

**5. NOTES FORMING PART OF THE BALANCE SHEET AND STATEMENT OF PROFIT AND LOSS ANNEXED THERETO:**

**1. General Information of the Company :**

Chemcrux Enterprises Limited ("the company") was incorporated in April 1996 to undertake the business of manufacturing or processing of Bulk Drug Intermediates like Para Chloro Benzoic, Ortho Benzoic Acid, and Lasamide etc.

The Company started its business activities in the year 2000-01 by taking over the running business of M/s. Chemcrux, a partnership firm of the promoters, as a going concern. The Company made its Initial Public Offering in March, 2017 and met with overwhelming response wherein the public offering was oversubscribed by more than 55 times, a testament to the growth story and future outlook of the Company & was listed on the Bombay Stock Exchange on 28<sup>th</sup> March, 2017.

The Company has grown progressively on year-to-year basis through addition of new products as well as continuous upgradation and expansion of its manufacturing facilities. The Company has a healthy turnover and profit track record and has a robust outlook for the future.

**2. Significant Accounting Policies :**

**I. Method of Accounting :**

The accounts of the Company are prepared under the Historical Cost Convention and using the accrual method of accounting unless otherwise stated hereinafter, in accordance with the provisions of Companies Act, 2013 ("the Act") to comply in all material aspects, with the mandatory accounting standards specified u/s. 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014 in conformity with accounting principles generally accepted in India. Accounting Policies, not specifically referred to, are consistent and in consonance with generally accepted accounting principles.

**II. Use of Estimates:**

The Preparation and Presentation of Financial Statements as per the above bases required the management to make estimates and assumptions that may affect the balances of assets and liabilities and disclosures relating to contingent liabilities as at the date of the balance sheet and the reported amounts of incomes and expenses during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from those estimated.

**III. Fixed Assets & Depreciation :**

- a. Fixed Assets are stated at their cost of acquisition less accumulated depreciation. The cost of acquisition includes freight, installation cost, duties, taxes and other incidental expenses, identifiable with the asset, incurred during the installation / construction stage in order to bring the assets to their working condition for intended use, including borrowing costs capitalized, if any, but are net of tax credits (GST) availed for the relevant element in the cost.
- b. Depreciation on assets is being provided on the Straight Line Method on the basis of useful lives specified in Part C of Schedule II to the Companies Act, 2013. Depreciation on additions during the year as well as in case of assets sold during the year has been provided pro-rata on the basis of number of days for which the asset was used during the year.

**IV. Inventory :**

- a. Raw Materials are valued 'at Cost' on FIFO basis. 'Cost' includes all duties, taxes and other expenses incurred to bring the inventories to their present location and condition.
- b. Finished products are valued at lower of cost or net realizable value and including the excise duty payable on this stock.
- c. Semi-Finished Goods have been valued at Raw Material cost increased by a proportion of overheads and semi-finished goods of job work valued at cost of own raw materials involved in the process increased by overheads in consonance with the stage of completion as certified by the management.

**V. Employee Benefits :**

- a. Employee Benefits comprise short term as well as long term defined benefit as well as defined contribution plans.
- b. Contributions to Provident Fund and Employee State Insurance are defined contributions. The Company's Contributions are charged to the Statement of Profit and Loss of the year when the contributions to the respective funds are due. There are no further obligations beyond the periodic contributions.
- c. Retirement Benefits in form of Gratuity are defined benefit obligations and are provided for on the basis of actuarial valuation using projected unit credit method as at the balance sheet date. Actuarial gain / losses are immediately taken to the profit and loss account and are not deferred.
- d. In terms of the Management Policy for availment of leave by the employees during the year itself, no provision for leave encashment is required as at the year end.

**VI. Sales / Turnover and Income Recognition :**

- a. Revenue is recognized on transfer of property in goods or on transfer of significant risks and rewards of ownership to the buyer, for a consideration, without the seller retaining any effective control over the goods.
- b. Sales are accounted on dispatch of goods (which generally coincides with the transfer of ownership) and are net of Goods and Service tax.
- c. Export sales are accounted at their CIF value based on the actual realization in Indian Rupees according to the realization certificates of the Banks.
- d. Other items of income such as Interest, Claims etc are accounted on accrual basis (depending on certainty of realization) and disclosed under the head "Other Income".

**VII. GST and Input Tax Credit :**

- a. Purchases and Sales are accounted exclusive of GST element and net of recoveries, if any.
- b. A Comprehensive Goods & Services Tax (GST) was introduced w.e.f.01.07.17, subsuming majority of Indirect Taxes especially Excise Duty and VAT. GST is a destination based tax and is levied at the point of supply. It is collected on sale of goods and services on behalf of Government and is remitted by way of payment or adjustment of credit on input goods or services.
- c. Accordingly, Purchases & Sales are accounted net of GST. Similarly, other items of expenditure on which credit for GST is available on items or revenue on which GST is chargeable are also accounted net of GST elements.
- d. GST Accounts are created under Balance Sheet Groupings for liability towards GST collected on Sales / Other Revenue and asset towards GST paid on purchases or other expenditure for which credit is available. For Each month / quarter, as applicable, the GST liability is worked out after offsetting the credit available against the GST collected.
- e. The Net GST Account appears in the Balance Sheet as a Liability under Current Liabilities – Statutory Liabilities, if any amount is payable as at the year-end after offsetting the available credit and as an Asset under Loans & Advances - Indirect Taxes Recoverable from Statutory Authorities if credits remain unutilized after adjusting the amount payable.

**VIII. Foreign Currency Transactions :**

Transactions in foreign currency are recorded in Indian Rupees at the exchange rate prevailing on the date of the transactions. Exchange gains or losses on settlement, if any, are treated as income or expenditure respectively in the Statement of Profit and Loss. Liabilities in foreign currency as well as receivables in foreign currency as on the date of the Balance Sheet have been restated into Indian rupees at the rates of exchange prevailing as on the date of Balance Sheet.

**IX. Borrowing Costs :**

According to AS-16, borrowing costs that are directly attributable to the acquisition of qualifying assets are to be capitalized for the period until the asset is ready for its intended use. A qualifying asset being, an asset that necessarily takes a substantial period of time to get ready for its intended use. Other borrowing costs are to be recognized as an expense in the period in which they are incurred.

**X. Investments :**

Investments are classified as current and non-current investments. Current Investments are those that are not intended to be held for more than one year from the date of investment. All other investments are classified as non-current investments.

Non-current investments are stated at cost. Cost is taken net of any rebates / subsidies received on account of the said Investment. Provision for diminution in the value of such investments is made to recognize a decline, if any, other than temporary, in their value. Current investments are valued at lower of cost or fair value.

**XI. Accounting for Taxes on Income :**

- a. Provision for taxation for the year under report includes provision for current tax as well as provision for deferred tax.
- b. Provision for Current tax is made, based on tax estimated to be payable as computed under the various provisions of the Income Tax Act, 1961.
- c. Deferred tax is recognized, subject to prudence, on timing differences between taxable income and accounting income that originate during the year and are capable of being reversed in one or more subsequent periods. Deferred tax assets are recognized only to the extent that there is a reasonable certainty that future taxable income will be available against which such deferred tax assets can be realized. Deferred Tax Liabilities / Assets are quantified using the tax rates and tax laws enacted or substantively enacted as on the balance sheet date.

**XII. Contingencies / Provisions :**

Provisions requiring a substantial degree of estimation in measurement are recognized, if in the opinion of the Management, there is a probability that a present obligation as a result of past events will result in an outflow for the Company in the future. Contingencies, the outcome of which is not certain, have been disclosed in these notes as Contingent Liabilities. Contingent Assets are neither recognized nor disclosed in the financial statements

**XIII. Impairment of Assets :**

Assessment of Impairment of Assets (as covered under AS-28 Impairment of Assets) is done as at the Balance Sheet Date considering external and internal impairment indicators. If there is an indication that an asset may be impaired, its recoverable amount is estimated and the impairment loss duly provided for.

**XIV. Public Issue Expenditure :**

Expenditure incurred on the Public Issue of Shares of the Company (net of subsidy received against the same) is being amortized over a 3 year period starting from the date of allotment of shares to the applicants.

- XV. Prior Period and Extra Ordinary items and Changes in Accounting Policies, having a material bearing on the financial affairs of the Company are disclosed separately.

**NOTES FORMING PART OF BALANCE SHEET FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2020**
**3. SHARE CAPITAL :**

Particulars		31/03/2020 (Rs)	31/03/2019 (Rs)
(a)	<b>AUTHORISED</b>		
	60,00,000 { p.y. 60,00,000 } Equity Shares of ` 10/- each	<b>6,00,00,000</b>	<b>6,00,00,000</b>
(b)	<b>ISSUED, SUBSCRIBED AND PAID-UP CAPITAL.</b>		
	* 49,36,280 { p.y. 49,36,280 } Equity Shares of ` 10/- each	4,93,62,800	4,93,62,800

\* (of which 1800140 equity shares of Rs.10/- each issued as fully paid up bonus shares by capitalisation of free reserves during F.Y 2016-17)."

**(c) RECONCILIATION OF NUMBER OF SHARES**

Particulars	31st March, 2020		31st March, 2019	
	No. of Shares	Amount `	No. of Shares	Amount `
Balance at the Beginning (Nos.)	49,36,280	4,93,62,800	49,36,280	4,93,62,800
Addition / (Reduction)	-	-	-	-
<b>Balance at the end (Nos.)</b>	<b>49,36,280</b>	<b>4,93,62,800</b>	<b>49,36,280</b>	<b>4,93,62,800</b>

(d) The Company has a single class of equity shares having par value of Rs. 10/- per equity share. All shares rank pari passu with reference to all rights relating thereto. The dividend proposed, if any, 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 the preferential amounts, in proportions to their shareholding.

**(e) DETAILS OF SHARES HELD BY SHAREHOLDERS HOLDING MORE THAN 5% OF THE AGGREGATE SHARES IN THE COMPANY :**

Name of Equity Shareholder	31st March, 2020		31st March, 2019	
	No. of Shares	% of Holding	No. of Shares	% of Holding
<b>Promoter Group</b>				
Girish C Shah	18,00,080	36.466	18,00,080	36.466
Sanjay Y Marathe	18,00,080	36.466	18,00,080	36.466
<b>Other than Promoters</b>	-	-	-	-

(f) The Board of Directors, in its meeting held on 27.02.2020 have declared and paid an interim Dividend of 30% i.e Rs.3/- per equity share for the Financial Year ended 31st March, 2020. The said proposal resulted in a cash outflow of Rs. 1,78,53,540/- approximately including corporate dividend tax. The Board of Directors, in its meeting held on 16/06/2020 have proposed a Final Dividend of 10% i.e Rs.1/- per equity share for the Financial Year ended 31st March, 2020. The said proposal would result in a cash outflow of Rs. 49,36,280/-.

The said proposal of Interim dividend and Final dividend are subject to the approval of the shareholders at the ensuing Annual General Meeting.

## 4. RESERVES &amp; SURPLUS :

Particulars	31/03/2020 (Rs)	31/03/2019 (Rs)
(a) SECURITIES PREMIUM RESERVE		
Balance as at the beginning of the year	1,06,88,000	1,06,88,000
Add : Securities Premium received during the year	-	-
<b>TOTAL ` (a)</b>	<b>1,06,88,000</b>	<b>1,06,88,000</b>
(b) SURPLUS IN THE STATEMENT OF PROFIT AND LOSS		
Balance as at the beginning of the year	17,84,77,015	8,68,09,778
Add : Profit for the year	10,64,25,820	9,31,55,032
Less : Appropriations :		
Final Dividend (2018-19)	24,68,140	12,34,070
Interim Dividend (2019-20)	1,48,08,840	
Corporate Dividend Tax on Dividend	35,52,150	2,53,725
<b>TOTAL ` (b)</b>	<b>26,40,73,705</b>	<b>17,84,77,015</b>
<b>TOTAL ` (a+b)</b>	<b>27,47,61,705</b>	<b>18,91,65,015</b>

## 5. LONG TERM BORROWINGS :

Particulars	31/03/2020 (Rs)	31/03/2019 (Rs)
(a) SECURED :		
Term Loans :		
From KotaK Mahindra Bank Ltd.	88,92,098	1,73,57,637
From Kotak Mahindra Prime Ltd (Car Loans)	6,12,379	15,42,240
	<b>95,04,477</b>	<b>1,88,99,877</b>
(b) UNSECURED :		
From Directors	9,91,788	9,24,701
	<b>9,91,788</b>	<b>9,24,701</b>
<b>TOTAL `</b>	<b>1,04,96,265</b>	<b>1,98,24,578</b>

**Balances of Term Loans from Kotak Mahindra Bank Ltd include :**

- Term Loan of Rs. 67.56 lacs, secured against all existing and future receivables, current assets and movable fixed assets .Rate of Interest is 6m MCLR 8.80%(at the time of sanction) + 0.20% i.e. 8.82%. The installments commenced from January 2018 and last installment is due in December 2020.
- Term Loan of Rs. 145.76 lacs secured against all existing and future receivables, current assets and movable fixed assets. Rate of Interest is 6m MCLR 8.80%(at the time of sanction) + 0.20% i.e. 8.82%. The installments commenced from February 2018 and last installment is due in January 2023.
- Term Loan of Rs. 82.23 lacs secured against all existing and future receivables, current assets and movable fixed assets. Applicable Rate of Interest is 6m MCLR 8.80%(at the time of sanction) + 0.20% i.e. 8.82%. The installments commenced from June 2018 and last installment is due in May 2023.
- The above facilities are further secured by collateral security of Factory Land, Building at GIDC, Ankleshwar and hypothecation of existing Plant & Machinery and also personal guarantee of two Directors.

**Balances of Term Loans from Kotak Mahindra Prime Ltd include :**

- Term loan for purchase of Car and secured against hypothecation of the same. The Loan is repayable in 60 equated monthly installments starting from 05th December 2017 with last installment payable on 05th November 2022. Rate of Interest. : 8.64%

- b. Term loan for purchase of Car and secured against hypothecation of the same. The Loan is repayable in 36 equated monthly installments starting from 01st May 2019 with last installment payable on 01st April 2022. Rate of Interest : 10.9%

**Unsecured Loans :**

The amount taken as unsecured loans from Directors are usually payable on demand but the company reserves its right to defer the payment of the same for a period exceeding 12 months. Interest on the same has been paid @ 12% p.a. only to the Non-Executive Directors.

**6. DEFERRED TAX LIABILITIES (NET) :**

Particulars	31/03/2020 (Rs)	31/03/2019 (Rs)
Deferred Tax Liabilities ( difference between accounting and tax depreciation )	98,90,008	1,08,05,818
<b>Net Deferred Tax Liabilities as at the year end</b>	<b>98,90,008</b>	<b>1,08,05,818</b>

**7. LONG TERM PROVISIONS :**

Particulars	31/03/2020 (Rs)	31/03/2019 (Rs)
(a) Provision for Employee Benefits Provision for Gratuity (Net)	-	-
(b) Others	-	-
<b>TOTAL</b>	<b>-</b>	<b>-</b>

**8. SHORT TERM BORROWINGS :**

Particulars	31/03/2020 (Rs)	31/03/2019 (Rs)
<b>SECURED :</b>		
From Kotak Mahindra for Working Capital (repayable on demand)	-	22,65,769
	<b>-</b>	<b>22,65,769</b>

[\*] During the year the company has discontinued availment of Cash Credit facilities and hence in turn availed constant Over Draft limit of Rs. 100 lacs, which bears interest of 6m MCLR 8.80% (at the time of sanction) + 1.20% with 6 monthly reset. The facilities are secured by collateral security of factory land and guarantee of two directors of the Company. The balance against Over draft account as at year end was a debit balance and hence reflected under note 19, Balances with banks. However the limits were subsisting at the year end.

**9. TRADE PAYABLES :**

Particulars	31/03/2020 (Rs)	31/03/2019 (Rs)
(a) Sundry Creditors for Goods	2,48,71,526	4,32,78,123
(b) Sundry Creditors for Capital Goods	-	-
<b>TOTAL</b>	<b>2,48,71,526</b>	<b>4,32,78,123</b>

\* Sundry Creditors are as per books and have not been corroborated by circulation / confirmation of balances.

**Disclosures required under Micro, Small and Medium Enterprises Development Act, 2006**

\*\* Sundry Creditors for Materials and services do not include any amount outstanding to Micro & Small Enterprises. The above information has been compiled in respect of parties to the extent they could be identified as Micro and Small Enterprises on the basis of information collected and available with the Company and same

has been relied upon by the auditors. Regarding Other Sundry Creditors, the Company does not have information regarding their status as Micro & Small Enterprises.

The Company deals with various Micro and Small Enterprises on mutually accepted terms and conditions. Accordingly, no interest is payable if the terms are adhered to by the Company. Consequently, no interest has been paid or is due and no provision for interest payable to such units is required or has been made under Micro, Small and Medium Enterprises Development Act, 2006.

**10. OTHER CURRENT LIABILITIES :**

Particulars	31/03/2020 (Rs)	31/03/2019 (Rs)
(a) Current Maturities of Long Term Debts		
- Kotak Mahindra Prime Ltd - Term Loans (Installments due within one year)	9,30,830	14,88,885
- Kotak Mahindra Bank Ltd - Term Loans (Installments due within one year)	77,79,862	58,86,166
(b) Interest Accrued but not due on borrowing	1,20,976	1,78,658
(c) Interest Accrued and due on borrowings	-	-
(d) Incomes Received in Advance	-	-
(e) Unpaid Dividends	3,98,000	2,000
(b) Others Payables :		
- Creditors for Expenses	1,68,39,876	1,25,51,806
- Statutory Liabilities	49,21,458	34,99,315
- Other Payables	73,75,835	85,21,592
- Advances Received from Customers	14,23,037	7,98,415
<b>TOTAL `</b>	<b>3,97,89,874</b>	<b>3,29,26,837</b>

**11. SHORT TERM PROVISIONS :**

Particulars	31/03/2020 (Rs)	31/03/2019 (Rs)
(a) Provision for Employee Benefits	-	-
(b) Provision for Current Taxation	3,63,00,000	3,85,00,000
<b>TOTAL `</b>	<b>3,63,00,000</b>	<b>3,85,00,000</b>

**12. FIXED ASSETS :-**

ASSETS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	Balance as on 01/04/2019	Additions during the Year	Deduction / Disposal	Balance as on 31-03-2020	Balance as on 01/04/2019	Deductions	Depreciation for the year	Balance as on 31-03-2020	As on 31/03/2020	As on 31/03/2019
<b>Tangible Assets</b>										
Land	46,00,614	1,55,30,778	-	2,01,31,392	-	-	-	-	2,01,31,392	46,00,614
GIDC Quarter	1,83,415	-	-	1,83,415	64,372	-	-	64,372	1,19,043	1,19,043
Factory Building	2,23,36,064	1,96,93,383	-	4,20,29,447	50,91,864	8,47,960	59,39,824	3,60,89,623	1,72,44,200	1,72,44,200
Office Equipment	13,71,823	5,15,710	-	18,87,533	8,78,313	2,27,134	11,05,447	7,82,086	4,93,510	4,93,510
Office Premises	6,67,062	-	-	6,67,062	6,17,666	-	6,17,666	49,396	49,396	49,396
Furniture & Fixtures	13,69,538	4,57,658	-	18,27,196	3,65,826	1,47,767	5,13,593	13,13,603	10,03,712	10,03,712
Plant & Machinery	11,31,45,524	1,57,58,869	11,04,335	12,78,00,058	3,39,16,426	7,19,271	91,26,426	4,23,23,581	8,54,76,477	7,92,29,098
Computer	17,79,077	2,76,519	-	20,55,596	12,51,241	2,65,136	15,16,377	5,39,219	5,27,836	5,27,836
Motor Car	64,35,163	-	-	64,35,163	12,17,398	-	6,98,760	19,16,158	45,19,005	52,17,765
Pollution Control System	57,37,470	18,62,370	-	75,99,840	21,48,937	4,48,000	25,96,937	50,02,904	35,88,534	35,88,534
Trivia Office WIP	3,45,000	-	3,45,000	-	-	-	-	-	-	3,45,000
<b>Total `</b>	<b>15,79,70,750</b>	<b>5,40,95,287</b>	<b>14,49,335</b>	<b>21,06,16,702</b>	<b>4,55,52,043</b>	<b>7,19,271</b>	<b>1,17,61,183</b>	<b>5,65,93,955</b>	<b>15,40,22,748</b>	<b>11,24,18,708</b>
<b>Previous Year `</b>	<b>16,25,28,301</b>	<b>2,57,56,047</b>	<b>3,03,13,598</b>	<b>15,79,70,750</b>	<b>5,49,91,948</b>	<b>2,19,99,274</b>	<b>1,25,59,369</b>	<b>4,55,52,043</b>	<b>11,24,18,708</b>	<b>10,75,36,354</b>

As per Companies Act 2013, Schedule II specifies that the useful life specified in Part C of the Schedule is for whole of the asset. Where Cost of a Part of the Asset is significant to the total cost of the asset and useful life of that part is different from the useful life of the remaining asset, useful life of that significant part should be determined separately. As per the Management of the Company and considering the nature of Fixed Assets lying in the Block of Assets of the Company, particularly the Plant and Machineries lying in the Block, there are no such major parts whose useful life is different from the useful life of the remaining asset and hence the Company has considered the useful life of the said parts equivalent to the useful life of the Asset only. However, the Company has undertaken the specific exercise of identifying the parts where the Cost is significant to the total cost and whose useful life might be different from the useful life of the remaining assets. If such parts are identified, the same shall be given effect to prospectively.

### 13. NON CURRENT INVESTMENTS :-

Particulars	31/03/2020 (Rs)	31/03/2019 (Rs)
(a) Investments in Equity Instruments		
Unquoted, Non Trade		
36703 {P.Y. 36703} Equity Shares of ` 10 each of Narmada Cleartech Ltd (Previously known as Bharuch Eco-Acqua Inf. Ltd)	3,67,030	3,67,030
25000 {P.Y. 25000} Equity Shares of ` 10 each of Ankl. Reas. & Analy Infrastructure Ltd.	1,00,000	1,00,000
<b>TOTAL `</b>	<b>4,67,030</b>	<b>4,67,030</b>

### 14. LONG TERM LOANS AND ADVANCES : (Unsecured, considered good)

Particulars	31/03/2020 (Rs)	31/03/2019 (Rs)
(a) Capital Advances	55,68,166	54,37,795
(b) Security Deposits	80,49,348	71,11,529
(c) Other Loans and Advances (recoverable in cash or kind or for value to be received)	30,000	60,000
<b>TOTAL `</b>	<b>1,36,47,514</b>	<b>1,26,09,324</b>

Security Deposit includes Rs. 2 Lacs (P.Y. Rs Nil) given towards leased premises to Related Parties.

### 15. OTHER NON-CURRENT ASSETS :

Particulars	31/03/2020 (Rs)	31/03/2019 (Rs)
(a) Long-term Trade Receivables		
(b) Others		
- IPO Expenses ( pending to be written off ) ( Net of subsidy received towards the same )	-	11,33,351
<b>TOTAL `</b>	<b>-</b>	<b>11,33,351</b>

### 16. INVENTORIES :

Particulars	31/03/2020 (Rs)	31/03/2019 (Rs)
Raw Materials	1,91,12,603	1,94,85,681
Work-in-Progress	2,21,69,615	1,05,29,995
Finished Goods	39,55,056	1,07,70,619
Stores and Spares	3,00,000	3,00,000
<b>TOTAL `</b>	<b>4,55,37,274</b>	<b>4,10,86,295</b>



**17. TRADE RECEIVABLES : (Unsecured, considered Good)**

Particulars	31/03/2020 (Rs)	31/03/2019 (Rs)
(a) Outstanding for a period exceeding Six Months	8,30,677	2,45,427
(b) Others	9,32,45,070	10,80,92,080
<b>TOTAL</b>	<b>9,40,75,747</b>	<b>10,83,37,507</b>

Balances are as per books and have not been corroborated by circulation / confirmation of balances.

**18. CURRENT INVESTMENTS :**

Particulars	31/03/2020 (Rs)	31/03/2019 (Rs)
(a) <b>Investment in Mutual Funds</b> <b>(At Cost)</b> <b>Quoted , Non Trade</b>		
UTI Money Market Fund (5307.130 Units)	-	-
UTI Liquid Cash Plan (12902.252)	-	3,84,64,851
UTI Overnight Fund (23730.936 units)	6,48,34,547	-
<b>TOTAL</b>	<b>6,48,34,547</b>	<b>3,84,64,851</b>
Market Value of Quoted Investmetns	6,48,82,629	3,94,90,438

**19. CASH AND CASH EQUIVALENTS :**

Particulars	31/03/2020 (Rs)	31/03/2019 (Rs)
(a) Balances with Banks	1,89,47,633	2,16,06,008
(b) Margin Money Deposits (Maturing within 12 Months)	98,23,603	96,43,962
(c) Cash on Hand	1,18,828	5,08,623
<b>TOTAL</b>	<b>2,88,90,064</b>	<b>3,17,58,593</b>

**20. SHORT TERM LOANS AND ADVANCES : (Unsecured, considered Good)**

Particulars	31/03/2020 (Rs)	31/03/2019 (Rs)
Advance Income Tax and Refunds Receivable	3,82,10,265	3,30,01,578
Indirect Taxes Recoverable Balance with Revenue Authorities	1,78,187	14,04,762
Advances to Staff	20,72,654	12,91,700
Other Short Term Loans and Advances (recoverable in cash or kind or for value to be received)	13,60,476	11,72,839
<b>TOTAL</b>	<b>4,18,21,582</b>	<b>3,68,70,879</b>

**21. OTHER CURRENT ASSETS :**

Particulars	31/03/2020 (Rs)	31/03/2019 (Rs)
Advance to Suppliers	16,73,887	25,94,707
Gratuity Account (Excess of Fair Value of Planned assets over Present Value of Obligations)	5,01,785	3,87,695
<b>TOTAL</b>	<b>21,75,672</b>	<b>29,82,402</b>

## 22. CONTINGENT LIABILITIES AND COMMITMENTS :-

Particulars	31/03/2020 (Rs)	31/03/2019 (Rs)
<b>Contingent Liabilities</b>		
Claims against the Company not acknowledged as debt	-	-
Guarantees	-	-
Other Moneys for which Company is contingently liable	-	-
<b>TOTAL</b>	<b>-</b>	<b>-</b>

23. In the opinion of the Board, all assets which are considered good ( other than Fixed Assets and Non- Current Investments ) are expected to be realised at least the amount at which they are stated, if realised in the ordinary course of business. Further in the opinion of the Board, provision for all known liabilities has been adequately made in the accounts and as per management experience and estimates, no additional provisions are required.

**NOTES FORMING PART OF THE PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2020**

## 24. REVENUE FROM OPERATIONS :

Particulars	31/03/2020 (Rs)	31/03/2019 (Rs)
(a) Sale of Products		
- Domestic Sales	34,01,02,584	34,92,07,788
- Export Sales (including Deemed Exports)	6,87,19,326	6,02,79,210
<b>Total Sale of Products</b>	<b>40,88,21,910</b>	<b>40,94,86,998</b>
(b) Other Operating Revenues		
- Job Work	16,56,74,300	14,32,44,475
<b>Total Operating Revenues</b>	<b>16,56,74,300</b>	<b>14,32,44,475</b>
<b>TOTAL</b>	<b>57,44,96,210</b>	<b>55,27,31,473</b>

## 25. OTHER INCOME :

Particulars	31/03/2020 (Rs)	31/03/2019 (Rs)
Duty Drawback	9,99,369	8,54,026
Interest Income	16,59,033	8,52,836
Exchange Rate Difference (Net)	19,02,844	-
Gain on Investment in Mutual Fund	38,64,696	12,01,804
Rate Differences and Discounts (Net)	2,13,347	1,75,163
Insurance Claims Received	-	18,63,339
Other Income	14,603	-
<b>TOTAL</b>	<b>86,53,892</b>	<b>49,47,168</b>

## 26. COST OF MATERIALS CONSUMED :

Particulars	31/03/2020 (Rs)	31/03/2019 (Rs)
Opening Stock of Raw Materials	1,94,85,681	77,47,097
Add : Purchases ( incl. Import Duties)	20,02,05,253	21,87,78,215
	21,96,90,934	22,65,25,312
Less : Closing Stock of Raw Materials	1,91,12,603	1,94,85,681
<b>Raw Materials Consumed</b>	<b>20,05,78,331</b>	<b>20,70,39,631</b>
Stores and Consumables	92,40,546	83,51,963
Packing Materials	21,43,119	23,16,346
<b>TOTAL</b>	<b>21,19,61,996</b>	<b>21,77,07,940</b>

Material Consumption	31st March 2020		31st March 2019	
	Amount (Rs.)	% Consumed	Amount (Rs.)	% Consumed
Imported	4,48,19,336	22.35	5,34,49,810	25.82
Indigeneous	15,57,58,995	77.65	15,35,89,821	74.18
	<b>20,05,78,331</b>	<b>100.00</b>	<b>20,70,39,631</b>	<b>100.00</b>

**27. CHANGES IN INVENTORIES OF FINISHED GOODS, WORK IN PROGRESS & STORES AND SPARES :**

Particulars	31/03/2020 (Rs)	31/03/2019 (Rs)
<b>Opening Stocks</b>		
Finished Goods	1,07,70,619	1,25,70,404
Work-in-Progress	1,05,29,995	1,03,80,131
Stores and Spares	3,00,000	3,00,000
	<b>2,16,00,614</b>	<b>2,32,50,535</b>
<b>Closing Stocks</b>		
Finished Goods	39,55,056	1,07,70,619
Work-in-Progress	2,21,69,615	1,05,29,995
Stores and Spares	3,00,000	3,00,000
	<b>2,64,24,671</b>	<b>2,16,00,614</b>
<b>TOTAL</b>	<b>(48,24,057)</b>	<b>16,49,921</b>

**28. EMPLOYEE BENEFIT EXPENSES :**

Particulars	31/03/2020 (Rs)	31/03/2019 (Rs)
Salaries and Wages	2,80,79,989	2,11,60,456
Provident Fund ,ESI , Bonus and Grauity	72,02,150	88,50,315
Directors' Remuneration *	2,10,00,000	84,00,000
Staff Welfare	17,22,690	14,59,099
<b>TOTAL</b>	<b>5,80,04,829</b>	<b>3,98,69,870</b>

\* Remuneration for the year includes Rs 84 Lacs towards performance bonus for F.Y 2018-19

**29. FINANCE COST :**

Particulars	31/03/2020 (Rs)	31/03/2019 (Rs)
Interest on Loans from Banks	19,74,763	24,62,750
Bank Charges and Other Borrowing Costs	1,08,630	2,14,409
Others Interest	11,34,122	1,26,540
<b>TOTAL</b>	<b>32,17,515</b>	<b>28,03,699</b>

**30. OTHER EXPENSES :**

Particulars	31/03/2020 (Rs)	31/03/2019 (Rs)
(a) <b>Manufacturing \ Direct Expenses</b>		
Freight, Octroi & Transportation	2,50,32,150	2,28,95,419
Repairs & Maintenance	1,81,94,961	1,68,23,506
Fuel Charges	3,87,89,531	4,16,79,167
Effluent Treatment Charges	1,97,62,992	2,51,30,631
Labour Charges	87,40,019	1,00,16,873
Other Factory Expenses	3,15,82,827	1,47,38,357
<b>Total (a)</b>	<b>14,21,02,480</b>	<b>13,12,83,953</b>

Particulars	31/03/2020 (Rs)	31/03/2019 (Rs)
(b) Administrative & Other Expenses		
Audit Fees	1,00,000	1,00,000
Bad Debts written off	73,987	-
Conveyance & Petrol Exp	5,82,235	6,30,381
CSR Expense	12,96,000	-
Donation	1,87,000	11,000
Directors' Sitting Fees	63,500	42,300
Insurance Premium	24,54,437	9,28,053
Legal, Professional, License & Filing Fees	28,35,789	57,57,411
Office & General Administration Expenses	11,68,689	8,88,458
Repairs & Maintenance (Shed & Building)	30,15,461	39,38,067
Security Service Charges	12,88,986	14,06,134
Travelling Expenses	3,43,346	5,32,055
Rent, Rates & Taxes	25,67,247	8,86,604
IPO Expenses Written Off	11,33,351	9,88,267
Loss on Assets due to Sale / Discard / Scrap / Others	3,35,064	76,69,320
Exchange Rate Difference (Net)	-	9,10,819
Foreign Travelling Expense	2,42,710	6,22,862
<b>Total (b)</b>	<b>1,76,87,802</b>	<b>2,53,11,731</b>
(c) Selling & Distribution Expenses		
Custom Clearing Charges for Exports	16,69,795	23,19,785
Sales Commission	3,01,750	3,63,178
Advertisement Exp	2,04,244	67,956
<b>Total (c)</b>	<b>21,75,789</b>	<b>27,50,919</b>
<b>TOTAL (a+b+c)</b>	<b>16,19,66,071</b>	<b>15,93,46,603</b>

### 31. CORPORATE SOCIAL RESPONSIBILITY :-

Gross Amount Required to be spent by the Company during the year 13.31 Lacs  
( as per the provisions of S. 135 of the Companies Act, 2013 read with rules thereon)

The Company has spent a sum of Rs.12.96 Lacs through contributions made to registered Trusts inter-alia involved in activities specified in Schedule VII of the Companies Act, 2013 and having a established track record of more than 3 years for the same.

### 32. C.I.F. VALUE OF IMPORTS :

Particulars	31/03/2020 (Rs)	31/03/2019 (Rs)
Raw Materials	4,70,13,673	6,26,52,741
<b>TOTAL</b>	<b>4,70,13,673</b>	<b>6,26,52,741</b>

### 33. EXPENDITURE IN FOREIGN CURRENCY :

Particulars	31/03/2020 (Rs)	31/03/2019 (Rs)
Travelling Exp	97,100	6,22,860
Legal & Professional charges	-	1,87,853
<b>TOTAL</b>	<b>97,100</b>	<b>8,10,713</b>

**34. EARNINGS IN FOREIGN CURRENCY :**

Particulars	31/03/2020 (Rs)	31/03/2019 (Rs)
Export of Goods on FOB basis	6,85,18,526	5,88,52,210
<b>TOTAL</b>	<b>6,85,18,526</b>	<b>5,88,52,210</b>

**35. PARTICULARS OF UNHEDGED FOREIGN CURRENCY EXPOSURE :**

Particulars	31/03/2020 (Rs)	31/03/2019 (Rs)
Sundry Creditors	53,76,719	1,82,87,357
Sundry Debtors	72,71,548	-
<b>TOTAL</b>	<b>1,26,48,267</b>	<b>1,82,87,357</b>

**36. AUDITORS REMUNERATION :**

Particulars	31/03/2020 (Rs)	31/03/2019 (Rs)
As Statutory Auditors	1,00,000	1,00,000
In Other Capacity	-	-
<b>TOTAL</b>	<b>1,00,000</b>	<b>1,00,000</b>

**37. DIRECTORS REMUNERATION :**

Directors' Remuneration paid during the year is within the limits prescribed by Section 197 read with Part II of Schedule V of the Companies Act, 2013. Remuneration paid during the year of Rs. 2,10,00,000/- (P.Y 84,00,000) includes Rs. 84,00,000/- (P.Y Nil) being Performance bonus relating to F.Y 2018-19 which when included with regular remuneration of F.Y 2018-19 remains within aforesaid limits. Perquisites of Free Usage of Car are given to the Directors. No contributions are made to PF and they are not considered eligible for Bonus, Gratuity and Leave Encashment.

**38. DISCLOSURES ON LEASE :**

The Company has taken certain premises (Office) under operating lease or leave and license agreement. The lease terms in respect of such premises is on basis on individual agreement with respective owners.

Particulars	31/03/2020 (Rs)	31/03/2019 (Rs)
Lease Payments Recognised in Statement of Profit and Loss Account	22,42,800	5,00,000
<b>TOTAL</b>	<b>22,42,800</b>	<b>5,00,000</b>

**39. SEGMENT REPORTING :**

With respect to Accounting Standard-17, the Management of the Company is of the view that the products offered by the Company are in the nature of Bulk Drug Intermediates and its related products, having the same risks and returns, same type and class of customers and regulatory environment. Hence, the Company effectively has a single reportable business segment. Hence, segment-wise disclosure of information is not applicable.

**40. CLASSIFICATION OF EXPENDITURE :**

The treatment of a particular expenditure relating to Plant & Machinery as capital ( capitalization to fixed assets ) or Revenue ( Repairs and Maintenance ) has been done based on Management's perception of the reason, nature and necessity of the expenditure as well as the longevity of the benefit derived from the same being a technical matter. The treatment accorded by the Management has been accepted by the Auditors.

**41. POST EMPLOYMENT BENEFITS :**

Provident Fund and Employee State Insurance paid during the year being defined contributions have been charged to the of Profit and Loss Account.

In terms of the Management Policy for availment of leave by the employees during the year itself, no provision for leave encashment is required as at the year end.

The Company has a defined benefit gratuity plan. Every employee who has completed five or more years of service is eligible for gratuity @ 15 days salary (last drawn) for every completed year of service with a overall ceiling of Rs. 1000000. The Company has taken a Group Gratuity cum Life Insurance Policy from Life Insurance Corporation of India ( a qualifying policy ) and makes annual contributions to the same to create a fund to meet this defined benefit gratuity obligation.

**POST EMPLOYMENT BENEFITS :**

<b>Changes in Present Value of Defined Benefit Obligation</b>	<b>31/03/2020 (Rs)</b>	<b>31/03/2019 (Rs)</b>
Present Value of Obligations as at the beginning of the Year	1,20,71,231	1,01,93,829
Interest Cost	9,05,342	7,64,537
Current Cost	6,29,015	5,08,731
Benefits Paid	(7,61,424)	(2,22,549)
Actuarial (gains) / losses on obligation	13,53,105	8,26,683
Present Value of Obligations as at the end of the Year	1,41,97,269	1,20,71,231
<b>Change in Fair Value of Plan Assets</b>	<b>31/03/2020 (Rs)</b>	<b>31/03/2019 (Rs)</b>
Fair Value of Plan Assets as at the beginning of the Year	1,24,58,925	89,82,377
Expected Return on Plan Assets	10,27,992	7,99,676
Contributions	19,73,560	28,99,420
Benefits Paid	(7,61,424)	(2,22,549)
Actuarial (gains) / losses on Plan Assets	NIL	NIL
Fair Value of Plan Assets as at the end of the Year	1,46,99,054	1,24,58,925
<b>Defined Benefit Obligation as recognized in Balance Sheet</b>	<b>31/03/2020 (Rs)</b>	<b>31/03/2019 (Rs)</b>
Present Value of Obligations as at the Year end	1,41,97,269	1,20,71,231
Fair Value of Plan Assets as at the Year end	1,46,99,054	1,24,58,925
Net Asset / (Liability) recognized in Balance Sheet	5,01,785	3,87,695
<b>Net Gratuity Benefit Expenditure Recognised in P&amp;L Account</b>	<b>31/03/2020 (Rs)</b>	<b>31/03/2019 (Rs)</b>
Current Service Cost	6,29,015	5,08,731
Interest Cost	9,05,342	7,64,537
Expected Return on Plan Assets	(10,27,992)	(7,99,676)
Net Actuarial (Gain) / Loss Recognised in the Year	13,53,105	8,26,683
Net Expense Recognised in Statement of Profit and Loss	18,59,470	13,00,274
<b>Principal Assumptions Used</b>	<b>31/03/2020 (Rs)</b>	<b>31/03/2019 (Rs)</b>
Discount Rate	7.25%	7.50%
Expected Return on Plan Assets	7.25%	7.50%
Salary Escalation Rate	7.00%	7.00%
<b>Major Categories of Plan Assets</b>		
Insurer Managed Funds	100%	100%

**42. BORROWING COSTS :**

No Borrowing Costs were eligible for capitalisation during the year in terms of AS-16.

**43. RELATED PARTY TRANSACTIONS :**

The Company has identified all the related parties having transactions for the year in line with Accounting Standard 18. Details of the same are as under:

**a. List of Related Parties**

Nature of Relation		Name of Related Parties	
<b>Key Managerial Person</b>		Mr. Girish Shah-Chairman and WTD	
		Mr. Sanjay Marathe-Managing Director	
		Mrs. Sidhhi Shah-Director	
		Mrs. Neela Marathe-Director	
		Mr. Sushilkumar Tripathi - CFO	
		Mrs. Ekta Kumari- CS	
Relative to Key Managerial Person	Nature of Concern	Name of Related Parties	Related KMP
	HUF	Sanjay Marathe- HUF	Sanjay Marathe
	HUF	Girish Shah- HUF	Girish Shah
	Accustomed to act on advise of Director	Techolabz Systems Pvt. Ltd.	Sanjay Marathe
	Member & Director	Kapil Organisers Pvt Ltd	Bhanubhai Patel
	Partner	Trimurti Dye Chem Industries	Bhanubhai Patel
	Partner	Omkar Chemicals	Bhanubhai Patel

**b. Transactions with Related Parties :**

Name of Related Parties	Transaction during year		Balances as at	
	2019-20 (Rs.)	2018-19 (Rs.)	31.03.2020 (Rs)	31.03.2019 (Rs)
<b>Key Managerial Person</b>				
Director Remuneration	2,10,00,000	84,00,000	-	-
Unsecured Loans Rcvd/(Paid) (net)	67,087	(3,553)	9,91,788	9,24,701
Interest on Unsecured Loan	75,384	68,505	-	-
Remuneration to CFO	1,75,440	60,000	-	-
Remuneration to CS	4,05,000	3,00,000	-	-
Lease Rent	22,42,800	5,00,000	-	90,000
Lease Deposit	-	2,00,000	2,00,000	2,00,000

**44. EARNINGS PER SHARE :**

In line with Accounting Standard 20 the Earnings Per Share details are given below :

Particulars		2019-20	2018-19
Profit After Taxation	‘	10,64,25,820	9,31,55,032
Weighted Average Number of Equity Shares	Nos.	49,36,280	49,36,280
Nominal Value of Shares	‘	4,93,62,800	4,93,62,800
Earnings Per Share	‘	21.56	18.87

**45. IMPAIRMENT OF ASSETS :**

During the year, the Company has undertaken an exercise to discard old assets as also to remove certain assets having no value from its Block of Assets. The loss / write-off on this account has been debited to the Profit and Loss Account. In absence of any further indications, external or internal, as to any probable impairment of assets, no separate provision has been made for same.

**46. IMPACT OF COVID-19 :-**

As we all are aware, the world as a whole is going through difficult times due to the Global Corona Pandemic and our Nation is no exception. India is also facing the pandemic and the Government is trying to do its best to curb the impact of the same on the health of people and on the health of economy.

As a part of its many initiatives to fight this global pandemic, the Indian Government imposed a nation-wide 21-day complete lockdown from 25th March, 2020. Prior to that the Gujarat Government had already imposed a lockdown from 23rd March, 2020.

Consequent to the same, our production activities came to a complete stop from 24th March, 2020 onwards. Hence, there was an obvious loss of production and sales for the last 8 days of the financial year 2019-20. This has naturally resulted in loss of turnover for that period and hence loss of revenue and profits. Yet overall, the Company had a good year and it has exceeded the Turnover and Profitability of the immediate preceding year. No doubt there would be impact due to the loss of business activity. However, the same would not be material in the overall sense over the financials for the whole year.

Further, the Company being under essential sector, was permitted to operate with restrictions during lockdown. The Company could start making some dispatches during the first few days of April of ready stocks against orders. The Company could partially resume production operations from 14th April, 2020, with limited workforce. The Company operated at a lower capacity during that period and with many restrictions. Hence, in the current fiscal also, there have been losses of production and business and corresponding loss of revenue and production. However operational activities have slowly improved. The Company could operate at around 60% capacity in May, 2020 and now the company is fully operational as usual from June, 2020.

One of the major end users is the Pharma Industry where due to the circumstances the demands were skyrocketing. Consequently, demand for Company's products is also stable. There have been no cancellation of orders or requests for delayed supply. The demand is in fact improving and the China situation may actually be positive for the Company. Apart from the obvious effects of lockdown and logistical issues, there have been no impact/bottlenecks in import of major raw materials and exports of finished products and the Company does not foresee any bottlenecks in the future also. The operation cycles for trade receivables have been impacted a little. However, the Company does not have any significant debt obligations except marginal working capital limits and some term loans. As against the same, the Company has enough liquid surplus to meet business, debt and other financial commitments.

The Company has a robust ERP system in place and there has been no significant impact on financial controls and reporting. None of the assets of the company have been impaired. There is no significant impact on the financial statements calling for any adjustments therein. And there is absolutely no doubt on the ability of the Company to continue as a going concern.

In fact, the Company is bullish about the future outlook and continues to stay committed to increasing capacities. In fact, Company is hopeful, that given the Government initiatives of assisting businesses, it will be able to obtain requisite clearances during the year which will enable company to add capacities & grow. Naturally, the Company does envisage a reduction of turnover and profitability to the extent of production loss during lockdown period but things are improving and the Company expects to recover substantially from the impact of lockdown by the end of this fiscal year – considering, of course, that the COVID-19 situation keeps improving and the economic situation also remains stable.

47. The figures in respect of previous year have been re-grouped / recast wherever necessary to confirm to the current year's classification.

**For R.J. Shah & Associates**  
**Chartered Accountants**  
**(FRN 109752 W)**

**Sd/-**  
**CA Rohit Shah**  
**Membership No. 034139**

**Place : Vadodara**  
**Date : 16<sup>th</sup> June, 2020**

**For & on behalf of the Board**  
**For Chemcruz Enterprises Limited**  
**Sd/-** **Sd/-**

**Girishkumar Shah**  
**Chairman & Whole**  
**Time Director**

**Sd/-**  
**Sushilkumar Tripathi**  
**CFO**

**Sanjay Marathe**  
**Managing Director**

**Sd/-**  
**Ekta Kumari**  
**Company Secretary**