



POLYGEL INDUSTRIES PRIVATE LIMITED

25th ANNUAL REPORT

2018-2019

Performance Trends 2018-2019

Particulars	Rs. In Lakhs		
	2016-17	2017-18	2018-19
Gross Sales	11385.00	13284.94	14235.20
PBDIT	832.03	595.51	72.14
Depreciation	366.30	237.26	294.20
Interest	426.78	355.63	450.80
Other Income	1170.39	65.91	130.20
PBT	1209.34	68.53	(542.66)
Extraordinary Items	86.91	NIL	NIL
Tax	0.57	13.50	NIL
PAT	1121.87	55.03	(542.66)
Dividend	NIL	NIL	NIL

DIRECTORS' REPORT

Your Directors have pleasure in presenting their 25th Annual Report for the financial year ended 31st March 2019.

FINANCIAL RESULTS

Particulars	Rs. In Lakhs	
	2017-18	2018-19
Sales	13284.94	14235.20
Other Income	65.91	130.20
Profit Before Interest Depreciation and Tax	661.42	202.34
Interest and Finance Charges	355.63	450.80
Depreciation	237.26	294.20
Profit before Tax & Extraordinary Items	68.53	(542.66)
Extraordinary Items	NIL	NIL
Provision for Tax - Current	13.50	NIL
Deferred Tax Liability	NIL	NIL
Profit after Tax	55.03	(542.66)

FINANCE

As at the end of the financial year, your company has working capital facilities of Rs. 1910 Lakhs (Fund based of Rs. 1510 Lakhs as well as Non Fund Based of Rs. 400 Lakhs) from Axis Bank Ltd and Rs. 700 Lakhs from The Zoroastrian Co-operative Bank Ltd. In addition, SBI Global Factors Ltd. has sanctioned a bill factoring limit of Rs. 425 Lakhs.

ANNUAL RETURN

The extract of the Annual Return in Form MGT 9 has been annexed to the Board Report. (Annexure A)

NUMBER OF MEETINGS OF THE BOARD

Nine meetings of the Board of Directors were held during the financial year 2017-18.

Sr. No.	Date of Board Meetings	No. of Directors on the date of the meeting	Directors Present
1.	29-05-18	7	4
2.	12-06-18	7	4
3.	14-08-18	7	4
4.	02-11-18	7	4
5.	30-11-18	7	4
6.	15-01-19	7	4
7.	08-02-19	7	6



INDEPENDENT AUDITOR'S REPORT

**To the Members of
Polygel Industries Private Limited**

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the Standalone Financial Statements of Polygel Industries Private Limited ("the Company"), which comprises the balance sheet as at March 31, 2019, and the statement of Profit and Loss including statement of cash flows for the year then ended, and notes to the Standalone Financial Statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Financial Statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, and profit/loss, and its cash flows 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. 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 together with the ethical requirements that are relevant to our audit of the Standalone Financial Statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

Note No. 33 of the consolidated financial statements which describes the uncertainty related to outcome of appeal filed by the Company against the demand of Service Tax of Rs. 4,397,728/- from Central Excise, Customs and Service Tax, Baroda. The Company has paid Rs.750,000/- on account of duty under protest.

Our opinion is not qualified in respect of the above matters.



Kirtane & Pandit LLP - Chartered Accountants
Bengaluru | Hyderabad | Mumbai | Nashik | Pune

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

The Company's Board of Directors is responsible for the Other Information. The other information comprises the information included in the Director's Report including the Annexures to Director's Report thereon but does not include Standalone Financial Statements and our auditor's report thereon. .

Our opinion on the Standalone Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

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

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Standalone Financial Statements that give a true and fair view of the financial position, financial performance, and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting Standards specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate implementation and maintenance of accounting policies; making judgments and estimates those are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

The Board of Directors is 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 a part of an audit in accordance with SA's, 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 those 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 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.
- 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.



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.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The Balance Sheet, the Statement of Profit and Loss including the Cash Flow Statement 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 Accounting Standards specified under Section 133 of the Act, read with the 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".
 - (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations as at the end of financial year in the Note No. 33 of 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.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the "Annexure B", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

For Kirtane & Pandit LLP,
Chartered Accountants

Firm's Registration No.105215W/W100057

Ametkar

Aditya A. Kanetkar
Partner

M. No. 149037

UDIN: 19149037AAAACE3996



Place: Mumbai.

Date: August 07, 2019

Annexure A to the Auditor's Report – March 31, 2019
Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143
of the Companies Act, 2013 ("the Act")

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

Auditors' Responsibility

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

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

Meaning of Internal Financial Controls over Financial Reporting

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

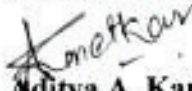
Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Kirtane & Pandit LLP,
Chartered Accountants
Firm Registration No. 105215W/ W100057


Aditya A. Kanetkar
Partner
M. No. 149037



UDIN: 19149037AAAACE3996

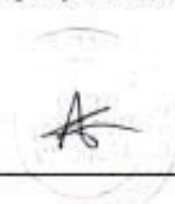
Place: Mumbai.
Date: August 07, 2019

Annexure B to the Auditor's Report – March 31, 2019

Annexure B referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our Report of even date to the members of Polygel Industries Private Limited on the accounts of the company for the year ended March 31, 2019.

On the basis of such checks as we considered appropriate and according to the information and explanations given to us during the course of our audit, we report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant & Equipment;
- (b) As explained to us, Property, Plant & Equipment have been physically verified by the management at regular intervals; as informed to us no material discrepancies were noticed on such verification;
- (c) According to the information and explanation given to us and on the basis of examination of the records, the title deeds of immovable properties are held in the name of the Company.
- (ii) The Management has been conducted physical verification of the inventories at reasonable intervals, no major discrepancies were found in the physical verification. All minor discrepancies have been properly dealt with in books of accounts.
- (iii) The Company has granted loans, secured or unsecured to a party covered in the register maintained under Section 189 of the Companies Act, 2013,
 - (a) The terms and conditions of the granted loans are not prejudicial to the company's interest;
 - (b) The loan is repayable on demand;
 - (c) In respect of loans granted by the company, there is no specific schedule of repayment of principal as loans are repayable on demand. The company has waived interest on loan given to its wholly owned subsidiary, due to inadequacy of profit & future plan of merging with the parent company.
- (iv) In respect of loans, provisions of Section 185 and 186 of the Companies Act, 2013, the company has complied with. The Company has not made any investments or given any guarantees during the year.



- (v) The Company has not accepted any deposits from the public covered under Section 73 to 76 of the Companies Act, 2013.
- (vi) As informed to us, the Central Government has not prescribed maintenance of cost records under sub-Section (1) of Section 148 of the Act.
- (vii) According to the information and explanations given to us and based on the records of the company examined by us,
- (a) The company has generally been regular in depositing the undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Goods & Service Tax and other material statutory dues, as applicable, with the appropriate authorities in India;

According to the information and explanation given to us, no undisputed amount payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Goods & Service Tax and other material statutory dues were in arrears as at March 31, 2019 for a period of more than six months from the date they become payable.

- (b) According to the information and explanations given to us and based on the records of the company examined by us, there are dues of sales tax which have not been deposited on account of disputes as at March 31, 2019.

Name of the statue/ Nature of Dues	For the Period	Forum where dispute is pending	Total (₹ in Lakhs)
The Uttarakhand Value Added Tax Act, 2005/Vat Liability	FY 2010-11 to FY 2013-14	Deputy Commissioner,	21.40

- (viii) In our opinion, and according to the information and explanations given to us and based on our examination of the records, the Company has not defaulted in repayment of loans or borrowings to a financial institution, bank, government or dues to debenture holders.
- (ix) In our opinion, and according to the information and explanations given to us, the Company does not raise money by way of initial public offer or further public offer and term loans, other than for what it was purposed.
- (x) During the course of audit, we have not noticed any fraud by the company or any fraud on the company by its officers or employees during the year.
- (xi) The Company is not a public limited company, hence, para 3(xi) of the Order is not applicable.
- (xii) The nature of business is not related to Nidhi Company; hence, this clause is not applicable.

- (xiii) In our opinion, and according to the information and explanations given to us and based on our examination of the records of the Company, all transactions with related parties are in compliances with the Section 177 & 188 of the Companies Act, 2013 and details have been disclosed in the Standalone Financial Statements as required by the applicable Accounting Standards.

Annexure B to the Auditor's Report – March 31, 2019

- (xiv) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- (xv) The company has not entered into any non-cash transactions with directors or persons connected with him.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For Kirtane & Pandit LLP,
Chartered Accountants
Firm Registration No. 105215W/ W100057

Kanetkar

Aditya A. Kanetkar
Partner
M. No. 149037
UDIN: 19149037AAAACE3996



Place: Mumbai.
Date: August 07, 2019

POLYGEL INDUSTRIES PRIVATE LIMITED

(CIN U17120MH1994PTC080074)

AUDITED BALANCE SHEET AS AT 31 MARCH 2019

	Notes	31 March 2019 (Rupees)	31 March 2018 (Rupees)
Equity and Liabilities			
Shareholders' Funds			
Share Capital	3	227,346,820	227,346,820
Reserves and Surplus	4	267,096,656	321,362,772
		494,443,476	548,709,592
Non Current Liabilities			
Long Term Borrowings	5	62,372,111	112,072,820
Long Term Provisions	6	3,430,160	4,245,387
		65,802,271	116,318,207
Current Liabilities			
Short Term Borrowings	7	231,094,708	274,191,271
Trade Payables			
(a) total outstanding dues of micro enterprises and small enterprises	8	38,869,671	37,049,915
(b) total outstanding dues of creditors other than micro enterprises and small enterprises	8	255,707,610	130,274,837
Other Current Liabilities	9	174,105,677	180,158,828
		699,777,666	621,674,851
Total		1,260,023,413	1,286,702,650
Assets			
Non Current Assets			
Property, Plant & Equipment			
Tangible Assets	10	140,130,342	141,316,606
Intangible Assets	11	136,824,742	124,057,277
Capital Work-in-Progress		-	-
Non Current Investments	12	307,284,286	307,284,286
Deferred Tax Assets (Net)	13	-	-
Long Term Loans and Advances	14	5,798,349	5,413,113
Other Non Current Assets	15	1,238,763	1,019,138
		591,276,482	579,090,420
Current Assets			
Inventories	16	267,354,885	242,651,365
Trade Receivables	17	309,115,380	274,146,084
Cash and Bank Balances	18	6,210,006	25,238,301
Short Term Loans and Advances	14	86,066,860	165,578,480
		668,746,931	707,612,230
Total		1,260,023,413	1,286,702,650
Summary of Significant Accounting Policies	2.1		

The accompanying notes are integral part of the financial statements.

As per our report of even date

For KIRTANE & PANDIT LLP,

Chartered Accountants

Firm Registration Number: 105215WW/100057

For and on behalf of the board of directors of
Polygel Industries Private Limited


Aditya A. Kanetkar
Partner
Membership No. 149037




Luv Shah
Managing Director
*00616738


Nandkishore Shah
WTD & CFO
*00463849


Girish Nachane
Company Secretary

Place: Mumbai
Date: 7th August, 2019



POLYGEL INDUSTRIES PRIVATE LIMITED

(CIN U17120MH1994PTC080074)

AUDITED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2019

	Notes	31 March 2019 (Rupees)	31 March 2018 (Rupees)
Income			
Revenue from Operations (Gross)	19	1,423,520,074	1,328,494,961
Other Income	20	13,020,631	6,591,767
Total Revenue (I)		1,436,540,705	1,335,086,748
Expenses			
Cost of Raw Material and Packing Materials consumed	21	1,137,748,611	985,889,423
(Increase)/Decrease in Inventories of FG and WIP	22	9,772,454	6,986,433
Employee Benefit Expenses	23	79,209,181	77,019,325
Finance Costs	24	45,080,422	35,563,178
Depreciation and Amortisation Expenses	25	29,420,503	23,726,377
Other Expenses	26	189,575,650	199,048,889
Total (II)		1,490,806,821	1,328,233,425
Profit / (Loss) before Extraordinary item(s) (I-II)		(54,266,116)	6,853,323
Extraordinary Item			
Profit / (Loss) before Tax		(54,266,116)	6,853,323
Less : Tax Expenses			
Provision for MAT		-	1,350,000
Profit / (Loss) after Tax		(54,266,116)	5,503,323
Profit / (Loss) for the year		(54,266,116)	5,503,323
Earnings per Equity Share [(Nominal value of share Rs. 10/- (31 March 2018 : Rs. 10/-)](Face Value of Rs. 10/- each)			
Basic & Diluted EPS for Ordinary Equity Shares		(2.39)	0.32
Summary of significant accounting policies	2.1		

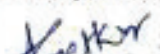
The accompanying notes are integral part of the financial statements.

As per our report of even date

For KIRTANE & PANDIT LLP,

Chartered Accountants

Firm Registration Number: 105215WW100057



Aditya A. Kanetkar

Partner

Membership No. 149037



For and on behalf of the board of directors of

Polygel Industries Private Limited



Luv Shah

Managing Director

*00616738



Nandkishore Shah

WTD & CFO

*00463849



Girish Nachane

Company Secretary



Place: Mumbai

Date: 7th August, 2019

POLYGEL INDUSTRIES PRIVATE LIMITED

(CIN U17120MH1994PTC080074)

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2019

	31 March 2019 (Rupees)	31 March 2018 (Rupees)
A) Cash Flow from Operating activities		
Profit before tax from continuing operations	(54,266,116)	6,853,323
Profit before tax	(54,266,116)	6,853,323
Non cash adjustment to reconcile profit before tax to net cash flows		
Depreciation / amortization on continuing operation	29,420,503	23,726,377
Profit on sales of Property, Plant & Equipment	(5,412,844)	(268,434)
Interest expenses	45,080,422	35,563,178
Interest income	(7,051,221)	(2,435,031)
Provision for doubtful debts	-	-
Provision for gratuity	(815,227)	(834,016)
Dividend income	(12,000)	(15,000)
Operating Profit before working capital changes	6,943,517	62,592,397
Movements in working capital:		
Increase / (decrease) in trade payables	127,252,531	3,721,441
Increase / (decrease) in current liabilities	(8,308,558)	30,503,171
(Increase) / decrease in trade receivables	(34,969,295)	(48,699,639)
(Increase) / decrease in inventories	(24,703,520)	(1,920,399)
(Increase) / decrease in long term loans & advances	(385,236)	425,052
(Increase) / decrease in short term loans & advances	79,511,820	(74,230,992)
Cash generated from / (used in) operations	145,341,258	(27,608,969)
Direct taxes paid (net of refunds)	-	(1,350,000)
Net Cash Flow from / (used in) operating activities (A)	145,341,258	(28,958,969)
B) Cash Flow from Investing activities		
Purchase of Property, Plant & Equipment including intangible assets	(45,970,202)	(40,892,188)
Proceeds from Sale of Property, Plant & Equipment	10,381,340	816,434
Purchase of non current investments	-	(3,003,240)
Investments in bank deposits	(5,191,602)	(4,024,938)
Redemption / maturity of bank deposits (having original maturity of more than three months)	4,024,938	2,714,968
Interest received	7,051,221	2,435,031
Dividend received	12,000	15,000
Net Cash Flow from / (used in) investing activities (B)	(29,692,305)	(41,938,913)
C) Cash Flows from Financing activities		
Proceeds from long term borrowings	60,194,035	113,989,213
Repayment of long term borrowings	(116,639,337)	(132,310,775)
Proceeds from short term borrowings	(43,096,563)	144,485,208
Interest paid	(45,080,422)	(35,563,178)
Net Cash Flow from / (used in) financing activities (C)	(135,622,285)	90,600,468
Net increase / (decrease) in cash & cash equivalents (A+B+C)	(19,973,333)	19,702,586
Cash & cash equivalents at the beginning of the year	22,230,500	2,527,915
Cash & cash equivalents at the end of the year	2,257,167	22,230,501

The accompanying notes are integral part of the financial statements.

As per our report of even date

For KIRTANE & PANDIT LLP,

Chartered Accountants

Firm Registration Number: 105215W/W100057


Aditya A. Kanetkar
Partner

Membership No. 149037




Place: Mumbai

Date: 7th August, 2019

For and on behalf of the board of directors of
Polygel Industries Private Limited


Luv Shah
Managing Director
*00616738



Nandkishore Sheh
WTD & CFO
*00463849



Girish Nachane
Company Secretary


POLYGEL INDUSTRIES PRIVATE LIMITED

(CIN U17120MH1994PTC080074)

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

3 Share Capital

	31 March 2019 (Rupees)	31 March 2018 (Rupees)
Authorised Share Capital :		
55,000,000(31 March 2018: 55,000,000) Equity Shares of Rs. 10/- each	550,000,000	550,000,000
Issued, subscribed and fully paid-up :		
22,734,682 (31 March 2018: 22,734,682) Equity Shares of Rs. 10/- each	227,346,820	227,346,820
Total issued, subscribed and fully paid-up share capital	227,346,820	227,346,820

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

	31 March 2019		31 March 2018	
	Numbers	Amount	Numbers	Amount
Equity Shares				
At the beginning of the period	22,734,682	227,346,820	13,943,473	139,434,730
Add : Addition during the year	-	-	8,791,209	87,912,090
Outstanding at the end of the period	22,734,682	227,346,820	22,734,682	227,346,820

	31 March 2019		31 March 2018	
	Numbers	Amount	Numbers	Amount
Equity Shares (Series A)				
At the beginning of the period	-	-	40,000,000	400,000,000
Less : Redemption	-	-	40,000,000	400,000,000
Outstanding at the end of the period	-	-	-	-

b. Terms/rights attached to equity shares

The company had two classes of equity shares having a par value of Rs. 10 per share i.e. normal equity and equity Series A. Each holder of ordinary equity shares is entitled to one vote per share. 4,00,00,000 Equity Shares of series A were converted into 87,91,209 ordinary equity shares of Rs. 10/- per share @ a premium of Rs. 35.50 per share on 27th November, 2017.

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

	31 March 2019		31 March 2018	
	Numbers	% holding	Numbers	% holding
Equity shares of Rs. 10 each fully paid				
Polygel Ventures Limited	15,756,764	69.31	15,646,764	68.82
Khukri Enterprises Private Limited	1,486,600	6.54	1,486,600	6.54

	31 March 2019		31 March 2018	
	Numbers	% holding	Numbers	% holding

Series A equity shares

Polygel Ventures Limited

As per records of the company, including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

d. Details of Share Pledge

Promoters of the Company has pledged 35,92,668 equity shares to Axis Bank Ltd as per the conditions laid by the Bank to issue 'No Objection Certificate' for sale of assets to Polygel Organometallic (B) Sdn bhd



POLYGEL INDUSTRIES PRIVATE LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

4 Reserves and Surplus	31 March 2019 (Rupees)	31 March 2018 (Rupees)
a) Capital Redemption Reserve		
Balance as per last financial statements	600,000	600,000
Closing balance	600,000	600,000
b) Securities Premium account		
Balance as per the last financial statements	471,168,190	159,080,280
Add: Conversion of series A shares into normal equity shares	-	312,087,910
Closing balance	471,168,190	471,168,190
c) Retained Earnings		
Balance as per last financial statements	(150,405,418)	(155,908,741)
Add: Profit / (Loss) for the year	(54,266,116)	5,503,323
Net surplus in the statement of profit and loss	(204,671,534)	(150,405,418)
Total Reserves and Surplus	267,096,656	321,362,772

5 Long Term Borrowings	Non Current		Current	
	31 March 2019 (Rupees)	31 March 2018 (Rupees)	31 March 2019 (Rupees)	31 March 2018 (Rupees)
Secured loans				
Loan from Promoters	26,239,409	106,954,248	2,421,314	1,932,640
Others	796,312	733,870	-	958,127
Unsecured Loans	35,336,390	4,384,702	4,400,610	1,675,750
Current maturities disclosed under the head "Other Current Liabilities" (refer note 9)	-	-	(6,821,924)	(4,566,517)
Net Amount	62,372,111	112,072,820	-	-

6 Provisions	Long Term		Short Term	
	31 March 2019 (Rupees)	31 March 2018 (Rupees)	31 March 2019 (Rupees)	31 March 2018 (Rupees)
Provision for employee benefits				
Provision for gratuity (refer note 28)	3,430,160	4,245,387	887,916	920,977
Provision for Bonus	-	-	-	-
	3,430,160	4,245,387	887,916	920,977



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POLYGEL INDUSTRIES PRIVATE LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

7 Short Term Borrowings

	31 March 2019 (Rupees)	31 March 2018 (Rupees)
a) Cash Credit from Axis Bank Limited	143,665,799	146,741,495
b) Buyers Credit from Axis Bank Limited	-	11,262,468
c) Cash Credit from The Zoroastrian Co. Op. Bank Limited	69,451,649	97,370,381
d) SBI Global Factors Limited	17,977,260	18,816,927
	231,094,708	274,191,271
The above amount includes		
Secured borrowings	231,094,708	274,191,271
	231,094,708	274,191,271

Cash credit and buyers credit of Axis Bank Limited is secured against primary security of hypothecation of entire current assets (present and future) on pari passu basis with ZCBL Bank. The cash credit is repayable on demand and carries interest of 11.85 % p.a. Cash credit from ZCBL is secured against hypothecation of entire stock and book debts on pari passu basis with Axis Bank Limited and carries an interest of 12.50 %.

8 Trade Payables

	31 March 2019 (Rupees)	31 March 2018 (Rupees)
Trade payables (refer note 34)		
(a) total outstanding dues of micro enterprises and small enterprises	38,869,671	37,049,915
(b) total outstanding dues of creditors other than micro enterprises and small enterprises	255,707,610	130,274,837
	296,825,769	170,967,461

Particulars

	31 March 2019 (Rupees)	31 March 2018 (Rupees)
Due to Micro and Small Enterprises		
a. The principal amount remaining unpaid to any supplier at the end of each accounting year	38,869,671	37,049,915
b. The interest due thereon remaining unpaid to any supplier at the end of each accounting year	-	-
c. The amount of interest paid by the buyer in terms of section 16 of the MSME Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year	-	-
d. The amount of interest due and payable for the period of delay in making payment	-	-
e. The amount of interest accrued and remaining unpaid at the end of each accounting year	-	-
Total	38,869,671	37,049,915

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management.

9 Other Current Liabilities

	31 March 2019 (Rupees)	31 March 2018 (Rupees)
Current maturities of long term borrowings (refer note 5)	6,821,924	4,566,517
Creditors for Capital Goods	2,248,488	3,642,709
Advance from customers	70,880,025	59,573,206
Others		
Interest free deposits from customers	15,286,593	14,589,298
Provision for bonus	887,916	920,977
Statutory dues	7,503,972	8,871,969
Others	70,065,289	86,587,152
	174,105,677	180,158,828



POLYGEL INDUSTRIES PRIVATE LIMITED
 NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

Notes to Financial Statements for the year ended 31st March, 2019

Particulars	Gross block						Depreciation			Net block		
	As at 01-Apr-18	Additions	Deletions	Adjustments	As at 31-Mar-19	As at 01-Apr-18	Change for the year	Adjustments	Deletions	As at 31-Mar-19	As at 31-Mar-18	
Note 10												
Tangible Assets												
Land	24,115,788	-	-	-	24,115,788	2,050,587	227,843	-	-	2,278,430	21,837,357	22,065,201
Buildings	67,449,535	-	-	-	67,449,535	24,870,794	1,529,402	-	-	26,850,196	41,049,238	41,578,741
Plant & Machinery and Equipments	174,834,017	11,973,405	(6,145,431)	-	180,661,991	103,815,823	5,444,159	-	(1,176,935)	180,081,047	72,578,943	71,018,194
Furniture	11,534,659	-	-	-	11,534,659	8,958,593	441,756	-	-	9,400,149	2,134,110	2,576,066
Motor Vehicles	6,554,817	-	-	-	6,554,817	3,876,412	548,011	-	-	4,424,423	2,530,394	3,078,405
Total(A)	284,888,816	11,973,405	(6,145,431)	-	290,716,790	143,572,209	8,191,171	-	(1,176,935)	150,586,445	140,130,342	141,316,606
Note 11												
Intangible Assets												
Goodwill	48,000,000	-	-	-	48,000,000	9,600,000	4,800,000	-	-	14,400,000	33,600,000	38,400,000
Patents	24,906,210	-	-	-	24,906,210	20,734,324	686,449	-	-	21,420,773	3,485,437	4,171,888
Technical Knowhow	157,335,686	27,171,797	-	-	184,507,483	75,850,295	15,741,013	-	-	91,591,308	92,316,175	81,485,591
Software	-	6,825,000	-	-	6,825,000	1,870	1,870	-	-	1,870	6,823,130	-
Total (B)	230,241,896	33,996,797	-	-	264,238,693	106,184,619	21,229,332	-	-	127,413,951	136,824,742	124,057,277
Total (A+B)	515,130,712	45,970,202	(6,145,431)	-	554,955,483	249,756,828	29,420,503	-	(1,176,935)	278,000,396	276,955,084	265,373,883
Previous Year	441,339,258	72,341,454	(530,000)	-	513,150,712	228,030,452	23,726,377	-	-	249,756,829	265,373,883	217,108,806
Intangible Assets Under Development	-	27,171,797	(27,171,797)	-	-	-	-	-	-	-	-	-



POLYGEL INDUSTRIES PRIVATE LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

12 Non Current Investments	31 March 2019 (Rupees)	31 March 2018 (Rupees)
Non - trade investments (valued at cost unless stated otherwise)		
Investment in equity instruments (unquoted)		
The Zoroastrian Co-Op Bank Limited 4,000 (31 March 2018 : 4,000) Equity Shares of Rs. 25/- each fully paid up	100,000	100,000
Probuild India Marketing Private Limited 9,900 (31 March 2018 : 9,900) Equity Shares of Rs. 10/- each fully paid up	99,000	99,000
Polygel Organometalic (B) Sdn Bhd 6,081,648(31 March 2018 : 6,081,648) Equity Shares of Rs. 1/- each fully paid up	304,082,046	304,082,046
ZXprc India Private Limited A) 72,581 (31 March 2018 : 72,581) Equity Shares of Rs. 10/- each fully paid up Premium Rs. 30/- each B) 10,000 (31 March 2018 : 10,000) Equity Shares of Rs. 10/- each fully paid up	3,003,240	3,003,240
	<u>307,284,286</u>	<u>307,284,286</u>
13 Deferred Tax (Net)	31 March 2019 (Rupees)	31 March 2018 (Rupees)
Deferred tax liability		
Property, Plant & Equipment : impact of difference between tax depreciation and book depreciation	46,385,504	55,808,161
Gross deferred tax liability	<u>46,385,504</u>	<u>55,808,161</u>
Deferred tax asset		
Carry forward losses	64,484,394	62,103,296
Provision for doubtful debts and advances	1,040,000	-
Provision for Gratuity	353,148	-
Expenditure disallowed under section 43B	230,858	284,582
Gross deferred tax asset	<u>66,108,400</u>	<u>62,387,878</u>
Net deferred tax asset	<u>19,722,896</u>	<u>6,579,717</u>

The company has not recognised deferred tax of (Rs. 1,97,22,896) (31 March 2018 Rs. 65,79,717) on account of carry forward of losses.

14 Long Term Loans and Advances	Long Term		Short Term	
	31 March 2019 (Rupees)	31 March 2018 (Rupees)	31 March 2019 (Rupees)	31 March 2018 (Rupees)
Capital advances (Unsecured, considered good)	-	-	2,850,000 ✓	8,100
	-	-	<u>2,850,000</u>	<u>8,100</u>
Secured, considered good				
Security deposit (Unsecured, considered good)	3,050,327 ✓	2,953,121	-	-
Total (A)	<u>3,050,327</u>	<u>2,953,121</u>	<u>2,850,000</u>	<u>8,100</u>
Advances recoverable in cash or kind				
Unsecured considered good	-	-	34,434,536 ✓	39,894,396
	-	-	<u>34,434,536</u>	<u>39,894,396</u>
Provision for doubtful advances	-	-	-	-
Total (B)	<u>-</u>	<u>-</u>	<u>34,434,536</u>	<u>39,894,396</u>
Other loans and advances				
Advance Income Tax (net of provision for taxation)	1,976,524	1,688,494	-	-
Prepaid expenses	-	-	1,564,889 ✓	1,298,976
Loans given to related parties/others (Refer Note 31)	-	-	13,687,782 ✓	62,343,377
Loans to employees	-	-	1,406,765 ✓	2,451,825
Others	-	-	24,313,763 ✓	36,863,284
Balances with statutory/Government authorities	771,498	771,498	7,808,925 ✓	22,718,522
Total (C)	<u>2,748,022</u>	<u>2,459,992</u>	<u>48,782,124</u>	<u>125,675,984</u>
Grand total (A + B + C)	<u>5,798,349</u>	<u>5,413,113</u>	<u>86,066,660</u>	<u>165,578,480</u>



POLYGEL INDUSTRIES PRIVATE LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

15 Other Non Current Assets

	Non current	
	31 March 2019 (Rupees)	31 March 2018 (Rupees)
Unsecured, considered good unless stated otherwise		
Non-current bank balances (refer note 18)	1,238,763	1,019,138
	<u>1,238,763</u>	<u>1,019,138</u>

16 Inventories

(valued at lower of cost and net realizable value)

	31 March 2019	31 March 2018
	(Rupees)	(Rupees)
Raw materials (Refer Note 21)	165,998,232	167,304,809
Packing Materials (Refer Note 21)	59,775,586	26,378,165
Finished Goods (Refer Note 22)	19,333,390	25,025,156
Work in progress (Refer Note,22)	14,569,390	18,650,078
Consumables/Stores	7,678,287	5,293,157
Total	<u>267,354,885</u>	<u>242,651,365</u>

17 Trade Receivables

	Current	
	31 March 2019 (Rupees)	31 March 2018 (Rupees)
Unsecured, considered good unless stated otherwise		
Outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	40,198,893	15,191,173
Doubtful	4,054,363	54,363
	<u>44,253,256</u>	<u>15,245,536</u>
Provision for doubtful receivables	(4,054,363)	(54,363)
Total (A)	<u>40,198,893</u>	<u>15,191,173</u>
Other receivables		
Unsecured, considered good	268,916,487	258,954,911
	<u>268,916,487</u>	<u>258,954,911</u>
Total (B)	<u>268,916,487</u>	<u>258,954,911</u>
Total (A + B)	<u><u>309,115,380</u></u>	<u><u>274,146,084</u></u>

18 Cash and Bank Balances

	Non current		Current	
	31 March 2019 (Rupees)	31 March 2018 (Rupees)	31 March 2019 (Rupees)	31 March 2018 (Rupees)
Cash and cash equivalents				
Balances with banks :				
On current accounts	-	-	60,326	10,993,228
Cash on hand	-	-	2,196,841	3,237,273
	<u>-</u>	<u>-</u>	<u>2,257,167</u>	<u>22,230,501</u>
Other bank balances				
Deposit with original maturity for more than 3 months but less than 12 months	-	-	3,952,839	3,005,800
Deposit with original maturity for more than 12 months	1,238,763	1,019,138	-	-
	<u>1,238,763</u>	<u>1,019,138</u>	<u>3,952,839</u>	<u>3,005,800</u>
Amount disclosed under Non Current Assets (refer note 15)	<u>(1,238,763)</u>	<u>(1,019,138)</u>	-	-
	<u>-</u>	<u>-</u>	<u>6,210,006</u>	<u>25,236,301</u>

Non current fixed deposits include deposits with original maturity for more than 12 months are pledged by the company with banks against margin money. The same are treated as non-current since they are not expected to be realised by the company within 12 months.

Balance of Cash in Hand includes Advances given for expenses through IOU.



POLYGEL INDUSTRIES PRIVATE LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

19 Revenue from Operations

Sales of products

Finished goods (gross)

Less: Discount

Finished goods (net of discount)

Other operating revenue

Raw material / Scrap sales, Others

Export incentive

Revenue from operations (gross)

31 March 2019 (Rupees)	31 March 2018 (Rupees)
1,396,470,397	1,286,065,908
(11,384,887)	(9,329,390)
<u>1,385,085,510</u>	<u>1,276,736,518</u>
18,862,477	18,600,542
19,572,087	33,157,901
<u>1,423,520,074</u>	<u>1,328,494,961</u>

Details of products sold

Finished goods sold

Domestic

Adhesives

Construction chemicals

CAB Catalyst

Titanates

Export

Adhesive & Construction Chemicals

Titanates

31 March 2019 (Rupees)	31 March 2018 (Rupees)
646,141,419	700,450,510
166,380,796	210,572,628
98,871,680	11,732,350
21,707,129	20,967,067
<u>933,101,024</u>	<u>943,722,555</u>
13,545,160	4,614,220
438,439,326	328,399,743
<u>451,984,486</u>	<u>333,013,963</u>
<u>1,385,085,510</u>	<u>1,276,736,518</u>

20 Other Income

Interest income :

- From Bank deposits

- Others

Others

31 March 2019 (Rupees)	31 March 2018 (Rupees)
324,747	252,477
6,406,274	1,305,882
6,289,610	5,033,428
<u>13,020,631</u>	<u>6,591,787</u>



POLYGEL INDUSTRIES PRIVATE LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

21 Cost of Raw Material and Packing Materials consumed

	31 March 2019 (Rupees)	31 March 2018 (Rupees)
Inventory at the beginning of the year		
Raw Materials	167,304,809	161,670,145
Packing Materials	26,378,165	20,005,167
	193,682,974	181,675,312
Add: Purchases		
Raw Materials	1,051,781,174	882,323,671
Packing Materials	118,058,281	115,573,414
	1,169,839,455	997,897,085
Less: Inventory at the end of the year		
Raw Materials	165,998,232	167,304,809
Packing Materials	59,775,586	26,378,165
	225,773,818	193,682,974
Cost of raw material and packing materials consumed	1,137,748,611	985,889,423

Details of Raw materials and packing materials consumed

	31 March 2019 (Rupees)	31 March 2018 (Rupees)
Raw Material and Packing Material		
Chemicals	432,840,598	349,263,980
Solvent	362,650,231	319,327,067
Additives	140,380,735	109,768,679
Packing Materials	84,660,860	109,200,416
Rubber	62,352,443	53,187,915
Other	54,863,744	45,141,366
	1,137,748,611	985,889,423

Details of inventory

	31 March 2019 (Rupees)	31 March 2018 (Rupees)
Raw Material and Packing Material		
Chemicals	18,061,905	12,976,759
Solvent	45,154,764	37,768,180
Additives	106,113,694	91,030,998
Packing Materials	24,835,120	21,305,127
Rubber	4,515,476	3,873,659
Others	27,092,859	26,728,251
	225,773,818	193,682,974



POLYGEL INDUSTRIES PRIVATE LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

22 (Increase)/Decrease in Inventories of FG and WIP

	31 March 2019 (Rupees)	31 March 2018 (Rupees)	(Increase)/decrease (Rupees)
Inventories at the end of the year			31 March 2019
Finished Goods	19,333,390	25,025,156	(5,691,766)
Work-in-Progress	14,569,390	18,650,078	(4,080,688)
	<u>33,902,780</u>	<u>43,675,234</u>	<u>(9,772,454)</u>
Inventories at the beginning of the year			
Finished Goods	25,025,156	32,780,213	(7,755,057)
Work-in-Progress	18,650,078	17,881,454	768,624
	<u>43,675,234</u>	<u>50,661,667</u>	<u>(6,986,433)</u>
	<u>9,772,454</u>	<u>6,986,433</u>	

Details of inventory

	31 March 2019 (Rupees)	31 March 2018 (Rupees)
Work in Progress		
Construction chemicals	109,270	139,876
Adhesives	3,642,348	5,222,022
Specialty chemicals	10,817,772	13,288,180
	<u>14,569,390</u>	<u>18,650,078</u>
Finished goods		
Construction chemicals	580,002	1,001,006
Adhesives	11,600,034	17,517,609
Specialty chemicals	7,153,354	6,506,541
	<u>19,333,390</u>	<u>25,025,156</u>

23 Employee Benefit Expenses

	31 March 2019 (Rupees)	31 March 2018 (Rupees)
Salaries, wages and bonus	69,378,029	64,871,768
Contribution to Provident and other Fund	3,191,664	3,608,231
Remuneration of Directors	1,725,000	1,800,000
Gratuity expense (refer Note 28)	1,358,261	2,867,000
Staff welfare	3,556,227	3,872,326
	<u>79,209,181</u>	<u>77,019,325</u>

24 Finance Costs

	31 March 2019 (Rupees)	31 March 2018 (Rupees)
Interest		
- On Bank	25,249,711	20,968,338
- On Term Loan	5,253,388	4,000,463
- Others	14,577,323	10,594,377
	<u>45,080,422</u>	<u>35,563,178</u>

25 Depreciation and Amortisation Expenses

	31 March 2019 (Rupees)	31 March 2018 (Rupees)
Depreciation of tangible assets (refer note 10)	8,191,171	8,138,420
Amortisation of intangible assets (refer note 11)	21,229,332	15,587,957
	<u>29,420,503</u>	<u>23,726,377</u>



POLYGEL INDUSTRIES PRIVATE LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

26 Other Expenses

	31 March 2019 (Rupees)	31 March 2018 (Rupees)
Consumption of stores and spares	- 6,020,068	9,472,317
Power & Fuel	- 6,351,940	5,680,302
Excise Duty	-	26,072,263
Coolie & Cartage	- 522,092	717,937
Factory Expenses	- 7,898,179	5,456,800
Labour charges		
Labour charges operational	- 6,602,404	7,201,991
Job Work charges	- 8,445,338	11,777,729
Rent	4,076,558	3,999,121
Rates & Taxes	3,504,730	3,135,958
Insurance	3,962,699	2,610,669
Repairs and maintenance		
Plant & Machinery	2,069,097	1,872,671
Others	4,534,918	2,423,827
Advertising and sales promotions	-	14,125
Business Promotion Expenses	18,823,792	9,261,134
Brokerage & Discounts	17,340,593	8,538,935
Bank Charges	3,421,758	2,887,228
Travelling expenses	10,917,141	8,809,317
Communication cost	1,147,790	1,752,573
Conveyance Expenses	6,529,680	6,576,981
Printing & Stationery	4,037,484	2,633,003
Legal & Professional charges	12,860,986	20,802,029
Payment to auditors*	700,000	700,000
Provision for doubtful debts	4,000,000	-
Bad Debts W.Off	-	4,574,868
C & F Agent Expenses	112,360	96,870
Clearing Forwarding (Export)	4,021,104	4,365,059
Office Expenses	1,321,616	1,423,014
Postage & Telegram	1,154,139	1,328,758
Security Charges	2,076,599	2,214,135
Shipping Charges (Export)	113,007	576,107
Transport Outwards	38,360,331	38,848,577
Prior Period Expenses	6,073,802	-
Others	2,575,445	3,224,391
Total	189,575,650	199,048,689
Stores and consumables		
Opening stock	5,293,157	8,393,987
Purchase	8,405,198	6,371,487
Closing stock	7,678,287	5,293,157
Consumption of stores and spares	6,020,068	9,472,317
*Payment to Auditors		
Audit fee (exclusive of applicable tax)	700,000	700,000
	700,000	700,000



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POLYGEL INDUSTRIES PRIVATE LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

27. Earning per share (EPS)

The following reflects the profit and share data used in the basic and diluted EPS computations ->

Profit/(loss) after tax

Net profit/(loss) for calculation of basic EPS on ordinary shares

Net profit as above

Add: dividend on convertible preference shares & tax thereon

Net profit/(loss) for calculation of diluted EPS

Weighted average number of equity shares in calculating basic EPS

Effect of dilution :

Weighted average number of equity shares in calculating diluted EPS

Earning Per Share on ordinary equity shares (basic and diluted)

	31 March 2019 (Rupees)	31 March 2018 (Rupees)
Profit/(loss) after tax	(54,266,116)	5,503,323
Net profit/(loss) for calculation of basic EPS on ordinary shares	(54,266,116)	5,503,323
Net profit as above	(54,266,116)	5,503,323
Add: dividend on convertible preference shares & tax thereon	-	-
Net profit/(loss) for calculation of diluted EPS	(54,266,116)	5,503,323
Weighted average number of equity shares in calculating basic EPS	22,734,662	16,954,161
Effect of dilution :		
Weighted average number of equity shares in calculating diluted EPS	22,734,662	16,954,161
Earning Per Share on ordinary equity shares (basic and diluted)	(2.39)	0.32

28. Gratuity and other post-employment benefit plans

The company operates gratuity plans for its employees. Under the gratuity plan, every employee who has completed at least five years of service gets a gratuity on departure @ 15 days of last drawn salary for each completed year of service. The scheme is funded with an insurance company in the form of qualifying insurance policy.

The following tables summarise the components of net benefit expense recognised in the statement of profit and loss and the funded status and amount recognised in the balance sheet for the respective plans.

Statement of profit and loss

Net employee benefit expense recognised in the employee cost

Current service cost

Interest cost on benefit obligation

Expected return on plan assets

Past Service Cost

Net actuarial (gain)/loss recognised in the year

Net benefit expenses

Actual return on plans assets

	Gratuity	
	31 March 2019 (Rupees)	31 March 2018 (Rupees)
Current service cost	1,299,948	1,106,208
Interest cost on benefit obligation	935,308	769,902
Expected return on plan assets	(526,301)	(372,636)
Past Service Cost	-	229,362
Net actuarial (gain)/loss recognised in the year	(179,745)	(148,906)
Net benefit expenses	1,527,210	1,583,936
Actual return on plans assets	463,984	402,666

Balance sheet

Benefit assets / liability

Present value of defined benefit obligation

Fair value on plan assets

Plan asset / (liability)

	Gratuity	
	31 March 2019 (Rupees)	31 March 2018 (Rupees)
Present value of defined benefit obligation	9,949,243	11,327,129
Fair value on plan assets	(6,519,063)	(7,081,742)
Plan asset / (liability)	3,430,160	4,245,387



POLYGEL INDUSTRIES PRIVATE LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

Changes in the present value of the defined benefit obligation are as follows :

	Gratuity	
	31 March 2019 (Rupees)	31 March 2018 (Rupees)
Opening defined benefit obligation	11,327,129	9,696,404
Current service cost	1,299,948	1,106,208
Interest cost	935,308	769,902
Benefit paid	(3,369,080)	(355,871)
Past service cost		229,362
Actuarial (gain) / losses on obligation	(244,062)	(118,876)
Closing defined benefit obligation	9,949,243	11,327,129

Change in the fair value of plan assets are as follows :

	Gratuity	
	31 March 2019 (Rupees)	31 March 2018 (Rupees)
Opening fair value of plan assets	7,081,742	4,617,001
Expected return	528,301	372,636
Contributions by employer	2,342,437	2,417,946
Benefit paid	(3,369,080)	(355,871)
Actuarial gains / (loss)	(64,317)	30,030
Change fair value of plan assets	6,519,083	7,081,742

The company expects to contribute Rs.34,30,160/- to gratuity fund during the financial year 2018-19

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows

	Gratuity	
	31 March 2019	31 March 2018
Investments with insurer	100%	100%

The principal assumptions used in determining gratuity for the company's plan are shown below

	31 March 2019	31 March 2018
Discount rate	7.80%	7.80%
Expected rate of return on assets	7.50%	7.50%
Salary escalation rate	7%	7%

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

Amounts for the current and previous four periods are as follows

	Gratuity				
	31 March 2019 (Rupees)	31 March 2018 (Rupees)	31 March 2017 (Rupees)	31 March 2016 (Rupees)	31 March 2015 (Rupees)
Gratuity					
Defined benefit obligation	9,949,243	11,327,129	9,696,404	8,257,995	6,697,693
Plan assets	6,519,083	7,081,742	4,617,001	4,238,341	3,415,333
(Surplus) / deficit	(3,430,160)	(4,245,387)	(5,079,403)	(4,018,654)	(3,282,360)
Experience adjustments on plan liabilities	(518,110)	417,998	449,359	591,314	553,557
Experience adjustments on plan assets	(64,317)	30,030	16,964	115,279	(24,320)



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POLYGEL INDUSTRIES PRIVATE LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

29. Segment Information

The Company is mainly engaged in Chemical Business which is considered as the primary reportable business segment as per Accounting Standard AS 17 "Segment Reporting" issued by the Institute of Chartered Accountants of India. The secondary segment based on geographical segments are considered to be business outside India and within India.

Particulars	Year ended	India	Other countries	Total
Revenue from operations (gross)	31 March 2019	871,535,588	451,984,486	1,423,520,074
	31 March 2018	895,480,998	333,013,963	1,328,494,961
Carrying amount of segment assets	31 March 2019	1,133,810,737	126,212,676	1,260,023,413
	31 March 2018	1,265,286,195	21,416,455	1,286,702,650
Addition to Property, Plant & Equipment	31 March 2019	45,970,202	-	45,970,202
	31 March 2018	72,341,454	-	72,341,454

Property, Plant & Equipment are located in India and are used interchangeably, hence they are included in India. Receivables are disclosed based on location of customers.

30. Related party disclosures

i) List of Related Parties where control exists and with whom transactions have taken place during the year

Parent Company (Holding Company)	Polygel Venture Limited	
Wholly Owned Subsidiary Company	Probuild India Marketing Private Limited	
Subsidiary Company	ZXPRC (India) Private Limited Polygel Organometallic (Brunei) Sdn Bhd	
Step Down Subsidiary	Polygel Innovation Pte Ltd	
Enterprises owned or significantly influenced by Key Management Personnel or their relatives	Pegasus Constchem Private Limited Polygel Performance Material Private Limited Sierra Projects Private Limited Silgate Technologies Private Limited Western India Packaging Western India Packagings Private Limited	
Key Managerial Person	Managing Director WTD & CFO Director Company Secretary	Luv Shah Nandkishore Shah Anil Phatangare Ginsh Nachane

(Note Related Parties have been identified by the Management as per declaration received from Directors.)



POLYGEL INDUSTRIES PRIVATE LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

iv) Related parties with whom transactions have taken place during the year

No.	Particulars	Relationship	31st March, 2019 (Rupees)	31st March, 2018 (Rupees)
I. Sale of Goods/Services/Consumables				
1	Western India Packaging Pvt Ltd	Enterprises owned or significantly influenced by Key Management Personnel or their relatives	85,000	-
2	Zepco (India) Pvt Ltd	Subsidiary	33,539,194	54,161,737
3	Polygel Organometallic (Brunei) Sdn Bhd	Subsidiary	496,202,483	329,213,892
4	Anil Pathanghate	KMP	-	85,508
5	Western India Packaging	Enterprises owned or significantly influenced by Key Management Personnel or their relatives	-	221,251
II. Purchase Of Goods/Services/Job Work				
1	Western India Packaging	Enterprises owned or significantly influenced by Key Management Personnel or their relatives	42,209,354	32,460,136
2	Zepco (India) Pvt Ltd	Subsidiary	3,663,545	28,356,563
III. Professional Fees				
1	Girish Pachare	KMP	162,000	-
2	Anil Pathanghate	KMP	-	900,000
IV. Remuneration				
1	Nandkishore Shah	KMP	1,725,990	1,890,000
V. Reimbursement Of Expense				
1	Nandkishore Shah	KMP	-	93,623
2	Luv Shah	KMP	113,162	1,112,584
3	Anil Pathanghate	KMP	44,664	139,272
4	Western India Packaging	Enterprises owned or significantly influenced by Key Management Personnel or their relatives	386,327	-
VI. Discount Received				
1	Zepco (India) Pvt Ltd	Subsidiary	3,097,955	-
VII. Investment in Subsidiary				
1	Zepco (India) Pvt Ltd	Subsidiary	-	3,005,240
VIII. Business Advances Given				
1	Western India Packaging Pvt Ltd	Enterprises owned or significantly influenced by Key Management Personnel or their relatives	9,504,961	3,434,724
2	Polygel Performance Material P Ltd	Enterprises owned or significantly influenced by Key Management Personnel or their relatives	-	6,768,751
3	Pegasus Constance Pvt Ltd	Enterprises owned or significantly influenced by Key Management Personnel or their relatives	4,020,000	-
4	Luv Shah	KMP	2,500,000	-
IX. Business Advances Taken/ (Recovered)				
1	Pegasus Constance Pvt Ltd	Enterprises owned or significantly influenced by Key Management Personnel or their relatives	(4,020,000)	-
2	Luv Shah	KMP	(2,500,000)	-
3	Polygel Performance Material P Ltd	Enterprises owned or significantly influenced by Key Management Personnel or their relatives	-	14,507,344
X. Loan Given				
1	Probuild India Marketing Pvt Ltd	Subsidiary	50,000	870,000
XI. Temporary Interest Free Loan Taken				
1	Neeta Luv Shah	Relative of KMP	500,000	-
XII. Expenses Recoverable				
1	Probuild India Marketing Pvt Ltd	Subsidiary	-	958,826
2	Zepco (India) Pvt Ltd	Subsidiary	107,073	681,162
3	Polygel Organometallic (Brunei) Sdn Bhd	Subsidiary	1,296,245	6,540,751
4	Nandkishore Shah	KMP	118,381	-
5	Luv Shah	KMP	113,162	-
6	Western India Packaging Pvt Ltd	Enterprises owned or significantly influenced by Key Management Personnel or their relatives	300,000	-
7	Polygel Innovations Pte. Ltd.	Step Down Subsidiary	154,563	-
XIII. Sale Of Assets				
1	Polygel Organometallic (Brunei) Sdn Bhd	Subsidiary	8,231,340	816,434
XIV. Purchase of Assets				
1	Probuild India Marketing Pvt Ltd	Subsidiary	6,825,000	-

ii) Closing Balances of Related Parties at the year end

No.	Name of the Party	Relationship	31st March, 2019 (Rupees)	31st March, 2018 (Rupees)
i	Anil Pathanghate	KMP	51,945	28,313
ii	Luv Shah	KMP	72,941	2,317,163
iii	Nandkishore Shah	KMP	114,613	40,434
iv	Neeta Luv Shah	Relative of KMP	(500,000)	-
v	Polygel Innovations Pte Ltd	Step Down Subsidiary	154,563	-
vi	Polygel Organometallic (Brunei) Sdn Bhd	Subsidiary	34,779,111	(29,653,784)
vii	Probuild India Marketing Pvt Ltd	Subsidiary	2,335,912	10,238,412
viii	Western India Packaging	Enterprises owned or significantly influenced by Key Management Personnel or their relatives	16,453,209	(48,721,303)
ix	Western India Packaging Pvt Ltd	Enterprises owned or significantly influenced by Key Management Personnel or their relatives	13,071,932	3,273,300
x	ZXPRC (India) Pvt Ltd	Subsidiary	3,142,772	8,554,096



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POLYGEL INDUSTRIES PRIVATE LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

21. Disclosure of Loans, Investments, Guarantees as per Section 186(4) of the Companies Act, 2013

Investments made are disclosed under respective heads. Company has not given any guarantee or security.

Particulars	Balance As on 31/03/2019	Balance As on 31/03/2018
Loan Given:		
Probuild India Marketing Private Limited	2,235,912	10,239,412
Navin Shah	61,370	10,264,584
Navin Nurseries Private Limited	-	10,575,627
Chandri Estates & Trading Private Limited	-	10,406,877
SimShah Estate & Trading	-	10,406,877
Sandeep Toshniwal	11,390,500	10,450,000
Total	13,687,782	62,343,377

Company charged interest @ 9.00% except to Probuild India Marketing Pvt Ltd.

b. Company has waived interest on loan given to its wholly owned subsidiary Probuild India Marketing Pvt Ltd due to inadequacy of profits and future plan of the subsidiary being merged with the

22. Capital and other commitments

At 31st March 2019, the company has commitments of Rs 28,50,000 (31st March 2018: Rs. Nil)

23. Contingent liabilities

Type of Tax Liability	31 March 2019 (Rupees)	31 March 2018 (Rupees)
Service Tax Liability/2007-08	4,397,728	4,397,728
Vat Liability/2010-11	179,247	-
Vat Liability/2011-12	130,131	-
Vat Liability/2012-13	483,358	-
Vat Liability/2013-14	1,348,193	-
Total	6,538,657	4,397,728

24. Derivate instruments and unhedged foreign currency exposure

a) Derivatives outstanding as at the Balance Sheet date

Nil

b) Particulars of unhedged foreign currency exposure as at the reporting date

Particulars	Amount (Rs.)	Amount in foreign currencies
Trade Payables	45,875,723	US\$ 6,02,178
	(PY 4,51,04,701)	(PY US\$ 5,93,448)
	Nil	Euro Nil
Trade Receivables	(PY Nil)	(PY Nil)
	81,879,513	US\$ 11,78,977
	(PY 1,43,26,861)	(PY US\$ 2,20,220)
	44,533,153	€ 588,096.00
	(PY 70,89,794)	(PY Euro 87,938)

25. Value of imports calculated on CIF basis

Raw materials

31 March 2019 (Rupees)	31 March 2018 (Rupees)
153,084,096	116,619,096
153,084,096	116,619,096



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POLYGEL INDUSTRIES PRIVATE LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

26. Expenditure in foreign currency (accrual basis)

Travelling and conveyance
 Brokerage & commission
 Legal and professional fees

	31 March 2019 (Rupees)	31 March 2018 (Rupees)
Travelling and conveyance	1,579,645	62,680
Brokerage & commission	85,596	428,625
Legal and professional fees	-	1,025,659
	1,765,241	1,517,164

27. Imported and indigenous raw materials, components and spare parts consumed

Raw Materials and Packing Materials

Imported
 Indigenous obtained

Stores and spare parts

Imported
 Indigenous obtained

	% of total consumption 31 March 2019	Value (Rupees) 31 March 2019	% of total consumption 31 March 2018	Value (Rupees) 31 March 2018
Raw Materials and Packing Materials				
Imported	13.53	153,884,086	11.83	116,619,096
Indigenously obtained	86.47	963,864,525	88.17	869,270,327
	100.00	1,137,748,611	100.00	985,889,423
Stores and spare parts				
Imported	Nil	-	Nil	-
Indigenously obtained	100.00	6,020,068	100.00	9,472,317
	100.00	6,020,068	100.00	9,472,317

28. Earning in foreign currency (accrual basis)

Year of remittance (ending on)

Exports at FOB value

	31 March 2019 (Rupees)	31 March 2018 (Rupees)
Exports at FOB value	451,871,479	332,437,856
	451,871,479	332,437,856

29. Prior Period Expenses

Prior Period Expenses

	31 March 2019 (Rupees)	31 March 2018 (Rupees)
Prior Period Expenses	6,073,802	-
	6,073,802	-

40. Previous year figures

Previous year figures have been regrouped / reclassified where necessary to conform to this year's classification.

The accompanying notes are integral part of the financial statements

As per our report of even date

For KIRTANE & PANDIT LLP,

Chartered Accountants

Firm Registration Number: 105215WW/100057

Kanekar

Aditya A. Kanekar

Partner

Membership No. 149637

Place: Mumbai

Date: 7th August, 2019



For and on behalf of the board of directors of

Polygel Industries Private Limited

Luv Shah *Nandkishore Shah* *Girish Nachane*

Luv Shah
 Managing Director
 *00616738

Nandkishore Shah
 WTD & CFO
 *00463849

Girish Nachane
 Company Secretary



POLYGEL INDUSTRIES PRIVATE LIMITED

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

1. Corporate information:

Polygel Industries Private Limited ("the Company") is a private limited company domiciled in India and incorporated under the provisions of the Companies Act, 1956. The address of its registered office is at 111, The Great Eastern Galleria, Plot no 20, Sector 4, Nerul (W), Navi Mumbai 400 706, Maharashtra, India. The company is engaged in the manufacturing and selling of reputed brands of Adhesives, Construction Chemicals and Specialty Chemicals. The company caters to both domestic and international markets. The Company has its manufacturing locations at Dadra, Rudrapur (Uttarakhand) & Taloja (Maharashtra).

2. Basis of preparation:

The financial statements have been prepared in accordance with the generally accepted accounting principles in India (Indian GAAP). The company has prepared this financial statement to comply in all material respects with the accounting standards notified under the Companies (Accounting Standards) Rules 2014 and the relevant provisions of the Companies Act, 2013. The financial statements have been prepared on an accrual basis and under the historical cost convention.

All the assets and liabilities have been classified as current and non-current as per the Company's normal operating cycle and other criteria set out in Schedule III of the Companies Act, 2013. Based on the nature of products and the time between the acquisition of assets for processing and their realization in cash and cash equivalent, the Company has ascertained its operating cycle to be 12 months for the purpose of current - non-current classification of assets and liabilities as per schedule III of the Companies Act, 2013.

The accounting policies adopted in the preparation of financial statements are consistent with those of the previous year.

2.1 Summary of significant accounting policies:

a) Presentation and disclosure of financial statements:

For the year ended March 31, 2019, the Schedule III, as amended notified under the Companies Act 2013, was applicable to the company, for preparation and presentation of its financial statements. Schedule III of the Companies Act, 2013 does not impact recognition and measurement principles followed for preparation of financial statements. However, it has significant impact on presentation and disclosures made in the financial statements. The company has reclassified the previous year figures in accordance with the requirements applicable in the current year.



2



POLYGEL INDUSTRIES PRIVATE LIMITED

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

b) Use of estimates:

The preparation of financial statements in conformity with Indian GAAP, requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

c) Property, Plant and Equipment:

Property, Plant and Equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use.

Borrowing cost related to acquisition of Property, Plant and Equipment which takes substantial period to get ready for its intended use are also included to the extent they relate to the period till such assets are ready to be put to use.

Property, Plant and Equipment on which Input Credit of GST is not claimed, amounts of such credits are capitalized.

Subsequent expenditure related to an item of Property, Plant and Equipment is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing Property, Plant and Equipment, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

Gains or losses arising from de-recognition of Property, Plant and Equipment are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

d) Intangible assets:

Intangible assets are acquired by the Company and separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost



POLYGEL INDUSTRIES PRIVATE LIMITED

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

less accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in the statement of profit and loss in the year in which the expenditure is incurred.

Intangible assets are amortized on a straight line basis over their estimated useful life.

The amortization period and the amortization method are reviewed at least at each financial year end. If the expected useful life of the asset is significantly different from previous estimates, the amortization period is changed accordingly. If there has been a significant change in the expected pattern of economic benefits from the asset, the amortization method is changed to reflect the changed pattern. Such changes are accounted for in accordance with AS 5 *Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies*.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

Research and development costs

Research costs are expensed as incurred. Development expenditure incurred on an individual project is recognized as an intangible asset when the company can demonstrate all the following:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale
- Its intention to complete the asset
- Its ability to use or sell the asset
- How the asset will generate future economic benefits
- The availability of adequate resources to complete the development and to use or sell the asset
- The ability to measure reliably the expenditure attributable to the intangible asset during development.

Following the initial recognition of the development expenditure as an asset, the cost model is applied requiring the asset to be carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized on a straight line basis over the period of expected future benefit from the related project, i.e., the estimated useful life of ten years. Amortization is recognized in the statement of profit and loss. During the period of development, the asset is tested for impairment annually.



POLYGEL INDUSTRIES PRIVATE LIMITED

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

e) Depreciation on the Property, Plant and Equipment:

Depreciation is recognized as per Part C of Schedule II to the Companies Act, 2013, , depreciation for the year ended March 31, 2019 has been provided on straight line method on the basis of useful lives as prescribed in the Schedule II of the Companies Act, 2013.

Name of the Block	Useful Life
Factory Buildings	30
Plant and Equipments	15
Utilities	15
Furniture and Fixtures	10
Office Equipment's	5
Computers	3
Vehicles	8

Cost of leasehold land is amortised over the period of lease. Patents and Technical Know-how are amortised over the period of ten years.

Depreciation on additions/ to assets or a sale/discardment of assets is calculated pro rata on day basis.

Leases:

Where the company is lessee

Finance leases, which effectively transfer to the company substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the inception of the lease term at the fair value of the leased property and disclosed as leased assets. Lease management fees, legal charges and other initial direct costs of lease are capitalized.

A leased asset is depreciated on a straight-line basis over the useful life of the asset. However, if there is no reasonable certainty that the company will obtain the ownership by the end of the lease term, the capitalized asset is depreciated on a straight-line basis over the lease term.

Where the company is lessor

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in the statement of profit and loss on a straight-line basis over the lease term.



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POLYGEL INDUSTRIES PRIVATE LIMITED

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

f) Borrowing cost:

Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale, are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

g) Impairment of Property, Plant and Equipment:

The company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. 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 net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

The company bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the company's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations, including impairment on inventories, are recognized in the statement of profit and loss, except for previously revalued tangible Property, Plant and Equipment, where the revaluation was taken to revaluation reserve. In this case, the impairment is also recognized in the revaluation reserve up to the amount of any previous revaluation.



POLYGEL INDUSTRIES PRIVATE LIMITED

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

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the company estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of profit and loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

h) Investments:

Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties. If an investment is acquired, or partly acquired, by the issue of shares or other securities, the acquisition cost is the fair value of the securities issued.

Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

i) Inventories:

Raw materials, components, stores and spares are valued at lower of cost and net realizable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost of raw materials, components and stores and spares is determined on a FIFO basis.



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POLYGEL INDUSTRIES PRIVATE LIMITED

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

Work in Progress is valued at Raw Material cost plus labour cost and fixed and variable production overheads.

Finished goods are valued at lower of cost and net realizable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

j) Trade Receivables:

As on March 31, 2019, total receivables were Rs. 3091.15 Lakhs out of these, Rs. 22.67 lakhs comprising of outstanding for more than 5 years and doubtful debtors is written off.

k) Cash and Cash equivalents:

Cash and cash equivalents for the purpose of cash flow statement comprise cash at bank and in hand, I owe you and short term investments with an original maturity of three month or less.

l) Provisions:

A provision is recognized when the company has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

Where the company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of profit and loss net of any reimbursement.

m) Revenue recognition:

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:



POLYGEL INDUSTRIES PRIVATE LIMITED

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

Sale of Goods

Revenue from sale of goods is recognized when all the significant risks and rewards of ownership of the goods have been passed to the buyer, usually on delivery of the goods. The company collects applicable taxes on behalf of the government and, therefore, these are not economic benefits flowing to the company.

Interest

Interest income is recognized on an accrual basis taking into account the amount at the applicable interest rate. Interest income is included under the head "other income" in the statement of profit and loss.

Export incentives

Export Incentives are recognized on accrual basis.

Dividends

Dividend income is recognized when the company's right to receive dividend is established by the reporting date.

n) Foreign currency transactions:

Foreign currency transactions and balances

Initial recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Conversion

Foreign currency monetary items are retranslated using the exchange rate prevailing at the reporting date. Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction. Non-monetary items, which are measured at fair value or other similar valuation denominated in a foreign currency, are translated using the exchange rate at the date when such value was determined.



2



POLYGEL INDUSTRIES PRIVATE LIMITED

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

Exchange differences

Exchange differences arising on the settlement of monetary items of company at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expense in the year in which they arise.

o) Retirement and other employee benefits:

Retirement benefits in the form of provident fund are defined contribution schemes. The contributions to the provident fund are charged to the statement of profit and loss for the year when the contributions are due.

The company has obligation of contribution payable to the provident fund and Employee State Insurance Corporation.

Gratuity is defined benefit obligation and is provided for on the basis of actuarial valuation at each year-end using the projected unit credit method. Actuarial gains and losses for both defined benefit plans are recognized in full in the period in which they occur in the statement of profit and loss.

Accumulated leaves at the end of the year are lapsed. Hence, provision for Leave Encashment is not made in the books of accounts.

p) Income taxes:

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and the reversal of timing differences of earlier years.

Deferred tax is measured on the tax rates and the tax laws enacted or substantively enacted at the reporting date. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to the taxes on income levied by same governing taxation laws. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.



POLYGEL INDUSTRIES PRIVATE LIMITED

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

At each balance sheet date the Company re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax assets to the extent it has become reasonably certain or virtually certain as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realized.

The carrying amount of deferred tax assets are reviewed at each balance sheet date. The company writes-down the carrying amount of a deferred tax asset to the extent it is no longer reasonably certain as the case may be, that sufficient future taxable income will be available against which deferred tax assets can be realised. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

Minimum Alternate Tax (MAT) credit is recognized as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the specified period. In the year in which the MAT credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in Guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the profit and loss account and shown as MAT Credit Entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal Income Tax during the specified period.

q) Segment reporting:

Identification of segments

The Company is mainly engaged in Chemical Business which is considered the primary reportable business segment as per Accounting Standard AS 17 "Segment Reporting" issued by the Institute of Chartered Accountants of India. The analysis of geographical segments is based on the areas in which major operating divisions of the Company operate.

Segment accounting policies

The Company prepares its geographical segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the company as a whole.

r) Earnings per Share:

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



POLYGEL INDUSTRIES PRIVATE LIMITED

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

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

s) Contingent liabilities:

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The company does not recognize a contingent liability but discloses its existence in the financial statements.



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