

Independent Auditor's Certificate

To,
The Board of Directors,
Chembond Chemicals Limited
Plot No EL-71, TTC Ind. Area MIDC Electronic, Mahape,
Thane, Maharashtra, India, 400710

1. This certificate is issued in accordance with the terms of our service engagement with Chembond Chemicals Limited. We, Bathiya & Associates LLP, Chartered Accountants, the statutory auditors of Chembond Chemicals Limited ("**Demerged Company**" or "**Transferee Company**" or "**Company**") have been requested by the management to examine the proposed accounting treatment in respect of the Demerged Company/Transferee Company as specified in the clauses 14.1 and 35 of the Composite Scheme of Arrangement ("**Scheme**") between the Company, Chembond Chemical Specialities Limited ("**Resulting Company**"), Chembond Clean Water Technologies Limited ("**Transferor Company No. 1**"), Chembond Material Technologies Private Limited ("**Transferor Company No. 2**"), Phiroze Sethna Private Limited ("**Transferor Company No. 3**"), Gramos Chemicals India Private Limited ("**Transferor Company No. 4**") and their respective shareholders under sections 230-232 read with section 66 and other applicable provisions of Companies Act, 2013 along with applicable rules made thereunder for compliance with the Companies (Indian Accounting Standards) Rules, 2015 as may be amended from time to time and other Generally Accepted Accounting Principles read with SEBI Master Circular SEBI/HO/POD-2/P/CIR/2023/93 (SEBI Master Circular). The accounting treatment as prescribed in the proposed scheme has been included in **Annexure A** which has been initialled by us for identification purpose only.
2. We have examined the proposed accounting treatment as specified in Clause 14 and clause 35 of the Scheme with reference to its compliance with the applicable Indian Accounting Standards notified under Section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules, 2015 and other Generally Accepted Accounting Principles in India.

Management's Responsibility

3. The responsibility for the preparation of the Scheme and its compliance with the relevant laws and regulations, including the applicable Indian Accounting Standards as aforesaid, is that of the Board of Directors of the Companies involved.

Auditor's Responsibility

4. Our responsibility is only to examine and report whether the Scheme complies with the applicable Indian Accounting Standards notified under the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules, 2015 and other Generally Accepted Accounting Principles in India. Nothing contained in this Certificate, nor anything said or done in the course of, or in



connection with the services that are subject to this Certificate, will extend any duty of care that we may have in our capacity as the statutory auditors of any financial statements of the Company.

5. We have conducted our examination in accordance with the Guidance Note on Reports or Certificates for Special Purposes (Revised 2016) ("**Guidance Note**") issued by the Institute of Chartered Accountants of India ("**ICAI**"). The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.
6. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, "Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements" issued by ICAI. Further our examination did not extend to any other parts and aspects of a legal or proprietary nature in the aforesaid Scheme.

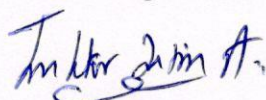
Opinion

7. Based on our examination and according to the information and explanations given to us, we confirm that the accounting treatment contained in the aforesaid clauses of the Scheme is in compliance with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and circulars issued thereunder, and all the applicable Indian Accounting Standards notified by the Central Government under Section 133 of the Companies Act, 2013.

Restriction on use

8. This Certificate is issued at the request of Chembond Chemicals Limited pursuant to the requirements of circulars issued under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, for onward submission by the Company to BSE Limited ("**BSE**"), National Stock Exchange of India Limited ("**NSE**") and further onward submission with the Securities Exchange Board of India, National Company Law Tribunal and/or any other regulatory authorities, as applicable. This Certificate should not be used for any other purpose without our prior written consent. The certificate should be read together with the **Annexure A** attached herewith.

For **Bathiya & Associates LLP**
Chartered Accountants
ICAI Firm Registration No. 101046W/W100063



Jatin A. Thakkar
Partner
Membership No.: 134767
UDIN: 23134767BGWADI6797

Place: Mumbai
Date: 12th December, 2023



Annexure A

Relevant extracts of accounting treatment from Composite Scheme of Arrangement between Chembond Chemicals Limited ("Demerged Company" / "Transferee Company"), Chembond Chemical Specialities Limited (Resulting Company), Chembond Clean Water Technologies Limited ("Transferor Company No. 1"), Chembond Material Technologies Private Limited (Transferor Company No. 2), Phiroze Sethna Private Limited ("Transferor Company No. 3"), Gramos Chemicals (India) Private Limited ("Transferor Company No. 4") and their respective shareholders under sections 230-232 and other applicable provisions of Companies Act, 2013 along with applicable rules made thereunder ("Scheme")

With Regards to Demerger:**14.1 Treatment in the books of Demerged Company**

Pursuant to Section I of the Scheme coming into effect on the Effective Date with effect from the Appointed Date, the Demerged Company shall account for the demerger and vesting of the Demerged Undertaking with the Resulting Company, in its books of accounts in accordance with Indian Generally Accepted Accounting Principles in the following manner:

- a. On the Scheme becoming effective, all the assets and liabilities pertaining to the Demerged Undertaking, (the difference between the assets and liabilities hereinafter referred to as the "Net Assets"), shall cease to be the assets and liabilities of the Demerged Company and be transferred to the Resulting Company at carrying value in accordance with the Scheme. The Demerged Company shall adjust the difference between the carrying value of assets and liabilities to its reserves in retained earnings.
- b. The existing issued and paid-up share capital of the Resulting Company comprising of 10,000 (Ten Thousand) equity shares having face value of Rs. 5 (Rupees Five) each, held by the Demerged Company comprising 100% (One Hundred Percent) of the total issued and paid-up equity share capital of the Resulting Company as on the Effective Date, shall stand cancelled without any further act or deed on part of the Resulting Company. This amount will be adjusted to the retained earnings of the Demerged Company.
- c. Any matter not dealt with in the Clause 14.1 shall be dealt with in accordance with the applicable accounting standards and in accordance with the Indian Generally Accepted Accounting Principles.

With regards to Amalgamation:**35. ACCOUNTING TREATMENT**

- 35.1 As the Transferor Companies shall stand dissolved without being wound up and all the assets and liabilities as well as reserves shall be transferred to the Transferee Company, on a going concern basis, upon the Scheme becoming effective, hence there is no accounting treatment prescribed under this Scheme in the books of the Transferor Companies.
- 35.2 On effectiveness of the Scheme and with effect from the Appointed Date, since the transaction involves entities which are under common control before and after the transaction, the Transferee Company shall account for the transfer and vesting of the Undertaking as per the

Chembond Centre,
EL-71, Mahape MIDC,
Navi Mumbai 400710. India
CIN: L24100MH1975PLC018235

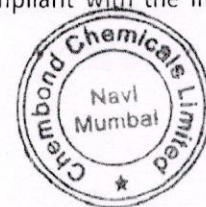
Tel. + 91 22 6264 3000
Fax: + 91 22 2768 1294
info@chembondindia.com
www.chembondindia.com



“Pooling of Interests” method in its books of accounts in accordance with Appendix C for Business combinations of entities under common control of the Indian Accounting Standards (IND AS) 103 prescribed under Section 133 of the Companies Act, 2013, as notified under the Companies (Indian Accounting Standards) Rules, 2015 and other applicable accounting standards prescribed under the Act.

35.3 The pooling of interests’ method is considered to involve the following:

- a. All the assets and liabilities of the Transferor Companies shall be recorded in the financial statements of the Transferee Company at their carrying amounts as appearing in the financial statements of the Transferor Companies, prior to this Section III being made effective. No adjustments will be made to reflect fair values or recognize any new assets or liabilities. The only adjustments that are made are to harmonize the accounting policies.
- b. The identity of the reserves of the Transferor Companies shall be preserved and they shall appear in the financial statements of the Transferee Company in the same form and manner in which they appear in the financial statements of the Transferor Companies, prior to Section III of this Scheme being made effective, and it shall be aggregated with the corresponding balance appearing in the financial statements of the Transferee Company.
- c. The difference between the i) aggregate face value of the equity shares of the Transferee Company issued and allotted by it to the members of the Transferor Companies, if any, (which is expected to be NIL in view of clause 33) and ii) the equity share capital of the Transferor Companies respectively, shall be adjusted in the capital reserve account.
- d. The financial information in the financial statements of the Transferee Company in respect of prior periods should be restated as if the amalgamation had occurred from the beginning of the preceding period in the financial statements, irrespective of the actual date of the combination.
- e. The difference, if any arising from the cancellation of cross-holdings (if any) shall also be adjusted in the capital reserves account of the Transferee Company.
- f. To the extent that there are inter-corporate loans/trade deposits, debentures, debt securities or balances between the Transferor Companies inter se and/or the Transferor Companies and the Transferee Company, the obligation in respect thereof shall come to an end and corresponding effect shall be given in the books of account and the records of the Transferee Company for the reduction / netting of any assets or liabilities, as the case may be. Difference, if any, arising upon such cancellation, shall be credited or debited, as the case may be, to the reserve of the Transferee Company.
- g. The Scheme set out herein in its present form or with any modification(s) or amendment(s) approved, imposed or directed by the Tribunals or any other Governmental Authority shall be effective from the Appointed Date but shall be operative from the Effective Date. However, if the Ind AS 103 require the amalgamation to be accounted with effect from a different date, then it would be accounted as per the requirements of Ind AS 103, for accounting purpose, to be compliant with the Indian

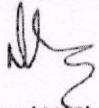


Chembond Chemicals Limited

accounting standards. For regulatory and tax purposes, amalgamation would have been deemed to be effective from the Appointed Date of this Scheme.

- h. In case of any differences in accounting policies between the Transferor Companies and the Transferee Company, the accounting policies followed by the Transferee Company shall prevail to ensure that the financial statements of the Transferee Company reflect the financial position on the basis of consistent accounting policies. The difference, if any, in the accounting policies between the Transferor Companies and Transferee Company, shall be ascertained and the impact of the same will be quantified and adjusted in the retained earnings or another affected component of equity of the Transferee Company, as applicable, in accordance with the requirements of Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors.
- i. The costs relating to the Scheme will be accounted in accordance with Ind AS 103.

For Chembond Chemicals Limited



Nirmal V. Shah
VC and Managing Director
DIN: 00083853



Date: 12th December, 2023
Place: Mumbai



Independent Auditor's Certificate

To,
The Board of Directors,
Chembond Chemical Specialties Limited
EL-37, Chembond Centre, MIDC, Mahape,
Navi Mumbai, Thane, Maharashtra, India, 400710

1. This certificate is issued in accordance with our service engagement with Chembond Chemical Specialties Limited. We, Bathiya & Associates LLP, Chartered Accountants, the statutory auditors of Chembond Chemical Specialties Limited ("Resulting Company" or "Company") have been requested by the management to examine the proposed accounting treatment in respect of the Resulting Company as specified in the clauses 14.2 and 22 of the Composite Scheme of Arrangement ("Scheme") between the Company, Chembond Chemicals Limited ("Demerged Company" / "Transferee Company"), Chembond Clean Water Technologies Limited ("Transferor Company No. 1"), Chembond Material Technologies Private Limited ("Transferor Company No. 2"), Phiroze Sethna Private Limited ("Transferor Company No. 3"), Gramos Chemicals India Private Limited ("Transferor Company No. 4") and their respective shareholders under sections 230-232 read with section 66 and other applicable provisions of Companies Act, 2013 along with applicable rules made thereunder for compliance with the Companies (Indian Accounting Standards) Rules, 2015 as may be amended from time to time and other Generally Accepted Accounting Principles read with SEBI Master Circular SEBI/HO/POD-2/P/CIR/2023/93 (SEBI Master Circular). The accounting treatment as prescribed in the proposed scheme has been included in **Annexure A** which has been initialled by is for identification purpose only.
2. We have examined the proposed accounting treatment as specified in Clause 14 and clause 35 of the Scheme with reference to its compliance with the applicable Indian Accounting Standards notified under Section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules, 2015 and other Generally Accepted Accounting Principles in India.

Management's Responsibility

3. The responsibility for the preparation of the Scheme and its compliance with the relevant laws and regulations, including the applicable Indian Accounting Standards as aforesaid, is that of the Board of Directors of the Companies involved.

Auditor's Responsibility

4. Our responsibility is only to examine and report whether the Scheme complies with the applicable Indian Accounting Standards notified under the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules, 2015 and other Generally Accepted Accounting Principles in India. Nothing contained in this Certificate, nor anything said or done in the course of, or in connection with the services that are subject to this Certificate, will extend any duty of care that we may have in our capacity as the statutory auditors of any financial statements of the Company.

Bathiya & Associates LLP

G-2A, Dosti Pinnacle,
Next to New Passport Office,
Road No.22, Wagle Industrial Estate,
Thane (W) 400 604.

T : +91 22 4010 1995 / 2995
E : info@bathiya.com
bathiya.com



5. We conducted our examination in accordance with the Guidance Note on Reports or Certificates for Special Purposes (Revised 2016) ("**Guidance Note**") issued by the Institute of Chartered Accountants of India ("**ICAI**"). The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.
6. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, "Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements" issued by ICAI. Further our examination did not extend to any other parts and aspects of a legal or proprietary nature in the aforesaid Scheme.

Opinion

7. Based on our examination and according to the information and explanations given to us, we confirm that the accounting treatment contained in the aforesaid clause of the Scheme is in compliance with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and circulars issued thereunder, and all the applicable Indian Accounting Standards notified by the Central Government under Section 133 of the Companies Act, 2013.

Restriction on use

8. This Certificate is issued at the request of Chembond Chemical Specialties Limited pursuant to the requirements of circulars issued under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, for onward submission by the Company to BSE Limited ("**BSE**"), National Stock Exchange of India Limited ("**NSE**") and further onward submission with the Securities Exchange Board of India, National Company Law Tribunal and/or any other regulatory authorities, as applicable. This Certificate should not be used for any other purpose without our prior written consent. The certificate should be read together with the **Annexure A** attached herewith.

For Bathiya & Associates LLP

Chartered Accountants

ICAI Firm Registration No. 101046W/W100063



Jatin A. Thakkar

Partner

Membership No.: 134767

UDIN: 23134767BGWADJ3068

Place: Mumbai

Date: 12th December, 2023



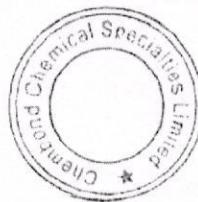
Annexure A

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With Regards to Demerger

14.2 Treatment in the books of Resulting Company

- a. On the Scheme becoming effective, the Resulting Company shall account for the Demerger as common control business combination in accordance with the "pooling of interest method", as per Appendix C of Ind-AS 103, "Business Combination" notified under the provisions of the Act, read with relevant rules framed thereunder and the other applicable accounting standards prescribed under the Act.
- b. All assets and liabilities in relation to the Demerged Undertaking shall be recorded in its books of accounts by the Resulting Company at the values and in the same form as recorded in the books of Demerged Company subject to consistent accounting policies.
- c. The reserves adjusted by the Demerged Company in relation to Net Assets of the Demerged Undertaking shall be preserved in the financial statements of the Resulting Company in the same form in which they appeared in the financial statements of the Demerged Company.
- d. The aggregate face value of the equity shares of the Resulting Company, issued to the shareholders of the Demerged Company shall stand credited to the share capital of the Resulting Company in its books of accounts.
- e. The difference, if any, between the amount recorded as the share capital issued, reserves recorded as per clause 14.2.c and the assets and liabilities transferred by the Demerged Company to the Resulting Company shall be recorded as capital reserve and shall be presented separately from other capital reserve with disclosure of its nature and purpose in notes.
- f. Immediately after the issuance of shares by the Resulting Company to the shareholders of the Demerged Company, the 10,000 (Ten Thousand) equity shares of the Resulting Company having face value of Rs. 5 (Rupees Five) each held by the Demerged Company comprising 100% (One Hundred per cent) of the total issued and paid-up equity share capital of the Resulting Company as on the Effective Date shall stand cancelled, without any further act or deed on part of the Resulting Company and the same shall be adjusted against the capital reserves account of the Resulting Company.



Chembond Chemical Specialities Limited

EL-37 Mahape MIDC, Navi Mumbai 400710, INDIA

T: +91 22 62643000 - 03 • F: +91 22 27681294

www.chembondindia.com

CIN: U20116MH2023PLC415282


- g. Any matter not dealt with in this Clause 14.2 shall be dealt with in accordance with the applicable accounting standards and in accordance with the Indian Generally Accepted Accounting Principles.

With regards to Amalgamation

22. ACCOUNTING TREATMENT

22.2 On effectiveness of the Scheme and with effect from the Appointed Date, since the transaction involves entities which are under common control before and after the transaction, the Resulting Company shall account for the transfer and vesting of the Undertaking as per the "Pooling of Interests" method in its books of accounts in accordance with Appendix C for Business combinations of entities under common control of the Indian Accounting Standards (IND AS) 103 prescribed under Section 133 of the Companies Act, 2013, as notified under the Companies (Indian Accounting Standards) Rules, 2015 and other applicable accounting standards prescribed under the Act.

22.3 The pooling of interests' method is considered to involve the following:

- a. All the assets and liabilities of the Transferor Company No. 1 shall be recorded in the financial statements of the Resulting Company at their carrying amounts as appearing in the financial statements of the Transferor Company No. 1, prior to this Section II being made effective. No adjustments will be made to reflect fair values or recognize any new assets or liabilities. The only adjustments that are made are to harmonize the accounting policies.
- b. The identity of the reserves of the Transferor Company No. 1 shall be preserved and they shall appear in the financial statements of the Resulting Company in the same form and manner in which they appear in the financial statements of the Transferor Company No. 1, prior to Section II of this Scheme being made effective, and it shall be aggregated with the corresponding balance appearing in the financial statements of the Resulting Company.
- c. The difference between the i) aggregate face value of the equity shares of the Resulting Company issued and allotted by it to the members of the Transferor Company No. 1, if any, (which is expected to be NIL in view of clause 20) and ii) the equity share capital of the Transferor Company No. 1, shall be adjusted in the capital reserve account.
- d. The financial information in the financial statements of the Resulting Company in respect of prior periods should be restated as if the amalgamation had occurred from the beginning of the preceding period in the financial statements, irrespective of the actual date of the combination.
- e. The difference, if any arising from the cancellation of cross-holdings (if any) shall also be adjusted in the capital reserves account of the Resulting Company. 



- f. To the extent that there are inter-corporate loans/trade deposits, debentures, debt securities or balances between the Transferor Company No. 1 inter se and/or the Transferor Company No. 1 and the Resulting Company, the obligation in respect thereof shall come to an end and corresponding effect shall be given in the books of account and the records of the Resulting Company for the reduction / netting of any assets or liabilities, as the case may be. Difference, if any, arising upon such cancellation, shall be credited or debited, as the case may be, to the reserve of the Resulting Company.
- g. The Scheme set out herein in its present form or with any modification(s) or amendment(s) approved, imposed or directed by the Tribunals or any other Governmental Authority shall be effective from the Appointed Date but shall be operative from the Effective Date. However, if the Ind AS 103 require the amalgamation to be accounted with effect from a different date, then it would be accounted as per the requirements of Ind AS 103, for accounting purpose, to be compliant with the Indian accounting standards. For regulatory and tax purposes, amalgamation would have been deemed to be effective from the Appointed Date of this Scheme.
- h. In case of any differences in accounting policies between the Transferor Company No. 1 and the Resulting Company, the accounting policies followed by the Resulting Company shall prevail to ensure that the financial statements of the Resulting Company reflect the financial position on the basis of consistent accounting policies. The difference, if any, in the accounting policies between the Transferor Company No. 1 and Resulting Company, shall be ascertained and the impact of the same will be quantified and adjusted in the retained earnings or another affected component of equity of the Resulting Company, as applicable, in accordance with the requirements of Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors.
- i. The costs relating to the Scheme will be accounted in accordance with Ind AS 103.

For Chembond Chemical Specialties Limited


Nirmal V. Shah
Director
DIN: 00083853



Date: 12th December, 2023
Place: Mumbai