as considered in the consolidated financial statements. These financial statements and other financial information have been audited by other auditor whose report has been furnished to us by the Management of the Company and our conclusion on the Statement, to the extent they have been derived from such financial statements is based solely on the report 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 report 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 auditor;

c. The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity 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 Accounting Standards 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, 2019 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditor of its subsidiary incorporated in India, none of the directors of the Group company, is disqualified as on March 31, 2019 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'; and

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, 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 does not have any material foreseeable losses on long term contracts including derivative contracts; and

   iii. There were no amounts 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

Place: Mumbai
Dated: May 11, 2019

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, 2019:

Report on the Internal Financial Controls under section 143(3)(i) of the Companies Act, 2013 (the Act)

In conjunction with our audit of the consolidated financial statements of the Holding Company as of and for the year ended March 31, 2019, 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 is incorporated in India, as of that date.

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 Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to 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 is 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 Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls 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 judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditor in terms of their report referred to in the Other matter 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.

Opinion

In our opinion, the Holding Company, its subsidiary which is company 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, 2019 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.

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 one subsidiary which is companies 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

Place: Mumbai
Dated: May 11, 2019

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2019

All amounts are in '000 unless otherwise stated

Particulars	Note No.	As at March 31, 2019	As at March 31, 2018
ASSETS			
Non-current Assets			
Property, plant and equipment	2.01	26,437	22,043
Other Intangible assets	2.02	183	276
Intangible assets under development		828	-
Financial assets			
Investments	2.03	74,271	30,618
Loans	2.04	200	435
Other financial assets	2.05	1,672	1,672
Deferred tax assets (Net)	2.06	1,142	1,154
Other non-current assets	2.07	5,947	5,887
Total non-current assets		**110,680**	**62,084**
Current Assets			
Inventories	2.08	47,899	50,288
Financial Assets			
Trade receivables	2.09	85,340	72,764
Cash and cash equivalents	2.10	10,122	15,463
Bank balances other than cash and cash equivalents	2.11	7,083	16,078
Loans	2.04	1,362	1,156
Other financial assets	2.05	486	135
Current tax assets (Net)	2.12	1,636	1,653
Other current assets	2.07	8,405	4,996
Total current assets		**162,333**	**162,533**
Non Current Assets held for sale	2.13	**3,139**	**-**
Total assets		**276,152**	**224,617**
EQUITY AND LIABILITIES			
Equity			
Equity Share capital	2.14	4,040	4,040
Other Equity	2.15	218,583	182,767
Amount attributable to Owners of Polychem Limited		222,623	186,807
Non controlling Interest		(6,580)	(31,537)
Total equity		**216,043**	**155,270**
Liabilities			
Non-Current Liabilities			
Provision	2.16	2,268	1,900
		2,268	**1,900**
Current Liabilities			
Financial Liabilities			
Trade payables		14,710	22,707
Other financial liabilities	2.17	32,106	32,812
Other current liabilities	2.18	8,880	10,379
Provisions	2.16	2,145	1,549
Total current liabilities		**57,841**	**67,447**
Total equity and liabilities		**276,152**	**224,617**
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 and on behalf of the Board of Directors	
For Nayan Parikh & Co.	**Tanil R. Kilachand**	Chairman (DIN No.: 00006659)
Chartered Accountants	**Parthiv T. Kilachand**	Managing Director (DIN No.: 00005516)
Firm Registration No.: 107023W	**Atul H. Mehta**	Dy. Managing Director (DIN No.: 00005523)
K.Y.Narayana	**Kanan V. Panchasara**	Chief Financial Officer
Partner	**Deepali V. Chauhan**	Company Secretary & Compliance Officer
Membership No.: 060639		
Place: Mumbai Date: May 11, 2019	Place: Mumbai Date: May 11, 2019	

CONSOLIDATED STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED MARCH 31, 2019

All amounts are in '000 unless otherwise stated

Particulars	Note No.	Year Ended March 31, 2019	Year Ended March 31, 2018
INCOME			
Revenue from operations	3.01	415,419	312,340
Other Income	3.02	5,737	3,387
Total Income		**421,156**	**315,727**
EXPENSES			
Cost of materials consumed	3.03	118,825	103,646
Purchases of Stock-in-trade	3.04	120,942	86,612
Changes in inventories of stock-in-trade	3.05	(312)	1,771
Excise duty		-	4,806
Processing charges		24,075	22,277
Employee benefits expense	3.06	52,213	44,919
Depreciation and amortization expense	3.07	3,208	2,919
Other expenses	3.08	40,960	43,163
Total Expenses		**359,911**	**310,113**
Profit/ (Loss) before tax		**61,245**	**5,614**
Tax expenses			
Tax expenses	3.09		
Current tax (for the year)		250	-
Current tax (relating to prior years)		(300)	76
Deferred tax		93	271
Total tax expense		**43**	**347**
Profit / (Loss) for the period		**61,202**	**5,267**
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurements of post employment benefit obligation		(512)	37
Income tax relating to these items	3.09	81	44
Total other comprehensive income		**(431)**	**(7)**
Total comprehensive income for the period		**60,771**	**5,260**
Profit/(Loss) attributable to:			
Owners of the parent		36,245	2,293
Non - Controlling Interest		24,957	2,974
Other comprehensive income/(loss) attributable to:			
Owners of the parent		(339)	(7)
Non - Controlling Interest		(93)	-
Total comprehensive income/(loss) attributable to:			
Owners of the parent		35,907	2,286
Non - Controlling Interest		24,864	2,974
Earnings per equity share			
Basic (in Rs.)		89.71	13.05
Diluted (in Rs.)		89.71	13.05
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 and on behalf of the Board of Directors	
For Nayan Parikh & Co.	**Tanil R. Kilachand**	Chairman (DIN No.: 00006659)
Chartered Accountants	**Parthiv T. Kilachand**	Managing Director (DIN No.: 00005516)
Firm Registration No.: 107023W	**Atul H. Mehta**	Dy. Managing Director (DIN No.: 00005523)
K.Y.Narayana	**Kanan V. Panchasara**	Chief Financial Officer
Partner	**Deepali V. Chauhan**	Company Secretary & Compliance Officer
Membership No.: 060639		
Place: Mumbai Date: May 11, 2019	Place: Mumbai Date: May 11, 2019	

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2019

Equity share capital	Amount
Balance as at April 1, 2017	**4,040**
Changes in equity share capital during the year	-
Balance as at March 31, 2018	**4,040**
Changes in equity share capital during the year	-
Balance as at March 31, 2019	**4,040**

Other Equity

All amounts are in Rs. '000 unless otherwise stated

Particulars	Attributable to owners of the Company					
	Reserves and Surplus					
	Securities Premium Account	General Reserve	Capital Redemption Reserve	Capital Reserve	Retained earnings	Amount attributable to Owners of the Holding Company
Balance as at April 1, 2017	**142,437**	**206,993**	**5,000**	**34,565**	**(207,146)**	**181,849**
Profit for the year	-	-	-	-	2,293	2,293
Other comprehensive income	-	-	-	-	(7)	(7)
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**2,286**	**2,286**
Loss on acquisition of shares of Gujarat Poly Electronics Limited	-	-	-	(150)	-	(150)
Dividends	-	-	-	-	(1,010)	(1,010)
Dividend Distribution Tax Paid	-	-	-	-	(206)	(206)
Balance as at March 31, 2018	**142,437**	**206,993**	**5,000**	**34,415**	**(206,076)**	**182,767**
Profit for the year	-	-	-	-	36,245	36,245
Other comprehensive income	-	-	-	-	(431)	(431)
Total comprehensive income for the year	-	-	-	-	**35,814**	**35,814**
Balance as at March 31, 2019	**142,437**	**206,993**	**5,000**	**34,415**	**(170,262)**	**218,583**

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: May 11, 2019

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: May 11, 2019

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2019

All amounts are in '000 unless otherwise stated

Particulars	Year Ended March 31 2019	2018
Cash flow from operating activities		
Profit before income tax	**61,245**	**5,614**
Non-cash Adjustment to Profit Before Tax:		
Depreciation and amortization expense	3,208	2,919
Dividend Income	(42)	(41)
Gratuity & Leave Encashment Provision	125	520
Interest Income	(1,109)	(1,480)
Provision for Bonus	63	(14)
Amount no longer payable written back	(20)	(50)
Amount written off	24	190
Write off stores and spares	-	4,521
Allowance for bad & doubtful debts	(117)	1,230
MTM (Gain)/loss on forward contracts	(244)	-
Unreaslied foreign exchange loss/(gain)	(751)	(773)
Income from Investments	(18)	-
Change in fair value of financial assets at fair value through profit or loss	(4,412)	(1,651)
Bad Debts	38	-
Loss on sale of Investments	14	-
Loss on sale of Property, plant and equipment	1622	-
	59,626	**10,985**
Change in operating assets and liabilities :		
Decrease/(increase) in trade receivables	(12,277)	(20,234)
Decrease/(increase) in inventories	2,391	(783)
Increase/(decrease) in trade payables	(7,229)	5,850
Increase/(decrease) in other financial assets	(390)	350
Decrease/(increase) in other non-current assets	(746)	2,621
Decrease/(increase) in other current assets	(3,407)	5,609
Increase/(decrease) in provisions	900	(99)
Increase/(decrease) in loans	(89)	(235)
Increase/(decrease) in other current liabilities	(2,137)	345
Increase/(decrease) in other financial liabilities	(696)	(1,408)
Cash generated from operations	**35,946**	**3,001**
Direct taxes paid (net of refunds)	(752)	174
Net cash flow from/(used in) operating activities (A)	**36,698**	**2,827**

All amounts are in '000 unless otherwise stated

Cash flow from investing activities		
Payments for acquisition of property, plant and equipment	(13,271)	(3,263)
Inter corporate deposit given	(75)	(285)
Loans to employees and others	193	(98)
Regulatory fees paid for acquisition of shares	-	(150)
Proceeds from sale of property, plant and equipment	173	1
Fixed deposits withdrawn from bank	8,995	5,095
Investment in mutual funds	(39,500)	-
Proceeds from sale of shares	246	-
Interest received	1,166	1,403
Dividend received	42	41
Dividend paid	(9)	-
Net cash flow from/(used in) investing activities (B)	**(42,039)**	**2,744**
Dividends Paid	-	(1,121)
Net cash flow from/(used in) in financing activities (C)	-	(1,121)
Net increase/(decrease) in cash and cash equivalents (A+B+ C)	(5,341)	4,450
Cash and cash equivalents at the beginning of the year	15,463	11,013
Cash and cash equivalents at the end of the year	**10,122**	**15,463**
Reconciliation of cash and cash equivalents as per the cash flow statement:		
Cash and cash equivalents		
Balances with banks:		
On current accounts	6,276	10,566
Deposits with original maturity of less than 3 months	3,846	4,897
Balance as per the cash flow statement	**10,122**	**15,463**

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: May 11, 2019

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: May 11, 2019

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, 2019. 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 May 11, 2019.

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 thereunder. 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 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 4.04)

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

1.05 FOREIGN CURRENCY TRANSACTIONS

(i) Functional and presentation currency

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

(ii) Transactions and balances

Monetary items

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

Non – Monetary items

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

1.06 PROPERTY, PLANT AND EQUIPMENT

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

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

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

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

Depreciation on Property, plant and equipment

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

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

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

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

1.07 INTANGIBLE ASSETS

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

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

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

Amortisation of intangible assets

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

1.08 IMPAIRMENT OF ASSETS

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

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

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

1.09 LEASES

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

As a Lessee

Operating Lease

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to Statement of Profit and Loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

1.10 INVENTORIES

Inventories are valued as follows:

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

Property under development

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

1.11 CASH AND CASH EQUIVALENTS

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

1.12 PRICIPLES OF CONSOLIDATION

Subsidiary

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

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

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

1.13 FINANCIAL INSTRUMENTS

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

Initial Recognition and Measurement – Financial Assets and Financial Liabilities

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

Classification and Subsequent Measurement: Financial Assets

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

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

Amortised Cost:

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

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

FVTOCI:

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

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

FVTPL:

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

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

Impairment of Financial Assets

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

Classification and Subsequent measurement: Financial Liabilities

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

Financial Liabilities at FVTPL:

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

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

Other Financial Liabilities:

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

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

Derecognition of Financial Assets and Financial Liabilities:

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

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

Offsetting Financial Instruments:

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

1.14 PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

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

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

Contingent liabilities are disclosed in the case of:

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

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

1.15 REVENUE RECOGNITION

The Company derives revenue primarily from sale of products.

Effective April 1, 2018 the Company adopted Ind AS 115 "Revenue from Contracts with Customers" using the cumulative catch-up transition method, applied to contracts with customers that were not completed as at April 1, 2018. In accordance with the cumulative catch-up transition method, the comparatives have not been retrospectively adjusted. The following is the summary of new and/or revised significant accounting policies related to revenue recognition. Refer Note 1.00 Significant Accounting Policies, in the Company's 2018 Annual Report for the policies in effect for revenue prior to April 1, 2018. The effect on adoption of Ind AS 115 was insignificant.

Significant accounting policy

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 recognised directly in equity is recognised in equity and not in the Statement of Profit and Loss.

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

Deferred tax:

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

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

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

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

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

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

1.17 EMPLOYEE BENEFITS

a) Short-term obligations

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

b) Post-employment obligations

The Group operates the following post-employment schemes:

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

Gratuity obligations

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

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

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

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

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

Defined contribution plans

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

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

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

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

1.18 EARNINGS PER SHARE (EPS)

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

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

1.19 SEGMENT REPORTING

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

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, 2018	Addition	Disposal	Reclassfication as held for sale	As at March 31, 2019	As at April 1, 2018	For the Year	Elimination on disposal	Reclassfication as held for sale	As at March 31, 2019	As at March 31, 2019	As at March 31, 2018
Own Assets:												
Plant and Machinery	11,423	-	1,735	-	9,688	665	263	-	-	928	8,760	10,758
Laboratory equipments	487	-	-	-	487	220	69	-	-	289	198	267
Furniture & Fixtures	929	13	-	-	942	397	128	-	-	525	417	531
Electrical Installations	311	1	-		312	2	2	-		4	308	310
Computers	1,687	396	42	-	2,041	887	505	38	-	1,354	687	799
Office Equipments	1,505	340	-	-	1,845	675	371	-	-	1,046	799	830
Building- Factory	4,813	1,003	-	-	5,816	1,074	670	-		1,744	4,072	3,739
Motor Vehicles	3,455	8,349	124	-	11,680	1,082	1,050	68	-	2,064	9,616	2,374
Land (Leasehold)	2,614	2,341	-	3,186	1,769	181	56	-	48	189	1,580	2,433
Total	**27,224**	**12,443**	**1,901**	**3,186**	**34,580**	**5,183**	**3,114**	**106**	**48**	**8,143**	**26,437**	**22,043**

Particulars	Gross Carrying Amount					Accumulated Depreciation / Impairment					Net Carrying Amount	
	As at April 1, 2017	Addition	Disposal	Other Adjustment	As at March 31, 2018	As at April 1, 2017	For the Year	Elimination on disposal	Other Adjustment	As at March 31, 2018	As at March 31, 2018	As at March 31, 2017
Own Assets:												
Plant and Machinery	11,360	63	-	-	11,423	368	297	-	-	665	10,758	10,993
Laboratory equipments	487	-	-	-	487	126	93	-	-	220	267	361
Furniture & Fixtures	907	22	-	-	929	226	171	-	-	397	531	679
Electrical Installations	311	-			311	2				2	310	310
Computers	1,054	670	37	-	1,687	416	507	36	-	887	799	638
Office Equipments	1,282	223	-	-	1,505	359	316	-	-	675	830	923
Building- Factory	4,813	-			4,813	537	537			1,074	3,739	4,276
Motor Vehicles	1,219	2,237	-	-	3,455	351	731	-	-	1,082	2,374	868
Land (Leasehold)	2,614	-	-	-	2,614	113	68	-	-	181	2,433	2,501
Total	**24,047**	**3,215**	**37**	**-**	**27,224**	**2,498**	**2,720**	**36**	**-**	**5,183**	**22,043**	**21,550**

2.02 Other Intangible Assets

All amounts are in ‘000 unless otherwise stated

Particulars	Gross Carrying Amount					Accumulated Depreciation / Impairment					Net Carrying Amount	
	As at April 1, 2018	Addition	Disposal	Reclassfication as held for sale	As at March 31, 2019	As at April 1, 2018	For the Year	Elimination on disposal	Reclassfication as held for sale	As at March 31, 2019	As at March 31, 2019	As at March 31, 2018
Software	941	-	-	-	941	665	93	-	-	758	183	276
Total	**941**	**-**	**-**	**-**	**941**	**665**	**93**	**-**	**-**	**758**	**183**	**276**

Particulars	Gross Carrying Amount					Amortisation / Impairment					Net Block	
	As at April 1, 2017	Addition	Disposal	Other Adjustments	As at March 31, 2018	As at April 1, 2017	For the Year	Elimination on disposal	Other adjustments	As at March 31, 2018	As at March 31, 2018	As at March 31, 2017
Software	893	48	-	-	941	467	198	-	-	665	276	426
Total	**893**	**48**	**-**	**-**	**941**	**467**	**198**	**-**	**-**	**665**	**276**	**426**

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

Particulars	With in One year	2 to 5 years	Exceeding 5 years	Total WDV
Softwares	72	93	18	183
Total	**72**	**93**	**18**	**183**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

All amounts are in '000 unless otherwise stated

2.03 Non-current Investments

Particulars	Face value per unit	As at March 31, 2019 Qty	2019 Amount	2018 Qty	2018 Amount
Investments in Equity Instruments (fully paid-up)					
Quoted					
Investment in other companies (FVTPL)					
State Bank of India	1	1,050	337	1,050	262
HDFC Limited	2	500	984	500	913
ICICI Bank Limited	2	962	385	962	268
ITC Limited	1	1,800	535	1,800	460
Larsen & Toubro Limited	2	585	810	585	767
Adani Port Sp. Eco. Zone Limited	2	1,500	567	1,500	531
Reliance Industries Limited	10	584	796	584	515
Great Eastern Shipping Company Limited	10	-	-	600	198
IDFC Limited	10	-	-	800	39
IDFC Bank Limited	10	-	-	800	38
DCM Limited	10	-	-	1	*
DCM Shriram Industries Limited	10	-	-	6	1
	(A)	**6,981**	**4,414**	**9,188**	**3,992**
Unquoted					
Investment in other companies					
Crescent Finstock Limited	10	9	-	9	*
Mafatlal Dyes & Chemicals Limited	10	62	1	62	1
	(B)	**71**	**1**	**71**	**1**
Investments in Mutual Fund (FVTPL)					
Unquoted					
HDFC Floating Rate Income Fund (Growth)		218,652	7,107	218,652	6,613
HDFC Credit Risk Debt Fund		293,417	10,745	293,417	10,103
DSP Black Rock - SBF - Institutional Plan (Growth)		4,905	10,710	4,905	9,909
Axis Banking & PSU Debt Fund (Growth)		7,630	13,335	-	-
IDFC Corporate Bond Fund (Growth)		1,237,093	15,751	-	-
DSP Corporate Bond Fund (Reg- Growth)		567,253	6,096	-	-
IDFC Banking & PSU Debt Fund (Growth)		380,103	6,112	-	-
	(C)	**2,709,052**	**69,856**	**516,974**	**26,625**
Total (A + B + C)		**2,716,104**	**74,271**	**526,233**	**30,618**

	2019	2018
Aggregate amount of quoted investments	4,414	3,992
Aggregate market value of quoted investments	4,414	3,992
Aggregate amount of unquoted investments	69,857	26,626

*Amounts below Rs. 500/-

2.04 Loans

	Non - Current As at March 31, 2019	Non - Current 2018	Current As at March 31, 2019	Current 2018
Other Loans				
Unsecured, considered good unless stated otherwise				
Loans to employees	200	435	727	596
Inter corporate deposit	-	-	635	560
	200	435	1,362	1,156
Less : Allowance for bad and doubtful loans	-	-	-	-
Total	**200**	**435**	**1,362**	**1,156**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

All amounts are in '000 unless otherwise stated

2.05 Other Financial Assets

	Non - Current As at March 31, 2019	Non - Current As at March 31, 2018	Current As at March 31, 2019	Current As at March 31, 2018
Security deposits	1,672	1,672	-	-
Forward Contract - Asset	-	-	394	-
Accrued Interest on Deposits with Bank	-	-	92	135
Total	**1,672**	**1,672**	**486**	**135**

2.06 Deferred Tax Assets (net)

	Current As at March 31, 2019	Current As at March 31, 2018
Deductible temporary differences		
Unabsorbed Depreciation as per Income Tax	1,142	1,154
Total	**1,142**	**1,154**

The 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 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 been recognised.

Particulars	2018-19	2019-20	2020-21	2021-22	2022-23	Indefinite	Total
Tax losses							
Unabsorbed depreciation	-	-	-	-	-	1,04,670	1,04,670
Business losses	-	-	-	11,661	14,508	-	26,169
Total	**-**	**-**	**-**	**11,661**	**14,508**	**1,04,670**	**1,30,839**

2.07 Other Assets

	Non - Current As at March 31, 2019	Non - Current As at March 31, 2018	Current As at March 31, 2019	Current As at March 31, 2018
Prepaid expenses	783	48	1,084	697
Staff Advances	-	-	382	468
Advance to suppliers	-	-	1,004	-
Balances with Statutory Authorities:				
Income Tax (net of provisions)	995	1,680	-	-
VAT/GST Receivable	4,117	4,117	5,438	3,424
Others	-	-	283	280
Other Receivables				
Employee Super Annuation Scheme A/c - HDFC	6	6	-	-
GPEL EMP GGCA SCHEME A/C - HDFC	10	-	-	-
The Trustee- GGA Scheme A/c - HDFC	-	12	-	-
Other Advances	36	24	214	127
Total	**5,947**	**5,887**	**8,405**	**4,996**

2.08 Inventories

	As at March 31, 2019	As at March 31, 2018
Raw Materials	4,784	5,737
Property Development	15,934	15,880
Finished Goods	955	3,970
Stock in trade	20,727	19,402
Work in progress	5,065	3,117
Packing Material	32	10
Stores and spares	402	290
Goods in transit	-	1,882
Total	**47,899**	**50,288**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

All amounts are in '000 unless otherwise stated

2.09 Trade Receivables	As at March 31, 2019	As at March 31, 2018
Trade receivables - Unsecured	89,798	77,339
Less : Provision for impairment	4,458	4,575
Total	**85,340**	**72,764**

2.10 Cash and Cash Equivalent	As at March 31, 2019	As at March 31, 2018
Balances with banks:		
On current accounts	6,276	10,566
Deposits with original maturity of less than 3 months*	3,846	4,897
Total	**10,122**	**15,463**

2.11 Bank balances other than cash and cash equivalents	As at March 31, 2019	As at March 31, 2018
Deposits with original maturity for more than 3 months but less than 12 months*	7,083	16,078
Total	**7,083**	**16,078**

*Marked under lien in favour of banks

Lien marked on Deposit of Rs.2,300('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, 2019	As at March 31, 2018
Advance income tax (Net of Provisions)	1,636	1,653
Total	**1,636**	**1,653**

2.13 Assets held for sale	As at March 31, 2019	As at March 31, 2018
Plot of Land at cost	3,186	-
Less: Amortisation	48	-
Net Cost	**3,138**	**-**

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 " Asset Held for Sale" and is valued at lower of its carrying value and fair value less costs to sell for the year thereof is charged to Statement of Profit and Loss.

2.14 Equity Share capital	As at March 31, 2019	As at March 31, 2018
Paid up Capital		
4,04,045 (March 31, 2018 : 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)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

All amounts are in '000 unless otherwise stated

Equity Shares	As at March 31, 2019 No. of Shares	2019 Amount	2018 No. of Shares	2018 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

	As at March 31, 2019 No. of Shares	2019 % of holding	2018 No. of Shares	2018 % 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, 2019	2018
General reserve	206,993	206,993
Surplus in the Statement of Profit and Loss	(170,262)	(206,076)
Capital reserve	34,415	34,415
Securities Premium	142,437	142,437
Capital Redemption reserve	5,000	5,000
Total	**218,583**	**182,767**

Description of the nature and purpose of each reserve within equity is as follows:

(a) General Reserve :

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

(b) Retained Earnings :

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

(c) Securities Premium :

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

(d) Capital Redemption Reserve :

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

All amounts are in '000 unless otherwise stated

2.16	Provisions	As at March 31,		As at March 31,	
		2019	2018	2019	2018
	Employee benefits				
	Leave Encashment (Unfunded Plans)	2,268	1,900	1,702	1,207
	Provision for Bonus	-	-	443	342
	Total	**2,268**	**1,900**	**2,145**	**1,549**

2.17	Other Financial Liabilities	As at March 31,	
		2019	2018
	Preference Share Capital	31,322	31,322
	Forward contract - Liability	-	93
	Unpaid dividend	269	277
	Liability for expenses	515	1,119
	Total	**32,106**	**32,812**

2.18	Other Current Liabilities	As at March 31,	
		2019	2018
	Gratuity payables (Funded)	3,736	4,833
	Leave travel allowance payable	1,252	1,455
	Other Payables	85	85
	Provision for expense	1,058	961
	Leave Encashment	277	221
	Statutory Payables	2,472	2,824
	Total	**8,880**	**10,379**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

All amounts are in '000 unless otherwise stated

3.01 Revenue From Operations	Year ended March 31, 2019	Year ended March 31, 2018
Revenue from operations		
Sale of products (Net sales)	410,944	301,739
Excise Duty	-	4,806
Other operating revenue		
Exchange gain/(loss) on foreign currency	2,211	3,065
Duty drawback received	1,985	1,542
Sale of scrap	63	7
Others	216	1,181
Total	**415,419**	**312,340**

3.02 Other Income	Year ended March 31, 2019	Year ended March 31, 2018
Interest Income	1,253	1,644
Fair value measurement of Investments	4,412	1,651
Dividend Income	42	41
Other non - operating income		
Amount not payable written back	20	50
Other sundry Income	10	1
Total	**5,737**	**3,387**

3.03 Cost of Materials Consumed	Year ended March 31, 2019	Year ended March 31, 2018
Opening Stock	5,736	4,873
Purchases	117,873	104,510
Less: Closing stock	(4,784)	(5,737)
Total	**118,825**	**103,646**

3.04 Purchases of Stock-in-trade	Year ended March 31, 2019	Year ended March 31, 2018
i) Trading Goods	120,856	86,501
ii) Packing Material	86	111
Total	**120,942**	**86,612**

3.05 Changes in Inventories of Stock-in-Trade	Year ended March 31, 2019	Year ended March 31, 2018
Finished Goods		
Opening Stock	3,970	5,591
Less: Closing Stock	(955)	(3,970)
	3,015	1,621
Work in process		
Opening Stock	3,117	3,695
Less: Closing Stock	(5,065)	(3,117)
	(1,948)	578
Trading Goods		
Opening Stock	19,403	19,125
Less: Closing Stock	(20,728)	(19,403)
	(1,325)	(278)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

All amounts are in '000 unless otherwise stated

Property Development		
Opening Stock	15,880	15,730
Less: Closing Stock	(15,934)	(15,880)
	(54)	(150)
Total	**(312)**	**1,771**

3.06 **Employee Benefits Expense**	**Year ended March 31, 2019**	**Year ended March 31, 2018**
Salaries, wages & incentives	43,857	36,017
Contribution to provident and other fund	6,613	7,231
Staff welfare expenses	1,743	1,671
Total	**52,213**	**44,919**

3.07 **Depreciation and Amortization Expense**	**Year ended March 31, 2019**	**Year ended March 31, 2018**
Depreciation of property, plant and equipment	3,115	2,721
Amortization of Intangible assets	93	198
Total	**3,208**	**2,919**

3.08 **Other Expenses**	**Year ended March 31, 2019**	**Year ended March 31, 2018**
Selling & distributions expenses	6,313	4,837
Legal and professional fees	5,817	6,452
Rent	3,294	3,165
Factory Expense	443	423
Security service charges	904	884
Stores and Spares write off	-	4,521
Motor car expenses	1,783	1,892
Membership & subscription	990	1,062
Rates & taxes	715	1,089
Property tax	363	2,451
Telephone expenses	878	1,114
General charges	653	809
Printing & stationery expenses	1,218	1,237
Conveyance & travelling expenses	2,092	1,932
Electric Power, oil fuel and water charges	1,458	1,303
Miscellaneous expenses	3,009	2,006
Postage & courier expenses	700	672
Insurance charges	590	487
Advertisement expenses	218	229
Amount not recoverable written off	1	169
Land development expenses	54	149
ISO & certification expenses	1,657	118
Medical Expenses	-	100
Director sitting fees	485	323
Interest on statutory dues	-	59

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

All amounts are in '000 unless otherwise stated

ECL (Other) Expense		(117)	1,230
Donation		-	3
Bad debts		238	-
Loss on sale of Investments		14	-
Loss on sale of property, plant and equipment		1,622	-
Land Non Use Charges		781	-
Repair & Maintenance			
Computer		228	178
Machinery		35	14
Others		1,905	1,872
Packing Material, Stores & spares			
Opening Stock	254		
Add : Purchase during the year	2,166		
Less : Closing Stock	(366)	2,055	1,816
Auditor's Remuneration		564	567
Total		**40,960**	**43,163**

3.09 Tax expenses	Year ended March 31, 2019	2018
(i) Income tax expenses		
Current tax		
In respect of the current year	250	-
In respect of prior years	(300)	76
	(50)	76
Deferred tax		
In respect of the current year	93	271
	93	271
(ii) Income tax recognised in Other Comprehensive Income		
Remeasurements of the defined benefit plans	81	44
	81	44
Total (a+b)	**123**	**391**

(iii) Reconciliation between the Statutory income tax rate applicable to the company and the effective income tax rate is as follows:	Year ended March 31, 2019	2018
Net profit/(loss) before tax	61,245	5,614
Effective Tax rate applicable to the company	26.00%	25.75%
Tax amount at the enacted income tax rate	15,924	1,446
Entities with no tax	-	(1,713)
Expenses not deductible in determining taxable profits	889	674
Allowances / Deductible	(1,638)	(920)
Income not considered for taxation	(10)	(11)
Deferred tax not created on current year loss	(14,702)	524
Unabsorbed depreciation	(431)	-
Unabsorbed Business Loss	(31)	-
Tax relating to current year	250	-
Tax relating to earlier years	(300)	76
Deferred tax liability on account of other temporary differences	174	315
Income tax expense	**123**	**391**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

All amounts are in '000 unless otherwise stated

4.01 Earnings Per Share (EPS)	**As at March 31,**	
	2019	**2018**
Basic earnings per share:		
Attributable to equity holders of the Company	89.71	13.05
Diluted earnings per share:		
Attributable to equity holders of the Company	89.71	13.05
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	36,245	5,267
Diluted earnings per share		
Profit attributable to equity holders of the Company used in calculating diluted earnings per share	36,245	5,267
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,**	
	2019	**2018**
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	2,873
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.		
iii) Disputed Demand of Employees' State Insurance Corporation * *Bank Guarantee is issued to ESIC as security for Rs. 52,000/-	103	103

4.03 Amount of lease rental charged to the Statement Profit and Loss in respect of premises taken on cancellable operating lease is Rs.3,064 (March 2018 : Rs. 2,994).

4.04 **Employee benefits**

1) **Defined Contribution Plans:**
The amounts of contribution to provident fund and ESIC recognized as expenses during the year is Rs. 3,124 (March 31, 2018 : 2,821) for the year ended March 31, 2019.

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, longetivity risk and salary risk. No other post-retirement benefit are provided to the employees.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

All amounts are in '000 unless otherwise stated

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,	
	2019	**2018**
Discount rate	7.77%	7.73%
Expected rate of salary increase	6.00%	6.00%
Mortality Rate	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)

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

Particulars	**Gratuity**	
	As at March 31,	
	2019	**2018**
Service cost		
Current service cost	585	566
Net Interest Cost	375	239
Past Service cost	-	1,306
Net Actuarial (Gain)/loss	-	-
Components of defined benefits cost recognized in Statement of Profit and Loss	**960**	**2,111**

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

Particulars	**Gratuity**	
	As at March 31,	
	2019	**2018**
Remeasurement of net defined benefit liability		
Return on plan assets (excluding amount included in net interest expense)	(173)	(56)
Net Actuarial (Gain)/ Loss	685	19
Components of defined benefits cost recognized in Other Comprehensive Income	**512**	**(37)**

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

Particulars	**Gratuity**	
	As at March 31,	
	2019	**2018**
Present Value of the Defined Benefit Obligations	16,407	14,061
Fair Value of Plan Assets	(12,671)	(9,228)
Liability Recognized in the Balance Sheet	**3,736**	**4,833**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

All amounts are in '000 unless otherwise stated

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, 2019	Gratuity As at March 31, 2018
Projected benefit obligations at end of the year	16,407	14,061
Fair Value of Plan Asset at the end of the year	(12,671)	(9,228)
Deficit of gratuity plan	**3,736**	**4,833**

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

Particulars	Gratuity As at March 31, 2019	Gratuity As at March 31, 2018
Opening defined benefit obligations	14,061	11,426
Current service cost	585	566
Interest cost	1,091	839
Past Service cost	-	1,306
Benefit paid from the fund	(16)	(95)
Remeasurement (Gains) / losses		
Actuarial (gains) / losses on Defined Benefit Obligation - Due to change in financial obligation	(2)	(224)
Actuarial (gains) / losses on Defined Benefit Obligation - Due to experience	688	243
Closing defined benefit obligation	**16,407**	**14,061**

5. (ii) Reconciliation

Particulars	Gratuity As at March 31, 2019	Gratuity As at March 31, 2018
Opening Net Liability	4,833	3,254
Add: Employer Expenses (Expenses recognized in the statement of P/L account)	961	2,111
Add: Transfer to OCI	512	(37)
Less: Benefit Paid	-	-
Less: Employers contribution	(2,569)	(495)
Closing Net Liability	**3,736**	**4,833**

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

Particulars	Gratuity As at March 31, 2019	Gratuity As at March 31, 2018
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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

All amounts are in '000 unless otherwise stated

Particulars	Gratuity As at March 31, 2019	Gratuity As at March 31, 2018
Delta Effect of +0.5% Change in Rate of Discounting	(454)	(414)
Delta Effect of -0.5% Change in Rate of Discounting	501	460
Delta Effect of +0.5% Change in Rate of Salary Increase	425	464
Delta Effect of -0.5% Change in Rate of Salary Increase	(392)	(424)
Delta Effect of +0.5% Change in Rate of Employee Turnover	77	47
Delta Effect of -0.5% Change in Rate of Employee Turnover	(83)	(52)

4.05 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, 2019	As at March 31, 2018
1	**Segment Revenue**		
	(net sale/income from each segment)		
	(a) Property Development	-	-
	(b) Specialty Chemicals	185,632	163,605
	(c) Manufacturingand trading in Capacitors	225,312	142,841
	(d) Unallocated	10,212	9,281
	Total	**421,156**	**315,727**
	Less: Inter Segment Revenue	-	-
	Revenue from operations	**421,156**	**315,727**
2	**Segment Results**		
	Profit/Loss before tax and interest from each segment		
	(a) Property Development	-	-
	(b) Speciality Chemicals	26,538	18,915
	(c) Manufacturingand trading in Capacitors	54,243	6,653
	(d) Unallocated	-	-
	Total	**80,781**	**25,568**
	Less: Other Un-allocable Expenditure (net off)	19,536	19,954
	Total Profit Before Tax	**61,245**	**5,614**
3	**Segment Asset**		
	(Segment assets - Segment liabilities)		
	(a) Property Development	15,934	15,880
	(b) Speciality Chemicals	60,891	56,209
	(c) Manufacturingand trading in Capacitors	97,886	89,682
	(d) Unallocated	101,441	62,846
	Total	**276,152**	**224,617**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

All amounts are in '000 unless otherwise stated

Sr. No.	Particulars	As at March 31, 2019	As at March 31, 2018
4	**Segment Liabilities**		
	(a) Property Development	-	-
	(b) Speciality Chemicals	14,165	13,823
	(c) Manufacturingand trading in Capacitors	41,484	51,079
	(d) Unallocated	4,460	4,445
	Total	**60,109**	**69,347**

4.06 Capital Management

Risk management

The Group'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, 2019, 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, 2019	As at March 31, 2018
Dividend on equity shares paid during the year		
Dividend paid	-	1,010
Dividend distribution tax	-	206

4.07 Financial Instruments

1) Methods & assumptions used to estimate the fair values

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

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

(a) 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.

(b) For financial assets and liabilities that are measured at fair value, the carrying amounts are equal to the fair values.

2) Categories of financial instruments

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

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

All amounts are in '000 unless otherwise stated

Particulars	As at March 31, 2019		As at March 31, 2018	
	Carrying values	Fair value	Carrying values	Fair value
Financial assets				
Measured at amortized cost				
Trade receivables	85,340	85,340	72,764	72,764
Loans	1,562	1,562	1,591	1,591
Cash and Bank balances	17,205	17,205	31,541	31,541
Other financial assets	1,764	1,764	1,807	1,807
Total (A)	**105,871**	**105,871**	**107,703**	**107,703**
Measured at fair value through profit or loss				
Investment in equity instruments of other companies	4,414	4,414	3,993	3,993
Investment in mutual funds	69,856	69,856	26,625	26,625
Derivative Instruments	394	394	-	-
Total (B)	**74,664**	**74,664**	**30,618**	**30,618**
Total Financial assets (A+B)	**180,534**	**180,534**	**138,321**	**138,321**
Financial liabilities				
Measured at amortized cost				
Trade payables	14,710	14,710	22,707	22,707
Other financial liabilities	32,106	32,106	32,718	32,718
Total (A)	**46,817**	**46,817**	**55,425**	**55,425**
Measurement at fair value through profit or loss				
Derivative Instruments	-	-	93	93
Total (B)	**-**	**-**	**93**	**93**
Total Financial liabilities (A+B)	**46,817**	**46,817**	**55,519**	**55,519**

Level wise disclosure of financial instruments

Particulars	As at March 31,		Level	Valuation techniques and key inputs
	2019	2018		
Investment in equity instruments of other companies	4,414	3,993	1	Market Value
Investment in mutual funds	69,856	26,625	2	NAV as stated by Issuer
Forward contracts - Assets	394	-	2	Quotes from banks or dealers
Forward contracts - Liability	-	93	2	Quotes from banks or dealers

4.08 <u>Financial Risk Management</u>

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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

All amounts are in '000 unless otherwise stated

1) **Credit Risk**

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

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

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

Table showing age of gross trade receivables and movement in expected credit loss allowance:

Age of Receivables	As at Mar 31, 2019	As at Mar 31, 2018
Within the credit period	77,596	66,065
1-90 days past due	7,522	6,600
91-180 days past due	766	157
181-270 days past due	4	964
271-360 days past due	230	476
More than 360 days past due	3,681	3,076
Total	**89,799**	**77,339**

Movement in the expected credit allowance	Amount
As at April 1, 2017	3,345
Provided during the year	1,230
As at March 31, 2018	**4,575**
Provided during the year	(117)
As at March 31, 2019	**4,458**

2) **Liquidity Risk**

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

Maturities of financial liabilities

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

All amounts are in '000 unless otherwise stated

As at March 31, 2019	**less than 1 year**	**1 to 5 year**	**Total**
Non-Derivatives			
Trade payables	14,710	-	14,710
Other Financial Liabilities	784	31,322	32,106
As at March 31, 2018	**less than 1 year**	**1 to 5 year**	**Total**
Non-Derivatives			
Trade payables	22,707	-	22,707
Other Financial Liabilities	1,490	31,322	32,812

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

All amounts are in '000 unless otherwise stated

3) Market Risk

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

Market Risk – Foreign Exchange

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

Currencies	Liabilities		Assets	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
GBP	-	0.66	137.11	84.60
EURO	-	0.39	60.49	64.80
USD	-	60.67	137.88	-

Foreign currency exposure as at March 31, 2019		GBP	EURO	USD
Assets				
Trade receivables		137.11	60.49	137.88
Forward contracts - Assets		-	-	-
Foreign currency exposure as at March 31, 2018		**GBP**	**EURO**	**USD**
Assets				
Trade receivables		84.60	64.80	-
Liabilities				
Trade Payables		-	-	60.67
Forward contracts - Liability		0.66	0.39	-

Details of Unhedged Foreign Currency Exposure is as under:-

Currency	Nature	March 31, 2019		March 31, 2018	
		Amount in Foreign Currency	Amount in INR	Amount in Foreign Currency	Amount in INR
GBP	Asset- Export Receivables	2.30	208	29.30	2,704
EURO	Asset- Export Receivables	0.80	62	0.60	48
USD	Asset- Export Receivables	56.11	3,881	-	-
USD	Liability- Import Payable	-	-	60.67	3,952

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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

All amounts are in '000 unless otherwise stated

Particulars	Impact on profit/(loss) before tax and equity: Increase/(Decrease)			
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
	1 % Increase	1 % Increase	1 % Decrease	1 % Decrease
GBP	2.08	129.34	(2.08)	(129.34)
EURO	38.81	104.29	(38.81)	(104.29)
USD	0.62	(39.00)	(0.62)	39.00

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 2019, the investments in mutual funds is Rs. 69,856 (March 31, 2018 : 26,624).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, 2019	March 31, 2018	March 31, 2019	March 31, 2018
Price - increase by 0.10%	70	27	70	27
Price - decrease by 0.10%	**(70)**	**(27)**	**(70)**	**(27)**

4.09 Related Party Transactions

(a) Names of related parties and description of relationship

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

All amounts are in '000 unless otherwise stated

(b) Details of Transactions :

	Key Managerial personnel		Entities where the key managerial personnel have significant influence/control		Total Amount	
	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18
Expenses						
Rent						
Ginners & Pressers Limited	-	-	967	940	967	940
Tulsi Global Logistics Private Limited	-	-	(546)	(469)	(546)	(469)
Electricity charges						
Ginners & Pressers Limited	-	-	261	265	261	265
Remuneration*						
T.R. Kilachand	835	-			835	-
P. T. Kilachand	4,127	3,096	-	-	4,127	3,096
A. H. Mehta	5,003	4,676	-	-	5,003	4,676
K. V. Panchasara	1,883	1,480	-	-	1,883	1,480
D.V. Chauhan	533	501	-	-	533	501
Directors sitting fees						
T. R. Kilachand	35	48	-	-	35	48
N. T. Kilachand	27	9	-	-	27	9
C. R. Desai	22	18	-	-	22	18
N. S. Mehendale	51	12	-	-	51	12
V. V. Sahasrabudhe	54	18	-	-	54	18
Y. S. Mathur	38	18	-	-	38	18
Total expenses payable	**12,607**	**9,876**	**682**	**736**	**13,290**	**10,612**
Reimbursement/(Recovery) of expenses						
Ginners & Pressers Limited	-	-	62	(1)	62	(1)
Suntan Trading Company Limited	-	-	-	-	-	-
Tulsi Global Logistics Private Limited	-	-	(53)	(65)	(53)	(65)
Total reimbursement	**-**	**-**	**9**	**(66)**	**9**	**(66)**

*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 Revenue from Operations for year ended March 31, 2019 is shown net of Goods and Services Tax (GST).However, Revenue from Operations for the preceding period is shown inclusive of Excise Duty, wherever applicable. For comparison purposes revenue excluding excise duty is given below:

Sr. No.	Particulars	Year ended on March 31, 2019	2018
(a)	Total Revenue from operations	410,944	306,545
(b)	Excise Duty on sales (included in other expenses)	-	4,806
(c)	**Total Revenue from operations excluding excise duty on Sales (a-b)**	**410,944**	**301,739**

4.11 Proposed Dividend

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

All amounts are in '000 unless otherwise stated

4.12 Unpaid Dividend

Particulars	Year	AGM Date	Amount
Unpaid dividend amount in the unpaid dividend account with Yes Bank Ltd.as on:	16-17	August 24, 2017	87.59
	15-16	August 10, 2016	92.53
	14-15	July 27, 2015	88.86

There are no amounts due for payment to the Investor Education and Protection fund under Section 125 as on March 31, 2019.

4.13 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.

4.14 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, 2019
Trade receivables	**85,340**
Contract assets	-
Contract liabilities	-

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

Performance Obligations And Remaining Performance Obligations

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

4.15 Recent Pronouncements

On March 30, 2019, Ministry of Corporate Affairs ("MCA") has notified the Ind AS 116 Leases which replaces the existing Ind AS 17 Leases. The new standard will come into force from April 1, 2019.

The core principle of the new standard lies in identifying whether the contract is or contains a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The new standard modifies the accounting of leases in the books of lessee. At the commencement date, a lessee shall recognise a right-of-use asset and a lease liability, for all leases with a term of more than 12 months, unless the underlying asset is of a low value. The accounting for leases in the books of the lessor is substantially similar to the requirements of Ind AS 17.

The standard allows for two methods of transition: the full retrospective approach, requires entities to retrospectively apply the new standard to each prior reporting period presented and the entities need to adjust equity at the beginning of the earliest comparative period presented, or the modified retrospective approach, under which the date of initial application of the new leases standard, lessees recognize the cumulative effect of initial application as an adjustment to the opening balance of equity as of annual periods beginning on or after April 1, 2019.

The Company will adopt this standard using modified retrospective method effective April 1, 2019, and accordingly, the comparative for year ended March 31, 2019, will not be retrospectively adjusted.

The effect on adoption of Ind AS 116 is being ascertained.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

All amounts are in '000 unless otherwise stated

4.16 Disclosure in terms of Schedule III to the Companies Act, 2013

March 31, 2019 :

Name of the entity	Net Assets i.e. Total Assets minus Total Liabilities		Share in Profit or loss		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	Amount (Rs.)	As % of consolidated profit or (loss)	Amount (Rs.)	As % of consolidated other comprehensive income	Amount (Rs.)	As % of consolidated total comprehensive income	Amount (Rs.)
Parent								
Polychem Limited	108.03%	2,33,390	11.37%	6,959	53.34%	(230)	11.07%	6,729
Subsidiary								
Gujarat Poly Electronics Limited (formerly known as Gujarat Poly-AVX Electronics Limited)	-4.98%	(10,768)	47.85%	29,286	46.66%	(201)	47.86%	29,085
Non Controlling Interest	-3.05%	(6,580)	40.78%	24,957	-	-	41.07%	24,957
Total	**100%**	**2,16,043**	**100%**	**61,202**	**100%**	**(431)**	**100%**	**60,771**

March 31, 2018 :

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	111.14%	172,571	-26.30%	(1,385)	3049.12%	(216)	-30.44%	(1,601)
Subsidiary								
Gujarat Poly Electronics Limited	9.17%	14,236	69.83%	3,678	-2949.12%	209	73.90%	3,887
Non Controlling Interest	-20.31%	(31,537)	56.47%	2,974	-	-	56.54%	2,974
Total	**100%**	**155,270**	**100%**	**5,267**	**100%**	**(7)**	**100%**	**5,260**

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
Place: Mumbai Date: May 11, 2019

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: May 11, 2019

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:

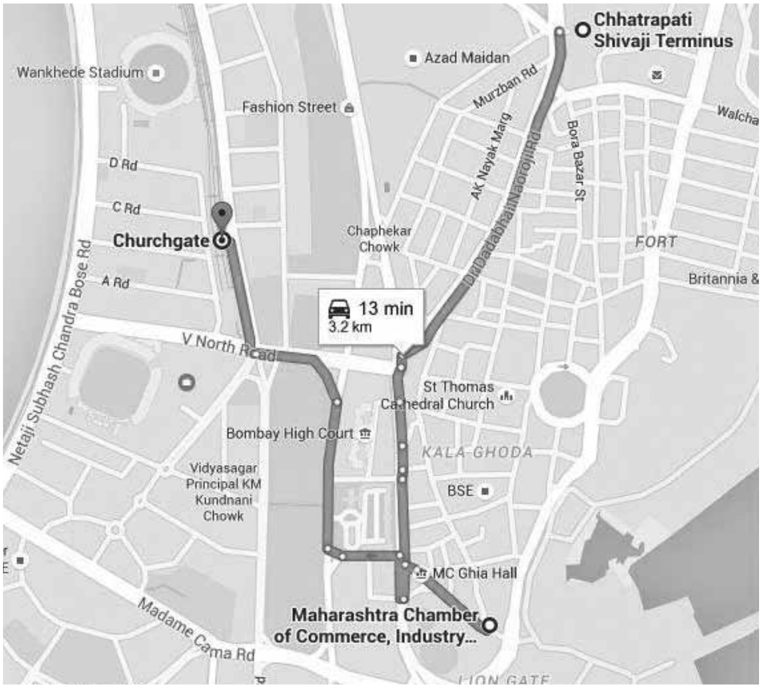
Part A : Subsidiary **(Amount in '000)**

Sr. No.	Name of the Subisidiary	
I	Gujarat Poly Electronics Limited	
1	Latest audited Balance Sheet date	March 31, 2019
2	The date since subsidiary was acquired	March 31, 2017
3	Shares of Subsidiary - Number of shares - Amount of Investment (Rs.in '000) - Extent of Holding %	 4,616,152 11,665 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	(103,926)
8	Total Assets	97,886
9	Total Liabilities	116,312
10	Investments	NIL
11	Revenue from Operations	225,528
12	Profit before taxation	54,243
13	Provision for taxation	NIL
14	Profit after taxation	54,243
15	Other Comprehensive Income	(201)
16	Total Comprehensive Income	54,042
17	Proposed Dividend	NIL

For and on behalf of the Board of Directors

Tanil R. Kilachand	Chairman (DIN No.: 00006659)
Parthiv T. Kilachand	Managing Director (DIN No.: 00005516)
Atul H. Mehta	Dy. Managing Director (DIN No.: 00005523)
Kanan V. Panchasara	Chief Financial Officer
Deepali V. Chauhan	Company Secretary & Compliance Officer
Place: Mumbai	Date: May 11, 2019

Route Map to the Venue of the 62nd Annual General Meeting to be held on Friday, August 2, 2019.



Mahrashtra Chamber of Commerce, Industry & Agriculture
Oricon House, 6th Floor, 12 K. Dubhash Marg, Fort, Mumbai – 400 001.

FORM OF PROXY

POLYCHEM LIMITED

Registered Office: 7, Jamshedji Tata Road,
Churchgate Reclamation, Mumbai 400 020.
Tel No: 022-22820048, **Fax No:** 022-22850606
Website: www.polychemltd.com, **CIN:** L24100MH1955PLC009663

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of the Member		
Registered Address		
Email ID		
DP ID		Folio No / Client ID:

I/We, ____________________________, being the member(s) holding ____________shares of Polychem Limited, hereby appoint:

1. ___________________________ of______________________ having email – id _______________________________________ or failing him

2. ___________________________ of______________________ having email – id _______________________________________ or failing him

3. ___________________________ of______________________ having email – id ___________________________________ as my/our proxy

to vote for me/us on my/our behalf at the SIXTY - SECOND ANNUAL GENERAL MEETING of the Company to be held on Friday, 2nd August, 2019 at 11.00 a.m. at Maharashtra Chamber of Commerce, Industry & Agriculture, Oricon House, 6th Floor, 12 K. Dubash Marg, Fort, Mumbai – 400 001 and at any adjournment thereof in respect of such resolutions as are indicated below.

Resolution No.	**Resolutions**	**Optional**	
Ordinary Business		**For**	**Against**
1.	Adoption of Accounts		
2.	Declaration of Dividend		
3.	Re-appointment of Mr. A. H. Mehta who retires by rotation		
Special Business			
4.	Determination of fees for delivery of any document through a particular mode of delivery to members of the Company.		
5.	Re-appointment of Mr. T. R. Kilachand as a Non-Executive Director and Chairman		
6.	Re-appointment of Mr. V. V. Sahasrabudhe as an Independent Director for Second Term		
7.	Re-appointment of Mr. C. R. Desai as an Independent Director for Second Term		

Signed this _______day of ______________ 2019.

Signature of the Member_________________

Signature of Proxy _________________________

Affix
Re. 1
Revenue
Stamp

Note: The proxy form in order to be effective must be duly stamped, completed and signed and must be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.

NOTES

NOTES

If undelivered, please return to:

POLYCHEM LIMITED

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