



Sustaining purity • Enhancing value

Date: September 29, 2020

To,
National Stock Exchange of India Limited
Exchange Plaza, C-1, Block G, Bandra-Kurla Complex,
Bandra (East), Mumbai-400 051

NSE Symbol: VSCL

Subject: Submission of revised Annual Report of the Company for the Financial Year 2019-20 pursuant to Regulation 34(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ('Listing Regulations')

Dear Sir/Madam,

We wish to inform you that the Annual Report of the Company for the financial year 19-20 which was earlier dispatched to the shareholders and uploaded on the website of National Stock Exchange contains certain typographical errors which are detailed below and such errors were read out at the 11th Annual General Meeting of the Company held on September 28, 2020:

1. On page no. 38, sitting fees paid to Mrs. Uttara Kher shall be Rs. 0.30 lakhs, Mr. Ravindra Paranjpe shall be Rs. 0.30 lakhs, Mr. Prasanna Rege shall be Rs. 0.40 lakhs and Mr. Rahul Asthana shall be Rs. 0.30 lakhs.
2. On page no. 71 and 91, the name of the Statutory Auditor shall be M/s. Bhalchandra D Karve & Associates instead of M/s. S R Rahalkar & Associates.
3. On page no. 70 and 91, the name of Company Secretary shall be Ms. Priyanka Nagda instead of Mr. Jayesh Vaishnav.
4. On page 37, the amount of addition and reduction as specified in the indebtedness table under the column Secured Loans excluding deposits shall be Rs. 150 Lakhs and Rs. 107.34 Lakhs.
5. On page 37, the amount of addition and reduction as specified in the indebtedness table under the column Unsecured Loans shall be Rs. 46.6 Lakhs and Rs. 227.40 Lakhs.



Vadivarhe Speciality Chemicals Ltd.

Corporate Office : K. K. Chambers, Sir P. T. Road, Fort, Mumbai - 400 001. Tel : 022-22072526 Fax : 022-26740371
Registered Office & Factory : Gat No. : 204, Nashik - Mumbai Highway, VTC Phata, Wadivarhe,
Taluka - Igatpuri, Dist. : Nashik - 422403 Tel : 02553-282200 / 238
Email : sales@vscl.co.in Website : www.vscl.net.in
CIN:L24100MH2009PLC190516



Accordingly, pursuant to Regulation 34(1)(b) of the Listing Regulations, please find enclosed herewith the copy of revised Annual Report of the Company of the 11th AGM for the Financial Year 2019-20 held on September 28, 2020 at 12:00 Noon through Video Conferencing. The said Annual Report is also available on the website of the Company, i.e. www.vscl.in.

We request you to take the same on your records.

Thanking you,

Yours faithfully,

For **Vadivarhe Speciality Chemicals Limited**

Pramod Gajare
Whole-Time Director
DIN: 07932725

Address: Asha Appartment, Flat No. 6, Shivtirth Colony,
Near New Padma Hotel, Kamathwada, Nashik, Maharashtra - 422008



Enclosure: As above

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Vadivarhe Speciality Chemicals Ltd

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www.vscl.in

Annual Report 2019–2020

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CORPORATE INFORMATION

NAMES OF PAST AND PRESENT DIRECTORS OF THE COMPANY WITH DIRECTOR IDENTIFICATION NUMBERS (DIN) ¹

| | Name of the Person | Designation | DIN |
|---|--------------------------------|----------------------|------------|
| 1 | Mr. Sunil H. Pophale | Director | 00064412 |
| 2 | Mrs. Meena S. Pophale | Whole-time Director | 00834085 |
| 3 | Mr. Prasanna Prabhakar Rege | Independent Director | 02795136 |
| 4 | Mr. Ravindra Keshav Paranjpe | Independent Director | 06816384 |
| 5 | Mrs. Uttara Adwait Kher | Independent Director | 07805920 |
| 6 | Mr. Rahul Durgaprasad Asthana* | Independent Director | 00234247 |
| 7 | Mr. Pramod Waman Gajare | Whole-Time Director | 07932725 |

** Ceased to be an Independent Director w.e.f April 01, 2020*

Name of the Company Secretary:

Ms. Priyanka Nagda

Registered office of the Company:

Gat No. 204, Vadivarhe, Igatpuri - 422403

¹The above disclosure has been given in accordance with Section 158 of Companies Act 2013, and reference of any of the above directors made in this document be read along with the above disclosure of their respective Director Identification Numbers.

NOTICE

NOTICE IS HEREBY GIVEN THAT THE ELEVENTH (11TH) ANNUAL GENERAL MEETING OF MEMBERS OF VADIVARHE SPECIALITY CHEMICALS LIMITED WILL BE HELD ON MONDAY, 28TH SEPTEMBER, 2020 AT 12:00 NOON THROUGH VIDEO CONFERENCING ('VC')/ OTHER AUDIO VISUAL MEANS ('OAVM') AT THE REGISTERED ADDRESS OF THE COMPANY SITUATED AT THE GAT NO. 204, VADIVARHE, IGATPURI-422403, MAHARASHTRA TO TRANSACT THE FOLLOWING BUSINESS:

Ordinary Business:

1. To receive, consider and adopt the Audited Financial Statements of the Company for the Financial Year ended 31st March, 2020 together with the Board's Report and the Auditors' Report thereon.
2. To appoint a Director in place of Mr. Pramod Waman Gajare (DIN: 07932725), who retires by rotation and being eligible offers himself for re-appointment.

**By order of the Board
For Vadivarhe Speciality Chemicals Limited**

**Mr. Sunil H. Pophale
Director
DIN: 00064412**

Registered & Corporate Office:

Gat No. 204, Vadivarhe, Igatpuri-422403

CIN: L24100MH2009PLC190516

Website: www.vscl.in

E-mail: accounts@vscl.in

Date: August 28, 2020

NOTES:

1. In view of the continuing outbreak of the COVID-19 pandemic, social distancing is a norm to be followed and pursuant to the Circular No. 14/2020 dated April 08, 2020, Circular No.17/2020 dated April 13, 2020 issued by the Ministry of Corporate Affairs ('MCA') followed by Circular No. 20/2020 dated May 05, 2020, physical attendance of the Members to the Annual General Meeting ('AGM') venue is not required and AGM be held through video conferencing ('VC') or other audio visual means ('OAVM'). Hence, Members can attend and participate in the ensuing AGM through VC/OAVM. In compliance with the provisions of the Companies Act, 2013 ('Act'), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") and abovementioned MCA Circulars, the AGM of the Company is being held through VC / OAVM.
2. Pursuant to the provisions of the Act, a Member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his/her behalf and the proxy need not be a Member of the Company. Since this AGM is being held pursuant to the MCA Circulars through VC / OAVM, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for the AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice.
3. Institutional investors, who are members of the Company, are encouraged to attend the 11th AGM of the Company through VC/ OAVM mode and vote electronically. Corporate members are required to send a scanned copy (PDF/JPG Format) of the Board Resolution/ Power of Attorney authorizing its representatives to attend and vote at the AGM through VC / OAVM on its behalf pursuant to Section 113 of the Act. The said Resolution/Authorization shall be sent to the Scrutinizer by email through its registered email address to scrutinisers@mmjc.in with a copy marked to evoting@nsdl.co.in.
4. Details under regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 in respect of the Directors seeking appointment / re-appointment at the Annual General Meeting, forms integral part of the notice.
5. All the documents referred to in the accompanying notice shall be available for inspection through electronic mode, basis the request being sent on accounts@vscl.in.
6. During the AGM, the Register of Directors and Key Managerial Personnel and their Shareholding maintained under Section 170 of the Act, the Register of Contracts or arrangements in which Directors are interested under Section 189 of the Act shall be available for inspection upon login at NSDL e-voting system at <https://www.evoting.nsdl.com>.
7. The Members can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available to the members of Company including large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and

Stakeholders Relationship Committee, Auditors, etc. The detailed instructions for joining the Meeting through VC/OAVM form part of the Notes to this Notice.

8. The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Act.
9. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), and the Circulars issued by the Ministry of Corporate Affairs dated April 08, 2020, April 13, 2020 and May 05, 2020 the Company is providing facility of remote e-voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with National Securities Depository Limited ('NSDL') for facilitating voting through electronic means, as the authorized agency. The facility of casting votes by a member using remote e-voting system as well as venue voting on the date of the AGM will be provided by NSDL.
10. In line with the Ministry of Corporate Affairs (MCA) Circular No. 17/2020 dated April 13, 2020, the Notice calling the AGM along with the Annual Report 2019-20 is being sent only through electronic mode to those Members whose e-mail addresses are registered with the Company/Depositories and has been uploaded on the website of the Company at <http://www.vscl.in/>. The Notice can also be accessed from the website of the Stock Exchange i.e. National Stock Exchange of India Limited at www.nseindia.com and the AGM Notice is also available on the website of NSDL (agency for providing the Remote e-Voting facility) i.e. www.evoting.nsdl.com.
11. Members who would like to express their views/ask questions as a speaker at the Meeting may pre-register themselves by sending a request from their registered e-mail address mentioning their names, DP ID and Client ID/folio number, PAN and mobile number at accounts@vscl.in between Monday, 21st September, 2020 (09.00 a.m. IST) and Thursday, 24th September, 2020 (5.00 p.m. IST). Only those Members who have pre-registered themselves as speakers will be allowed to express their views/ask questions during the AGM. The Company reserves the right to restrict the number of speakers depending on the availability of time for the AGM.

INSTRUCTIONS FOR MEMBERS FOR REMOTE E-VOTING: -

1. The remote e-voting period commences on Friday, 25th September, 2020 at 09:00 am (IST) and ends on Sunday, 27th September, 2020 at 05:00 pm (IST). During this period, the members of the Company, holding shares either in physical form or in dematerialised form, as on the cut-off date, i.e. Monday, 21st September, 2020, may cast their vote by remote e-voting. The remote e-voting module shall be disabled by NSDL for voting thereafter.
2. The members who have casted their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their votes thereat again.
3. Once the vote on a resolution is cast by the member, such member shall not be allowed to change it subsequently.

4. A person who is not a member as on cut-off date should treat this Notice for information purpose only.

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

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

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

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

Details on Step 1 are mentioned below:

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

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

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

4. Your User ID details are given below:

| Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical | Your User ID is: |
|---|--|
| a) For Members who hold shares in demat account with NSDL. | 8 Character DP ID followed by 8 Digit Client ID For example, if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****. |
| b) For Members who hold shares in demat account with CDSL. | 16 Digit Beneficiary ID For example, if your Beneficiary ID is 12***** then your user ID is 12***** |

5. Your password details are given below:
 - a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.

- b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.
 - c) How to retrieve your 'initial password'?
 - (i) If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.
 - (ii) If your email ID is not registered, please follow steps mentioned below in **process for those shareholders whose email ids are not registered.**
6. If you are unable to retrieve or have not received the "Initial password" or have forgotten your password:
- a) Click on "[Forgot User Details/Password?](#)" (If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com.
 - b) [Physical User Reset Password?](#)" (If you are holding shares in physical mode) option available on www.evoting.nsdl.com.
 - c) If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your demat account number/folio number, your PAN, your name and your registered address.
 - d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.
7. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.
8. Now, you will have to click on "Login" button.
9. After you click on the "Login" button, Home page of e-Voting will open.

Details on Step 2 are given below:

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

1. After successful login at Step 1, you will be able to see the Home page of e-Voting. Click on e-Voting. Then, click on Active Voting Cycles.
2. After click on Active Voting Cycles, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle is in active status.
3. Select "EVEN" of company for which you wish to cast your vote.

4. Now you are ready for e-Voting as the Voting page opens.
5. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.
6. Upon confirmation, the message "Vote cast successfully" will be displayed.
7. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
8. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

General Guidelines for shareholders

1. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to scrutinizer@mmjc.in with a copy marked to evoting@nsdl.co.in.
2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details/Password?" or "Physical User Reset Password?" option available on www.evoting.nsdl.com to reset the password.
3. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of www.evoting.nsdl.com or call on toll free no.: 1800-222-990 or send a request to Ms. Sarita Mote (Assistant Manager) at evoting@nsdl.co.in

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

1. In case shares are held in physical mode, please provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self-attested scanned copy of PAN card) and AADHAR (self-attested scanned copy of Aadhar Card) to Company/RTA email id.
2. In case shares are held in demat mode, please provide DPID-CLID (16-digit DPID + CLID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self-attested scanned copy of PAN card) and AADHAR (self-attested scanned copy of Aadhar Card) to Company/RTA email id.

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

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

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

1. Members will be provided with a facility to attend the AGM through VC/OAVM through the NSDL e-Voting system. Members may access the same at <https://www.evoting.nsdl.com> under shareholders/members login by using the remote e-voting credentials. The link for VC/OAVM will be available in shareholder/members login where the EVEN of Company will be displayed. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice to avoid last minute rush. Further members can also use the OTP based login for logging into the e-Voting system of NSDL.
2. Members are encouraged to join the Meeting through Laptops for better experience.
3. Further Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
4. Please note that participants connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
5. Members who would like to express their views/have questions may send their questions in advance mentioning their name demat account number/folio number, email id, mobile number at accounts@vscl.in. The same will be replied by the company suitably.

Notes for Non – Individual Shareholders and Custodians

Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to www.evotingindia.com and register themselves in the “Corporates” module.

A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to accounts@vscl.in.

After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.

The list of accounts linked in the login should be mailed to helpdesk.evoting@ndslindia.com and on approval of the accounts they would be able to cast their vote.

A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

Alternatively Non Individual shareholders are required to send the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Scrutinizer at srcutinisers@mmjc.in and to the Company at the email address viz; accounts@vscl.in, if they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.

If you have any queries or issues regarding attending AGM & e-Voting from the e-Voting System, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com, under help section or write an email to evoting@nsdl.co.in or contact Mr. Anubhav Saxena and Ms. Sarita Mote- 1800-222-990.

All grievances connected with the facility for voting by electronic means may be addressed to evoting@nsdl.co.in or contact Mr. Anubhav Saxena and Ms. Sarita Mote- 1800-222-990.

Particulars of the Directors seeking appointment / re-appointment at the ensuing Annual General Meeting pursuant to Regulation 36(3) of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015.

| | |
|---|---|
| Name | Mr. Pramod Gajare |
| Age | 58 years. |
| Qualifications | BSc Chemistry |
| Date of Appointment | 11 th September, 2017 |
| Expertise in Specific Functional Areas | Research & Development of New Products, Process Development |
| Directorship held in other listed entities | NA |
| Membership / Chairmanship of Committees | NIL |
| Number of shares held in the Company | NIL |
| Terms and Conditions of Appointment/re- appointment | As agreed by the Board |
| Details of Remuneration sought to be paid | As mentioned in the Board Report |
| Remuneration last drawn | As mentioned in the Board Report |
| Number of meetings attended during the year | 7 (including Annual General Meeting) |
| Disclosure of relationship | NA |

DIRECTORS' REPORT

VADIVARHE SPECIALITY CHEMICALS LIMITED FOR THE FINANCIAL YEAR 2019-20

The Members,

Vadivarhe Speciality Chemicals Limited

Gat No. 204, Vadivarhe, Igatpuri – 422403

Your Directors hereby presenting the 11th Annual Report of the Company together with the Audited Statement of Accounts for the year ended 31st March, 2020.

1. FINANCIAL STATEMENTS & RESULTS:

Financial Results

The Company's financial performance during the year ended 31st March, 2020 as compared to the previous financial year, is summarized as below:

(Amount in Rs.)

| Particulars | For the financial year ended 31st March, 2020 | For the financial year ended 31st March, 2019 |
|--|---|---|
| Income | 28,81,50,011 | 328,234,154 |
| Less: Expenses | 40,94,12,990 | 327,705,267 |
| Prior Period Income | - | - |
| Profit before exceptional and extraordinary items and tax | (12,12,62,979) | 528,888 |
| Exception Income | 14,25,000 | - |
| Exception expenditure | - | - |
| Profit/ (Loss) before tax | (11,98,37,979) | 528,888 |
| Less: Provision for tax | - | 101,758 |
| Deferred Tax Expense/(Benefits) | (2,14,50,456) | (864,689) |
| MAT Credit entitlement | - | (101,758) |
| MAT Credit Utilized | - | - |
| Income Tax of earlier years w/off | - | 773,585 |
| Profit after Tax | (9,83,87,523) | 619,991 |
| <u>APPROPRIATION</u> | | |
| Interim Dividend | - | - |
| Final Dividend | - | - |
| Tax on distribution of dividend | - | - |
| Transfer of General Reserve | - | - |
| Balance carried to Balance sheet | (9,83,87,523) | 619,991 |

2. TRANSFER TO RESERVES

The Company has not transferred any amount to General Reserve.

3. OPERATIONS

This is the eleventh year of operation and your Company has achieved net sales of Rs. 28,81,50,011 and had incurred a loss of Rs. 9,83,87,523 as compared to previous year's net sales Rs. 32,82,34,154 and profit after tax of Rs. 6,19,991. The loss is due to the termination of Loan License Manufacturing agreement entered into between Enaltec Labs Pvt Ltd and the Company with respect to the Loan License Manufacturing business. Around 16.20 crore revenue was generated in FY. 2018-19 from the aforementioned arrangements with Enaltec Labs Pvt. Ltd., However in the absence of such revenue in the FY 2019-20, the Company has now shifted its focus to other newly developed products to generate revenue and increase turnover.

4. NATURE OF BUSINESS

The Company continues to be engaged in the activities pertaining to manufacturing of all types of organic chemicals, inorganic chemicals, bio-chemicals, bulk drugs, drug intermediaries and active pharmaceutical ingredients and to provide related services.

There has been no change in the nature of business of the Company during the year under review.

5. REVIEW OF BUSINESS OPERATIONS AND FUTURE PROSPECTS

Your Directors wish to present the details of Business operations done during the year under review:

a. Production and Profitability

Company is taking efforts to increase its productivity by making an optimum use of its production capacity & developing new products to get more revenue.

b. Marketing and Market environment

No significant changes in Market environment in API and Intermediates.

c. Future Prospects including constraints due to Government policies

The slowdown in the industry accompanied by the lockdown at the end of the financial year 2019-2020 due to the COVID 19 pandemic was a heavy dampener to the sales during the year and the Company is striving hard to retain the sales to the same level as last year in spite of the tough challenges.

The COVID-19 pandemic and the consequent lockdown restrictions imposed on various activities during the current year, while being a necessary measure to contain its spread, have also posed unprecedented challenges to all businesses, and the business operations of the Company has been no exception to this. Our Company, being in Pharmaceutical sector and covered under the category of essential commodity, was running the manufacturing plant with 50% to 70% of capacity of labour strength and has taken all the necessary steps to adhere to the guidelines for social distancing provided by Ministry of Home Affairs along with the

various directives issued by relevant Government authorities and has put in place safety measures keeping in mind safety, health and well-being of the employees and other stakeholders at all our locations.

6. DIVIDEND

Considering the loss incurred in the current financial year, your Directors have not recommended any dividend for the financial year under review.

7. UNPAID DIVIDEND & IEPF

The Company has not transferred any amount to the Investor Education & Protection Fund (IEPF) and no amount is lying in Unpaid Dividend A/c of the Company.

8. REPORT ON PERFORMANCE OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURE COMPANIES

During the year under review, your Company did not have any subsidiary, associate and joint venture company.

9. DEPOSITS

The Company has not accepted or renewed any amount falling within the purview of provisions of Section 73 of the Companies Act 2013 ("the Act") read with the Companies (Acceptance of Deposit) Rules, 2014 during the year under review. Hence, the requirement for furnishing of details relating to deposits covered under Chapter V of the Act or the details of deposits which are not in compliance with the Chapter V of the Act is not applicable.

10. PARTICULAR OF CONTRACTS OR ARRANGEMENT WITH RELATED PARTIES

All transactions/contracts/arrangements entered into by the Company with related party(ies) as defined under the provisions of Section 2(76) of the Companies Act, 2013, during the financial year under review were in ordinary course of business and on an arm's length basis. Further, none of these contracts / arrangements / transactions with related parties could be considered material in nature as per the thresholds given in Rule 15(3) of the Companies (Meetings of Board and its Powers) Rules, 2014 and hence no disclosure is required to be given in this regard.

11. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The particulars as required under the provisions of Section 134(3)(m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014 in respect of conservation of energy, technology absorption, foreign exchange earnings and outgo etc. are furnished in "ANNEXURE I" which forms part of this Report.

12. EXTRACT OF ANNUAL RETURN

Pursuant to the provisions of Section 134(3)(a) of the Companies Act, 2013, extract of the

Annual Return for the financial year ended 31st March, 2020 made under the provisions of Section 92(3) of the Act is attached as “**ANNEXURE II**” which forms part of this Report. Further the Company has placed its Extract of the Annual Return (as at 31st March 2020 and as at 31st March 2019), referred to in Section 92(3) in MGT-9 format on the below mentioned.

Web - address: - <http://vscl.in/investor/annual-returns.php>

13. PARTICULARS OF INVESTMENTS, LOANS, GUARANTEES AND SECURITIES

The Company has not made any loans or provided guarantees and securities covered under the provisions of Section 186 of the Companies Act, 2013. However, full particulars of the investments covered under the provisions of Section 186 of the Companies Act, 2013 are made by the Company during the financial year under review has been furnished in Note N of the Notes to Accounts which forms part of the financials of the Company.

14. DISCLOSURES UNDER SECTION 134(3)(I) OF THE COMPANIES ACT, 2013

Except as disclosed elsewhere in this report, no material changes and commitments which could affect the Company's financial position have occurred between the end of the financial year of the Company and date of this report.

15. DISCLOSURE OF INTERNAL FINANCIAL CONTROLS

The Internal Financial Controls with reference to financial statements as designed and implemented by the Company are adequate. During the year under review, no material or serious observation has been received from the Statutory Auditors of the Company for inefficiency or inadequacy of such controls.

16. MATTERS RELATED TO DIRECTORS AND KEY MANAGERIAL PERSONNEL

a) Board of Directors

(i) Appointment

The Company has not appointed any new Directors on the Board of the Company.

(ii) Resignation

None of the Directors of the Company resigned during the year.

However, Mr. Rahul Durgaprasad Asthana has resigned as Independent Director of the Company with effect from 1st April, 2020 due to some personal reasons. The Board takes the opportunity to sincerely thank him for his excellent contribution in the affairs of the Company.

(iii) Retirement by rotation

In accordance with the provisions of the Act, none of the Independent Directors is liable to retire by rotation.

As per the provisions of Section 152 of the Companies Act, 2013, Mr. Pramod Waman Gajare retire by rotation at the ensuing Annual General Meeting and being eligible, offer himself for re-appointment. The said Director is not disqualified from being re-appointed as a Director of a Company as per the disclosure received from him pursuant to Section 164(2) of the Companies Act, 2013. Your Directors recommend their approval.

b) Key Managerial Personnel

(i) Appointment

Ms. Priyanka Nagda (Membership No.: ACS 58237) is appointed as Company Secretary and Compliance Officer of the Company w.e.f 14th February, 2020.

(ii) Resignation

Mr. Jayesh Vaishnav (Membership No.: ACS 38074) resigned as Company Secretary and Compliance Officer of the Company w.e.f 3rd June, 2019.

Other than as stated above, there has not been any change in the Directors and Key Managerial Personnel of the Company.

c) Declaration by Independent Directors

As required under Section 149(7) of the Companies Act, 2013, read with SEBI (Listing Obligations and Disclosure Requirements), (Amendment) Regulations, 2018, the Independent Directors have placed the necessary declaration of their independence in terms of the conditions laid down under Section 149(6) of the Companies Act, 2013, as amended in the Board Meeting held on Tuesday, 21st May, 2019. Further, pursuant to the Companies (Appointment and Qualification of Directors), Rules, 2014 as amended, the declaration was placed in the Board meeting held on Tuesday, 30th June, 2020 which includes the confirmation to the effect that the Independent Directors have included their names in the Database maintained by the Indian Institute of Corporate Affairs and they have paid the necessary fees for the said registration and will pay the fees for the renewal.

d) Remuneration / Commission drawn from Holding / Subsidiary Company

The Company does not have any Holding Company and none of the Directors have drawn any remuneration/commission from Subsidiary Company.

17. DISCLOSURES RELATED TO BOARD, COMMITTEES AND POLICIES

a) Board meetings

The Board of Directors met 6 (Six) times during the financial year ended 31st March, 2020 in accordance with the provisions of the Companies Act, 2013 and rules made thereunder. The details of the same are as mentioned under:-

| Sr. no. | Date of meeting | Names of Directors as on the date of meeting | Directors Present | Directors Absent |
|----------------|------------------------|---|--------------------------|-------------------------|
| 1 | 21-05-2019 | 1. Mr. Sunil Haripant Pophale 2.Mrs. Meena Sunil Pophale 3.Mr. Prasanna Prabhakar Rege 4.Mr. Ravindra Keshav Paranjpe 5.Mr. Uttara Adwait Kher 6.Mr. Pramod Waman Gajare | 6 | 1 |
| 2 | 14-08-2019 | 1. Mr. Sunil Haripant Pophale 2.Mrs. Meena Sunil Pophale 3.Mr. Prasanna Prabhakar Rege 4.Mr. Ravindra Keshav Paranjpe 5.Mr. Uttara Adwait Kher 6.Mr. Pramod Waman Gajare 7. Mr. Rahul Durgaprasad Asthana | 7 | 0 |
| 3 | 23-08-2019 | 1.Mr. Sunil Haripant Pophale 2.Mrs. Meena Sunil Pophale 3.Mr. Rahul Durgaprasad Asthana 4.Mr. Pramod Waman Gajare 5. Mr. Ravindra Keshav Paranjpe 6.Mr. Prasanna Prabhakar Rege | 6 | 1 |
| 4 | 14-11-2019 | 1.Mr. Sunil Haripant Pophale 2.Mrs. Meena Sunil Pophale 3.Mr. Rahul Durgaprasad Asthana 4.Mr. Prasanna Prabhakar Rege 5.Mr. Ravindra Keshav Paranjpe 6.Mr. Pramod Waman Gajare | 6 | 1 |
| 5 | 14-02-2020 | 1.Mr. Sunil Haripant Pophale 2.Mrs. Meena Sunil Pophale 3.Mr. Rahul Durgaprasad Asthana 4.Mr. Prasanna Prabhakar Rege 5.Mr. Uttara Adwait Kher 6.Mr. Pramod Waman Gajare | 6 | 1 |
| 6 | 16-03-2020 | 1.Mr. Sunil Haripant Pophale 2.Mrs. Meena Sunil Pophale 3.Mr. Rahul Durgaprasad Asthana 4.Mr. Prasanna Prabhakar Rege 5.Mr. Ravindra Keshav Paranjpe 6.Mr. Uttara Adwait Kher 7.Mr. Pramod Waman Gajare | 7 | 0 |

The Company has complied with the applicable Secretarial Standards in respect of all the above Board meetings.

b) Audit Committee

The Audit Committee of Directors was constituted pursuant to the provisions of Section 177 of the Companies Act, 2013. The composition of the Audit Committee is in conformity with the provisions of the said section. The Audit Committee comprises of:

| | |
|-----------------------------|--------------------------------|
| Mr. Prasanna Prabhakar Rege | Chairman, Independent Director |
| Mr. Ravindra Paranjpe | Independent Director |
| Mrs. Uttara Kher | Independent Director |

Mr. Rahul Durgaprasad Asthana Independent Director
(Resigned on 01st April, 2020)

The Audit Committee met 6 (six) times during the financial year ended 31st March 2020.

The scope and terms of reference of the Audit Committee have been framed in accordance with the Act and the Listing Agreement entered into with the Stock Exchanges read with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the year under review, the Board of Directors of the Company had accepted all the recommendations of the Committee.

c) Nomination and Remuneration Committee

The Nomination and Remuneration Committee of Directors as constituted by the Board of Directors of the Company in accordance with the requirements of Section 178 of the Companies Act, 2013.

The composition of the committee is as under:

| | |
|-----------------------------|--------------------------------|
| Mr. Prasanna Prabhakar Rege | Chairman, Independent Director |
| Mr. Ravindra Paranjpe | Independent Director |
| Mrs. Uttara Kher | Independent Director |

The Nomination & Remuneration Committee met 2 (two) times during the financial year ended 31st March 2020.

The Board has in accordance with the provisions of sub-section (3) of Section 178 of the Companies Act, 2013, formulated the policy setting out the criteria for determining qualifications, positive attributes, independence of a Director and policy relating to remuneration for Directors, Key Managerial Personnel and other employees.

The Remuneration Policy is attached as “ANNEXURE III”.

d) Stakeholders Relationship Committee

During the year under review, pursuant to Section 178 of the Companies Act, 2013, the Board of Directors of the Company has constituted the Stakeholder’s Relationship Committee, comprising of the following members:

| | |
|-----------------------------|--------------------------------|
| Mr. Prasanna Prabhakar Rege | Chairman, Independent Director |
| Mr. Ravindra Paranjpe | Independent Director |
| Mrs. Uttara Kher | Independent Director |

Mr. Prasanna Prabhakar Rege has been appointed the Chairman of the Stakeholders Relationship Committee.

The Stakeholders Relationship Committee met once during the financial year ended 31st March 2020.

e) Vigil Mechanism

Pursuant to the provisions of Section 177(9) of the Companies Act, 2013 read with Rule 7 of the Companies (Meetings of Board and its Powers) Rules, 2014, a listed Company and every such class of companies as prescribed thereunder are required to frame a Vigil Mechanism to provide a mechanism which ensures adequate safeguards to employees and Directors from any victimization on raising of concerns of any violations of legal or regulatory requirements, incorrect or misrepresentation of any financial statements and reports, etc.

The Company has framed an appropriate Vigil mechanism policy and further re-affirms that the Company is committed to adhere to the highest standards of ethical, moral and legal conduct of business operations.

f) Risk Management Policy

The Board of Directors of the Company has designed Risk Management Policy and Guidelines to avoid events, situations or circumstances which may lead to negative consequences on the Company's businesses, and defined a structured approach to manage uncertainty and to make use of these in their decision making pertaining to all business divisions and corporate functions. Key business risks and their mitigation are considered in the annual/strategic business plans and in periodic management reviews.

g) Annual Evaluation of Directors, Committee and Board

The Board has carried out an annual performance evaluation of its own performance, and of the Directors individually, as well as the evaluation of all the committees i.e. Audit, Nomination and Remuneration, Stakeholders Relationship and other Committees of Directors.

The Board adopted a formal evaluation mechanism for evaluating its performance and as well as that of its Committees and individual directors, including the Chairman of the Board. The exercise was carried out by feedback survey from each Directors covering Board functioning such as composition of Board and its Committees, experience and competencies, governance issues etc. Separate exercise was carried out to evaluate the performance of individual directors including the Chairman of the Board who were evaluated on parameters such as attendance, contribution at the meeting etc.

The various criteria considered for evaluation of Executive Directors included qualification, experience, knowledge, commitment, integrity, leadership, engagement, transparency, analysis, decision making, governance etc. The Board commended the valuable contributions and the guidance provided by each Director in achieving the desired levels of growth. This is in addition to evaluation of Non-Independent Directors and the Board as a whole by the Independent Directors in their separate meeting being held every year.

h) Management Discussion & Analysis

A separate report on Management Discussion & Analysis is appended to this Annual

Report as an “ANNEXURE IV” and forms part of this Directors’ Report.

18. CORPORATE SOCIAL RESPONSIBILITY POLICY

As per the provisions of Section 135 of the Act read with Companies (Corporate Social Responsibility Policy) Rules, 2014, the Board of Directors has constituted a Corporate Social Responsibility (CSR) Committee consisting of following members:

| | |
|----------------------------|---------------------------------|
| Mr. Sunil Haripant Pophale | (Chairman & Executive Director) |
| Mrs. Meena Sunil Pophale | (Whole time Director) |
| Mr. Uttara Kher | (Independent Director) |

The Board of Directors of the Company has approved CSR Policy based on the recommendation of the CSR Committee. The provision of section 135(1) of the Companies Act, 2013 is not applicable to the Company, however the Company voluntarily spent 6,10,651/- (Eight Lakh Ten Thousand Six Hundred and Fifty One) towards CSR activities in the financial Year 2019-20 on the recommendation of CSR Committee as a good corporate governance practice. The compliance required under Rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 is not applicable to the Company, therefore the annual report on CSR as per Annexure mentioned in aforesaid rule is not forming the part of this Directors report.

The CSR Committee met twice during the financial year 2019-2020.

The CSR Policy of the Company is available on the Company’s web-site and can be accessed in the link <http://vscl.in/CSR/>.

19. AUDITORS AND REPORTS

The matters related to Auditors and their Reports are as under:

a. OBSERVATIONS OF STATUTORY AUDITORS ON ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2020

Pursuant to the provisions of Section 139 of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014, M/s. Bhalchandra D. Karve & Associates (Firm registration No: 135281W), Chartered Accountants, the Statutory Auditors of the Company have been appointed for a term of 5 (Five) Years and they continue to be the Statutory Auditors of the Company until the conclusion of Annual General Meeting to be held in the Financial Year 2023-24.

The Statutory Audit report does not contain any observations/qualifications/disclaimers/adverse remark from the auditors for the financial year ended 31st March, 2020.

b. SECRETARIAL AUDIT REPORT FOR THE YEAR ENDED 31ST MARCH 2020

Provisions of Section 204 read with Section 134(3) of the Companies Act, 2013, mandates to obtain Secretarial Audit Report from Practicing Company Secretary. The Board has

appointed MMJB & Associates LLP, Practicing Company Secretaries, to conduct the Secretarial Audit of the Company for the financial year 2019-20.

The secretarial audit report issued by MMJB & Associates LLP, Practicing Company Secretaries, in Form MR-3 for the financial year 2019-20, forms part of the Directors Report as "ANNEXURE V".

The Secretarial Audit Report does not contain any qualification, reservation, adverse remark or disclaimer requiring explanation or comments from the Board under Section 134(3) of the Companies Act, 2013 except the following:

***Comment:** As per Section 203 of Companies Act 2013 read with rule 8 if the office of Company Secretary is Vacated then the resulting vacancy to be filled by the board within six months from the date of such vacancy, where here the vacancy arises in June 2019 but the same was filled on February 2020.*

***Reply on Comment:** The previous Company Secretary & Compliance Officer, Mr. Jayesh Vaishnav had resigned from his post with effect from June 3, 2019. Thereafter, being a position of utmost responsibility and diligence, a number of candidates were approached and were deliberated upon to join the Company for the position of Company Secretary & Compliance Officer. Unfortunately, the Company could not find a candidate suitable for the said position till the end of January, 2020.*

Thereafter, the Company had appointed Ms. Priyanka Nagda (Membership No. ACS 58237), an Associate Member of Institute of Company Secretaries of India holding the prescribed qualification under Rule 2(1) (Appointment and Qualification of Secretary) Rules, 1988 as the Company Secretary and Compliance Officer of the Company in its Board meeting held on 14th February, 2020.

Also, the Company has duly paid the fine levied by the Stock Exchange i.e National Stock Exchange of India pursuant to the notice received from Stock Exchange, dated 4th February, 2020 and 4th August, 2020 towards the afore mentioned matter.

c. INTERNAL AUDITOR

S. R. Rahalkar & Associates, Chartered Accountants (FRN: 108283W) were appointed as the Internal Auditor of the Company for the financial year 2019-20 based on the recommendation of the Audit Committee of the Company.

d. MAINTENANCE OF COST RECORDS

Pursuant to the provisions of Section 148 of the Companies Act, 2013 read with the Companies (Cost Records and Audit) Rules, 2014, as amended from time to time, the Company is not required to maintain Cost Records under said Rules.

e. REPORTING OF FRAUDS BY STATUTORY AUDITORS UNDER SECTION 143(12)

There were no incidences of reporting of frauds by Statutory Auditors of the Company under Section 143(12) of the Act read with Companies (Accounts) Rules, 2014.

20. INSURANCE

All the insurable interests of your Company including properties, equipment, stocks etc. are adequately insured.

21. OTHER DISCLOSURES

Other disclosures as per provisions of Section 134 of the Act read with Companies (Accounts) Rules, 2014 are furnished as under:

a. DISCLOSURE OF ORDERS PASSED BY REGULATORS OR COURTS OR TRIBUNAL

No orders have been passed by any Regulator or Court or Tribunal which can have impact on the going concern status and the Company's operations in future.

b. DIRECTOR'S RESPONSIBILITY STATEMENT

In terms of Section 134(5) of the Companies Act, 2013, in relation to the audited financial statements of the Company for the year ended 31st March, 2020, the Board of Directors hereby confirms that:

- a. in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- b. such accounting policies have been selected and applied consistently and the Directors made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2020 and of the profit/loss of the Company for that year;
- c. proper and sufficient care was taken for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d. the annual accounts of the Company have been prepared on a going concern basis;
- e. internal financial controls were followed by the Company and such internal financial controls are adequate and are operating effectively; and
- f. proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively;

c. CORPORATE GOVERNANCE

The corporate governance provisions as specified in regulations 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 and Para C, D and E of Schedule V of the Securities Exchange Board of India (Listing Obligation and Disclosures Requirement) Regulations, 2015 is not applicable to the Company. However, the Company consistently strives to ensure that best corporate governance practices are adopted and followed in its functioning and administration.

d. DISCLOSURE UNDER SECTION 43(a)(ii) OF THE COMPANIES ACT, 2013

The Company has not issued any shares with differential rights and hence no information as per provisions of Section 43(a)(ii) of the Act read with Rule 4(4) of the Companies (Share Capital and Debenture) Rules, 2014 is furnished.

e. **DISCLOSURE UNDER SECTION 54(1)(d) OF THE COMPANIES ACT, 2013**

The Company has not issued any sweat equity shares during the year under review and hence no information as per provisions of Section 54(1)(d) of the Act read with Rule 8(13) of the Companies (Share Capital and Debenture) Rules, 2014 is furnished.

f. **DISCLOSURE UNDER SECTION 62(1)(b) OF THE COMPANIES ACT, 2013**

The Company has not issued any equity shares under Employees Stock Option Scheme during the year under review and hence no information as per provisions of Section 62(1)(b) of the Act read with Rule 12(9) of the Companies (Share Capital and Debenture) Rules, 2014 is furnished.

g. **DISCLOSURE UNDER SECTION 67(3) OF THE COMPANIES ACT, 2013**

During the year under review, there were no instances of non-exercising of voting rights in respect of shares purchased directly by employees under a scheme pursuant to Section 67(3) of the Act read with Rule 16(4) of Companies (Share Capital and Debentures) Rules, 2014 is furnished.

h. **POLICY ON SEXUAL HARASSMENT AT WORKPLACE**

The Company has established an Internal Complaints Committee as per the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. Company is committed to create and maintain an atmosphere in which employees can work together without fear of sexual harassment and exploitation. Every employee is made aware that the Company is strongly opposed to sexual harassment and that such behavior is prohibited both by law and the Company. During the year under review, there were no complaints received of any sexual harassment at work place.

i. **DISCLOSURE UNDER SECTION 197(12) OF THE COMPANIES ACT, 2013 AND OTHER DISCLOSURES AS PER RULE 5 OF COMPANIES (APPOINTMENT & REMUNERATION) RULES, 2014**

The disclosures as per Rule 5 of Companies (Appointment & Remuneration) Rules, 2014 have been marked as "ANNEXURE VI".

j. **LOANS FROM DIRECTORS OR DIRECTOR'S RELATIVES**

During the financial year under review, the Company has borrowed the following amount(s) from Directors and the respective director has given a declaration in writing to the Company to the effect that the amount is being given by him out of his own funds. Accordingly, the following amount is excluded from the definition of Deposit as per Rule 2(1)(c)(viii) of the Companies (Acceptance of Deposits) Rules, 2014:-

| Name of Director giving loan | Amount borrowed during 2019-20 |
|-------------------------------------|---------------------------------------|
| Mr. Sunil Haripant Pophale | 32,60,000 |
| Mr. Pramod Waman Gajare | 14,00,000 |

k. **REPORTING OF FRAUDS BY STATUTORY AUDITORS UNDER SECTION 143(12)**

There were no incidences of frauds reported by Statutory Auditors of the Company under Section 143(12) of the Act read with Companies (Accounts) Rules, 2014.

22. ACKNOWLEDGEMENTS AND APPRECIATION

Your Directors take this opportunity to thank the customers, shareholders, suppliers, bankers, business partners/associates, financial institutions and Central and State Governments for their consistent support and encouragement to the Company.

For and on behalf of the Board
Vadivarhe Speciality Chemicals Limited

Sunil Haripant Pophale

Director

DIN: 00064412

Address: 15 Lalit Building, Wodehouse Road,
Next To Badhwar Park, Colaba, Mumbai, 400005

Meena Sunil Pophale

Whole-time Director

DIN: 00834085

Address: 15 Lalit Building, Wodehouse Road
Next To Badhwar Park Colaba, Mumbai 400005

Date: August 28, 2020

Place: Mumbai

ANNEXURE I

DISCLOSURE PURSUANT TO SECTION 134(3)(m) OF THE COMPANIES ACT, 2013 READ WITH RULE 8 OF THE COMPANIES (ACCOUNTS) RULES, 2014.

(A) Conservation of energy:

| | |
|---|---|
| Steps taken or impact on conservation of energy | <ul style="list-style-type: none"> • A total outlay of Rs. 400 Lakhs has been made on Conservation of Energy. • Installation of 193 Kwh Solar Power Plant. • 3000 Liter per day capacity Solar Water Heater Plant. • Installed new Boiler which run on Briquettes instead of Light Diesel Oil (LDO) |
| Steps taken by the company for utilizing alternate sources of energy | |
| Capital investment on energy conservation equipment | |

(B) Technology absorption:

| | |
|--|--|
| Efforts made towards technology absorption | <ul style="list-style-type: none"> • The products of the Company are manufactured by using in-house know how and no outside technology is being used for manufacturing activities. Therefore, no technology absorption is required. • The Company constantly strives for maintenance and improvement in quality of its products and entire Research and Development activities are directed to achieve the aforesaid goal. • Efforts were made in developing new products to cater to customer's requirement, especially exports. |
| Benefits derived like product improvement, cost reduction, product development or import substitution | <ul style="list-style-type: none"> • As a result of sustained efforts, we have entered in to prestigious western market. • Moreover, we are also being looked upon as a potential R&D centre for their offshore R&D activity. |
| In case of imported technology (imported during the last three years reckoned from the beginning of the financial year): | |
| Details of technology imported | Nil |
| Year of import | Not Applicable |
| Whether the technology has been fully absorbed | Not Applicable |
| If not fully absorbed, areas where absorption has not taken place, and the reasons thereof | Not Applicable |
| Expenditure incurred on Research and Development | Nil |

(C) Foreign exchange earnings and Outgo:

| | April 01, 2019 to March 31, 2020 [Current F.Y.] | April 01, 2018 to March 31, 2019 [Previous F.Y.] |
|---|--|---|
| | Amount in Rs. | Amount in Rs. |
| Actual Foreign Exchange earnings | 10,83,21,248 | 3,83,65,331 |
| Actual Foreign Exchange outgo | 10,57,692 | 8,89,363 |

**For and on behalf of the Board
Vadivarhe Speciality Chemicals Limited**

**Sunil Haripant Pophale
Director**

DIN: 00064412

Address: 15 Lalit Building, Wodehouse Road,
Next To Badhwar Park, Colaba, Mumbai,
400005

**Meena Sunil Pophale
Whole time Director**

DIN: 00834085

Address: 15 Lalit Building, Wodehouse Road
Next To Badhwar Park Colaba, Mumbai 400005

Date: August 28, 2020

Place: Mumbai

ANNEXURE II

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

As on financial year ended on 31st March 2020

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

| | | |
|--|---|---|
| CIN | : | L24100MH2009PLC190516 |
| Registration Date | : | 23/02/2009 |
| Name of the Company | : | Vadivarhe Speciality Chemicals Limited |
| Category / Sub-Category of the Company | : | Company limited by Shares Non-government company |
| Address of the Registered office and contact details | : | Gat No. 204, Vadivarhe, Igatpuri - 422403 |
| Whether listed company | : | Yes (Listed on SME platform of NSE w.e.f 02nd June,2017) |
| Name, Address and Contact details of Registrar and Transfer Agent, if any: | : | Adroit Corporate Services Pvt. Ltd 17/20, Jaferbhoy Industrial Estate, Makwana Road, Marol Naka, Andheri (E) Contact No.: 022 28590942 |

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

| Sr. No. | Name and Description of main products/ services | NIC Code of the Product/ service | % to total turnover of the Company |
|---------|---|----------------------------------|------------------------------------|
| 1 | API/Bulk Drugs (Self & Loan License) | 21009 | 100 |

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

| Sr. No. | Name and address of the Company | CIN / GLN | Holding subsidiary / associate | % of shares held | Applicable section |
|---------|---------------------------------|-----------|--------------------------------|------------------|--------------------|
| N.A. | | | | | |

| | | | | | | | | | |
|---|---------|---|---------|-------|---------|---|---------|-------|--------|
| Institutions | | | | | | | | | |
| a) Mutual Funds | - | - | - | - | - | - | - | - | - |
| b) Banks / FI | - | - | - | - | - | - | - | - | - |
| c) Central Govt | - | - | - | - | - | - | - | - | - |
| d) State Govt(s) | - | - | - | - | - | - | - | - | - |
| e) Venture Capital Funds | - | - | - | - | - | - | - | - | - |
| f) Insurance Companies | - | - | - | - | - | - | - | - | - |
| g) FIIs | - | - | - | - | - | - | - | - | - |
| h) Foreign Venture Capital Funds | - | - | - | - | - | - | - | - | - |
| i) Others (specify) | - | - | - | - | - | - | - | - | - |
| Sub-total (B)(1): | - | - | - | - | - | - | - | - | - |
| (2) Non-Institutions | | | | | | | | | |
| a) Bodies Corp. | - | - | - | - | | | | | |
| i) Indian | 411000 | - | 411000 | 3.22 | 468000 | - | 468000 | 3.66 | 0.44 |
| ii) Overseas | - | - | - | - | - | - | - | - | - |
| b) Individuals | | | | | | | | | - |
| i) Individual shareholders holding nominal share capital upto Rs. 1 lakh | 1129500 | - | 1129500 | 8.84 | 1343250 | - | 1343250 | 10.51 | 1.67 |
| ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh | 1635000 | - | 1635000 | 12.79 | 1340250 | - | 1340250 | 10.48 | (2.31) |
| c) Others (specify) | - | - | - | - | - | - | - | - | - |
| c-1) Non-Resident Indians (Individuals) | 57000 | - | 57000 | 0.45 | 63000 | - | 63000 | 0.49 | 0.04 |

| | | | | | | | | | |
|--|-----------------|---|-----------------|--------------|-----------------|---|-----------------|--------------|--------|
| c-2) Clearing Member | 12000 | - | 12000 | 0.09 | 3000 | - | 3000 | 0.02 | (0.07) |
| C-3) Corporate Body Broker | - | - | - | - | 27000 | - | 27000 | 0.21 | 0.21 |
| Sub-total(B)(2): | 3244500 | - | 3244500 | 25.38 | 3244500 | - | 3244500 | 25.38 | - |
| Total Public Shareholding (B)=(B)(1)+(B)(2) | 3244500 | - | 3244500 | 25.38 | 3244500 | - | 3244500 | 25.38 | - |
| C. Shares held by Custodian for GDRs & ADR-s- | - | - | - | - | - | - | - | - | - |
| Grand Total (A+B+C) | 12782750 | - | 12782750 | 100 | 12782750 | - | 12782750 | 100 | - |

ii. **Shareholding of Promoters:**

| Sr. No. | Shareholder's Name | Shareholding at the beginning of the year | | | Shareholding at the end of the Year | | | % change in share holding during the year |
|---------|----------------------|---|----------------------------------|---|-------------------------------------|----------------------------------|--|---|
| | | No. of Shares | % of total Shares of the Company | % of Shares Pledged/ encumbered to total shares | No. of Shares | % of total Shares of the Company | % of Shares Pledged / encumbered to total shares | |
| 1. | Mr. Sunil H. Pophale | 8032625 | 62.84 | - | 8032625 | 62.84 | - | - |
| 2. | Manasi Sunil Pophale | 250 | 0.00 | - | 250 | 0.00 | - | - |
| 3. | Meena Sunil Pophale | 5375 | 0.04 | - | 5375 | 0.04 | - | - |
| 4. | Aditi Sunil Pophale | 1500000 | 11.73 | - | 1500000 | 11.73 | - | - |

iii. **Change in Promoters' Shareholding (Please specify, if there is no change):**

| Sr. No. | | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|---------|---|---|----------------------------------|---|----------------------------------|
| | | No. of shares | % of total shares of the Company | No. of shares | % of total shares of the Company |
| | At the beginning of the year | 9538250 | 74.62 | 9538250 | 74.62 |
| | Date wise Increase/ Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/ sweat equity etc) | There is no change in Promoter's Shareholding during the year | | | |
| | At the End of the year | 9538250 | 74.62 | 9538250 | 74.62 |

iv. **Shareholding pattern of Top Ten Shareholders (Other than Directors, Promoters and Holders of GDRs and ADRs):**

| Sr. No | Name of the Shareholder | Shareholding at the beginning of the year | | Increase /Decrease | | Particular of Change No. of Shares | Cumulative Shares during the year (% of total Shares of the Company) | Shareholding at the end of the year | |
|------------|------------------------------|---|----------------------------------|---------------------|---------------|------------------------------------|--|-------------------------------------|----------------------------------|
| | | No. of Shares | % of total Shares of the Company | Date of Transaction | No. of Shares | | | No. of Shares | % of total Shares of the Company |
| 1. | Hem Finlease Private Limited | 45000 | 0.35 | 05/04/2019 | 3,000 | Purchase | 1,53,000 | 1,53,000 | 1.20 |
| | | | | 12/04/2019 | 3,000 | Sale | | | |
| | | | | 19/04/2019 | 9,000 | Purchase | | | |
| | | | | 26/04/2019 | 3,000 | Purchase | | | |
| | | | | 26/04/2019 | 3,000 | Purchase | | | |
| | | | | 24/05/2019 | 3,000 | Purchase | | | |
| | | | | 31/05/2019 | 3,000 | Sale | | | |
| | | | | 07/06/2019 | 3,000 | Sale | | | |
| | | | | 21/06/2019 | 9,000 | Purchase | | | |
| | | | | 05/07/2019 | 6,000 | Purchase | | | |
| | | | | 12/07/2019 | 6,000 | Purchase | | | |
| | | | | 02/08/2019 | 9,000 | Sale | | | |
| | | | | 09/08/2019 | 3,000 | Purchase | | | |
| | | | | 16/08/2019 | 3,000 | Sale | | | |
| 23/08/2019 | 9,000 | Purchase | | | | | | | |

| | | | | | | | | | |
|----|----------------------------|------------|------|------------|----------|----------|----------|----------|------|
| | | | | 30/08/2019 | 18,000 | Purchase | | | |
| | | | | 13/09/2019 | 9,000 | Sale | | | |
| | | | | 24/09/2019 | 3,000 | Sale | | | |
| | | | | 11/10/2019 | 3,000 | Sale | | | |
| | | | | 08/11/2019 | 6000 | Sale | | | |
| | | | | 22/11/2019 | 3,000 | Purchase | | | |
| | | | | 06/12/2019 | 3,000 | Purchase | | | |
| | | | | 13/12/2019 | 54,000 | Purchase | | | |
| | | | | 20/12/2019 | 3,000 | Sale | | | |
| | | | | 31/12/2019 | 3,000 | Sale | | | |
| | | | | 03/01/2020 | 3,000 | Sale | | | |
| | | | | 17/01/2020 | 6,000 | Sale | | | |
| | | | | 24/01/2020 | 3,000 | Purchase | | | |
| | | | | 07/02/2019 | 6,000 | Purchase | | | |
| | | | | 14/02/2019 | 3,000 | Purchase | | | |
| | | | | 21/02/2020 | 9,000 | Purchase | | | |
| | | | | 13/03/2020 | 6,000 | Purchase | | | |
| | | | | 23/03/2020 | 12,000 | Purchase | | | |
| | | | | 27/03/2020 | 3,000 | Sale | | | |
| | | | | 31/03/2020 | 6,000 | Sale | | | |
| 2. | Saurabh Jain | 15000 0 | 1.17 | 21/06/2019 | 33000 | Sale | 3000 | 3000 | 0.02 |
| | | | | 05/07/2019 | 24000 | Sale | | | |
| | | | | 12/07/2019 | 6000 | Sale | | | |
| | | | | 09/08/2019 | 9000 | Sale | | | |
| | | | | 16/08/2019 | 15000 | Sale | | | |
| | | | | 23/08/2019 | 9000 | Sale | | | |
| | | | | 30/08/2019 | 18000 | Sale | | | |
| | | | | 06/09/2019 | 33000 | Sale | | | |
| 3. | Ramesh Damani | 12300 0 | 0.96 | - | - | - | 1,23,000 | 1,23,000 | 0.96 |
| 4. | Umesh Sharad Gandhi | 12300 0 | 0.96 | - | - | - | 1,23,000 | 1,23,000 | 0.96 |
| 5. | Hem Chand Jain | 63000 | 0.49 | 26/07/2019 | 57,000 | Purchase | 0 | 0 | 0.00 |
| | | | | 13/12/2019 | 1,20,000 | Sale | | | |
| 6. | Priti Devi Sarawagi | 0 | 0 | 31/05/2019 | 3000 | Purchase | 1,17,000 | 1,17,000 | 0.92 |
| | | | | 21/06/2019 | 30000 | Purchase | | | |
| | | | | 19/07/2019 | 3000 | Purchase | | | |
| | | | | 23/08/2019 | 30000 | Purchase | | | |

| | | | | | | | | | |
|--------------|---|---------------|-------------|------------|-------|----------|---------------|---------------|-------------|
| | | | | 01/11/2019 | 3000 | Purchase | | | |
| | | | | 08/11/2019 | 3000 | Purchase | | | |
| | | | | 13/12/2019 | 33000 | Purchase | | | |
| | | | | 20/12/2019 | 6000 | Purchase | | | |
| | | | | 13/03/2020 | 3000 | Purchase | | | |
| | | | | 27/03/2020 | 3000 | Purchase | | | |
| 7. | Sanjay Kumar Sarawagi | 0 | 0 | 24/05/2019 | 18000 | Purchase | 93000 | 93000 | 0.73 |
| | | | | 31/05/2019 | 21000 | Purchase | | | |
| | | | | 16/08/2019 | 33000 | Sale | | | |
| | | | | 06/09/2019 | 27000 | Purchase | | | |
| | | | | 20/09/2019 | 6000 | Purchase | | | |
| | | | | 27/09/2019 | 3000 | Purchase | | | |
| | | | | 04/10/2019 | 12000 | Purchase | | | |
| | | | | 11/10/2019 | 15000 | Purchase | | | |
| | | | | 25/10/2019 | 3000 | Purchase | | | |
| | | | | 22/11/2019 | 3000 | Purchase | | | |
| | | | | 13/12/2019 | 27000 | Purchase | | | |
| | | | | 20/12/2019 | 6000 | Sale | | | |
| | | | | 06/03/2020 | 3000 | Sale | | | |
| | | | | 13/03/2020 | 3000 | Sale | | | |
| | | | | 27/03/2020 | 3000 | Purchase | | | |
| 8. | Gini Silk Mills Limited | 69000 | 0.54 | - | - | - | 69000 | 69000 | 0.54 |
| 9. | Ramesh S Damani | 60000 | 0.47 | 12/07/2019 | 6000 | Purchase | 66000 | 66000 | 0.52 |
| 10. | Maverick Share Brokers Private Limited | 63000 | 0.49 | - | - | - | 63000 | 63000 | 0.49 |
| | Rajeev Chitrabhanu HUF | 63000 | 0.49 | - | - | - | 63000 | 63000 | 0.49 |
| Total | | 759000 | 5.92 | | | | 873000 | 873000 | 6.83 |

v. Shareholding of Directors and Key Managerial Personnel:

| Sr. No. | | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|---|--|---|----------------------------------|---|----------------------------------|
| | | No. of shares | % of total shares of the Company | No. of shares | % of total shares of the Company |
| Mr. Sunil H. Pophale | | | | | |
| | At the beginning of the year | 8032625 | 62.84 | 8032625 | 62.84 |
| | Date wise Increase/ Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/ sweat equity etc) | - | - | - | - |
| | At the End of the year | 8032625 | 62.84 | 8032625 | 62.84 |
| Mrs. Meena S. Pophale | | | | | |
| | At the beginning of the year | 5375 | 0.04 | 5375 | 0.04 |
| | Date wise Increase/ Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/ sweat equity etc) | - | - | - | - |
| | At the End of the year | 5375 | 0.04 | 5375 | 0.04 |
| Mr. Rahul Asthana (Resigned on 01st April, 2020) | | | | | |
| | At the beginning of the year | - | - | - | - |
| | Date wise Increase/ Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/ sweat equity etc) | - | - | - | - |
| | At the End of the year | - | - | - | - |
| Mr. Prasanna Prabhakar Rege | | | | | |
| | At the beginning of the year | - | - | - | - |
| | Date wise Increase/ Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/ sweat equity etc.) | - | - | - | - |
| | At the End of the year | - | - | - | - |

Mr. Ravindra Keshav Paranjpe

| | | | | | |
|--|--|---|---|---|---|
| | At the beginning of the year | - | - | - | - |
| | Date wise Increase/ Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/ sweat equity etc.) | - | - | - | - |
| | At the End of the year | - | - | - | - |

Mrs. Uttara Kher

| | | | | | |
|--|--|---|---|---|---|
| | At the beginning of the year | - | - | - | - |
| | Date wise Increase/ Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/ sweat equity etc.) | - | - | - | - |
| | At the End of the year | - | - | - | - |

Mr. Pramod Gajare

| | | | | | |
|--|--|---|---|---|---|
| | At the beginning of the year | - | - | - | - |
| | Date wise Increase/ Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/ sweat equity etc.) | - | - | - | - |
| | At the End of the year | - | - | - | - |

Ms. Priyanka Nagda

| | | | | | |
|--|--|---|---|---|---|
| | At the beginning of the year | - | - | - | - |
| | Date wise Increase/ Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/ sweat equity etc.) | - | - | - | - |
| | At the End of the year | - | - | - | - |

Mr. Laxmikant Potdar

| | | | | | |
|--|--|---|---|---|---|
| | At the beginning of the year | - | - | - | - |
| | Date wise Increase/ Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/ sweat equity etc.) | - | - | - | - |
| | At the End of the year | - | - | - | - |

V. INDEBTEDNESS:**Indebtedness of the Company including interest outstanding/accrued but not due for payment****(Rupees in Lakh)**

| Particulars | Secured Loans excluding deposits | Unsecured Loans | Deposits | Total Indebtedness |
|---|----------------------------------|-----------------|----------|--------------------|
| Indebtedness at the beginning of the financial year | | | | |
| i) Principal Amount | 1538.60 | 562.76 | - | 2101.36 |
| ii) Interest due but not paid | - | - | - | - |
| iii) Interest accrued but not due | 3.90 | - | - | 3.90 |
| Total (i+ii+iii) | 1542.50 | 562.76 | - | 2105.26 |
| Change in Indebtedness during the financial year | | | | |
| Addition | 150.00 | 46.60 | - | 196.60 |
| Reduction | 107.34 | 227.40 | - | 334.74 |
| Net Change | 42.66 | (180.80) | - | (138.14) |
| Indebtedness at the end of the financial year | | | | |
| i) Principal Amount | 1585.16 | 381.96 | - | 1967.12 |
| ii) Interest due but not paid | - | - | - | - |
| iii) Interest accrued but not due | 6.11 | - | - | 6.11 |
| Total (i+ii+iii) | 1591.27 | 381.96 | - | 1973.23 |

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:**A. Remuneration to Managing Director, Whole-time Directors and/or Manager:****(Rupees in Lakh)**

| Sr. No. | Particulars of Remuneration | Name of MD/ WTD/ Manager | | | Total Amount |
|----------|---|--|--|---|--------------|
| | | Mrs. Meena Pophale (Whole-time Director) | Mr. Sunil Pophale (Executive Director) | Mr. Pramod Gajare (Whole-time Director) | |
| 1 | Gross salary | | | | |
| | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | 12.00 | 12.00 | 24.70 | 48.7 |

| | | | | | |
|-------------------------------|--|---|--------------|--------------|-------------|
| | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 | - | - | - | - |
| | (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961 | - | - | - | - |
| 2 | Stock Option | - | - | - | - |
| 3 | Sweat Equity | - | - | - | - |
| 4 | Commission | - | - | - | - |
| | - as % of profit | - | - | - | - |
| | - others, specify | - | - | - | - |
| 5 | Others, please specify | - | - | - | - |
| | Total (A) | 12.00 | 12.00 | 24.70 | 48.7 |
| Ceiling as per the Act | | Rs. 84,00,000 as per Schedule V of the Companies Act, 2013 i.e. Remuneration payable by companies having no profit where the effective capital is 5 crores and above but less than 100 crores. | | | |

B. Remuneration to other Directors:

(Rupees in Lakh)

| Sr. No. | Particulars of Remuneration | Name of Directors | | | |
|-----------|--|---|-----------------------|-------------------|-------------------|
| | | Mrs. Uttara Kher | Mr. Ravindra Paranjpe | Mr. Prasanna Rege | Mr. Rahul Asthana |
| 1. | Independent Directors | | | | |
| | Fee for attending board / committee meetings | 0.30 | 0.30 | 0.40 | 0.30 |
| | Commission | - | - | - | - |
| | Others, please specify | - | - | - | - |
| | Total (1) | 0.30 | 0.30 | 0.40 | 0.30 |
| 2. | Other Non-Executive Directors | - | - | - | - |
| | Fee for attending board / committee meetings | - | - | - | - |
| | Commission | - | - | - | - |
| | Others, please specify | - | - | - | - |
| | Total (2) | - | - | - | - |
| | Overall Ceiling as per the Act | Max. of Rs. 1,00,000 per meeting | | | |

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

(Rupees in Lakh)

| Sl. No. | Particulars of Remuneration | Key Managerial Personnel | | | Total |
|---------|---|--------------------------|-------------------------|----------------------|--------------|
| | | Company Secretary | Chief Financial Officer | | |
| | Name of KMP's | Ms. Priyanka Nagda* | Mr. Jayesh Vaishnav** | Mr. Laxmikant Potdar | |
| 1 | Gross salary | | | | |
| | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | 0.44 | 0.45 | 15.76 | 16.65 |
| | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 | - | - | - | - |
| | (c) Profits in lieu of salary under section 17(3) Income tax Act, 1961 | - | - | - | - |
| 2 | Stock Option | - | - | - | - |
| 3 | Sweat Equity | - | - | - | - |
| 4 | Commission | - | - | - | - |
| | - as % of profit | - | - | - | - |
| | - others, specify | - | - | - | - |
| 5 | Others, please Specify | - | - | - | - |
| | Total | 0.44 | 0.45 | 15.76 | 16.65 |

* From 14th February 2020 to 31st March 2020

** From 1st April 2019 to 30th June 2019

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

| Type | Section of the Companies Act | Brief Description | Details of Penalty / Punishment/ Compounding fees imposed | Authority [RD /NCLT/ COURT] | Appeal made, if any (give Details) |
|-------------------------------------|------------------------------|-------------------|---|-----------------------------|------------------------------------|
| A. COMPANY | | | | | |
| Penalty | - | - | - | - | - |
| Punishment | - | - | - | - | - |
| Compounding | - | - | - | - | - |
| B. DIRECTORS | | | | | |
| Penalty | - | - | - | - | - |
| Punishment | - | - | - | - | - |
| Compounding | - | - | - | - | - |
| C. OTHER OFFICERS IN DEFAULT | | | | | |
| Penalty | - | - | - | - | - |
| Punishment | - | - | - | - | - |
| Compounding | - | - | - | - | - |

**For and on behalf of the Board
Vadivarhe Speciality Chemicals Limited**

**Sunil Haripant Pophale
Director**

DIN: 00064412

**Address: 15 Lalit Building, Wodehouse Road,
Next To Badhwar Park, Colaba, Mumbai, 400005**

**Meena Sunil Pophale
Whole time Director**

DIN: 00834085

**Address: 15 Lalit Building, Wodehouse Road
Next To Badhwar Park Colaba, Mumbai 400005**

Date: August 28, 2020

Place: Mumbai

ANNEXURE III

VADIVARHE SPECIALITY CHEMICALS
LIMITED

NOMINATION AND REMUNERATION POLICY

VADIVARHE SPECIALITY CHEMICALS LIMITED

INTRODUCTION

Pursuant to Section 178 of the Companies Act, 2013, the Board of Directors of every listed Company shall constitute the Nomination and Remuneration Committee.

The Board of Directors of the Company (the Board) therefore, constituted the committee to be known as the Nomination and Remuneration Committee consisting of three or more non- executive directors out of which not less than one-half are independent directors. The Chairman of the Committee is an Independent Director. However, the chairperson of the company (whether executive or nonexecutive) may be appointed as a member of the Nomination and Remuneration Committee but shall not chair such Committee.

In terms of Section 178(3) of the Companies Act, 2013, the Nomination and Remuneration Committee shall inter alia recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees.

Accordingly, this Nomination and Remuneration Policy of the Company is designed to attract, motivate and retain manpower in a competitive and international market. The policy reflects the Company's objectives for good corporate governance as well as sustained long-term value creation for shareholders.

DEFINITIONS

- a) **“Board”** means Board of Directors of the Company.
- b) **“Company”** means **“Vadivarhe Speciality Chemicals Limited”**
- c) **“Independent Director”** means a director referred to in Section 149 (6) of the Companies Act, 2013.
- d) **“Key Managerial Personnel” (KMP)** means (i) Chief Executive Officer or the Managing Director or the Manager, (ii) Company Secretary, (iii) Whole-time Director, (iv) Chief Financial Officer and (v) Such other officer as may be prescribed.
- e) **“Committee or Nomination and Remuneration Committee”** shall mean a Committee of Board of Directors of the Company, constituted in accordance with the provisions of Section 178 of the Companies Act, 2013.
- f) **“Policy or This Policy”** means, “Nomination and Remuneration Policy.”

- g) **“Remuneration”** means any money or its equivalent given or passed to any person for services rendered by him and includes perquisites as defined under the Income-tax Act, 1961.
- h) **“Senior Management”** means personnel of the Company who are members of its core management team excluding Board of Directors. This would include all members of management one level below the executive directors, including all the functional heads.

SCOPE

The Remuneration Policy applies to the Company's senior management, including its Key Managerial Person and Board of Directors.

OBJECTIVES

The Key Objectives of the policy and the Committee would be:

1. Identify persons who are qualified to become Directors and who may be appointed in Senior Management in accordance with the criteria laid down in this policy.
2. To formulate a criteria for determining qualifications, positive attributes and independence of a Director.
3. To guide and recommend the Board in relation to appointment and removal of Directors, Key Managerial Personnel and Senior Management
4. To recommend to the Board on Remuneration payable to the Directors, Key Managerial Personnel and Senior Management.
5. To Formulate criteria for evaluation of performance of Independent Directors, the Board as a whole and the each Director on an Individual Basis.

GUIDING PRINCIPLES

The Policy ensures that:

1. The Committee while designing the remuneration package considers the level and composition of remuneration to be reasonable and sufficient to attract, retain and motivate the person;

2. Relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
3. The Committee considers that a successful remuneration policy must ensure that a significant part of the remuneration package is linked to the achievement of corporate performance targets.

ROLE AND POWERS OF THE COMMITTEE

1. Recommend to the Board of Directors, appointment and removal of Directors, KMP and Senior Management.
 - Identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal
 - Ensure that the person(s) identified as aforesaid possess adequate qualification, expertise and experience for the position he / she is considered for appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person is sufficient / satisfactory for the concerned position.
 - The Committee shall not recommend appointment of and recommend retirement of any person as Whole-time Director who has attained the age of seventy years. Provided that the term of the person holding this position may be extended beyond the age of seventy years with the approval of shareholders by passing a special resolution based on the explanatory statement annexed to the notice for such motion indicating the justification for extension of appointment beyond seventy years.
 - At the time of appointment of Independent Director it should be ensured that number of Boards on which such Independent Director serves is restricted to seven listed companies as an Independent Director and three listed companies as an Independent Director in case such person is serving as a Whole-time Director of a listed company or such other number as may be prescribed under the Act.
 - Due to reasons for any disqualification mentioned in the Companies Act, 2013, rules made thereunder or under any other applicable Act, rules and regulations, the Committee may recommend, to the Board with reasons recorded in writing, removal of a Director, KMP or Senior Management subject to the provisions and compliance of the said Act, rules and regulations.
2. Review of term/tenure of Directors, KMP and Senior Management, with special reference to:
 - a. **Managing Director/Whole-time Director:**

- The Committee shall ensure that the Company appoints or re-appoints any person as its Executive Chairman, Managing Director or Executive Director for a term not exceeding five years at a time and no re-appointment is to be made earlier than one year before the expiry of term.

b. Independent Director:

- An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report.
- No Independent Director shall hold office for more than two consecutive terms, but such Independent Director shall be eligible for appointment after expiry of a cooling off period of three years after ceasing to become an Independent Director consequent to expiry of 2nd term of his/her appointment. Provided that an Independent Director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly.

3. Facilitate retirement

The Director, KMP and Senior Management Personnel shall retire as per the applicable provisions of the Act and the prevailing policy of the Company. The Board will have the discretion to retain the Director, KMP, Senior Management Personnel in the same position/ remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

4. Recommend to the Board of Directors, the remuneration of Directors, KMP and Senior Management.

a. General:

- The remuneration / compensation / commission etc. to the Directors, KMP and Senior Management Personnel will be determined by the Committee and recommended to the Board for approval. The remuneration / compensation / commission etc. shall be subject to the prior/post approval of the shareholders of the Company and Central Government, wherever required;
- The remuneration and commission to be paid to the Directors shall be in accordance with the percentage / slabs / conditions laid down in the Articles of Association of the Company and as per the provisions of the Act;
- Increments to the existing remuneration/ compensation structure may be recommended by the Committee to the Board which should be within the slabs approved by the Shareholders in the case of Managing Director/Whole-time Director;

- Where any insurance is taken by the Company on behalf of its Managing Director, Whole-time Director, Chief Executive Officer, Chief Financial Officer, the Company Secretary and any other employees for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel. Provided that if such person is proved to be guilty, the premium paid on such insurance shall be treated as part of the remuneration.

b. Remuneration to Whole-time / Executive / Managing Director, KMP and Senior Management:

- Fixed pay:

The Whole-time / Executive / Managing Director, KMP and Senior Management shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee. The breakup of the pay scale and quantum of perquisites including, employer's contribution to P.F, pension scheme, medical expenses, club fees etc. shall be decided and approved by the Board/ the Person authorized by the Board on the recommendation of the Committee and approved by the shareholders and Central Government, wherever required.

- Minimum Remuneration:

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Whole-time / Managing Director in accordance with the provisions of Schedule V of the Act and if it is not able to comply with such provisions, with the previous approval of the Central Government.

- Provisions for excess remuneration:

If any Whole-time Director draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Act or without the prior sanction of the Central Government, where required, he / she shall refund such sums to the Company and until such sum is refunded, hold it in trust for the Company. The Company shall not waive recovery of such sum refundable to it unless permitted by the Central Government.

c. Remuneration to Non- Executive / Independent Director:

- Remuneration / Commission:

The remuneration / commission shall be fixed as per the slabs and conditions mentioned in the Articles of Association of the Company and the Act.

- Sitting Fees:

The Non- Executive / Independent Director may receive remuneration by way of fees for attending meetings of Board or Committee thereof. Provided that the amount of such fees

shall not exceed Rupees One Lac per meeting of the Board or Committee or such amount as may be prescribed by the Central Government from time to time.

➤ Commission:

Commission may be paid within the monetary limit approved by shareholders, subject to the limit not exceeding 1% of the profits of the Company computed as per the applicable provisions of the Act.

➤ Stock Options:

An Independent Director shall not be entitled to any stock option of the Company.

MEMBERSHIP OF THE COMMITTEE

1. The Committee shall consist of a minimum 3 non-executive directors, majority of them being independent.
2. Minimum two (2) members shall constitute a quorum for the Committee meeting.
3. Membership of the Committee shall be disclosed in the Annual Report.
4. Term of the Committee shall be continued unless terminated by the Board of Directors.

CHAIRMAN OF THE COMMITTEE

1. Chairman of the Committee shall be an Independent Director;
2. Chairperson of the Company may be appointed as a member of the Committee but shall not be a Chairman of the Committee;
3. In the absence of the Chairman, the members of the Committee present at the meeting shall choose one amongst them to act as Chairman;
4. Chairman of the Nomination and Remuneration Committee meeting should be present at the Annual General Meeting or may nominate some other member to answer the shareholders' queries.

FREQUENCY OF MEETINGS

The meeting of the Committee shall be held at such regular intervals as may be required.

COMMITTEE MEMBERS' INTERESTS

A member of the Committee is not entitled to be present when his or her own remuneration is discussed at a meeting or when his or her performance is being evaluated.

The Committee may invite such executives, as it considers appropriate, to be present at the meetings of the Committee.

VOTING

1. Matters arising for determination at Committee meetings shall be decided by a majority of votes of Members present and voting and any such decision shall for all purposes be deemed a decision of the Committee.
2. In the case of equality of votes, the Chairman of the meeting will have a casting vote.

MINUTES OF COMMITTEE MEETING

Proceedings of all meetings must be entered in minutes and signed by the Chairman of the Committee at the subsequent meeting. Minutes of the Committee meetings will be tabled at the subsequent Board and Committee meeting.

IMPLEMENTATION

The Committee may issue guidelines, procedures, formats, reporting mechanism and manuals in supplement and for better implementation of this policy as considered appropriate.

The Committee may Delegate any of its powers to one or more of its members.

AMENDMENTS TO THE POLICY

The Board of Directors on its own and / or as per the recommendations of Nomination and Remuneration Committee can amend this Policy, as and when deemed fit.

AMENDMENTS IN THE LAW

Any subsequent amendment/modification in applicable laws in this regard shall automatically apply to this Policy.

ANNEXURE IV

Management Discussion and Analysis Report

Industry Structure and Development

Your company is engaged in manufacture of organic chemicals, intermediates, active pharmaceutical ingredient (API's), personal care products and speciality chemicals. We have emerged as one of the major source for chemical intermediates in India.

Opportunities & Threats

Your company is in the industry since last 11 years. It has a very high degree of operating synergy, economies of scale and high quality standards. The products of your company have diverse uses and applications in several industries ranging from pharmaceutical, agro-chemicals and personal cares.

The Company is having a good clientele base, which is well diversified over the world. Considering the market situation, global companies have chosen Indian Manufacturers as compared to Chinese companies due to better documentation, reliability and quality product supply from India which has resulted in providing growth opportunities. Your Company is WHO-GMP certified company.

Segment/ Product Wise Performance

Your company is engaged in manufacture of organic chemical, intermediates, active pharmaceutical ingredient (APIs), personal care products and speciality chemicals, which is considered as a single segment.

The Company is striving hard for increasing turnover and profits from year to year by developing new products. The total revenue from the operations for the year ended March 31, 2020 amounts to Rs. 2858.13 Lakhs as against Rs. 3235.65 Lakhs in the previous financial year. The decrease in the revenue is due to the termination of Loan License Manufacturing agreement entered into between Enaltec Labs Pvt Ltd and the Company with respect to the Loan License Manufacturing business.

Market and Outlook

Your company has healthy order book position. The Company's R&D programs are focused on new products development & successfully added a range of products in its basket. The newly developed products will contribute a significant growth in revenue in coming years and has also started contributing which can be seen in the growth chart of the Company.

A better product mix, operational efficiency and stringent control on the cost have contributed towards increasing productivity, production and operating margins.

The Company continued to focus on cost control at every level to improve the operational efficiency

which alongwith the increased operating level and upward revision of product prices is expected to improve the margin. Continuous efforts are being made for efficient energy and raw material consumption. The rate of flow of orders is encouraging. Production facilities are realigned to meet the demand. Your company, barring unforeseen circumstances, expects to further improve the turnover and performance. Increasing working capital is vital towards substantial growth in the coming years. Recently the Company has installed greener technologies like briquette fired boilers to save fuel costs, the positive effect of which will be reflected in the coming financial years.

Risks and Concerns

Extreme volatility of exchange rate of rupee against US dollar is having significant impact on Raw Material cost of the Company. Approximately 50% of its raw materials are imported from other countries. However, the company has managed to mitigate the risk to a great extent through exports.

Internal Control Systems and their Adequacy

The Company has an adequate Internal Control System commensurate with the size and nature of its business. The preparation, designing and documentation of Policy on Internal Financial Control have been finalized and implemented which is being reviewed periodically and modified suitably to ensure controls. The internal audit functions are carried out by a separate firm of Chartered Accountants. This is supplemented through an extensive internal audit programme and periodic review by management and Audit Committee.

Discussion on Financial Performance with respect to operational performance

The total revenue from the operations for the year ended March 31, 2020 decreased to Rs. 2858.13 Lakhs as against Rs. 3235.65 Lakhs in the previous financial year 2018-19. Though the revenue decreased in the current financial year as compared to the previous financial year, it is so because the consumption of newly developed products is quite high as compared to the existing ones. The Company is taking efforts to reduce consumption cost & get higher yield to achieve maximum profits. However, the Company is confident that the newly developed products will contribute towards a significant growth in revenue in coming years.

Human Resources

Human Resources are always the most important and valuable asset to the Company. The Company has approximately 82 permanent employees as on 31st March, 2020 at factory and office level. Recently Company has appointed highly qualified and well experienced team in R&D. Human Resource, Quality Control and Quality Assurance Department had arranged a number of training programs on cGMP, Safety Awareness. Apart from these internal training programs, employees are also sent for training/seminars on regular basis for upgrading their knowledge and skill level. Your company believes in investing in people to develop and expand their capability. The Company has been able to create a favorable work environment that motivates performance, customer focus and innovation VSCL's strategies are based, inter alia, on processes of continuous learning and improvement.

Key Financial Ratios

| Particulars of Ratio | 31.03.2020 | 31.03.2019 |
|-----------------------------|-------------------|-------------------|
| Debt Turnover | 3.89 | 2.95 |
| Inventory Turnover | 3.01 | 1.61 |
| Interest Coverage Ratio | -8.50 | 1.06 |
| Current Ratio | 0.92 | 1.58 |
| Debt Equity Ratio | 1.11 | 0.76 |
| Operating Profit Margin (%) | 37.52 | 2.69% |
| Net Profit Margin (%) | -34.42 | 0.19% |

Return on Net Worth

The return on net worth has declined to (55.75)% as against 0.23% in the previous year due to sharp decrease in the profits of the Company.

Cautionary Statement

Statements in the Management Discussion & Analysis Report describing the Company's expectations, opinion, and predictions may please be considered as "forward looking statements" only. Actual results could differ from those expressed or implied. Company's operations should be viewed in light of changes in market conditions, prices of raw materials, economic developments in the country and such other factors.

For and on behalf of the Board
Vadivarhe Speciality Chemicals Limited

Sunil Haripant Pophale
Director

DIN: 00064412

**Address: 15 Lalit Building, Wodehouse Road,
Next To Badhwar Park, Colaba, Mumbai, 400005**

Date: August 28, 2020

Place: Mumbai

Meena Sunil Pophale
Whole time Director

DIN: 00834085

**Address: 15 Lalit Building, Wodehouse Road
Next To Badhwar Park Colaba, Mumbai
400005**

Annexure- V

MMJB & Associates LLP

Company Secretaries

Ecstasy, 803/804, 8th Floor, City of Joy, J.S.D Road, Mulund (West), Mumbai- 400080, (T) 21678100

FORM NO. MR.3

SECRETARIAL AUDIT REPORT

For The Financial Year Ended 31st March, 2020

[Pursuant to section 204(1) of the Companies Act, 2013 and rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To
The Members,
Vadivarhe Speciality Chemicals Limited
Gate No. 204, Vadivarhe
Igatpuri-422403 Maharashtra

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Vadivarhe Speciality Chemicals Limited** (hereinafter called the "Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/ statutory compliances and expressing our opinion thereon.

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

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2020 according to the provisions of:

- (i) The Companies Act, 2013 (**the Act**) and the rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 (**'SCRA'**) and the rules made there under
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;

- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Overseas Direct Investment, Foreign Direct Investment and External Commercial Borrowings; **(Not Applicable to the Company during the audit period)**
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (**SEBI Act**):-
- (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - (c) The Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018;
 - (d) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018; **(Not Applicable to the Company during the audit period)**
 - (e) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; **(Not Applicable to the Company during the audit period)**
 - (f) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; **(Not Applicable to the Company during the audit period)**
 - (g) Securities and Exchange Board of India (Issue and Listing of Non-Convertible and Redeemable Preference Shares) Regulations, 2013; **(Not Applicable to the Company during the audit period)**
 - (h) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client.
 - (i) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; **(Not Applicable to the Company during the audit period)** and;
 - (j) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; **(Not Applicable to the Company during the audit period)**

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

- As per Section 203 of Companies Act 2013 read with rule 8 if the office of Company Secretary is Vacated then the resulting vacancy to be filled by the board within six months from the date of such vacancy, where here the vacancy arises in June 2019 but the same was filled on February 2020.

We further report that, having regard to the compliance system prevailing in the company and on examination of the relevant documents and records in pursuance thereof on test check basis, the Company has complied with to the extent applicable with the following laws, which are specifically applicable to the Company:

- The Drugs and Cosmetics Act, 1940;
- The Drugs and Cosmetics Rules, 1945; &
- The Indian Boilers Act, 1923

We further report that the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

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

All decisions at Board Meetings and Committee Meetings are carried out unanimously or majority as recorded in the minutes of the meetings of the Board of Directors or Committee of the Board, as the case may be.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

For **MMJB & Associates LLP**

Deepti Jambigi
Designated Partner
FCS: 8167
CP. No.: 8968
UDIN:

Place: Mumbai
Date: 02.09.2020

This report is to be read with our letter of even date which is annexed as "*Annexure A*" and forms an integral part of this report.

'Annexure A'

To
The Members,
Vadivarhe Speciality Chemicals Limited
Gate No. 204, Vadivarhe
Igatpuri-422403 Maharashtra

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

For **MMJB & Associates LLP**

Deepti Jambigi
Designated Partner
FCS: 8167
CP. No.: 8968

Place: Mumbai
Date: 02.09.2020

ANNEXURE VI

Disclosure under Section 197(12) of the Companies Act, 2013 read with Rule 5 of Companies (Appointment & Remuneration) Rules, 2014

- I. The percentage increase in remuneration of the executive Directors, Chief Financial Officer and Company Secretary during the financial year 2019-20, the ratio of remuneration of each director to the median remuneration of the employees of the Company for the financial year and the comparison of remuneration of each Key Managerial personnel (KMP) against the performance of the Company is as under:

| Sr. No. | Name | Designation | Remuneration for F.Y. 2019-20 (in Rs.) | % increase in remuneration for financial year 2019-20 | Ratio of remuneration of Director to median remuneration of employees |
|----------------|-----------------------|-------------------------|---|--|--|
| 1. | Mrs. Meena Pophale | Whole-time Director | 12,00,000 | 0% | 3.48:1 |
| 2. | Mr. Sunil H. Pophale | Executive Director | 12,00,000 | 0% | 3.48:1 |
| 3. | Mr. Pramod Gajare | Executive Director | 24,69,872 | 0% | 7.16:1 |
| 4. | Mr. Laxmikant Potdar | Chief Financial Officer | 15,76,583 | 10% | 4.56:1 |
| 5. | Ms. Priyanka Nagda* | Company Secretary | 44,898 | 0% | 0.13:1 |
| 6. | Mr. Jayesh Vaishnav** | Company Secretary | 45,416 | 0% | 0.13:1 |

* From 14th February 2020 to 31st March 2020

** From 1st April 2019 to 30th June 2019

- II. The median remuneration of employees during the financial year was **Rs. 3,45,122/-** p.a. (For calculating the median remuneration of employees, only the remuneration paid to employees who have served throughout the financial year 2019-20 has been considered)
- III. There were **82** permanent employees on the rolls of the Company as on 31st March, 2020
- IV. In the financial year there was an increase of **10.13%** in the median remuneration.
- V. Average increase made in the salaries of employees other than the managerial personnel in the financial year 2019-20 was **10%** and average increase in the managerial remuneration w.r.t the managerial personnel for the financial year 2019-20 was **10%**.
- VI. It is hereby affirmed that the remuneration is paid as per the remuneration policy of the company.
- VII. List of top 10 employees in terms of remuneration drawn.

| Sr. No | Name of the Employee | Designation | Remuneration | Nature of Employment | Date of commencement of employment | Age of employee | Last employment held by such employee | Qualification | If the employee is a relative of Director or Manger |
|--------|---|-------------------------|--------------|----------------------|------------------------------------|-----------------|--|--------------------------|---|
| 1 | Mr. Sunil H. Pophale | Executive Director | 1200000 | Employee | 23-02-2009 | 63 | Fem Care Pharma Ltd | B. Tech | Yes |
| 2 | Mrs. Meena S. Pophale | Whole-time Director | 1200000 | Employee | 23-02-2009 | 59 | Pentagon Manufacturing and Marketing Ltd | B.A. | Yes |
| 3 | Mr. Pramod W. Gajare | Executive Director | 2469872 | Employee | 16-05-2013 | 58 | V & V Pharma | BSc Chemistry | No |
| 4 | Mr. Pramod D. Narkhede | Sr. Manager-QC | 1852750 | Employee | 03-07-2009 | 56 | Fem Care Pharma Ltd | MSc Applied Chemistry | No |
| 5 | Mr. Prashant G. Patil (up to 06th December, 2019) | Manager-QA | 1201920 | Employee | 14-02-2018 | 50 | Avesta Pharma Pvt Ltd | MSc Chemistry | No |
| 6 | Mr. Laxmikant S. Potdar | Chief Financial Officer | 1576583 | Employee | 13-07-2011 | 47 | Jyoti Structures Ltd | M. Com | No |
| 7 | Mr. Dinesh N. Malpe | Manager-Production | 1419026 | Employee | 25-09-2017 | 39 | Harman Finochem Ltd | BE Chemical | No |
| 8 | Mr. Anirudha S. Mhaske | Manager-HR & Admin | 1488771 | Employee | 23-08-2012 | 45 | Dabur India Ltd | B Com, MBA | No |
| 9 | Mr. Sambhaji S. Powar | Manager-ADL | 1424924 | Employee | 08-03-2018 | 38 | Macleod's Pharmaceuticals Ltd | MSc Analytical Chemistry | No |
| 10 | Mr. Satish P. Paithankar | Manager-Stores & Excise | 1261280 | Employee | 01-07-2012 | 48 | Dabur India Ltd | BA | No |

INDEPENDENT AUDITOR'S REPORT

To

The Members of **VADIVARHE SPECIALITY CHEMICALS LIMITED**

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the standalone financial statements of VADIVARHE SPECIALITY CHEMICALS LIMITED which comprise the standalone balance sheet as at March 31, 2020 and the standalone statement of profit and loss (including other comprehensive income) standalone statement of changes in equity and standalone statement of cash flows for the year then ended and notes to the standalone financial statements including a summary of the significant accounting policies and other explanatory information (herein referred to as "standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us the aforesaid standalone financial statements give the information required by the Companies Act 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at March 31 2020 and profit and other comprehensive income changes in equity 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 Act. Our responsibilities under those SAs 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 Act 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.

Key Audit Matters

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

Description of Key Audit Matter

Revenue recognition (refer notes 3)

| The Key Audit Matter | How the matter is addressed in our audit |
|---|--|
| <p>Revenue is recognised when the control over the underlying products has been transferred to the customer.</p> <p>The sales have been reduced but it won't affect the going concern status of the company. The sales have been affected due to following reasons identified by the management:</p> <ol style="list-style-type: none">i. Expiry and non-renewal of service contract in 2019,ii. COVID-19 lockdown has resulted in cancellation/ delay in export orders. | <p>Our audit procedures included:</p> <ul style="list-style-type: none">- Focusing on the Company's revenue recognition for compliance with AS;- Testing the design, implementation and operating effectiveness of the Company's manual and automated (Information Technology - IT) controls on recording revenue. We focused on controls around the timely and accurate recording of sales transactions. <p>Reduction in sales has been covered in notes on accounts point no 3. We analysed the management's report to gain an understanding of the inputs and processes underpinning the cash flow model prepared for the purpose of going concern assessment.</p> |

INFORMATION OTHER THAN THE STANDALONE FINANCIAL STATEMENTS AND AUDITORS' REPORT THEREON

The company's management and board of directors are responsible for the other information. The other information comprises the information included in the company's annual report but does not include the financial statements and our auditors' 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.

MANAGEMENT'S AND BOARD OF DIRECTORS RESPONSIBILITY FOR THE STANDALONE FINANCIAL STATEMENTS

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 the company's management and board of directors are responsible for the matters stated in section 134(5) of the act with respect to the preparation of these standalone financial statements that give a true and fair view of the state of affairs profit and other comprehensive income changes in equity and cash flows of the company in accordance with the accounting principles generally accepted in India including the Indian accounting standards (Ind AS) 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 accounting policies; making judgments and estimates that are reasonable and prudent; and design implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement whether due to fraud or error.

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

As part of an audit in accordance with SAs we exercise professional judgment and maintain professional skepticism throughout the audit. We also: Identify and assess the risks of material misstatement of the standalone financial statements whether due to fraud or error design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion

forgery intentional omissions misrepresentations or the override of internal control.

Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements 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 exist, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or if such disclosures are inadequate to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However future events or conditions may cause the Company to cease to continue as a going concern.

Evaluate the overall presentation structure and content of the standalone financial statements including the disclosures and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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 the mall relationships and other matters that may reasonably be thought to bear on our independence and where applicable related safeguards.

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order 2016 ("the Order") issued by the Central Government in terms of Section 143 (11) of the Act we give in the " Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order to the extent applicable.

(A) 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 standalone balance sheet, the standalone statement of profit and loss (including other comprehensive income), the standalone statement of changes in equity and the standalone statement of cash flows dealt with by this Report are in agreement with the books of account.
- d. In our opinion the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act.
- e. On the basis of the written representations received from the directors as on April 1 2020 taken on record by the Board of Directors none of the directors is disqualified as on March 31 2020 from being appointed as a director in terms of Section 164(2) of the Act .
- f. With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls refer to our separate Report in "Annexure B".

(B) With respect to the other matters to be included in the Auditors' 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 March 31 2010 on its financial position in its standalone financial statements;
- ii. The Company has made provision as required under the applicable law or accounting standards for material foreseeable losses if any on long-term contracts including derivative contracts;
- iii. There were no amounts to be transferred to the Investor Education and Protection Fund by the Company.
- iv. The reporting on disclosures relating to Specified Bank Notes is not applicable to the Company for the year ended March 31, 2020

(C) With respect to the matter to be included in the Auditors' Report under Section 197(16) of the Act: In our opinion and according to the information and explanations given to us the remuneration paid by the Company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) of the Act which are required to be commented upon by us.

FOR BHALCHANDRA D KARVE & ASSOCIATES

CHARTERED ACCOUNTANTS

(FIRM'S REGISTRATION NO. 135281W)

CA BHALCHANDRAD KARVE

PLACE: NASHIK

DATE: 30/06/2020

UDIN: 20105965AAAACU6838

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT MARCH 31ST 2020

With reference to the Annexure A referred to in the Independent Auditors' Report to the members of the **VADIVARHE SPECIALITY CHEMICALS LIMITED** on the Standalone Financial Statements for the year ended March 31, 2020, we report the following:

- (i)
 - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment and investment properties.
 - (b) The Company has a programme of physical verification of its property, plant and equipment and investment properties by which the property, plant and equipment and investment properties are verified by the management according to a phased programme designed to cover all the items over a period of three years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. In accordance with the policy, the Company has physically verified certain property, plant and equipment and investment properties during the year and we are informed that the discrepancies were not material and have been properly dealt with in the books of account.
 - (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties of land and buildings as disclosed in Note 4 to the Standalone Financial Statements, are held in the name of the Company
- (ii) The inventory, except for goods-in-transit and stocks lying with third parties, has been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable. The discrepancies noticed on verification between the physical stocks and the book records were not material and have been properly dealt with in the books of account.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms, limited liability partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013 ('the Act'). Accordingly, paragraphs 3 (iii) (a), (b) and (c) of the Order are not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and securities, as applicable.
- (v) In our opinion, and according to the information and explanations given to us, the Company has not accepted deposits as per the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the rules framed thereunder. Accordingly, paragraph 3 (v) of the Order is not applicable to the

Company.

(vi) According to the information and explanations given to us, since the company does not fulfill the conditions pursuant to the companies (Cost Accounting Record) Rules 2011 prescribed by the central Government, under sub-section (1) of section 148 of the Companies Act, 2013 for maintenance of the prescribed cost records and therefore such cost records are not maintained by the company. Accordingly Paragraph 3(vi) of the order is not applicable.

(vii)

(a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including Provident fund, Profession tax, Income tax, Duty of customs, Employees' State Insurance, Goods and Service tax, Cess and other material statutory dues have been regularly deposited during the year with the appropriate authorities.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident fund, Profession tax, Income-tax, Employees' State Insurance, Duty of customs, Goods and Service tax, Cess and other material statutory dues were in arrears as at March 31, 2020 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, there are no dues of Income-tax, Sales tax, Service tax, Duty of customs, Duty of excise, Goods and Service tax and Value added tax as at March 31, 2020, which have not been deposited with the appropriate authorities on account of any dispute.

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to banks. The Company does not have any outstanding dues to financial institutions and Government. Further, no loans or borrowings were taken from government and there were no debentures issued during the year or outstanding as at 31 March 2020.

(ix) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments) Accordingly, paragraph 3 (ix) of the Order is not applicable to the Company.

(x) According to the information and explanations given to us by the management, we report that no material fraud by the Company or on the Company by its officers and employees has been noticed or reported during the year.

(xi) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

- (xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, paragraph 3 (xii) of the Order is not applicable to the Company.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with Sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the Standalone Financial Statements as required by applicable Ind AS.
- (xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, paragraph 3 (xiv) of the Order is not applicable to the Company.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with them. Accordingly, paragraph 3 (xv) of the Order is not applicable to the Company.
- (xvi) In our opinion and according to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, paragraph 3 (xvi) of the Order is not applicable to the Company.

For BHALCHANDRA D KARVE & ASSOCIATES,

Chartered Accountants

Firm's Registration No: 135281W

CA BHALCHANDRAD KARVE

Proprietor

Nashik

Membership No: 105965

JUNE 30, 2020

UDIN : 20105965AAAACU6838

Annexure - B to the Auditors' Report

Refer to Para 6 (2)(f) of the Independent Auditor's Report of the even date to the members of Vadivarhe Specialty Chemicals Limited on financial statements for the year ended 31st March 2020

Report on the Internal Financial Controls under Clause (j) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial **Vadivarhe Speciality Chemicals Limited** as of 31 March 2020 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

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

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, the company has, in all material respects, an adequate internal financial controls systems over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2020 , based on the internal control over financial reporting criteria established by the company considering the essential components of internal control stated in the guidance note on Audit of Internal Financial controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Date: 30/06/2020
Place: Nashik

For Bhalchandra D Karve & Associates
Chartered Accountants
Firm Registration Number - 135281W

CA Bhalchandra D Karve
Proprietor
Membership Number 105965
UDIN: 20105965AAAACU6838

Vadivarhe Speciality Chemicals Limited
Gat No. 204, Vadivarhe, Igatpuri, Maharashtra 422403,
CIN: L24100MH2009PLC190516,
Email id: accounts@vscl.in Website: www.vscl.in
Phone : 02553 282200 Fax :022 26740371
Balance Sheet as at 31 March, 2020

In Rupees

| Particulars | Note No | Figures As at 31st March, 2020 | Figures As at 31st March, 2019 |
|--|---------|-----------------------------------|-----------------------------------|
| I. EQUITY AND LIABILITIES | | | |
| (1) Shareholder's Funds | | | |
| (a) Share Capital | A. | 127,827,500 | 127,827,500 |
| (b) Reserves and Surplus | B. | 48,659,892 | 147,047,415 |
| (2) Non-Current Liabilities | | | |
| (a) Long-term borrowings | C. | 102,406,943 | 127,303,942 |
| (b) Deferred tax liabilities (Net) | D. | - | 21,450,456 |
| (c) Other Long term Liabilities | E. | 409,708 | 97,808 |
| (d) Long Term Provisions | F. | 6,265,926 | 5,833,732 |
| (3) Current Liabilities | | | |
| (a) Short-term borrowings | G. | 71,958,477 | 57,852,303 |
| (b) Trade payables | H. | 114,675,011 | 51,979,661 |
| (c) Other current liabilities | I. | 27,600,502 | 27,260,790 |
| (d) Short-term provisions | J. | 13,408,195 | 10,736,339 |
| Total | | 513,212,155 | 577,389,947 |
| II. ASSETS | | | |
| (1) Non-Current Assets | | | |
| (a) Fixed assets | | | |
| (i) Tangible assets | K. | 251,206,017 | 259,779,687 |
| (ii) Intangible assets | L. | 794,235 | 1,140,768 |
| (iii) Capital work-in-progress | M. | 28,103,314 | 18,847,342 |
| (iv) Intangible assets under development | | - | - |
| (b) Non-current investments | N. | 510,000 | 510,000 |
| (c) Deferred tax assets (net) | | - | - |
| (d) Long term loans and advances | O. | 21,718,208 | 61,434,953 |
| (e) Other non-current assets | P. | 706,861 | 1,996,004 |
| (2) Current Assets | | | |
| (a) Current investments | | - | - |
| (b) Inventories | Q. | 68,336,135 | 65,968,307 |
| (c) Trade receivables | R. | 81,684,300 | 127,009,426 |
| (d) Cash and cash equivalents | S. | 6,552,972 | 5,774,313 |
| (e) Short-term loans and advances | T. | 53,291,519 | 34,620,552 |
| (f) Other current assets | U. | 308,594 | 308,594 |
| Total | | 513,212,155 | 577,389,947 |

The accompanying notes are an integral part of these financial statements

As per our Report attached of even date.

For Bhalchandra D Karve & Associates
Chartered Accountants
Firm Registration No.135281W

For and on behalf of the Board of Directors of
Vadivarhe Speciality Chemicals Limited

Bhalchandra D Karve
Proprietor
Membership No.105965

Sunil H Pophale
Chairman and Executive Director

Pramod W Gajare
Executive Director

Laxmikant S Potdar
Chief Financial Officer

Priyanka Nagda
Company Secretary

Place : Mumbai
Date : June 30, 2020

Vadivarhe Speciality Chemicals Limited
Gat No. 204, Vadivarhe, Igatpuri, Maharashtra 422403,
CIN: L24100MH2009PLC190516,
Email id: accounts@vscl.in Website: www.vscl.in
Phone : 02553 282200 Fax :022 26740371
Profit and Loss statement for the year ended 31st March, 2020

In Rupees

| Particulars | Note No | Figures for the year ended 31st March, 2020 | Figures for the year ended 31st March, 2019 |
|---|------------|--|--|
| I. Revenue from operations | 1 | 285,812,959 | 323,565,232 |
| II. Other Income | 2 | 2,337,052 | 4,668,922 |
| III. Total Revenue (I +II) | | 288,150,011 | 328,234,154 |
| <u>IV. Expenses:</u> | | | |
| Cost of materials consumed | 3 | 202,576,476 | 146,433,576 |
| Purchase of Stock-in-Trade | 4 | - | 1,203,040 |
| Changes in inventories of finished goods, work-in-progress and Stock-in-Trade | 5 | 3,146,591 | (37,930,561) |
| Employee benefit expense | 6 | 52,339,416 | 55,999,956 |
| Financial costs | 7 | 12,607,990 | 8,170,785 |
| Depreciation and amortization expense | 8 | 17,479,994 | 16,273,110 |
| Manufacturing Expenses | 9 | 81,988,730 | 90,632,907 |
| Other expenses | 10 | 39,273,793 | 46,922,454 |
| IV. Total Expenses | | 409,412,990 | 327,705,267 |
| V. Profit before exceptional and extraordinary items and tax | (III - IV) | (121,262,979) | 528,888 |
| VI. Exceptional Items - DIC PSI-2013 Incentive - Prior Period Income | | 1,425,000 - | - - |
| VII. Profit before extraordinary items and tax (V - VI) | | (119,837,979) | 528,888 |
| VIII. Extraordinary Items | | - | - |
| IX. Profit before tax (VII - VIII) | | (119,837,979) | 528,888 |
| X. Tax expense: | | | |
| (1) Current tax | | - | 101,758 |
| (2) Income Tax of earlier years | | - | 773,585 |
| (3) Deferred tax | | (21,450,456) | (864,689) |
| (4) MAT Credit entitlement | | - | (101,758) |
| (5) MAT Credit utilised | | - | - |
| XI. Profit/(Loss) for the period (IX - X) | | (98,387,523) | 619,991 |
| No. of Shares Outstanding at the end of the period | | 12,782,750 | 12,782,750 |
| XII. Earning per equity share: | | | |
| (1) Basic | | (7.70) | 0.05 |
| (2) Diluted | | (7.70) | 0.05 |

The accompanying notes are an integral part of these financial statements

As per our Report attached of even date.

For Bhalchandra D Karve & Associates
Chartered Accountants
Firm Registration No.135281W

For and on behalf of the Board of Directors of
Vadivarhe Speciality Chemicals Limited

Bhalchandra D Karve
Proprietor
Membership No.105965

Sunil H Pophale
Chairman and Executive Director

Pramod W Gajare
Executive Director

Laxmikant S Potdar
Chief Financial Officer

Priyanka Nagda
Company Secretary

Place : Mumbai
Date : June 30, 2020

Vadivarhe Speciality Chemicals Limited

Provisional Cash Flow statement for the Nine Month ended 31st March, 2020

Rupees

| Particulars | Period ended 31st March, 2020 | Period ended 31st March, 2019 |
|--|-------------------------------|-------------------------------|
| Cash flows from operating activities | | |
| Profit before taxation | (119,837,979) | 528,888 |
| Adjustments for: | | |
| Depreciation | 17,479,994 | 16,273,110 |
| Dividend Income | (50,000) | (50,000) |
| Interest Received | (1,066,029) | (1,355,647) |
| Interest expense | 12,607,990 | 8,170,785 |
| (Profit) / Loss on the sale of property, plant & equipment | 97,001 | 749,133 |
| Operating Profits before Working Capital Changes | (90,769,023) | 24,316,269 |
| Working capital changes: | | |
| (Increase) / Decrease in trade receivables | 45,325,126 | (40,905,354) |
| (Increase) / Decrease in inventories | (2,367,827) | (35,090,238) |
| (Increase) / Decrease in Other receivables | (17,381,823) | 2,411,375 |
| (Increase) / Decrease in Long term Loans and advances* | 39,716,745 | 3,113,753 |
| Increase / (Decrease) in trade payables | 62,695,350 | 27,162,893 |
| Increase / (Decrease) in other payables | 3,755,662 | 7,611,259 |
| Cash generated from operations | 40,974,210 | (11,380,044) |
| Income taxes paid(Deferred tax liability written off) | - | (773,585) |
| Net cash from operating activities (A) | 40,974,210 | (12,153,629) |
| Cash flows from investing activities | | |
| Purchase of Fixed Assets | (17,949,764) | (84,533,032) |
| Proceeds from sale of equipment | 37,000 | 431,932 |
| Adjusted against accumulated balances write off | - | - |
| Dividend income | 50,000 | 50,000 |
| Interest Received | 1,066,029 | 1,355,647 |
| Net cash used in investing activities(B) | (16,796,735) | (82,695,453) |
| TOTAL (A+B) | 24,177,474 | (94,849,082) |
| Cash flows from financing activities | | |
| Increase / (Decrease) in Short term Borrowings - Cash credit facility & Packing Credit | 14,106,174 | 17,091,905 |
| Proceeds from issue of share capital | - | - |
| Proceeds from Term loan | (6,817,038) | 40,853,702 |
| Interest on Loan | (12,607,990) | (8,170,785) |
| Proceed from unsecured loan from Director | (18,079,961) | 42,754,350 |
| Net cash used in financing activities [C] | (23,398,815) | 92,529,172 |
| Net increase in cash and cash equivalents (A+B+C) | 778,660 | (2,319,910) |
| Cash and cash equivalents at beginning of period | 5,774,313 | 8,094,223 |
| Cash and cash equivalents at end of period | 6,552,972 | 5,774,313 |
| Components of Cash and cash equivalents | | |
| Cash in hand | 159,453 | 58,731 |
| Balances with Scheduled banks : | | |
| in current accounts | 1,587,519 | 2,049,582 |
| in deposits accounts | 4,806,000 | 3,666,000 |
| Cash and cash equivalents in Cash Flow Statement | 6,552,972 | 5,774,313 |

* Long Term Advance provided to a customer of Rs. 4,00,00,099 refunded back on termination of the Loan License Agreement

As per our Report attached of even date.

For Bhalchandra D Karve & Associates
Chartered Accountants
Firm Registration No.135281W

For and on behalf of the Board of Directors of
Vadivarhe Speciality Chemicals Limited

Bhalchandra D Karve
Proprietor
Membership No.105965

Sunil H Pophale
Chairman and Executive Director

Pramod W Gajare
Executive Director

Laxmikant S Potdar
Chief Financial Officer

Priyanka Nagda
Company Secretary

Place : Mumbai
Date : June 30, 2020

NOTES FORMING PART OF ACCOUNTS AS AT 31st MARCH 2020

A) SIGNIFICANT ACCOUNTING POLICIES

(1) ACCOUNTING CONVENTIONS:

The financial statements are presented under the historical cost convention on accrual basis in accordance with the generally accepted accounting principles (GAAP) and applicable Accounting Standards prescribed under Section 133 of Companies Act, 2013. The accounting policies adopted in the preparation of Financial statements are consistent with those followed in previous year.

(2) USE OF ESTIMATES :-

The preparation of financial statements require the management to make estimates and assumption considered in the reported amount of assets and liabilities (including contingent liabilities) as of the date of financial statements and the reported income and expenses during the reporting period. Management believes that the estimates used on preparation of financial statements are prudent and reasonable. Future results could differ from these estimates.

(3) REVENUE RECOGNITION:

Sale of goods is recognized when significant risks and rewards of ownership are transferred to the customers., net of taxes (wherever applicable) and is net of discount. The income from loan licensing facilities is recognised on the basis of actual production and invoice raised accordingly. Cancellation and non-renewal of service contract, lock-down due to COVID-19 pandemic has resulted in reduction in sales. The reduction in sales has not resulted in affecting the going concern status of the company. Interest income is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable. Dividend income is recognized when right to receive the payment is established.

(4) FIXED ASSETS:

- a) Fixed assets are stated at historical cost of acquisition / construction less depreciation.
- b) Attributable interest and expenses of bringing the respective assets to working condition for their intended use are capitalized.

(5) METHOD OF DEPRECIATION AND AMORTISATION:

- i) Depreciation on fixed assets is provided on **Straight Line Method** at the rates specified in the Schedule II of The Companies Act 2013.
- ii) Effective 1st April 2014, the company depreciates its fixed assets over the useful life in the manner prescribed in Schedule II of the Act, as against the earlier practice of depreciating at the rates prescribed in Schedule XIV of the Companies Act 1956.

(6) INVENTORIES:

- a) Raw Materials are valued on the basis of the Batch wise balance stock at the end of the year. This method has been consistently followed.
- b) Cost of Semi-finished and finished goods comprise of materials cost and conversion cost.

c) Inventories are valued at lower of cost and net realizable value

(7) INVESTMENTS:

Investments are to be stated at cost.

(8) TAXATION:

- a) Current tax is determined as the amount of tax payable in respect of taxable income for the year.
- b) The deferred tax for timing difference between the book and tax profit for the year is accounted using tax rates tax laws that have been enacted or substantially enacted at the Balance Sheet date.
- c) Deferred Tax assets arising from the timing difference are recognized to the extent there is reasonable certainty that sufficient future taxable income will be available.

(9) Income from Temporary Investments (Interest) are accounted on accrual basis.

(10) EMPLOYMENT RETIREMENT BENEFITS:

Monthly Contributions to Provident Fund are considered on accrual basis in the accounts.
The Provision for Gratuity is made in the books of accounts as per actuarial valuation.

(11) CONTINGENT LIABILITIES:

Liabilities which are material and whose future outcome cannot be ascertained with reasonable certainty are treated as contingent and disclosed by way of notes on accounts.

(12) FOREIGN EXCHANGE TRANSACTIONS:

- i) Transactions in foreign currencies are recorded at the exchange rates prevailing on the date of the transaction.
- ii) Monetary items in the form of Loans, Current Assets and Current Liabilities in Foreign Currency , outstanding at the close of the year , are converted in Indian currency the appropriate rates of exchange prevailing on the date of the Balance Sheet , resultant gain or loss is accounted in the statement of Profit and loss during the year.
- iii) All other incomes or expenditure in foreign currency, are recorded at the rates of exchange prevailing on the dates when the relevant transactions take place.

For & on behalf of Directors of
Vadivarhe Specialty Chemicals Limited

Sunil H Pophale
Chairman
Executive Director

Pramod W Gajare
Executive Director

For Bhalchandra D Karve & Associates
Chartered Accountants
Firm Reg. No.135281W

Laxmikant Potdar
Chief Financial Officer

Priyanka Nagda
Company Secretary

CA Bhalchandra D Karve
Proprietor
Membership No. 105965

Date: 30th JUNE, 2020

Place: Nashik

UDIN: 20105965AAAACU6838

| | March 31,2020 Amount | March 31,2019 Amount |
|---|-------------------------|-------------------------|
| Note A : Share Capital | | |
| Authorised: | | |
| 1,50,00,000 Equity Shares of Rs. 10 each (Previous Year: 1,50,00,000 Equity Shares of Rs. 10 each) | 150,000,000 | 150,000,000 |
| Issued, Subscribed and Paid-up: | | |
| 1,27,82,750 Equity Shares of Rs.10 each fully paid up, (Previous Year: 1,27,82,750 Equity Shares of Rs.10 each fully paid up) | 127,827,500 | 127,827,500 |
| Total | 127,827,500 | 127,827,500 |

The company has only one class of shares referred to as equity shares having a par value of Rs.10/-. Each holder of equity shares is entitled to one vote per share.

Details of Share holder holding more than 5% Shares in the company

| Name of Shareholder | % | No of Shares | % | No of Shares |
|---------------------|--------|------------------|--------|------------------|
| Mr. Sunil H Pophale | 62.84% | 8,032,625 | 62.84% | 8,032,625 |
| Ms. Aditi S Pophale | 11.73% | 1,500,000 | 11.73% | 1,500,000 |
| TOTAL | | 9,532,625 | | 9,532,625 |

Note B : Reserves and Surplus

| | | |
|---|---------------------|-------------|
| Securities Premium Account | | |
| Opening Balance | 59,579,898 | 59,579,898 |
| Less : Utilised during the year for Issuing bonus shares | - | - |
| Less : Utilised during the year for IPO costs | - | - |
| Add : Premium received during the year in respect of shares issued in IPO | - | - |
| Closing balance | 59,579,898 | 59,579,898 |
| Surplus / (Loss) in the statement of Profit & Loss | | |
| Opening Balance | 87,467,517 | 86,847,526 |
| Profit / (Loss) of the current year | (98,387,523) | 619,991 |
| Closing balance | (10,920,006) | 87,467,517 |
| Total | 48,659,892 | 147,047,415 |

Notes To and Forming Part of the Balance Sheet

| | March 31,2020 Amount | March 31,2019 Amount |
|--|-------------------------|-------------------------|
| Note C: Long-term borrowings | | |
| (a) Secured Loan | | |
| 1) Term Loans | | |
| Soft Loan From Small Industries Development Bank of India (Secured by Plant & Machinery and charge on the assets and personal guarantee of directors) | 896,000 | 1,064,000 |
| (Above term loan will be settled as on 10/02/2024 Balance Sheet date 31/03/2024) Number of Installment due 41 Rs.24000/- and last 1 Installment of Rs.80,000/-, | | |
| Term Loan From Small Industries Development Bank of India (Secured by Plant & Machinery and charge on the assets and personal guarantee of directors) | 7,880,000 | 9,420,000 |
| (Above term loan will be settled as on 10/02/2024 Balance Sheet date 31/03/2024) Number of Installment due 41 Rs.2,20,000/- and 1 Installment of Rs.4,00,000/-, | | |
| Term Loan From Small Industries Development Bank of India (Secured by Plant & Machinery and charge on the assets and personal guarantee of directors) (Lien on Term Deposit Receipts of Rs. 32.56 Lakhs) | 11,800,000 | 14,200,000 |
| (Above term loan will be settled as on 10/09/2024 Balance Sheet date 31/03/2025) Number of Installment due 46 Rs.3,00,000/- and 1 Installment of Rs.1,00,000/-, | | |
| Term Loan From Small Industries Development Bank of India (Secured by Plant & Machinery and charge on the assets and personal guarantee of directors) (Lien on Term Deposit Receipts of Rs. 12.50 Lakhs) | 8,705,000 | - |
| (Above term loan will be settled as on 10/02/2025 Balance Sheet date 31/03/2025) Number of Installment due 53 Rs.1,85,000/- and 1 Installment of Rs.1,95,000/-, | | |
| Term Loan From Small Industries Development Bank of India (Secured by Plant & Machinery and charge on the assets and personal guarantee of directors) | 2,003,000 | - |
| (Above term loan will be settled as on 10/09/2021 Balance Sheet date 31/03/2022) Number of Installment due 14 Rs.3,33,000/- and 1 Installment of Rs.3,38,000/-, | | |
| From Axis Bank Ltd (Secured by Plant & Machinery and charge on the assets and personal guarantee of directors) | - | 4,342,296 |
| (Above term loan will be settled as on 30/12/2020 Balance Sheet date 31/03/2021) Number of Installment due 6 Rs.7,10,151/- and 1 Installment of Rs. 4,69,555/- Above term loan is FCTL in USD, outstanding as on 31/03/20: USD 62763.20 (P.Y: 189271.50) and applicable rate of Interest is LIBOR + 425 BPS) | | |
| From Axis Bank Ltd (Secured by Plant & Machinery and charge on the assets and personal guarantee of directors) | 30,910,000 | 38,862,201 |
| (Above term loan will be settled as on 30/05/2024 Balance Sheet date 31/03/2025) Number of Installment due 47 Rs.8,30,000/- and 1 Installment of Rs.10,30,000/-, | | |
| From Kotak Mahindra Prime Ltd (Secured by Car) (Above term loan will be settled as on 01/09/2022 Balance Sheet date 31/03/2023) Number of Installment due 30, Amount of Installment Rs.1,19,288/-, (Inclusive of Finance Charges) | 2,016,617 | 3,139,158 |
| (b) Unsecured Loans | | |
| Loan from Promotor Director Mr.Sunil H Pophale | 36,796,326 | 56,276,287 |
| Loan from Director Mr. Pramod W Gajare | 1,400,000 | - |
| | 102,406,943 | 127,303,942 |
| Note D : Deferred Tax Liability (Net) | | |
| Deferred Tax Liability | | |
| Difference in depreciation and other differences in block of fixed assets as per tax books and financial books | (29,147,519) | (29,122,973) |
| Gross Deferred Tax Liability | (29,147,519) | (29,122,973) |
| Deferred Tax Assets | | |
| Change in method of valuation of stock pursuant to Sec 145A | 3,198,131 | 3,303,429 |
| Unabsorbed Depreciation | 34,495,638 | 1,927,125 |
| Provision for Bonus | 318,313 | 476,862 |
| Provision for Leave Encashment | 561,866 | 500,072 |
| Provision for Gratuity and LTA | 1,708,351 | 1,465,030 |
| Gross Deferred Tax Assets | 40,282,298 | 7,672,517 |
| Less : Not recognised since no virtual certainty for set off of losses | 11,134,779 | - |
| Net Deferred tax liability | - | (21,450,456) |
| Note E: Other Long term Liabilities | | |
| Trade Payables | - | - |
| Payables on purchase of fixed assets | 409,708 | 97,808 |
| | 409,708 | 97,808 |
| Note F: Long Term Provisions | | |
| Provision for Employee Benefits : | | |
| Provision for Gratuity | 4,681,279 | 4,194,034 |
| Provision for Leave Encashment | 1,584,647 | 1,639,698 |
| | 6,265,926 | 5,833,732 |

Notes To and Forming Part of the Balance Sheet

| | March 31,2020 Amount | March 31,2019 Amount |
|---|-------------------------|-------------------------|
| Note G: Short-term borrowings | | |
| Secured Loan | | |
| Cash Credit Facility | | |
| From Axis Bank Ltd | 43,106,527 | 47,886,195 |
| (Secured by an exclusive charge by way of hypothecation of Stock & Book Debts) | | |
| Packing Credit | 28,851,950 | 9,966,108 |
| From Axis Bank Ltd | | |
| (Secured by Plant & Machinery and charge on the assets and personal guarantee of directors) | | |
| | <u>71,958,477</u> | <u>57,852,303</u> |
| Note H: Trade Payable | | |
| Creditors for Goods | 87,605,453 | 37,380,092 |
| Other Creditors | 16,452,278 | 11,653,673 |
| Payables on purchase of fixed assets | 10,617,280 | 2,945,896 |
| | <u>114,675,011</u> | <u>51,979,661</u> |
| (Please refer Notes to Accounts, Note No 09 for Due to micro and small enterprises) | | |
| Note I: Other Current Liabilities | | |
| Current maturities of long-term debt | | |
| Term Loans | | |
| Soft Loan From Small Industries Development Bank of India | 168,000 | 288,000 |
| (Secured by Plant & Machinery and charge on the assets and personal guarantee of directors) | | |
| (Above term loan will be settled as on 10/02/2024 Balance Sheet date 31/03/2024) | | |
| Number of Installment due 41 Rs.24000/- and last 1 Installment of Rs.80,000/-, | | |
| Term Loan From Small Industries Development Bank of India | 1,540,000 | 2,640,000 |
| (Secured by Plant & Machinery and charge on the assets and personal guarantee of directors) | | |
| (Above term loan will be settled as on 10/02/2024 Balance Sheet date 31/03/2024) | | |
| Number of Installment due 41 Rs.2,20,000/- and 1 Installment of Rs.4,00,000/-, | | |
| Term Loan From Small Industries Development Bank of India | 2,100,000 | 1,800,000 |
| (Secured by Plant & Machinery and charge on the assets and personal guarantee of directors) (Lien on Term Deposit Receipts of Rs. 32.56 Lakhs) | | |
| (Above term loan will be settled as on 10/09/2024 Balance Sheet date 31/03/2025) | | |
| Number of Installment due 46 Rs.3,00,000/- and 1 Installment of Rs.1,00,000/-, | | |
| Term Loan From Small Industries Development Bank of India | 1,295,000 | - |
| (Secured by Plant & Machinery and charge on the assets and personal guarantee of directors) (Lien on Term Deposit Receipts of Rs. 12.50 Lakhs) | | |
| (Above term loan will be settled as on 10/02/2025 Balance Sheet date 31/03/2025) | | |
| Number of Installment due 53 Rs.1,85,000/- and 1 Installment of Rs.1,95,000/-, | | |
| Term Loan From Small Industries Development Bank of India | 2,997,000 | - |
| (Secured by Plant & Machinery and charge on the assets and personal guarantee of directors) | | |
| (Above term loan will be settled as on 10/09/2021 Balance Sheet date 31/03/2022) | | |
| Number of Installment due 14 Rs.3,33,000/- and 1 Installment of Rs.3,38,000/-, | | |
| From Axis Bank Ltd | 4,730,461 | 8,686,049 |
| (Secured by Plant & Machinery and charge on the assets and personal guarantee of directors) | | |
| (Above term loan will be settled as on 30/12/2020 Balance Sheet date 31/03/2021) | | |
| Number of Installment due 6 Rs.7,10,151/- and 1 Installment of Rs. 4,69,555/- | | |
| Above term loan is FCTL in USD, outstanding as on 31/03/20: USD 62763.20 | | |
| (P.Y: 189271.50) and applicable rate of Interest is LIBOR + 425 BPS) | | |
| From Axis Bank Ltd | 8,300,000 | 9,960,000 |
| (Secured by Plant & Machinery and charge on the assets and personal guarantee of directors) | | |
| (Above term loan will be settled as on 30/05/2024 Balance Sheet date 31/03/2025) | | |
| Number of Installment due 47 Rs.8,30,000/- and 1 Installment of Rs.10,30,000/-, | | |
| From Kotak Mahindra Prime Ltd | 1,216,046 | 1,216,045 |
| (Secured by Car) | | |
| (Above term loan will be settled as on 01/09/2022 Balance Sheet date 31/03/2023) | | |
| Number of Installment due 30, Amount of Installment Rs.1,19,288/-, (Inclusive of Finance Charges) | | |
| Other Payables | | |
| Advance from Customers | 2,788,827 | - |
| Statutory Dues | 1,089,103 | 1,901,517 |
| Retention Amount Payable | 765,349 | 379,186 |
| Interest Accrued and due | 610,716 | 389,993 |
| | <u>27,600,502</u> | <u>27,260,790</u> |
| Note J: Short Term Provisions | | |
| Provision for Employees Benefit | | |
| Provision for L.T.A. | 1,283,972 | 1,279,237 |
| Provision for Bonus | 1,224,280 | 1,714,096 |
| Provision for Gratuity | 605,329 | 129,480 |
| Provision for Leave Encashment | 576,375 | 157,829 |
| Salary and Other Payables (including director remuneration payable) | 5,216,323 | 3,992,480 |
| Provision Others | | |
| Provision for Tax | - | 101,758 |
| Provision for Tax for earlier years | - | - |
| Provision for Expences | 4,501,916 | 3,361,459 |
| Others | - | - |
| | <u>13,408,195</u> | <u>10,736,339</u> |

| Description | Gross block | | | | Depreciation / Amortization | | | | Net block | |
|---|---------------------|-------------------|-------------------------|----------------------|-----------------------------|-------------------|-------------------------|----------------------|----------------------|----------------------|
| | As at April 1, 2019 | Additions | Deletions / Adjustments | As at March 31, 2020 | As at April 1, 2019 | For the Year | Deletions / Adjustments | As at March 31, 2020 | As at March 31, 2020 | As at March 31, 2019 |
| Note K :Tangible Assets | | | | | | | | | | |
| Freehold land | 12,802,260 | - | - | 12,802,260 | - | - | - | - | 12,802,260 | 12,802,260 |
| Buildings | 67,126,646 | - | - | 67,126,646 | 20,044,304 | 2,092,478 | - | 22,136,782 | 44,989,864 | 47,082,342 |
| Air Conditioners | 1,105,880 | 216,300 | - | 1,322,179 | 221,129 | 58,390 | - | 279,519 | 1,042,660 | 884,751 |
| Office Equipments | 4,525,554 | 36,250 | - | 4,561,804 | 3,985,733 | 106,762 | - | 4,092,495 | 469,309 | 539,821 |
| Plant and machinery | 112,403,724 | 6,580,094 | - | 118,983,818 | 37,713,561 | 4,906,184 | - | 42,619,745 | 76,364,073 | 74,690,163 |
| Solar Power & Water Heater Plant | 29,972,383 | - | - | 29,972,383 | 4,763,830 | 1,903,452 | - | 6,667,282 | 23,305,101 | 25,208,553 |
| R & D Lab & Equipments | 5,054,948 | - | - | 5,054,948 | 523,078 | 235,954 | - | 759,032 | 4,295,916 | 4,531,870 |
| Q.C. Equipments | 36,652,260 | 1,769,449 | (411,260) | 38,010,449 | 8,710,361 | 1,696,344 | (277,259) | 10,129,446 | 27,881,003 | 27,941,899 |
| ETP | 19,361,590 | 21,200 | - | 19,382,790 | 1,561,230 | 907,043 | - | 2,468,273 | 16,914,517 | 17,800,360 |
| Utility | 31,928,296 | - | - | 31,928,296 | 10,010,024 | 1,322,361 | - | 11,332,385 | 20,595,911 | 21,918,272 |
| Electrical installation | 13,385,922 | - | - | 13,385,922 | 11,048,097 | 565,711 | - | 11,613,808 | 1,772,114 | 2,337,825 |
| Computers | 3,925,119 | 70,500 | - | 3,995,619 | 2,495,082 | 573,070 | - | 3,068,152 | 927,467 | 1,430,037 |
| Furniture and fixtures | 17,699,949 | - | - | 17,699,949 | 2,446,621 | 1,647,236 | - | 4,093,857 | 13,606,092 | 15,253,328 |
| Vehicles | 10,693,136 | - | - | 10,693,136 | 3,334,930 | 1,118,476 | - | 4,453,406 | 6,239,730 | 7,358,206 |
| Total | 366,637,667 | 8,693,792 | (411,260) | 374,920,199 | 106,857,980 | 17,133,461 | (277,259) | 123,714,182 | 251,206,017 | 259,779,687 |
| Note L :Intangible Assets | | | | | | | | | | |
| Computer Softwares | 3,301,430 | - | - | 3,301,430 | 2,508,729 | 346,533 | - | 2,855,262 | 446,168 | 792,701 |
| ERP Software | 739,416 | - | - | 739,416 | 391,349 | - | - | 391,349 | 348,067 | 348,067 |
| Total | 4,040,846 | - | - | 4,040,846 | 2,900,078 | 346,533 | - | 3,246,611 | 794,235 | 1,140,768 |
| Note M :Capital Work-in-Progress | | | | | | | | | | |
| Capital Advances | 18,847,342 | 15,513,573 | (6,257,601) | 28,103,314 | - | - | - | - | 28,103,314 | 18,847,342 |
| Total | 18,847,342 | 15,513,573 | (6,257,601) | 28,103,314 | - | - | - | - | 28,103,314 | 18,847,342 |
| Grand Total | 389,525,855 | 24,207,365 | (6,668,861) | 407,064,359 | 109,758,058 | 17,479,994 | (277,259) | 126,960,793 | 280,103,566 | 279,767,797 |
| Previous year | 308,082,392 | 100,373,358 | (18,929,895) | 389,525,855 | 95,393,452 | 16,273,110 | (1,908,504) | 109,758,058 | 279,767,797 | 212,688,940 |

Vadivarhe Speciality Chemicals Limited
Notes To and Forming Part of the Balance Sheet

| | March 31,2020 Amount | March 31,2019 Amount |
|---|-------------------------|-------------------------|
| Note N: Non-Current Investments | | |
| Unquoted Investments | | |
| Investments in Govt Securities | | |
| 6 years National Saving Certificate VIII issue | 10,000 | 10,000 |
| Investment in equity instruments (unquoted) | | |
| Equity Shares of NKGSB Co-Op Bank Ltd | 500,000 | 500,000 |
| (of the above 50,000 Equity Shares of NKGSB Co-op Bank Ltd bearing Face Value of Rs.10/- each) | | |
| | <u>510,000</u> | <u>510,000</u> |
| Note O: Long-term loans and advances | | |
| Advance to Suppliers | 29,134 | 40,029,233 |
| Mat Credit entitlement | | |
| MAT credit FY 2014-15 | 990,704 | 990,704 |
| MAT credit FY 2015-16 | 10,113,148 | 10,113,148 |
| MAT credit FY 2016-17 | 3,248,160 | 3,248,160 |
| MAT credit FY 2018-19 | 101,758 | 101,758 |
| MAT credit FY 2019-20 | - | |
| Deposits - Others | 4,735,116 | 3,250,796 |
| VAT Credit (Input) Receivable -Earlier Period | 2,500,188 | 3,701,154 |
| | <u>21,718,208</u> | <u>61,434,953</u> |
| Note P: Other non-current assets | | |
| Interest accrued but not received on NSC, FD and Others | 259,988 | 32,402 |
| Insurance Claim Receivable | 446,873 | 1,963,602 |
| | <u>706,861</u> | <u>1,996,004</u> |
| Note Q : Inventories (at lower of cost and net realisable value) | | |
| Raw Materials | 23,997,714 | 18,359,194 |
| Packing Materials | 421,098 | 545,200 |
| Works In Progress | 14,209,944 | 22,238,301 |
| Finished Goods | 29,707,379 | 24,825,613 |
| Total | <u>68,336,135</u> | <u>65,968,307</u> |
| Note R : Trade receivables | | |
| Debts outstanding for a period exceeding six months - | | |
| Unsecured, considered good | 24,166,451 | 5,854,738 |
| Unsecured, Considered doubtful | - | - |
| Other debts | | |
| Unsecured, considered good | 57,517,849 | 121,154,688 |
| Unsecured, considered doubtful | - | - |
| | <u>81,684,300</u> | <u>127,009,426</u> |
| Less: Provision for doubtful debts | - | - |
| Total | <u>81,684,300</u> | <u>127,009,426</u> |
| Note S : Cash and cash equivalents | | |
| Cash on hand | 159,453 | 58,731 |
| Balances with Scheduled banks : | | |
| in current accounts | 1,587,519 | 2,049,582 |
| in deposits accounts (Fixed deposits with maturity more than three months) | 4,806,000 | 3,666,000 |
| Total | <u>6,552,972</u> | <u>5,774,313</u> |

Vadivarhe Speciality Chemicals Limited**Notes To and Forming Part of the Balance Sheet**

| | March 31,2020 | March 31,2019 |
|--|--------------------------|--------------------------|
| | Amount | Amount |
| Note T : Short-term loans and advances | | |
| (Unsecured, Considered good unless otherwise stated) | | |
| Advances recoverable in cash or in kind for value to be received | | |
| Loans and Advances To Related Parties (Refer note 11.2) | - | - |
| Advances to suppliers | - | 423,812 |
| Loans and Advances to Staff | 395,178 | 591,589 |
| (Secured to the extent of Rs. Nil (Previous Year: Rs. Nil) | | |
| Income tax refund - F.Y 13-14 | 260,045 | 260,045 |
| Income tax refund - F.Y 14-15 | 423,151 | 423,151 |
| Income tax refund - F.Y 17-18 | 4,272,190 | 4,272,190 |
| Income tax refund - F.Y 18-19 | 4,732,543 | - |
| Advance tax - F.Y 18-19 | - | 4,849,086 |
| Advance tax - F.Y 19-20 | 300,000 | - |
| TDS Deducted by Customers, Banks | 494,896 | - |
| Balances with Customs, Port Trust, Excise etc. GST Receivables | 41,718,234 | 20,409,725 |
| Deposit others | - | - |
| Prepaid Expenses | 695,282 | 3,390,954 |
| Total | <u>53,291,519</u> | <u>34,620,552</u> |
| Note U : Other Current Assets | | |
| Others | 308,594 | 308,594 |
| Total | <u>308,594</u> | <u>308,594</u> |

Vadivarhe Speciality Chemicals Limited

Notes To and Forming Part of the Profit and Loss Accounts

| | March 31,2020 Amount | March 31,2019 Amount |
|---|---------------------------|----------------------------|
| Note 1 : Revenue from operations | | |
| Sales of Goods (Gross) | 301,401,556 | 161,481,663 |
| Less - Excise Duty | - | - |
| | <u>301,401,556</u> | <u>161,481,663</u> |
| Service Income | (15,588,597) | 162,083,569 |
| | <u><u>285,812,959</u></u> | <u><u>323,565,232</u></u> |
| Note 2 : Other income | | |
| Interest on | | |
| - NSC, FD and Others | 1,066,029 | 1,355,647 |
| - Income Tax, Sales Tax and Others | - | - |
| Dividend Received | 50,000 | 50,000 |
| Discount Received | 7,484 | 89,164 |
| Exchange Diference (Gain) | - | - |
| Insurance Claim Received | - | - |
| Excise Rebate (MEIS) | 1,213,539 | 369,493 |
| Miscellaneous Income | - | 2,804,619 |
| Total | <u><u>2,337,052</u></u> | <u><u>4,668,922</u></u> |
| Note 3 : Cost of Materials consumed | | |
| Raw Materials | | |
| Opening stock | 18,359,194 | 21,362,917 |
| Purchases during the year | 208,214,898 | 144,409,773 |
| Inventory Gain/(Loss)/Others | (3,216,647) | (5,443,608) |
| Closing stock | 23,997,714 | 18,359,194 |
| Raw material consumed | <u>199,359,731</u> | <u>141,969,889</u> |
| Packing Materials | | |
| Opening stock | 545,200 | 381,799 |
| Purchases during the year | 1,728,294 | 1,176,596 |
| Closing stock | 421,098 | 545,200 |
| Packing material consumed | <u>1,852,396</u> | <u>1,013,195</u> |
| R&D and other Material Consumed | 1,364,349 | 3,450,493 |
| Total | <u><u>202,576,476</u></u> | <u><u>146,433,576</u></u> |
| Note 4 : Purchase of Stock-in-Trade | | |
| Trading goods purchased | - | 1,203,040 |
| | <u>-</u> | <u>1,203,040</u> |
| Note 5 : Changes in Inventories of Finished Goods, Work-in-progress and Stock-in-Trade | | |
| Work-In-Progress | | |
| Opening Stock | 22,238,301 | 5,845,479 |
| Less: Closing Stock | 14,209,944 | 22,238,301 |
| | <u>8,028,357</u> | <u>(16,392,822)</u> |
| Finished Goods | | |
| Opening Stock | 24,825,613 | 3,287,874 |
| Less: Closing Stock | 29,707,379 | 24,825,613 |
| | <u>(4,881,766)</u> | <u>(21,537,739)</u> |
| Stock-in-Trade | | |
| Opening Stock | - | - |
| Less: Closing Stock | - | - |
| | <u>-</u> | <u>-</u> |
| | <u><u>3,146,591</u></u> | <u><u>(37,930,561)</u></u> |

Vadivarhe Speciality Chemicals Limited

Notes To and Forming Part of the Profit and Loss Accounts

| | March 31,2020 Amount | March 31,2019 Amount |
|---|-------------------------|-------------------------|
| Note 6 : Employee Benefit Expense | | |
| Salaries, Wages and Bonus (Including Directors Remuneration, Refer Note 11 [10.7]) | 44,878,308 | 46,811,915 |
| Contribution to Provident and other funds | 3,453,239 | 3,565,433 |
| Gratuity Expenses (Refer Note 11.05) | 963,094 | 1,331,532 |
| Workmen and Staff Welfare Expenses | 3,044,776 | 4,291,076 |
| Total | 52,339,416 | 55,999,956 |
| Note 7 : Financial Expenses | | |
| Interest | | |
| - On Term Loan from Axis Bank/SIDBI | 6,479,031 | 3,511,033 |
| - On Bank Cash credit facility | 5,798,417 | 4,264,523 |
| - On Loan from NBFC | 330,542 | 395,229 |
| Total | 12,607,990 | 8,170,785 |
| Note 8 : Depreciation and Amortization Expenses | | |
| Depreciation on Tangible Fixed Assets | 17,133,461 | 15,859,853 |
| Depreciation on Intangible Fixed Assets | 346,533 | 413,257 |
| Total | 17,479,994 | 16,273,110 |
| Note 9 : Manufacturing Expenses | | |
| Consumption of Consumables, Stores and Spares | 4,555,210 | 9,858,416 |
| Labour Charges | 19,947,193 | 30,305,282 |
| Job Work Charges | 17,418,568 | 5,447,766 |
| Power and Fuel | 25,434,908 | 28,339,075 |
| Rates and Taxes | 5,222,163 | 3,478,812 |
| Repairs and Maintenance of Plant and Machinery | 9,410,688 | 13,203,556 |
| Total | 81,988,730 | 90,632,907 |
| Note 10 : Other Expenses | | |
| Repairs and Maintenance of: | | |
| - Building | 676,525 | 3,008,287 |
| - General and Others | 1,755,459 | 3,358,985 |
| Insurance | 1,192,769 | 1,102,443 |
| Exchange Difference (Loss) | 3,290,582 | 502,297 |
| Printing and Stationery | 362,764 | 761,284 |
| Communication Costs | 902,769 | 389,726 |
| Travelling and Conveyance | 4,968,202 | 6,275,271 |
| Legal and Professional Charges | 9,466,147 | 10,202,630 |
| Bank Charges | 1,061,037 | 1,834,684 |
| Rent | 414,700 | 394,300 |
| Interest /Penalties | 41,761 | 1,108,072 |
| Auditors' Remuneration (Refer Note 11 [10.8]) | 125,000 | 125,000 |
| Freight and Forwarding Charges | 3,800,837 | 3,254,088 |
| Advertisement and Sales Promotion | 14,175 | 817,977 |
| Commission | 1,080,167 | 206,700 |
| Security Charges | 2,464,605 | 2,396,221 |
| Loss on Sale of Asset | 97,001 | 749,133 |
| Corporate Social Responsibility Expenses | 610,651 | 1,127,317 |
| Inventory Written off | - | 4,289,660 |
| Insurance Claim Receivable & Others Written off (Net) | 1,946,274 | - |
| Doubtfull Debts | 1,232,877 | - |
| Testing, sampling EHS safety Expes | 1,723,133 | 2,038,208 |
| Administration Expenses | 2,046,357 | 2,980,172 |
| Total | 39,273,793 | 46,922,454 |

Vadivarhe Speciality Chemicals Limited

Notes to the accounts

Note 11

01 Segment Information

I. Business Segments

The Company is only engaged in the business of manufacturing of Speciality Chemicals, Intermediates & API.

II. Geographical Segments

Disclosed based on revenues within India (sales to customers in India) and revenues outside India (sales to customer located outside India.)

Geographical Segments

The following table shows the distribution of the Company's consolidated sales by geographical market, regardless of where the goods were produced.

| Particulars | March 31, 2020 Amount | March 31, 2019 Amount |
|--|--------------------------|--------------------------|
| Sales Revenue by Geographical Market (including Service Income) | | |
| India | 177,491,710 | 285,199,901 |
| Outside India | 108,321,248 | 38,365,331 |
| Total | 285,812,959 | 323,565,232 |

Assets and additions to tangible and intangible fixed assets by geographical area: The following table shows the carrying amount of segment assets and addition to segment assets by geographical area in which assets are located:

| Particulars | March 31, 2020 Amount | March 31, 2019 Amount |
|---|--------------------------|--------------------------|
| Carrying amount of Segment Assets and Intangible Assets | | |
| India | 252,000,252 | 260,920,455 |
| Outside India | - | - |
| Total | 252,000,252 | 260,920,455 |
| Additions to Fixed Assets including Capital Work In Progress | | |
| India | 24,207,365 | 100,373,358 |
| Outside India | - | - |
| Total | 24,207,365 | 100,373,358 |

Notes to the accounts

Note 11

02 Related Parties

Related party disclosures:

Name of related parties with whom transactions have taken place during the year:

| | | |
|--------------------------|----------|-----------------------|
| Key Management Personnel | Director | Mr. Sunil H. Pophale |
| | Director | Mrs. Meena S. Pophale |
| | Director | Mr. Pramod W Gajare |

| | | |
|--|---|---------------------------------------|
| Enterprises over which key management personnel exercise significant influence | 1 | Zenvision Pharma LLP |
| | 2 | ReecordCure Enterprises |
| | 3 | Reelabs Pvt Ltd |
| | 4 | Starkut Media & Entertainment pvt Ltd |
| | 5 | Respects Lab LLP |

a) Related party transactions:

| Particulars | Key Management Personnel | | Enterprises owned or significantly influenced by key management personnel or their relatives | | Total | |
|--------------------------------------|--------------------------|----------------|--|----------------|----------------|----------------|
| | March 31, 2020 | March 31, 2019 | March 31, 2020 | March 31, 2019 | March 31, 2020 | March 31, 2019 |
| Purchase of goods | - | - | 8,589,873 | - | 8,589,873 | - |
| Sale of goods | - | - | 7,484,202 | - | 7,484,202 | - |
| Services Provided | - | - | - | - | - | - |
| Services Taken | - | - | 3,210,115 | 2,570,000 | 3,210,115 | 2,570,000 |
| Interest received | - | - | - | - | - | - |
| Loan taken | 4,660,000 | 67,425,000 | - | - | 4,660,000 | 67,425,000 |
| Loan given | - | - | - | - | - | - |
| Loan repaid to | 22,739,961 | 24,670,650 | - | - | 22,739,961 | 24,670,650 |
| Loan repaid by | - | - | - | - | - | - |
| Dividend paid | - | - | - | - | - | - |
| Managerial remuneration * | 4,869,872 | 4,878,272 | - | - | 4,869,872 | 4,878,272 |
| Closing Outstanding Balances: | | | | | | |
| Receivables | - | - | 4,721,772 | - | 4,721,772 | - |
| Payables | 37,484,231 | 56,964,192 | 5,715,589 | 1,254,948 | 43,199,820 | 58,219,140 |

* As the future liabilities for gratuity is provided on an actuarial basis for the Company as a whole, the amount pertaining to individual basis is not ascertainable and therefore not included above.

d) Details of transactions with related parties, exceeding 10% of line transactions.

| Particulars | Key Management Personnel | |
|---------------------------------|--------------------------|-------------------|
| | March 31, 2020 | March 31, 2019 |
| Managerial remuneration: | | |
| Director -Mrs. Meena S Pophale | 1,200,000 | 1,208,400 |
| Director -Mr.Sunil H Pophale | 1,200,000 | 1,200,000 |
| Director -Mr.Pramod W Gajare | 2,469,872 | 2,469,872 |
| Total | 4,869,872 | 4,878,272 |
| Loan taken : | | |
| Director -Mr.Sunil H Pophale | 3,260,000 | 67,425,000 |
| Director -Mr. Pramod W Gajare | 1,400,000 | - |
| Total | 4,660,000 | 67,425,000 |
| Loan repaid to : | | |
| Director -Mr.Sunil H Pophale | 22,739,961 | 24,670,650 |
| Director -Mr. Pramod W Gajare | - | - |
| Total | 22,739,961 | 24,670,650 |
| Goods purchased from: | | |
| Zenvision Pharma LLP | - | - |
| Respect Labs LLP | 8,589,873 | - |
| Total | 8,589,873 | - |
| Goods sold to: | | |
| Zenvision Pharma LLP | - | - |
| Respect Labs LLP | 7,484,202 | - |
| Total | 7,484,202 | - |
| Services taken from: | | |
| Zenvision Pharma LLP | 1,800,000 | 1,710,000 |
| Respect Labs LLP | 1,410,115 | 860,000 |
| Total | 3,210,115 | 2,570,000 |

Vadivarhe Speciality Chemicals Limited

Notes to the accounts

Note 11

| | March 31, 2020 | March 31, 2019 |
|--|-----------------------|----------------|
| | Amount | Amount |
| 03 Capital Commitments | | |
| Estimated amount Of contracts remaining to be executed on capital account and not provided for | 572,911 | 12,028,888 |

04 Provisions and Contingencies

Bank Gaurantee provided to Maharashtra Pollution Control Board of Rs 20,00,000/-

Notes to the accounts

Note 11

05 Gratuity and other post-employment benefit plans

(i) Defined Benefit Plans –

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. The scheme is funded with an insurance company in the form of a qualifying insurance policy. The Company has provided for gratuity based on actuarial valuation done as per Projected Unit Credit Method.

The following tables summarize the components of net benefit expense recognized in the profit and loss account and the funded status and amount recognized in the balance sheet for the respective plans.

| | March 31, 2020 Amount | March 31, 2019 Amount |
|---|--------------------------|--------------------------|
| Profit and Loss Account | | |
| Net employee benefit expense (recognized in Employee Cost) | | |
| Current service cost | 846,236 | 814,353 |
| Interest cost on benefit obligation | 299,327 | 252,095 |
| Expected Return on plan assets | (206,653) | (199,530) |
| Net Actuarial (gain)/ loss recognized in the year | 702,787 | 38,945 |
| Net benefit expense | <u>1,641,697</u> | <u>905,863</u> |
| Actual return on plan assets | 206,653 | 199,530 |
| Balance Sheet | | |
| Net liability recognised in the balance sheet | | |
| Defined benefit obligation | 5,286,608 | 4,323,514 |
| Fair value of plan assets | 2,618,004 | 3,296,607 |
| Plan (Liability) | <u>(2,668,604)</u> | <u>(1,026,907)</u> |
| Changes in the present value of the defined benefit obligation are as follows: | | |
| Opening defined benefit obligations | 4,323,514 | 3,504,643 |
| Interest cost | 299,327 | 252,095 |
| Current service cost | 846,236 | 814,353 |
| Benefits paid | 892,451 | 286,740 |
| Actuarial (gain)/Loss on obligations | 709,982 | 39,163 |
| Closing defined benefit obligations | <u>5,286,608</u> | <u>4,323,514</u> |
| Changes in the fair value of plan assets are as follows: | | |
| Opening fair value of plan assets | 3,296,607 | 2,870,939 |
| Planned assets transferred from Fem Care | | |
| Expected return on plan assets | 206,653 | 199,530 |
| Contributions by employer | - | 512,660 |
| Benefits paid | 892,451 | 286,740 |
| Actuarial (gain)/Loss on Plan Assets | 7,195 | 218 |
| Closing fair value of plan assets | <u>2,618,004</u> | <u>3,296,607</u> |

Vadivarhe Speciality Chemicals Limited

Notes to the accounts

Note 11

05 Gratuity and other post-employment benefit plans

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

| Category of Assets | March 31, 2020 | March 31, 2019 |
|-------------------------|----------------|----------------|
| | % | % |
| Investment with Insurer | 100 | 100 |

The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

The principal assumptions used in determining benefit obligations are shown below:

| | | |
|-----------------------------------|---------------------------|--------------------------|
| Discount rate | 6.66% | 7.72% |
| Expected rate of return on assets | 7.25% | 6.95% |
| Withdrawal rate | 1.00% | 1.00% |
| Expected rate of Salary increase | 5.00% | 5.00% |
| Mortality Pre-retirement | IALM(2012-14) Ultimate | LIC(2006-08) Ultimate |

The estimate of future salary increase, considered in the actuarial valuation, takes account of inflation, security, promotion and other relevant factors such as supply and demand in the employment market.

(ii) Defined Contribution Plans –

Amount of Rs. 34,53,239/- (Previous Year: Rs.35,65,433/-) is recognized as an expense and included in Note 6 - "Contribution to Provident and other funds" in the Profit and Loss account.

06 Derivative Instruments and Un-hedged Foreign Currency Exposure

a Particulars of Unhedged Foreign Currency Exposure as at the Balance Sheet date

The Company does not enter into any derivative contracts to hedge its risk associated with foreign currency fluctuations for its revenue transactions. There are no accounts payables denominated in foreign currency at year end. The unhedged foreign currency exposure in respect of accounts receivable and loans and advances at the year end is given below:

| Particulars | Currency | March 31, 2020 | | March 31, 2019 | |
|-----------------------------|----------|------------------|------------|------------------|------------|
| | | Foreign Currency | Amount | Foreign Currency | Amount |
| Export Debtors | USD | 183,420 | 13,824,365 | 97,204 | 6,734,293 |
| Advance from Customers | USD | 17,100 | 1,288,827 | - | - |
| Import Creditors | USD | 369,100 | 27,819,067 | 98,855 | 6,848,674 |
| Advance to Import Creditors | USD | - | - | - | - |
| FCTL from Banks | USD | 62,763 | 4,730,462 | 189,272 | 13,112,730 |
| PCFC from Axis Bank | USD | 382,804 | 28,851,950 | 143,853 | 9,966,108 |
| EEFC account in Axis Bank | USD | 19,390 | 1,461,454 | - | - |

Vadivarhe Speciality Chemicals Limited

Notes to the accounts

Note 11

07

Excise duty on sales amounting to Rs. NIL (Previous Year: Rs. NIL) has been reduced from sales in Profit & Loss account and has been considered as (income) / expense in Note No 9 & 10 financial statements.

08 Earning Per Share (EPS)

| Particulars | March 31, 2020 Amount | March 31, 2019 Amount |
|--|--------------------------|--------------------------|
| Basic and Diluted earning per share | | |
| Profit after tax attributable to equity shareholders (in Rs.) | (98,387,523) | 619,991 |
| <u>Calculation of Weighted Average number of Equity Shares</u> | | |
| Number of equity shares at the beginning of the year | 12,782,750 | 12,782,750 |
| Number of shares issued during the year | - | - |
| Number of equity shares outstanding at the end of the year | 12,782,750 | 12,782,750 |
| Weighted average number of equity shares outstanding during the year | 12,782,750 | 12,782,750 |
| Basic and diluted earnings per share (in Rs.) | (7.70) | 0.05 |
| Face Value per share (in Rs.) | 10 | 10 |

*Note :The company has split the Equity shares of denomination of Rs 100 to Denomination of Rs 10/- on 17/08/2016.

The Company has declared bonus shares in the ratio of 3:2 (3 share bonus for Every 2 shares held in Company) on 27/02/2017 to all existing shares holders. Accordingly pre

09 Details of due to Micro, Small and Medium Enterprises as per MSMED Act, 2006

| Particulars | March 31, 2020 Amount | March 31, 2019 Amount |
|---|--------------------------|--------------------------|
| Principal amount outstanding as at March 31, 2020 | 555,525 | (43,100) |
| Interest due as on March 31, 2020 | - | - |

The information has been given in respect of such vendors to the extent they could be identified as "Micro and Small Enterprises" enterprises on the basis of information available with the Company

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

Notes to the accounts

Note 11

10 Additional Information pursuant to the provisions of paragraphs 3, 4, 4C and 4D of Part II of Schedule VI to the Companies Act, 1956.

10.1 Licensed capacity, Installed Capacity and Actual Production

Licensed Capacity (*): Not applicable (Previous Year: Not Applicable)

| Particulars | Units | Installed Capacity * | | Actual Production | |
|-------------|-------|----------------------|----------------|-------------------|----------------|
| | | March 31, 2020 | March 31, 2019 | March 31, 2020 | March 31, 2019 |
| | | Quantity | Quantity | Quantity | Quantity |
| Chemicals | Tons | 150 | 150 | 110 | 109 |

* As certified by the Management and relied upon by the Auditors being technical matter

10.2 Details of Finished Goods

Opening stocks (including inventory acquired):

| Particulars | Units | March 31, 2020 | | March 31, 2019 | |
|-------------|-------|----------------|------------|----------------|------------|
| | | Quantity | Amount | Quantity | Amount |
| | | Chemicals | Tons | 4.60 | 24,825,613 |
| | | 4.60 | 24,825,613 | 2.33 | 3,287,874 |

Closing Stocks:

| Particulars | Units | March 31, 2020 | | March 31, 2019 | |
|-------------|-------|----------------|------------|----------------|------------|
| | | Quantity | Amount | Quantity | Amount |
| | | Chemicals | Tons | 12.63 | 29,707,379 |
| | | 12.63 | 29,707,379 | 4.60 | 24,825,613 |

10.3 Sales

| Particulars | Units | March 31, 2020 | | March 31, 2019 | |
|-------------|-------|----------------|-------------|----------------|-------------|
| | | Quantity | Amount | Quantity | Amount |
| | | Chemicals | Tons | 110.29 | 301,401,556 |
| | | 110.29 | 301,401,556 | 111.17 | 161,481,663 |

Notes to the accounts

Note 11

10 Additional Information pursuant to the provisions of paragraphs 3, 4, 4C and 4D of Part II of Schedule VI to the Companies Act, 1956.

10.4 Consumption of Raw Materials

| Particulars | Units | March 31, 2020 | | March 31, 2019 | |
|--------------------------------|-------|----------------|--------------------|----------------|--------------------|
| | | Quantity | Amount | Quantity | Amount |
| 2-Chlorotriyl Chloride | Tons | 30.09 | 54,791,031 | 3.45 | 10,511,850 |
| 1-Nitroanthraquinone | Tons | 14.40 | 19,587,840 | 5.60 | 6,997,844 |
| Hexane / N-Hexane / Mintroleum | Tons | 157.88 | 13,754,261 | 61.93 | 5,352,098 |
| Ethyl Acetate | Tons | 151.65 | 10,796,430 | 37.39 | 2,997,243 |
| 1,4-Diamino Anthraquinone | Tons | 4.24 | 10,217,024 | - | - |
| Imidazole | Tons | 13.64 | 7,087,688 | 2.63 | 1,438,951 |
| Methanol | Tons | 233.17 | 6,695,851 | 103.10 | 3,181,910 |
| Palladium Acetate | Tons | 0.00 | 6,043,128 | 0.00 | 2,714,800 |
| Anthraquinone | Tons | 19.84 | 5,500,806 | - | - |
| 1,4-Dihydroxyanthraquinone | Tons | 5.68 | 5,292,240 | - | - |
| Mono Chloro Benzene (Mcb) | Tons | 69.58 | 4,418,358 | 10.42 | 768,040 |
| Aloe Vera Juice (Rm) | Tons | 71.00 | 4,260,000 | 57.50 | 3,277,500 |
| Toluene | Tons | 58.86 | 4,147,882 | 22.45 | 1,528,448 |
| Bromine Pharma Grade | Tons | 11.35 | 3,930,845 | 3.71 | 901,573 |
| Ketoprofen Nitrile | Tons | 1.16 | 3,582,969 | 0.15 | 43,189 |
| Others | | 59.61 | 39,237,308 | - | 102,256,443 |
| Total | | | 199,359,731 | | 141,969,889 |

10.5 Value of imports calculated on CIF basis

| Particulars | March 31, 2020 Amount | March 31, 2019 Amount |
|---------------|--------------------------|--------------------------|
| Raw Material | 100,909,355 | 42,484,908 |
| Capital Goods | - | 7,452,660 |
| Total | 100,909,355 | 49,937,568 |

10.6 Imported and indigenous raw materials consumed

| Particulars | March 31, 2020 | | March 31, 2019 | |
|--------------------------|--------------------|---------------|--------------------|---------------|
| | Amount | % | Amount | % |
| a) Imported | 116,142,480 | 58.26 | 50,080,305 | 35.28 |
| b) Indigenously obtained | 83,217,251 | 41.74 | 91,889,584 | 64.72 |
| Total | 199,359,731 | 100.00 | 141,969,889 | 100.00 |

Notes to the accounts

Note 11

10.7 Directors' Remuneration

| | March 31, 2020 Amount | March 31, 2019 Amount |
|---|--------------------------|--------------------------|
| To Executive Directors: | | |
| Salaries | 4,718,648 | 4,727,048 |
| Perquisites | - | - |
| Contribution to Provident and Other funds | 151,224 | 151,224 |
| Other allowances including Commission (includes directors' sitting fees of Nil (Previous Year: Rs. Nil)) | - | - |
| | 4,869,872 | 4,878,272 |

10.8 Auditors' Remuneration

| | March 31, 2020 Amount | March 31, 2019 Amount |
|--|--------------------------|--------------------------|
| Statutory audit fees (Inclusive Service Tax) | 100,000 | 100,000 |
| Tax Audit Fees | 25,000 | 25,000 |
| VAT Audit Fees | - | - |
| Out of pocket expenses | - | - |
| | 125,000 | 125,000 |

10.9 Expenditure in foreign currency (on Cash basis)

| | March 31, 2020 Amount | March 31, 2019 Amount |
|---|--------------------------|--------------------------|
| Travelling expenses | 333,680 | 842,050 |
| Business Promotion, Exhibition Expenses (Including Advance/Prepaid) | - | 47,313 |
| Repairs & Maintenance of QC Equipment | 346,502 | - |
| Testing Expenses | 377,510 | - |
| Legal Expenses | - | - |
| | 1,057,692 | 889,363 |

10.10 Earnings in foreign currency (on Cash basis)

| | March 31, 2020 Amount | March 31, 2019 Amount |
|----------------------|--------------------------|--------------------------|
| FOB value of exports | 108,321,248 | 38,365,331 |
| | 108,321,248 | 38,365,331 |

11 Details of Revenue Expenditure directly related to R&D

| | March 31, 2020 Amount | March 31, 2019 Amount |
|-----------------------|--------------------------|--------------------------|
| Raw material consumed | 1,254,676 | 1,786,678 |
| Packing Material | - | - |
| | 1,254,676 | 1,786,678 |

Note O: In earlier year, Long term advances includes advance given to customer Enaltec Labs private Limited of Rs 4,00,00,099/-.

12 pursuant to a Loan License agreement, current year NIL

Note R: Current year, issued Credit Note of Rs. 3,41,38,861/- to Enaltec Labs Pvt Ltd (Loan License Income reversed by Rs.

13 2,95,25,462/-) & Rs. 12,32,877/- Writte Off as Bad Debts receivable from Enaltec Labs Pvt Ltd.

Earlier year, the company has written back long outstanding balances of Creditors amounting to Rs 25,43,924 as these were no longer

14 payable owing to default in terms and condirions

Earlier year, Other non-current Assets includes Insurance claim receivable of Rs 19,63,602 which was pending with Oriental Insurance Company Ltd since September 2013. OIC has rejected the claim on 2/11/2016. The company has filed a consumer complaint (Case Number 368/2017) in the Court of Honorable State Consumer dispute Redressal commission Mumbai on 24/03/2017.

15 The case is pending till date, hearings are going on, but Company has Write Off the said receivables in current year.

16 Details of CSR spent during the financial year:-

(a) Total amount to be spent for the financial year – Rs. NIL/- @ 2% of the average net profit

(b) Amount unspent if any – Nil

(c) Amount debited to Profit and Loss - Rs 6,10,651 towards Promoting Rural Education, Providing Health Services, Conservation of Nature
Out of the above, Rs Nil is towards construction /acquisition of asset that will be owned by Company.

17 Previous year comparatives

Previous year's figures have been regrouped, where necessary to conform to the current year's classification.

As per our Report attached of even date.

For Bhalchandra D Karve & Associates
Chartered Accountants
Firm Registration No.135281W

For and on behalf of the Board of Directors of
Vadivarhe Speciality Chemicals Limited

Bhalchandra D Karve
Proprietor
Membership No.105965

Sunil H. Pophale
Chairman and Executive Director

Pramod W Gajare
Executive Director

Laxmikant S Potdar
Chief Financial Officer

Priyanka Nagda
Company Secretary

Place : Mumbai
Date : June 30, 2020