

## Chembond Chemicals Limited

24<sup>th</sup> June, 2017

BSE Limited  
Phiroze Jeejeebhoy Towers,  
Dalal Street, Fort,  
Mumbai-400001

**Ref:** Company Scrip Code - 530871

**Sub:** Submission of 42<sup>nd</sup> Annual Report of the Company under regulation 34(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.


Dear Sir/Madam,

Pursuant to regulation 34(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find attached the 42<sup>nd</sup> Annual Report of the Company, which was approved and adopted by the shareholders of the Company in the 42<sup>nd</sup> Annual General Meeting of the Company held on Saturday, 24<sup>th</sup> June, 2017 at 11.30 a.m. at EL-37, MIDC, Mahape, Navi Mumbai 400710.

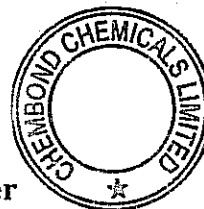
You are requested to take the above on record.

Thanking You

Yours faithfully,  
**for Chembond Chemicals Limited**



**Jay Mistry**  
**Company Secretary & Compliance Officer**  
(ICSI Membership No. ACS - 34264)



Attachment: As above



42<sup>nd</sup>  
ANNUAL  
REPORT  
2016-2017

Chembond Chemicals Limited



## Board of Directors

<b>Dr. Vinod D. Shah</b>	Chairman Emeritus
<b>Ashwin R. Nagarwadia</b>	Director
<b>Jawahar I. Mehta</b>	Independent Director
<b>Mahendra K. Ghelani</b>	Independent Director
<b>Nirmal V. Shah</b>	Vice Chairman & MD
<b>Perviz H. Dastur</b>	Director
<b>Dr. Prakash D. Trivedi</b>	Independent Director
<b>Sameer V. Shah</b>	Chairman & MD
<b>Mrs. Saraswati Sankar</b>	Independent Director
<b>Sushil U. Lakhani</b>	Independent Director

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### Chief Financial Officer

Rashmi S. Gavli

### Company Secretary

Jay Mistry

### Statutory Auditors

Kastury & Talati  
Chartered Accountants  
Mumbai

### Cost Auditor

R. S. Raghavan

### Secretarial Auditor

Virendra Bhatt

### Bankers

HDFC Bank Limited  
Bank of India  
Kotak Mahindra Bank

### Registrar & Transfer Agents

TSR Darashaw Ltd.

### Plants

Tarapur, Maharashtra  
Nalagarh, Himachal Pradesh  
Ranipet, Tamil Nadu  
Dudhwada, Gujarat  
Mahape, Navi Mumbai

### Registered Office Address

Chembond Centre  
EL71, MIDC Mahape  
Navi Mumbai 400 710  
Tel. : +91 22 3921 3000  
Fax : +91 22 2768 1294

## Management Discussion and Analysis

Your Company reports consolidated results considering the results of its subsidiaries and associates (together referred to as "the Group"). This discussion, therefore, covers the financial results and other developments from April 2016 to March 2017, in respect of the Group. Some statements in this discussion describing the projections, estimates, expectations or outlook may be forward looking. Actual results may, however, differ materially from those stated owing to various factors such as changes in government regulations, tax regimes, economic developments, exchange rates and interest rates fluctuations, impact of competition, demand and supply constraints.

During the year under review, your Company has achieved a sales turnover of ₹ 21,635 lakhs on a standalone basis and ₹ 27,015 lakhs on a consolidated basis. The comparative figures are tabulated below. Due to the divestment of your Company's stake in Henkel Chembond Surface Technologies Ltd., the numbers of 2015-16 are not comparable with those of the current year because the profit figures of 2015-16 include proceeds from the stake sale. Most businesses of the Company continued to show improved performance over the prior year though.

### Financial and Operational Performance Standalone

The highlights of the financial performance of the Company on a standalone basis are as follows:

(₹ in Lakhs)

Particulars	2016-17	2015-16	% Δ
Net Sales	21,635	21,435	0.93
Product Margin	4,188	3,835	9.22
Gross Margin	2,847	2,499	13.91
Selling & Administration	2,686	2,725	(1.42)
Employee Cost	1,837	1,702	7.90
EBITDA	757	18,955	(96.00)
PBT	420	18,567	(97.74)

### Ratio Analysis

Particulars	2016-17	2015-16
Product Margin, % of Sales	19.36	17.89
Gross Margin, % of Sales	13.16	11.66
Selling & Admin Costs, % of Sales	12.41	12.71
Employee Costs, % of Sales	8.49	7.94
EBITDA, % of Sales	3.50	88.43
Earnings per share (Basic)	2.47	113.23
Earnings per share (Diluted)	2.47	111.50
Debt / Equity Ratio	0.04	0.04

## Consolidated

The highlights of the consolidated financial performance are as follows:

(₹ in Lakhs)

Particulars	2016-17	2015-16	% Δ
Net Sales	27,015	26,341	2.56
Product Margin	8,981	8,223	9.21
Gross Margin	7,125	6,713	6.14
Selling & Administration Costs	6,693	6,348	5.43
Employee Costs	3,792	3,445	10.07
EBITDA	2,089	20,020	(89.56)
PBT	1,606	19,484	(91.76)

## Ratio Analysis

Particulars	2016-17	2015-16
Product Margin, % of Sales	33.25	31.22
Gross Margin, % of Sales	26.37	25.48
Selling & Admin Costs, % of Sales	24.77	24.10
Employee Costs, % of Sales	14.04	13.08
EBITDA, % of Sales	7.73	76.00
Earnings per Share (Basic)	5.78	115.04
Earnings per Share (diluted)	5.78	113.29
Debt / Equity Ratio	0.04	0.05

## Industry Structure & Developments

The relevant industry for your Company is Specialty Chemicals, which occupies an important position in the Indian economy. Stronger growth in end user segments coupled with the initiatives from the government and industry to enhance manufacturing has brought the focus on the Indian specialty chemicals manufacturing segment. Simultaneously, improved competitiveness of Indian manufacturers and an interest in India from global players is likely to result in significant growth of the diverse specialty chemicals segment.

## Opportunities and Threats

Opportunities for growth of the industry and your Company are plentiful. In particular, these opportunities present themselves due to increasing customer as well as regulatory demands, such as

- treatment, conservation, and reuse of industrial water;
- improvements in nutrition in the dairy and poultry industry;
- modern and efficient construction materials and techniques;
- obtaining cost savings and efficiency improvement in industrial assets; and
- adopting convenient and cost effective adhesive technologies on the manufacturing floor.

At the same time the competitive landscape poses a threat with companies global and local, large and small, quality oriented and not, being treated almost as equals by users. Scarcity of skilled and trained human resources is another threat to the growth of the Company. Volatile raw material prices and foreign exchange rates can pose a threat to the short-term profitability of the company.

## Risks & Concerns

The present risks and anticipated future risks are reviewed by the management of your company at regular intervals. Based on its past experiences, the management tries to remain vigilant about all prospective risks and takes suitable preventive measures to adequately safeguard its resources like men, machine & money, so that the business continues as usual even during difficult situations. The company also follows the norms of OHSAS 18001:2007 to provide a risk-free work environment to the employees, by providing them with the necessary safety equipment and gears to enable them to perform their tasks safely

## Business areas

### Water Treatment

Your Company offers chemical, equipment and microbial solutions for the treatment of industrial water. Having pioneered the introduction of non-chromate chemicals in 1980, the company today offers an ever-expanding range of products and technologies for the treatment of cooling water, boiler water, RO membranes, raw water and effluent.

The chemicals business is operated through a subsidiary of Your Company and until recently as a joint venture between Your Company (55%) and USA based Solenis Inc (45%). The water treatment chemicals business is a core business for us and the Company has been looking at various avenues to grow faster in the field. With this objective, and considering the opportunities available as well as our strengths in the business, we recently acquired the 45% shareholding of Solenis in the erstwhile JV. Your Company now owns 100% of the shares in Chembond Solenis Water Technologies Ltd enabling better integration and management of the water treatment solutions offered by us. Rebranding, renaming and realigning activities are currently underway to reflect the changes.

During the year, the Company also acquired all shareholding held by its now erstwhile JV partner in Malaysia. Your Company is now a 100% owner of the shares in Chembond Chemicals (Malaysia) Sdn. Bhd. and will be better positioned to offer uniform and consistent product and customer support technologies in the market.

While these developments were unfolding, we continued to invest in areas that enhance customer value creation. One such development is the technological platform - "Kem FLUX", which was introduced across several customer locations in India and overseas. This 24x7 online monitor and controller is powered by an Artificial Intelligence engine which analyses data,

learns and triggers corrective action helping improve treatment performance and enhanced control for the customer.

In line with building an integrated capability for water treatment and recycling, Your Company has invested in adding water treatment systems / equipment and in microbial remediation of high COD industrial waste water. Your Company is uniquely placed to offer integrated water treatment and recycling solutions to industry. The systems business is operated as Chembond Clean Water Technologies Limited and is a subsidiary of Your Company.

### Construction Chemicals

Your Company offers a wide range of products for applications in concrete modification, waterproofing, repair and rehabilitation of structures. Our range of admixtures, sealants, waterproofing solutions, repair mortars and systems, tile fixing adhesives, tile joint fillers, floor hardeners, and cement / epoxy based grouts are used by construction companies, ready-mix concrete manufacturers, civil contractors and repair and waterproofing applicators. These products find applications in infrastructure projects, industrial construction, residential and commercial construction.

During the year, we have introduced a new single component polyurethane sealant and a new single component polyurethane based water proofing coating. These are high performance products having improved properties and performance compared with products from alternate technologies.

The governments focus on infrastructure construction has started showing signs of demand improvement for our products. However, the competitive landscape is fierce with companies large and small, national and local, quality conscious and otherwise bidding for the same piece of business. Your company continues to grow selectively in the business.

### Biotech

The Animal health and nutrition business continues to grow consistently. The effect of demonetization was however more adversely felt in this business with the last two quarters of the year slowing down considerably. We grew our product line by launching products for dairy industry. The products have been well accepted by the industry.

Your Company has carried out R&D activities in the areas of enzymes, probiotics and new product formulations. Our manufacturing facility is suited to “produce” an array of consortia and individual probiotics and export quality enzymes, which have business potential from the B2B and B2C segments.

### Industrial Technologies

The initiative undertaken in the previous year of combining the high-performance coatings, industrial coatings, MRO and newly launched adhesives product lines and regrouping them under the industrial technologies division has been completed.

Products meeting key customer expectations like environmental and safety compliances, cost effectiveness, appearance and superior performance have been introduced. Our Kem Vibra-TITE adhesives line has seen hectic activity during the first year of its introduction. We launched anaerobic products like thread lockers and retaining compounds, expanded sales operations for cyanoacrylates and epoxy adhesives, launched our dedicated website and participated in exhibitions and roadshows. We expect the product line to deliver accelerated and sustained growth in the years ahead.

### Chembond Calvatis Industrial Hygiene Systems

**Limited** is a Joint Venture between Chembond (55%) and Calvatis GmbH, Germany (45%). The company offers industrial hygiene and cleaning products and solutions primarily to the dairy, food processing and

beverage and brewing industries. During the year, the company has built up its reference list in most of the user segments and has obtained approvals therefrom. The product technologies from Calvatis have been absorbed and sales and service network is now being expanded. The company expects to see strong performance and growth in successive years.

## Research & Development

Continued research and development not only on products but also on the manufacturing floor has resulted in the streamlining of manufacturing and introduction of several new products. These activities have resulted in your Company being recognized as an innovative company with a differentiated strategy.

### Polymers

Our Kemylon series of PA610 made from renewable resources has been accepted by customers and is being used by them with promised results. The price of competing polymers using the non-renewable resources route however has suddenly crashed thereby making the cost effectiveness of our Kemylon series less attractive to customers who can use non-renewable resources in their products. An adhesion promoter product developed and patented by us has however started generating revenues and has ensured that our polymer division plans stay on course. Your Company was selected for product display at the Innovation Gallery of an industry leading exhibition "Plastivision 2017". We also received DSIR recognition for our R&D Lab for polymer research at Dudhwada while also successfully renewing the DSIR recognition for the R&D Lab at Mahape.

## Manufacturing

Your Company has existing manufacturing units at Tarapur, Mahape, Dudhwada, Ranipet and Baddi. With this, your Company has the capability to efficiently serve the customers' requirements in all parts of the country. The overall manufacturing capacity is elastic,

with a flexibility of wide range of product categories and capable of handling the requirements of the Company for the next several years. The plants are modern, compliant with health, safety, and environment norms, and the team is well trained to use the best manufacturing practices.

## Safety, Health, Environment and Quality

Chembond has an objective of being the "supplier of choice" to its diverse customers. In order to achieve this objective, all manufacturing sites and functions have targets on customer service, among others. Your Company aims to continually improve these targets through its Quality Management Systems.

In addition to Quality, Safety, Health, and Environment (SHE) is an integral part of Chembond's business and operations. Your Company's Tarapur and Dudhwada plants have implemented safety, health & environment management systems, which is integrated with its Quality Management System. Your Company's Tarapur plant underwent a major engineering revamp to comply with international SHE standards.

Your Company follows an integrated SHE-Q Management System under which, the following plants are certified:

Locations	ISO 9001: 2008	ISO 14001	OHSAS 18001	ISO/TS 16949
HO- Mahape	Y	NA	NA	Y
Tarapur	Y	Y	Y	Y
Dudhwada	Y	Y	Y	NA
Baddi	Y	-	-	NA

## Human Resources

The manpower strength of your Company was 336 at the close of 2015-16 and it stood at 361 as of 31<sup>st</sup> March, 2017. Average age of the workforce is 35 years. In 2016-17, employee relations in your Company continued to be harmonious in all Plants and establishments. Talent

retention was done and fresh talent was inducted for key roles. At the beginning of the year business goals were set for each Division, which were dovetailed to departments and individual employees. Systems were sharpened to keep in focus 'big-ticket' activities, which were linked with the performance pay applicable to certain key positions. In the annual sales meetings best performers were rewarded. ESOPs were made available to employees, which added to the employee satisfaction.

Suitable Learning & Development initiatives were organized that included not only functional, technical and behavioral aspects, but also SHE.

Employee engagement initiatives were organized with some innovative themes, which were well received and reinforced the team spirit.

### Internal Control Systems and their Adequacy

The internal control system in place throughout the Company is aimed at systematic and thorough identification and assessment of all major risks, which threaten the achievement of objectives, including risks related to business operations, finance, legal and strategic. It makes an important contribution towards ensuring compliance with the laws that apply as well as providing assurance on the propriety and reliability of internal and external financial reporting. The internal control system is therefore a significant factor in the management of process risks.

Your Company has a "Risk Management Committee" comprising of Non-Executive Directors who are experts in the field of finance, strategic management, operations and law. Furthermore, the Company has engaged the services of independent firms of professionals to function as internal auditors and provide reports and necessary actions where required on various activities covering observation on adequacy of internal controls and their recommendations.

### Corporate Social Responsibility (CSR)

The Chembond group believes that an organisation should make decisions based not only on financial factors, but also on the social and environmental consequences and do recognizes that its business activities have wide impact on the societies in which it operates, and therefore an effective practice is required giving due consideration to the interests of its stakeholders. The Company endeavors to make CSR a key business process for sustainable development and it is always committed to play active role in improving the lives of people. The **Chembond Children's Centre**, is a non-formal educational centre at Pasthal and Shirgaon, near Tarapur, where English, Hindi, Marathi, Science, Mathematics, Social Studies, and General Knowledge form the main subjects of curriculum. The Centre was formed over fifteen years ago in partnership with Chembond's earlier joint venture partner, Henkel KGaA, and is now being continued by your Company. In addition to education, the Centre provides camps and workshops in health care, life skills, and scholarships. Further details pertaining to CSR Committee, Policy etc. are given in the Report of the Board of Directors.

### Outlook

The investments made by your Company in technology, brands, people, and facilities over the past few years have begun to show some improvement in the last year. This is especially reflected in the performance of the construction chemicals and animal nutrition businesses. With the Indian economy steadily improving growth and a good monsoon to support the same, your Company will accelerate its strengths. While the impact of the divestment of your Company's metal treatment business will still affect the consolidated earnings from operations for a few more quarters, it is the objective of the management to more than compensate for the same by rapid growth in the new areas of business, like animal nutrition, construction chemicals, and industrial technologies, while maintaining better than GDP

growth in the more established business, like water treatment chemicals.

### Forward Looking Statements

This report contains statements, which may constitute 'forward looking statements' within the meaning of the applicable securities laws and regulations. Forward-looking statements are based on certain assumptions and expectations of the future events. Actual results could differ materially from those expressed or implied. Important factors that could impact the Company's performance include, among others, economic conditions affecting the demand / supply and price conditions in the markets in which the Company

operates, changes in the Government policies, regulations, tax laws, other statutes and incidental factors.

The Company undertakes no obligations to update or revise forward-looking statements based on any subsequent developments, information, or events.

On behalf of the Board

**Sameer V. Shah**  
Chairman &  
Managing Director

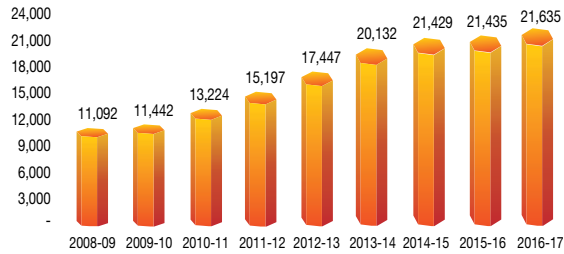
Mumbai  
6<sup>th</sup> May, 2017

**Nirmal V. Shah**  
Vice - Chairman &  
Managing Director

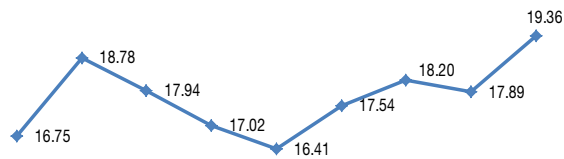
# Highlights

## Standalone

Standalone Sales

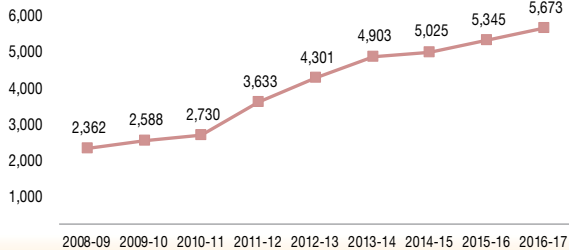


Product Margin (in %)



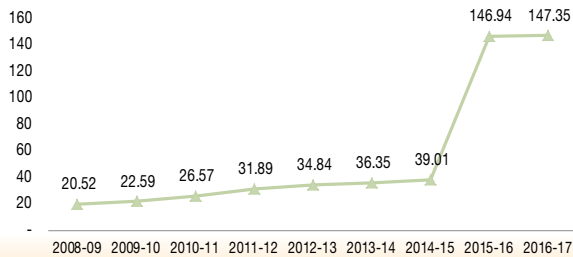
2008-09 2009-10 2010-11 2011-12 2012-13 2013-14 2014-15 2015-16 2016-17

Fixed Assets



2008-09 2009-10 2010-11 2011-12 2012-13 2013-14 2014-15 2015-16 2016-17

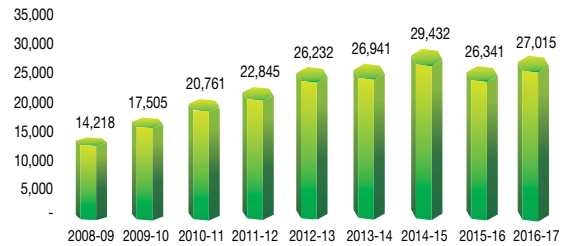
Book Value



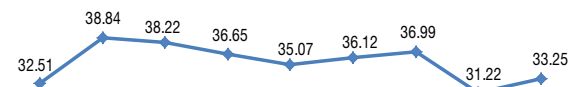
2008-09 2009-10 2010-11 2011-12 2012-13 2013-14 2014-15 2015-16 2016-17

## Consolidated

Consolidated Sales

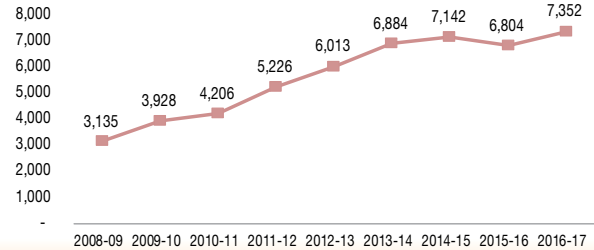


Product Margin (in %)



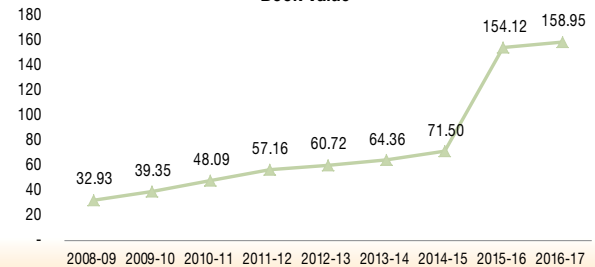
2008-09 2009-10 2010-11 2011-12 2012-13 2013-14 2014-15 2015-16 2016-17

Fixed Assets



2008-09 2009-10 2010-11 2011-12 2012-13 2013-14 2014-15 2015-16 2016-17

Book Value



2008-09 2009-10 2010-11 2011-12 2012-13 2013-14 2014-15 2015-16 2016-17

for the year ended on March, 2017

all numbers in ₹ Lakhs except Book Value and EPS

Numbers adjusted for issue of Bonus Shares in March 2010 in the ratio of 1 : 1

Numbers adjusted for Subdivision of Shares from face value of ₹10/- each to ₹5/- each

## 10 Years' Financial Performance Consolidated

(₹ in Lakhs except per share data and ratios)

Highlights	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08
<b>Operating Result</b>										
Revenue From Operations	28,052.40	27,104.71	30,022.85	27,445.96	26,606.44	23,128.40	21,027.41	17,725.32	14,398.26	13,180.97
Other Income	619.83	3,321.25	138.04	120.77	120.52	138.64	142.62	116.67	51.19	100.22
Finance Cost	102.26	181.36	361.08	402.88	451.71	364.08	311.06	303.55	203.27	114.71
Depreciation	380.47	354.51	432.32	281.39	259.28	209.93	185.98	176.86	135.27	101.12
PBT	1,606.37	19,484.00	2,007.90	1,518.98	1,576.76	2,035.06	2,478.30	2,232.90	1,321.57	1,535.64
PAT	1,094.89	15,650.24	1,440.27	912.41	790.19	1,360.56	1,647.17	1,451.99	886.06	1,038.51
Dividend on Equity Shares	221.90	601.97	199.81	199.81	189.82	149.47	136.75	111.30	105.00	105.00
<b>Financial Position</b>										
Equity Share Capital	672.41	669.69	666.04	666.04	666.04	636.04	636.04	636.04	300.00	300.00
Reserves (Less Revaluation Reserve & Misc exp)	20,704.13	19,973.08	8,858.60	7,907.32	7,422.93	6,635.28	5,481.55	4,369.37	3,652.02	2,885.21
Net Worth	21,376.54	20,642.77	9,524.64	8,573.36	8,088.97	7,271.32	6,117.59	5,005.41	3,952.02	3,185.21
Borrowings	870.98	1,077.36	2,495.24	3,307.28	2,948.21	3,668.79	2,442.80	2,265.22	2,248.11	1,234.32
Net Block (Asset)	4,913.35	4,713.84	5,147.03	5,361.52	4,725.00	4,122.79	3,335.20	3,312.54	2,672.36	1,710.38
<b>Ratios</b>										
Return on Average Networth %(RONW)	5.21%	103.76%	15.92%	10.95%	10.29%	20.32%	29.62%	32.42%	24.83%	36.93%
(PAT divided by Average Networth)										
Return on Average Capital Employed % ( ROCE)	7.77%	116.49%	17.88%	15.22%	16.90%	24.46%	34.97%	37.26%	28.33%	41.88%
(PBIT divided by Average Fund Employed Excluding Def tax liab)										
Gross Gearing %	3.91%	4.96%	20.76%	27.71%	26.58%	33.36%	28.34%	30.89%	35.89%	27.52%
(Debt as a percentage of Debt plus Equity)										
Current Ratio	3.18	3.15	2.16	2.09	2.20	2.32	2.42	2.21	2.27	1.80
(Current Assets divided by Current Liabilities**)										
Asset Turnover Ratio	0.92	0.94	1.48	1.34	1.45	1.32	1.49	1.46	1.45	1.47
(Net Sales divided by Total Assets)										
Earning Per Share (Basic)*	5.78	115.04	9.29	5.83	5.57	9.85	10.625	9.745	13.095	15.62
Dividend Per Share	1.65	9	3.00	3.00	2.85	2.35	2.15	1.75	3.50	3.50
Book Value Per Share*	158.95	154.12	71.50	64.36	60.72	57.16	48.09	39.35	65.87	53.09

\* Adjusted for issue of Bonus Shares in March 2010 in the ratio of 1 : 1 and Subdivision of Shares in September 2016 from face value of ₹ 10/- each to ₹ 5/- each

\*\* Current Liabilities excludes Short Term Borrowing and Current maturities of Long term Debt

## 10 Years' Financial Performance Standalone

(₹ in Lakhs except per share data and ratios)

Highlights	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08
<b>Operating Result</b>										
Revenue From Operations	21681.78	21563.77	21,674.90	20,356.05	17,689.98	15,368.80	13,453.49	11,494.26	11,144.29	9,598.67
Other Income	549.23	3480.99	329.92	288.28	424.35	398.84	332.07	262.39	226.44	220.28
Finance Cost	63.88	118.75	273.51	304.20	291.70	237.81	249.84	238.29	146.58	74.77
Depreciation	273.21	268.57	276.21	192.13	181.95	138.53	118.75	111.43	86.98	58.35
PBT	420.36	18567.35	573.72	410.80	419.47	801.03	815.74	647.36	554.77	640.57
PAT	331.58	15122.59	558.33	392.43	347.76	664.23	645.48	517.31	480.28	504.39
Dividend on Equity Shares	221.90	601.97	199.81	199.81	189.82	149.47	136.75	111.30	105.00	105.00
<b>Financial Position</b>										
Equity Share Capital	672.41	669.69	666.04	666.04	666.04	636.04	636.04	636.04	300.00	300.00
Reserves (Less Revaluation Reserve & Misc exp)	19143.25	19010.71	4,529.93	4,175.53	3,974.92	3,421.20	2,744.35	2,237.64	2,162.68	1,644.99
Net Worth	19815.66	19680.40	5,195.97	4,841.57	4,640.97	4,057.24	3,380.39	2,873.68	2,462.68	1,944.99
Borrowings	732.18	819.54	2,176.85	2,481.42	2,298.03	2,138.50	1,626.14	2,062.56	1,954.48	796.81
Net Block (Asset)	3767.50	3680.86	3,617.61	3,820.63	3,403.46	2,881.72	2,114.24	2,088.41	1,973.99	1,072.80
<b>Ratios</b>										
Return on Average Networth %(RONW)	1.68%	121.58%	11.12%	8.28%	8.00%	17.86%	20.64%	19.39%	21.79%	28.69%
(PAT divided by Average Networth)										
Return on Average Capital Employed % ( ROCE)	2.36%	133.97%	11.47%	9.96%	10.74%	18.35%	21.18%	18.61%	21.53%	28.25%
(PBIT divided by Average Fund Employed Excluding Def tax liab)										
Gross Gearing %	3.56%	4.00%	29.53%	33.64%	32.85%	34.20%	32.11%	41.27%	43.45%	28.38%
(Debt as a percentage of Debt plus Equity)										
Current Ratio	2.86	2.91	1.37	1.31	1.46	1.53	1.72	1.69	1.70	1.59
(Current Assets divided by Current Liabilities**)										
Asset Turnover Ratio	0.84	0.86	1.76	1.58	1.57	1.58	1.72	1.48	1.50	1.86
(Net Sales divided by Total Assets)										
Earning Per Share (Basic)*	2.47	113.23	4.19	2.95	2.73	5.22	5.075	4.065	8.005	8.41
Dividend Per Share	1.65	9.00	3.00	3.00	2.85	2.35	2.15	1.75	3.50	3.50
Book Value per Share*	147.35	146.94	39.01	36.35	34.84	31.89	26.57	22.59	41.04	32.42

\* Adjusted for issue of Bonus Shares in March 2010 in the ratio of 1 : 1 and Subdivision of Shares in September 2016 from face value of ₹10/- each to ₹ 5/- each

\*\* Current Liabilities excludes Short Term Borrowing and Current maturities of Long term Debt

## Directors' Report

To

The Members,

Your Directors take pleasure in presenting the 42<sup>nd</sup> Annual Report on the business and operations of your Company together with the Audited Financial Statements for the year ended 31<sup>st</sup> March, 2017.

### Financial Results

The financial performance of your Company is as summarized below for the year under review:

(₹ in Lakhs)

Particulars	Standalone		Consolidated	
	2016-17	2015-16	2016-17	2015-16
Revenue from Operations	21,681.78	21,563.77	28,052.40	27,104.71
Profit for the year	331.58	15,122.59	775.53	15,365.23
Add: Balance as per last year	17,790.52	3,359.89	18,087.15	6,586.04
Less: Effect of divestment in JV & conversion of Associate into Subsidiaries	-	-	-	3,041.65
Add: Pre-acquisition profit & previous year transaction	-	-	232.91	-
<b>Total</b>	<b>18,122.10</b>	<b>18,482.48</b>	<b>19,095.59</b>	<b>18,909.62</b>
<b>Appropriation</b>				
General Reserves	-	-	70	70.00
Set off of Dividend Tax in respect of dividend from Subsidiary Company	(45.17)	(33.03)	(45.17)	(33.03)
Interim Dividend	-	601.49	-	601.49
Tax on Interim Dividend	-	122.45	-	182.50
Previous year Dividend	-	0.48	-	0.48
Tax on Previous year Dividend	-	0.58	-	1.03
Proposed Dividend	221.90	-	221.90	-
Tax on Proposed Dividend	45.17	-	92.03	-
Balance carried to Balance Sheet	17,900.20	17,790.52	18,756.84	18,087.15
<b>Total</b>	<b>18,122.10</b>	<b>18,482.48</b>	<b>19,095.59</b>	<b>18,909.62</b>

### Performance Highlights

During the year under review, revenue from operations of your Company's products and services was ₹ 21,681.78 lakhs compared with ₹ 21,563.76 lakhs in FY 2015-16. The Profit after Taxes was ₹ 331.58 lakhs compared with ₹ 15,122.59 lakhs in FY 2015-16. The sharp reduction is because of exceptional income on account of divestment of your Company's stake in Henkel Chembond Surface Technologies Limited in the previous year.

### Dividend

The Board of Directors has recommended final dividend of ₹ 1.65/- per share for the financial year ended 31<sup>st</sup> March 2017. The outflow on account of dividend payment amounts to ₹ 221.90 Lakhs.

### Transfer to Reserves

Your Company does not propose to transfer any amount from the current year's profits to the General Reserve. (Previous year ₹ Nil)

### Deposits

The Company has not accepted any deposits within the meaning of Section 73 of the Companies Act, 2013 and rules framed thereunder.

### **Directors and Key Managerial Personnel**

The Board, in its meeting held on 28<sup>th</sup> May, 2016, on the recommendation of Nomination & Remuneration Committee of the Board, approved the re-appointment of Mr. Sameer V. Shah (DIN: 00105721) and Mr. Nirmal V. Shah (DIN: 00083853) as Chairman and Managing Director and Vice Chairman and Managing Director of the Company respectively. The re-appointment of Mr. Sameer V. Shah and Mr. Nirmal V. Shah was approved by shareholders at the 41<sup>st</sup> Annual General Meeting held on 30<sup>th</sup> July, 2016 for a term of three years with effect from 1<sup>st</sup> August, 2016. There was no change in any of Key Managerial Personnel during the year.

During the year, Mr. O. P. Malhotra (DIN: 00009086) ceased to be Director (Independent) on the Board of the Company with effect from 1<sup>st</sup> August, 2016 and the same was approved by the Board at its meeting held on 30<sup>th</sup> July, 2016.

### **Inter-se relationship between Directors**

Mr. Sameer V. Shah, Chairman & Managing Director and Mr. Nirmal V. Shah, Vice Chairman & Managing Director are brothers.

### **Number of Board Meetings**

Five (5) board meetings were convened and held during the year. Details of these meetings of the board are included in the Corporate Governance Report. The intervening gap between the meetings was within the period prescribed under the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

### **Performance evaluation and its criteria**

The Directors on the Board carried out an annual evaluation of the Board itself, its Committees and individual Directors. The entire Board carried out performance evaluation of each Independent Director excluding the Independent Director being evaluated. Nomination and Remuneration Committee also carried out evaluation of every Director's performance.

A structured questionnaire was prepared after taking into consideration inputs received from the Directors, setting out parameters of evaluation. Evaluation parameters of the Board and Committees were mainly based on Disclosure of Information, Key functions of the Board and Committees, responsibilities of the Board and Committees, Corporate Governance Norms etc. Evaluation parameters of individual directors including the Chairman of the Board and Independent Directors were based on knowledge to perform the role, time and level of participation, performance of duties and level of oversight and professional conduct etc.

Independent Directors in their separate meeting held on 30<sup>th</sup> March, 2017 have also evaluated the performance of Non-Independent Directors, Chairman of the Board and the Board as a whole.

### **Disclosures by the Directors**

The Directors on the Board have submitted notice of interest under Section 184(1), intimation under Section 164(2) and declaration as to compliance with the Code of Conduct of the Company. All Independent Directors have also given declarations that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013 (the "Act") and Regulation 25 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

### **Directors' Responsibility Statement**

Pursuant to Section 134 of the Companies Act, 2013, the Board of Directors, to the best of their knowledge and ability, confirm that:

- (a) in the preparation of the annual accounts, the applicable accounting standards have been followed and there are no material departures;
- (b) the Directors had selected such accounting policies and applied them consistently and 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 at the end of the financial year and of the profit and loss of the company for that period;
- (c) the Directors had taken proper and sufficient care 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 Directors had prepared the annual accounts on a going concern basis;
- (e) the Directors, had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively; and
- (f) the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

### **Auditors**

The Statutory Auditors of your Company, M/s. Kastury & Talati, were appointed to hold office until the conclusion of the ensuing 42<sup>nd</sup> Annual General Meeting.

The term of M/s. Kastury & Talati, Chartered Accountants, Statutory Auditors of the Company, will expire at the end of the ensuing 42<sup>nd</sup> Annual General Meeting of the Company. M/s. Kastury and Talati had been the Statutory Auditors of the Company since inception of your Company. Being more than 10 years and as per the provisions of Section 139 of the Companies Act, 2013 and Rule 3 to 6 of the Companies (Audit and Auditors) Rules made thereunder, the Statutory Auditor firm, whose term expires, shall be replaced by a new Statutory Auditor.

In terms of the requirements of Section 139 of the Act read with rules made thereunder, the Board of Directors of the Company on the recommendation of the Audit Committee has appointed M/s. B. D. Jokhakar & Co., Chartered Accountants (Firm Registration No. 104345W) as the Statutory Auditors of the Company in the Board Meeting held on 24<sup>th</sup> May, 2017, for a term of 5 (five) consecutive years commencing from the conclusion of the ensuing 42<sup>nd</sup> Annual General Meeting till the conclusion of the 47<sup>th</sup> Annual General Meeting to be held in the year 2022, subject to the approval of the shareholders' in the ensuing 42<sup>nd</sup> Annual General Meeting (AGM). M/s. B. D. Jokhakar & Co., Chartered Accountants have confirmed that their appointment, if made, would be within the limits specified under Section 141(3)(g) of the Act and that they are not disqualified to be appointed as statutory auditor in terms of the provisions of the proviso to Section 139(1), Section 141(2) and Section 141(3) of the Act and the provisions of the Companies (Audit and Auditors) Rules, 2014.

The appointment of M/s. B. D. Jokhakar & Co., Chartered Accountants, as Statutory Auditors shall be subject to ratification by the shareholders at every Annual General Meeting during the remaining term of five years.

The Board places on record its appreciation for the services rendered by M/s. Kastury & Talati as Statutory Auditors of the Company.

### **Cost Auditors**

On the recommendation of the Audit Committee, the Board has appointed Mr. R. S. Raghavan, Practising Cost Accountant, as Cost Auditor of the Company for the financial year 2017-18 in accordance of Section 148 of the Companies Act, 2013 read with rules made thereunder.

### **Secretarial Auditor & Report**

Mr. Virendra Bhatt, Practising Company Secretary was appointed as Secretarial Auditor for the financial year 2016-17 by the Board. Mr. Bhatt has also been appointed as Secretarial Auditor for the financial year 2017-18. The report of Secretarial Auditor for the financial year 2016-17 is attached as Annexure-1.

### **Nomination & Remuneration Committee**

The Company has a Nomination & Remuneration Committee of the Board, the details whereof are given in the Corporate Governance Report.

### **Subsidiary, Joint Venture or Associate Companies**

Your Company has seven subsidiaries namely Chembond Solenis Water Technologies Limited, Protochem Industries Private Limited, Chembond Industrial Coatings Limited, Chembond Clean Water Technologies Limited, Chembond Enzyme Company Limited, Chembond Calvatis Industrial Hygiene Systems Limited and Chembond Chemicals (Malaysia) Sdn. Bhd. (formerly known as IChembond Water Sdn. Bhd.).

During the year, your Company acquired 100% stake in Chembond Chemicals (Malaysia) Sdn. Bhd. (Formerly known as IChembond Water Sdn. Bhd.), the erstwhile Joint Venture of your Company in Malaysia, thus making it your Company's wholly owned subsidiary (WOS). Chembond Chemicals (Malaysia) Sdn. Bhd. is in the business of selling and servicing water treatment chemicals for industries in Malaysia.

In the month of April, 2017, your Company acquired additional 45% stake from its erstwhile jv partner Solenis in the material subsidiary – Chembond Solenis Water Technologies Limited, thus making it a wholly owned subsidiary of your Company.

The details of financial performance of the subsidiaries, associates and joint venture Companies are given in AOC-I (Annexure 2 to the Directors Reports).

### **Remuneration to Directors**

The details of remuneration paid to Directors of the Company including the Executive Directors are given in the Report on Corporate Governance.

### **Particulars of employees**

The information required under Section 197 of the Companies Act, 2013 & Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is given below:

- a) Ratio of remuneration of each Director to the median employee's remuneration for the financial year.

Name	Designation	Ratio
Sameer V. Shah	Chairman and Managing Director	21.36:1
Nirmal V. Shah	Vice - Chairman and Managing Director	10.37:1

For this purpose, sitting fees paid to Non Executive Directors (NEDs) have not been considered as remuneration.

- b) Percentage increase in remuneration of each Director, CFO and CS.

Name	Designation	% increase
Sameer V. Shah	Chairman and Managing Director	14
Nirmal V. Shah	Vice Chairman and Managing Director	0
Rashmi S. Gavli	Chief Financial Officer	15
Jay Mistry	Company Secretary	8.60

- c) The percentage increase in the median remuneration of employees: 3%

- d) The number of permanent employees: 361

- e) Average percentile increase made in the salaries of employees other than key managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:

Average increase made in the salaries of employees other than key managerial personnel during the year is 11.87% versus 9.45% increase in managerial remuneration.

There are no other exceptional circumstances for increase in the remuneration of key managerial personnel and increase in remuneration has been in accordance with the Company's policies. The increment given to each individual employee is based on the employees' potential, experience as also their performance and contribution to the Company's progress over a period of time.

- f) The Company affirms that the remuneration is as per the Remuneration Policy of the Company.

#### **Particulars of employees as per Rule 5(2) & Rule 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014**

The information as per Rule 5(2) & Rule 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 will be provided upon request. In terms of Section 136 of the Companies Act 2013, the Report and Accounts are being sent to the members and others entitled thereto, excluding the aforesaid details, which is available for inspection by the members at the Registered Office of the Company during business hours on working days of the Company up to the date of the ensuing Annual General Meeting. If any member is interested in obtaining a copy thereof, such members may write to the Company Secretary in this regard.

#### **Remuneration to Managing Director from wholly owned subsidiary**

During the financial year 2016-17, Mr. Nirmal V. Shah, Vice - Chairman & Managing Director, received remuneration of ₹ 44,66,528/- (excluding contribution to LIC under Group Gratuity Scheme & Superannuation Scheme) from Chembond Solenis Water Technologies Limited (CSWTL), wholly owned subsidiary Company. CSWTL, previously a subsidiary, became a wholly owned subsidiary of the Company in the month of April, 2017 pursuant to acquisition of additional 45% shares by your Company.

#### **Pecuniary relationships with Non-Executive Directors**

The Company paid sitting fees to Non-Executive Directors (NEDs) for attending the meetings. Criteria of making payments to NEDs is available on Company's website at <http://www.chembondindia.com/investors>. The number of shares held by NEDs as on 31<sup>st</sup> March, 2017 is as follows:

Name of NED	Shares held
Ashwin R. Nagarwadia	10,81,264
Perviz H. Dastur	3,14,120
Mahendra K. Ghelani	0
Jawahar I. Mehta	7,400
Sushil U. Lakhani	0
O. P. Malhotra <sup>#</sup>	N.A.
Saraswati Sankar	0
Prakash D. Trivedi	0

<sup>#</sup>ceased to be Director (Independent) of the Company with effect from 1<sup>st</sup> August, 2016.

**Employees Stock Option Scheme\***

Pursuant to the approval accorded by the shareholders at the thirty sixth Annual General Meeting of the Company held on 10th September, 2011 for issue of 6,36,000\* Options, the Compensation Committee had formulated the Chembond Chemicals Employees Stock Option Plan 2012 and approved a grant of 4,65,562\* options to the employees of the Company and its subsidiaries under the said Scheme. As required under the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, (SEBI ESOP Regulations), Companies (Share Capital and Debentures) Rules, 2014 and other applicable provisions of the Companies Act, 2013, the following details of this scheme as on 31st March, 2017 are being provided:

Sr. No.	Nature of Disclosure	Particulars*
A	The Pricing Formula	At a price not less than lower of the average of weekly high and low of closing price of six months or two weeks on the Bombay Stock Exchange (BSE) prior to the date of grant of the options with a discount not more than 10% of the minimum applicable price i.e. ₹ 76.50/- per share.
B	Options Outstanding at the beginning of the year	2,06,482
C	Options Granted during the year	Nil
D	Options Vested	85,020
E	Options Exercised & Exercise Price	54,500, Exercise Price ₹ 76.50/-
F	The total no. of shares arising as a result of exercise of option*	54,500
G	Options Lapsed/ Surrendered/cancelled	3,38,098
H	Variation of Terms of Option	Please refer note below*
I	Money realized by exercise of Options*	₹ 41,69,250/-
J	Total no of Options in force	Nil
K	Employee wise details of Options granted to-	As follows
	i) Details of Options granted to senior management personnel	No new options were granted to senior management personnel during the year under review. For Options granted to them earlier, please refer Annexure 3
	ii) Any other employee who received a grant in any one year of Option amounting to 5% or more of Options granted during the year	Nil
	iii) Employees who were granted Options, during any one year, equal to or exceeding 1% of the issued capital of the company at the time of grant	Nil
L	Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of Option calculated in accordance with Accounting standard AS-20	
M	(i) Difference between the compensation cost using the intrinsic value of the stock Options (which is the method of accounting used by the company) and the compensation cost that would have been recognized in the accounts if the fair value of Options had been used as the method of accounting.	The employee compensation cost for the year would have been higher by ₹ 14.46 Lakhs had the Company used the fair value of options as the method of accounting instead of intrinsic value.
	(ii) Impact of the difference mentioned in (i) above on the profits of the Company	The stock-based compensation cost calculated as per the intrinsic value method upto 31st March, 2017 is ₹ (16.11) Lacs. If the stock-based compensation cost was calculated as per the fair value method prescribed by SEBI, the total cost to be recognized in the financial statements for the period ended 31st March, 2017 would be ₹ (1.65 Lakhs).
	(iii) Impact of the difference mentioned in (i) above on the EPS of the company	Had the Company accounted the Options as per fair value the diluted EPS would have been 2.47 per share instead of 2.47 per share.

N	(i) Weighted Average exercise price of Options	₹ 76.5/-
	(ii) Weighted average fair value of Options	₹ 34/-
O	(i) Method used to estimate the fair value of Options	Black Scholes Options Pricing Model
	(ii) Significant assumptions used (weighted average information relating)	
	(a) Risk -free interest rate	8.25 %
	(b) Expected life of the Option	3.34 years
	(c) Expected volatility	42 %
	(d) Expected dividend yields	1.38 %
	(e) Price of the underlying share in the market at the time of Option grant	₹ 85/-

The certificate from the statutory auditor as required under the SEBI ESOP Regulations, confirming that the Company's Employees Stock Option Plan 2012 has been implemented in accordance with the SEBI ESOP Regulations and shareholders resolution, will be placed before the shareholders at the ensuing Annual General Meeting.

\*During the year shares of Company were sub-divided from one share of ₹ 10/- each into two shares of ₹ 5/- each with effect from 7th September, 2016. The Options and Exercise price were adjusted to give effect to the sub-division of the equity shares of the Company. All the numbers mentioned have been arrived at after giving effect of the subdivision of equity shares.

The exercise period for the options vested/to be vested under the Scheme expired on 31st March, 2017, hence all the shares granted and vested under the Scheme, which remain un-exercised on 31st March, 2017 lapsed.

#### **Policies and Disclosure Requirements**

In terms of provisions of the Act and provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has adopted all the applicable policies. The policies are available on Company's website – [www.chembondindia.com](http://www.chembondindia.com) and the web link is <http://www.chembondindia.com/investors>

It is confirmed that all Directors and Senior Management Personnel have affirmed their adherence to the provisions of the Code of Conduct during the financial year 2016-17.

The Company's policy on Directors' appointment, remuneration and other matters provided in Section 178(3) of the Act forms part of Nomination and Remuneration Policy and has been disclosed in the Corporate Governance report.

#### **Risk Management**

The Board of Directors has formed a Risk Management Committee. The details of Committee are set out in the Corporate Governance Report forming part of the Directors' Report. The Company has its Risk Management Plan & Policy in place which is also displayed on the website of the Company. In the opinion of the Board, during the financial year 2016-17, the Board has not noticed any elements of risk which may threaten the existence of the Company.

#### **Internal Financial Controls**

For the year ended 31<sup>st</sup> March, 2017, the Board is of the opinion that the Company has sound Internal Financial Controls commensurate with the nature and size of its business operations wherein controls are in place and operating effectively and no material weaknesses have been noticed. The Company has a process in place to continuously monitor the existing controls and identify gaps, if any, and implement new and /or improved controls wherever the effect of such gaps would have a material effect on the Company's operation.

#### **Vigil Mechanism**

The Company has a vigil mechanism in place in accordance with the Companies Act, 2013. The policy has also been uploaded on the website of the Company.

#### **Corporate Social Responsibility (CSR)**

The criteria prescribed under Section 135 of the Act with respect to constituting CSR committee, adopting CSR policy and spending amount on CSR activities in accordance with the Act do not apply to the Company. However Company has voluntarily framed CSR Policy and constituted CSR Committee, as good corporate governance practice. The CSR Committee composition is as follows:

The CSR Committee composition is as follows:

Mahendra K. Ghelani	Chairman & Independent Director
Sushil U. Lakhani	Independent Director
Sameer V. Shah	Managing Director
Ashwin R. Nagarwadia	Director

The Company's CSR Policy is available on the website of the Company at <http://www.chembondindia.com/investors>

### **Related Party Transactions**

All transactions entered into with Related Parties during the financial year were in the ordinary course of business and on arm's length basis and do not attract the provisions of Section 188(1) of the Companies Act, 2013. For material transactions with related parties, the Company has obtained members' approval by way of voting through postal ballot including e-voting results of which were declared on 19<sup>th</sup> March, 2015. Suitable disclosures as required by the Accounting Standards (AS-18) have been made in the notes to the Financial Statements. The Board has approved a policy for related party transactions which has been uploaded on the Company's website. Necessary disclosures in Form AOC-2 are attached as Annexure 4.

### **The Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo**

The related information is provided in Annexure 5, which is attached to this report.

### **Particulars of Loans, Guarantees and Investments**

Details of Loans, Guarantees and Investments have been disclosed in the Financial Statements.

### **Extract of the Annual Return**

An extract of the annual return in Form MGT-9 is provided herewith as Annexure 6.

### **Management Discussion and Analysis Report**

Management Discussion and Analysis Report is separately provided in this Annual Report.

### **Corporate Governance Report**

A separate report on Corporate Governance is attached as a part of this Annual Report along with the Auditor's Certificate on its compliance.

### **Prevention, Prohibition and Redressal of Sexual Harassment of Women**

The Company has in place an Anti Sexual Harassment Policy in line with the requirements of the Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013. Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this policy. No complaint has been received during the year under review.

### **Significant and Material Orders Passed**

No significant and material order has been passed by the Regulators or Courts or Tribunals impacting the going concern status and Company's operations in future.

### **Acknowledgements**

Your Board takes this opportunity to express its deep thanks to the customers, vendors, shareholders and bankers for the faith they have reposed in the Company. Your Directors also place on record their sincere appreciation of the contribution of its employees for their competence, hard work and cooperation.

On behalf of the Board

**Sameer V. Shah**  
Chairman & Managing Director

**Nirmal V. Shah**  
Vice - Chairman & Managing Director

Mumbai  
6<sup>th</sup> May, 2017

**Annexure 1 to the Directors' Report****Form No. MR-3****SECRETARIAL AUDIT REPORT**

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2017

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

To,

The Members,

**Chembond Chemicals Limited**

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Chembond Chemicals Limited** (Hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provides me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Chembond Chemicals Limited books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company during the audit period covering the financial year ended on March 31, 2017 has prima facie complied with the statutory provisions listed hereunder.

I have examined the books, papers, minute books, forms and returns filed and other records maintained by Chembond Chemicals Limited ("the Company") for the financial year ended on March 31, 2017 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 & the rules & regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment & External Commercial Borrowings-Company entered into the forward exchange contracts with the banks for the business purpose.
- (v) The following Regulations and Guidelines prescribed under 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 (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
    - Though the following laws are prescribed in the format of Secretarial Audit Report by the Government, the same were not applicable to the Company for the financial year ended 31<sup>st</sup> March, 2017:-
      - (a) The Securities & Exchange Board of India (Issue & listing of Debt securities) Regulations, 2008;
      - (b) The Securities & Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
      - (c) The Securities & Exchange Board of India (Buyback of Securities) Regulations, 1998;
      - (d) The Securities And Exchange Board of India (Issue of Capital & Disclosure Requirements) Regulations, 2009;
- (vi) For the other applicable laws our audit was limited to:-
  - (a) Factories Act, 1948
  - (b) Industrial Disputes Act, 1947
  - (c) The Payment of Wages Act, 1936
  - (d) The Minimum Wages Act, 1948
  - (e) Employees State Insurance Act, 1948
  - (f) The Employees Provident Fund & Miscellaneous Provisions Act, 1952
  - (g) The Payment Of Bonus Act, 1965
  - (h) The Payment of Gratuity Act, 1972
  - (i) The Contract Labour (Regulations & Abolition) Act, 1970

(vii) I have also examined compliance with the applicable clauses of the following:

- (a) The Listing Agreement & SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 entered into by the Company with the BSE Limited.
- (b) Secretarial Standards 1 & 2 issued by the Institute of Company Secretaries of India.

During the period under review the Company has prima facie complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

I further report that I rely on statutory auditor's reports in relation to the financial statements and accuracy of financial figures for, Sales Tax, Wealth Tax, Value Added Tax, Related Party Transactions, Provident Fund, ESIC, etc. as disclosed under financial statements, Accounting Standard 18 & note on foreign currency transactions during our audit period and I have not verified the correctness and appropriateness of the books of accounts of the Company.

I further report that the board of directors of the company is duly constituted with proper balance of Executive Directors, Non-Executive Directors & 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.

I further report that as per the information provided prima facie adequate notice is given to all directors to schedule the Board Meetings, agenda & detailed notes on agenda were sent at least seven days in advance & a system exists for seeking & obtaining further information & clarifications on agenda items before the meeting & for meaningful participation at the meeting.

I further report that as per the information provided majority decision is carried through while the dissenting members' views are captured & recorded as part of the minutes.

I further report that there are prima facie adequate systems & processes in the company commensurate with the size & operations of the company to monitor & ensure compliance with applicable laws, rules, regulations & guidelines.

I further report that the management is responsible for compliances of all business laws. This responsibility includes maintenance of statutory registers/records required by the concerned authorities and internal control of the concerned department.

I further report that during the audit period the company has no specific events like Public/Right/Preferential issue of shares/debentures/sweat equity, etc.

However, during the audit period the company has sub-divided its shares from existing equity shares of Rs 10/- each fully paid up into two equity shares of Rs 5/- Each in Annual General Meeting dated 30<sup>th</sup> July, 2016, the record date for which was fixed at 7<sup>th</sup> September, 2016 and the Allotment of Subdivided Shares was completed via Circular Resolution dated 8<sup>th</sup> September, 2016. Pursuant to the subdivision there was an alteration in the Capital Clause of Memorandum of association and Article 4 (Authorised Share Capital) and Article 19(a) (Surrender of old share certificates in case of Subdivision and Consolidation) of Articles of association.

I further report that my 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. I 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 the Secretarial records. I believe that the processes and practices, I followed provide a reasonable basis for my opinion.
3. Where ever required, I have obtained the Management representation about the compliance of Laws, Rules and Regulations and happening of events etc.
4. The compliance of the provisions of Corporate and other applicable Laws, Rules, Regulations, Standards is the responsibility of the Management. My examination was limited to the verification of procedures on test basis.
5. The Secretarial Audit report is neither an assurance as to the future viability of the company nor the efficacy or effectiveness with which the Management has conducted the affairs of the company.

**Virendra Bhatt**  
**ACS No – 1157**  
**COP No – 124**

**Place: Mumbai**

**Date: 06<sup>th</sup> May, 2017**

## Annexure 2 to the Directors' Report

### Form AOC-1

#### Statement containing salient features of the financial statement of subsidiaries/associate companies/joint venture as on 31<sup>st</sup> March, 2017

#### Part "A": Subsidiaries

(Information in respect of each subsidiary to be presented with amounts ₹ in Lakhs)

Sr. No.	1	2	3	4	5	6	7
Name of the Subsidiary	Chembond Clean Water Technologies Limited	Chembond Solenis Water Technologies Limited	Chembond Industrial Coatings Limited	Protochem Industries Private Limited	Chembond Calvatis Industrial Hygiene Systems Limited	Chembond Enzyme Company Limited	Chembond Chemicals (Malaysia) SDN. BHD.
Reporting period for the subsidiary concerned, if different from the holding company's reporting period	-	-	-	-	-	-	-
Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries.	-	-	-	-	-	-	RM (Malaysia Ringgit) 1 RM = INR 14.65 as on 31.03.17
Share capital	827.81	50.00	95.00	100.00	49.99	10.00	29.30
Reserves & surplus	(821.54)	3,494.51	(93.87)	544.25	(3.54)	151.39	4.51
Total assets	266.33	5,870.77	121.24	1,006.39	74.30	168.88	78.89
Total Liabilities	266.33	5,870.77	121.24	1,006.39	74.30	168.88	78.89
Investments	0.00	227.53	0.00	0.00	47.83	149.40	0.00
Turnover	457.53	10,282.61	18.88	855.15	17.58	12.68	157.51
Profit before taxation	46.57	1,175.54	4.18	19.52	(12.42)	4.80	6.80
Provision for taxation	0.49	443.76	0.59	10.15	0.00	0.33	2.29
Profit after taxation	47.05	731.78	3.59	9.37	(12.42)	4.47	4.51
Proposed Dividend	0.00	230.17	0.00	0.00	0.00	0.00	0.00
% of shareholding	70.17	55*	99.99	99.99	55	100	100

\* Shareholding increased to 100% in April, 2017, pursuant to acquisition of additional 45% shares by your Company.

**Part "B": Associates and Joint Ventures****Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures.**

(₹ in Lakhs)

Sr. No.		(Associate)
1	Name of Associates/Joint Ventures	Chembond Distribution Limited
2	Latest Audited Balance Sheet Date	31.03.2017
3	Shares of Associate/Joint Ventures held by the company on the year end	As follows
A	No. of shares	2,35,000*
B	Amount of Investment in Associates/Joint Venture	₹ 2.35
C	Extend of holding (%)	47.00%
4	Description of how there is significant influence	Under the same Management
5	Reason why the associate/joint venture is not consolidated	N.A.
6	Networth attributable to shareholding as per latest audited Balance Sheet	(12.28)
7	Profit / Loss for the year	100.99
A	Considered in Consolidation	Yes
b	Not Considered in Consolidation	N.A.

\*Re. 1 fully paid up share

**Annexure 3 to the Directors' Report****Details of Options granted to senior management personnel**

Sr. No.	Name	Designation	No. of Options@	No. of Options Exercised@
1	Mahesh Kulkarni	VP – Industrial Products	4,800	2,000
2	Naresh Padia	VP – Sales	5,520	1,800
3	Navneet Sahu	GM – East & South	5,520	1,800
4	Nitin Dambe	GM – Technical	5,520	2,600
5	Poonam Malhotra	Dy. G.M.-Product Tech. & Equipment Support	2,760	900
6	Ramdas Kambale	SBU – Head	4,800	1,800
7	Rashmi Gavli	Chief Financial Officer	5,520	1,800
8	Ravikumar Mutaka	GM – Operations	4,800	2,600
9	Ravindra Pandit	Head – Human Resources	4,800	1,800

@During the year, shares of Company were sub-divided from one share of ₹ 10/- each into two shares of ₹ 5/- each with effect from 7<sup>th</sup> September, 2016. The Options and Exercise price were adjusted to give effect to the sub-division of the equity shares of the Company.

**Annexure 4 to the Directors' Report****Form No. AOC-2**

**Form for disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto is given below:-**

**1. Details of contracts or arrangements or transactions not at arm's length basis**

a)	Name(s) of the related party and nature of relationship	N.A.
b)	Nature of contracts/arrangements/transactions	
c)	Duration of the contracts / arrangements/transactions	
d)	Salient terms of the contracts or arrangements or transactions including the value, if any	
e)	Justification for entering into such contracts or arrangements or transactions	
f)	Date(s) of approval by the Board	
g)	Amount paid as advances, if any:	
h)	Date on which the special resolution was passed in general meeting as required under first proviso to section 188	

## 2. Details of material contracts or arrangement or transactions at arm's length basis

a)	Name(s) of the related party and nature of relationship	Chembond Solenis Water Technologies Limited (Subsidiary Company)
b)	Nature of contracts/arrangements/transactions	Sale of goods
c)	Duration of the contracts / arrangements/transactions	As per agreements or mutual arrangements
d)	Salient terms of the contracts or arrangements or transactions including the value, if any	
e)	Justification for entering into such contracts or arrangements or transactions	Pursuant to the terms of joint venture agreement
f)	Date(s) of approval by the Board	Board's approval – 23 <sup>rd</sup> January, 2015. Members' approved the transactions through postal ballot vide results declared on 19 <sup>th</sup> March, 2015
g)	Amount paid as advances, if any:	-

### Annexure 5 to the Directors' Report

#### Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

Particulars required under Section 134 of the Companies Act, 2013 including rules framed thereunder:-

#### (A) Conservation of Energy

- (i) The steps taken or impact on conservation of energy:  
The Company continues measures to reduce energy consumption at its plants and offices by improving energy intensive manufacturing process and installing solar power systems.
- (ii) The steps taken by the Company for utilizing alternate sources of energy:  
The Company has installed solar power systems at its head office.
- (iii) The capital investment on energy conservation equipment: Nil

#### (B) Technology Absorption

- (i) The efforts made towards Technology Absorption:  
The Company has an on-going process of Research & Development and the Company continues its efforts to assimilate group technology for introducing new products and improving product quality. The management is actively focused on imparting of high-end technology in India from within the country and across of the world.
- (ii) The benefits derived like product improvement, cost reduction, product development or import substitution:-  
In view of the measures taken by the Company, the consumption of energy reduced by satisfactory levels.
- (iii) In case of imported technology (imported during the last three years reckoned from beginning of the financial year):  
N.A.
- (iv) The expenditure incurred on Research & Development

(₹ in Lakhs)

Particulars	2016-17	2015-16
Revenue Expenditure	103.01	59.69
Capital Expenditure	16.65	8.08
Pilot Plant	162.50	-
<b>Total</b>	<b>282.16</b>	<b>67.77</b>

#### (C) Foreign Exchange Earnings and Outgo:

(₹ in Lakhs)

Particulars	2016-17	2015-16
Total Foreign Exchange Earned in terms of actual inflows	227.98	239.11
Total Foreign Exchange Outgo in terms of actual outflows	2,869.96	3,156.90

**Annexure 6 to the Directors' Report**  
**Form MGT-9**

**The Extract of the Annual Return as on the financial year ended 31.03.2017**

**I. Registration and other details**

CIN	L24100MH1975PLC018235
Registration Date	22 <sup>nd</sup> March, 1975
Name of the Company	Chembond Chemicals Limited
Category / Sub-Category of the Company	Company having Share Capital
Address of the Registered Office and Contact details	EL-71, Chembond Centre, MIDC, Mahape, Navi Mumbai 400710 Tel No. (+9122) 3921 3000 Fax No. (+9122) 2768 1294
Whether listed company	Yes
Name, address and contact details of Registrar and Transfer Agent, if any	TSR Darashaw Limited, 6-10, Haji Moosa Patrawala Indl. Estate, 20, Dr. E Moses Road, Mahalaxmi, Mumbai – 400 011. Tel: 022 – 6656 8484 Fax: 022 – 6656 8494 E-mail : <a href="mailto:csg-unit@tsrdarashaw.com">csg-unit@tsrdarashaw.com</a> Web : <a href="http://www.tsrdarashaw.com">www.tsrdarashaw.com</a>

**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	Chemicals	2029	83.71

**III. Particulars of Holding, Subsidiary and Associate Companies -**

Name and address of the Company	CIN/GLN	Holding/ subsidiary/ associate	% of shares held	Applicable section
Chembond Solenis Water Technologies Limited EL-71, Chembond Centre, MIDC, Mahape, Navi Mumbai 400710	U24110MH1984PLC143564	Subsidiary*	55.00*	2(87)
Chembond Clean Water Technologies Limited EL-37, Chembond Centre, MIDC, Mahape, Navi Mumbai 400710	U29248MH2010PLC202124	Subsidiary	70.17	2(87)
Protochem Industries Private Limited A-737/5, TTC MIDC area, Mahape village, Thane Belapur road, Vashi, Navi Mumbai 400710	U24200MH2000PTC125231	Subsidiary	100	2(87)
Chembond Industrial Coatings Limited EL-71, Chembond Centre, MIDC, Mahape, Navi Mumbai 400710	U24100MH2011PLC219324	Subsidiary	100	2(87)
Chembond Enzyme Company Limited EL-71, Chembond Centre, MIDC, Mahape, Navi Mumbai 400710	U24117MH2006PLC166224	Subsidiary	100	2(87)
Chembond Calvatis Industrial Hygiene Systems Limited EL-71, Chembond Centre, MIDC, Mahape, Navi Mumbai 400710	U73100MH2008PLC188852	Subsidiary	55	2(87)
Chembond Distribution Limited EL-71, Chembond Centre, MIDC, Mahape, Navi Mumbai 400710	U24117MH2006PLC166227	Associate	47.00	2(6)
Chembond Chemicals (Malaysia) Sdn. Bhd. (Formerly known as IChembond Water Sdn. Bhd.) Suite 39.1.6, First Floor, Jalan Kenari 17C, Bandar Puchong Jaya, 47100 Puchong, Selangor Darul Ehsan, Malaysia	Foreign Company	Subsidiary#	100	2(87)

\* In April, 2017, Chembond Solenis Water Technologies Limited became a wholly owned subsidiary (WOS) of your Company pursuant to acquisition of additional 45% shares by your Company.

# During the year, your Company has acquired additional 49% equity shares of Chembond Chemicals (Malaysia) Sdn. Bhd. from I-Chem Solution Sdn. Bhd. Malaysia.

#### IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

##### i) Category-wise Share Holding#

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
a) Individual / HUF	3,895,013	0	3,895,013	58.16	7,798,880	0	7,798,880	57.99	-0.17
b) Central Govt.	0	0	0	0.00	0	0	0	0.00	0.00
c) State Govt.(s)	0	0	0	0.00	0	0	0	0.00	0.00
d) Bodies Corporate	765,305	0	765,305	11.43	1,544,601	0	1,544,601	11.49	0.06
e) Banks / FI	0	0	0	0.00	0	0	0	0.00	0.00
f) Any Other....	0	0	0	0.00	0	0	0	0.00	0.00
<b>Sub-total (A) (1):-</b>	<b>4,660,318</b>	<b>0</b>	<b>4,660,318</b>	<b>69.59</b>	<b>9,343,481</b>	<b>0</b>	<b>9,343,481</b>	<b>69.48</b>	<b>-0.11</b>
<b>(2) Foreign</b>									
a) NRIs – Individuals	0	0	0	0.00	0	0	0	0.00	0.00
b) Other – Individuals	0	0	0	0.00	0	0	0	0.00	0.00
c) Bodies Corp.	0	0	0	0.00	0	0	0	0.00	0.00
d) Banks / FI	0	0	0	0.00	0	0	0	0.00	0.00
e) Any Other....	0	0	0	0.00	0	0	0	0.00	0.00
<b>Sub-total (A) (2):-</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>
<b>Total shareholding of Promoter (A) = (A)(1)+(A)(2)</b>	<b>4,660,318</b>	<b>0</b>	<b>4,660,318</b>	<b>69.59</b>	<b>9,343,481</b>	<b>0</b>	<b>9,343,481</b>	<b>69.48</b>	<b>-0.11</b>
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds	0	0	0	0.00	0	0	0	0.00	0.00
b) Banks / FI	0	23,800	23,800	0.36	0	47,600	47,600	0.35	0.01
c) Central Govt	0	0	0	0.00	0	0	0	0.00	0.00
d) State Govt(s)	0	0	0	0.00	0	0	0	0.00	0.00
e) Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
f) Insurance Companies	0	0	0	0.00	0	0	0	0.00	0.00
g) FIs	0	0	0	0.00	0	0	0	0.00	0.00
h) Foreign Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
i) Others (specify)	0	0	0	0.00	0	0	0	0.00	0.00

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>Sub-total (B)(1):-</b>	<b>0</b>	<b>23,800</b>	<b>23,800</b>	<b>0.36</b>	<b>0</b>	<b>47,600</b>	<b>47,600</b>	<b>0.35</b>	<b>0.01</b>
<b>2. Non-Institutions</b>									
a) Bodies Corp.									
i) Indian	532,401	200	532,601	7.95	1,104,657	400	1,105,057	8.22	0.27
ii) Overseas	0	0	0	0.00	0	0	0	0.00	0.00
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	642,399	122,392	764,791	11.42	1,545,265	219,984	1,765,249	13.13	1.71
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	676,924	24,760	701,684	10.48	1,129,981	49,520	1,179,501	8.77	-1.71
c) Others (specify)	0	0	0	0	0	0	0	0	0
Directors	13,700	0	13,700	0.20	7,400	0	7,400	0.06	-0.14
<b>Sub-total (B)(2):-</b>	<b>1,865,424</b>	<b>147,352</b>	<b>2,012,776</b>	<b>30.06</b>	<b>3,787,303</b>	<b>269,904</b>	<b>4,057,207</b>	<b>30.17</b>	<b>0.11</b>
<b>Total Public Shareholding (B) = (B)(1)+(B)(2)</b>	<b>1,865,424</b>	<b>171,152</b>	<b>2,036,576</b>	<b>30.41</b>	<b>3,787,303</b>	<b>317,504</b>	<b>4,104,807</b>	<b>30.52</b>	<b>0.11</b>
<b>TOTAL (A)+(B)</b>	<b>6,525,742</b>	<b>171,152</b>	<b>6,696,894</b>	<b>100.00</b>	<b>13,130,784</b>	<b>317,504</b>	<b>13,448,288</b>	<b>100.00</b>	<b>0.00</b>
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0.00	0	0	0	0.00	0.00
Promoter and Promoter Group	0	0	0	0.00	0	0	0	0.00	0.00
Public	0	0	0	0.00	0	0	0	0.00	0.00
<b>Grand Total (A+B+C)</b>	<b>6,525,742</b>	<b>171,152</b>	<b>6,696,894</b>	<b>100.00</b>	<b>13,130,784</b>	<b>317,504</b>	<b>13,448,288</b>	<b>100.00</b>	<b>0.00</b>

# During the year, each equity shares of the Company of face value of ₹ 10/- each was sub-divided into two equity shares of ₹ 5/- each as on record date of 7<sup>th</sup> September, 2016.

(ii) **Shareholding of Promoters**

Sr. No	Shareholder's Name	Shareholding at the beginning of the year 01 <sup>st</sup> April, 2016			Share holding at the end of the year 31 <sup>st</sup> March, 2017			% 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	Alpana Sandeep Shah	51,475	0.77	0.00	104,550	0.78	0.00	0.01
2	Amrita Sameer Shah	21,684	0.32	0.00	43,368	0.32	0.00	0.00
3	Ashwin R. Nagarwadia	540,632	8.07	0.00	1,081,264	8.04	0.00	-0.03
4	Guloo P. Dastur	200,900	3.00	0.00	401,800	2.99	0.00	-0.01
5	Jyoti N. Mehta	34,740	0.52	0.00	69,480	0.52	0.00	0.00
6	Kshitija N. Shah	10,700	0.16	0.00	21,650	0.16	0.00	0.00
7	Mallika S. Shah	16,800	0.25	0.00	33,600	0.25	0.00	0.00
8	Mamta N. Shah	47,400	0.71	0.00	95,300	0.71	0.00	0.00
9	Nikhil Jaysukhlal Mehta	17,200	0.26	0.00	34,400	0.26	0.00	0.00
10	Nikhil Jaysukhlal Mehta (HUF)	4,200	0.06	0.00	8,400	0.06	0.00	0.00
11	Nirmal V. Shah	314,984	4.70	0.00	630,468	4.69	0.00	-0.01
12	Nirmal V. Shah (HUF)	1,920	0.03	0.00	4,341	0.03	0.00	0.00
13	Padma V. Shah	747,557	11.16	0.00	1,495,114	11.12	0.00	-0.04
14	Shah Parul	27,800	0.42	0.00	55,600	0.41	0.00	-0.01
15	Perviz H. Dastur	157,060	2.35	0.00	314,120	2.34	0.00	-0.01
16	Raunaq S. Shah	3,400	0.05	0.00	6,800	0.05	0.00	0.00
17	Sameer V. Shah	257,956	3.85	0.00	516,915	3.84	0.00	-0.01
18	Sameer V Shah (HUF)	51,678	0.77	0.00	103,356	0.77	0.00	0.00
19	Sandip Shah	31,480	0.47	0.00	62,960	0.47	0.00	0.00
20	Sandeep H Shah (HUF)	10,612	0.16	0.00	21,224	0.16	0.00	0.00
21	Shah Bhadresh	94,467	1.41	0.00	188,934	1.40	0.00	-0.01
22	Shah Kalpana Sunil	21,600	0.32	0.00	43,200	0.32	0.00	0.00
23	Shah Sunil Dahyalal	25,500	0.38	0.00	51,000	0.38	0.00	0.00
24	Shilpa Sameer Shah	37,337	0.56	0.00	74,674	0.56	0.00	0.00
25	Trupti A. Nagarwadia	148,500	2.22	0.00	297,000	2.21	0.00	-0.01
26	Vinod D. Shah	967,031	14.44	0.00	1,938,562	14.41	0.00	-0.03
27	Vinod D. Shah Huf	50,400	0.75	0.00	100,800	0.75	0.00	0.00

Sr. No	Shareholder's Name	Shareholding at the beginning of the year 01 <sup>st</sup> April, 2016			Share holding at the end of the year 31 <sup>st</sup> March, 2017			% 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	
28	Visan Holdings And Financial Services Pvt Ltd	618,808	9.24	0.00	1,237,916	9.21	0.00	-0.03
29	Finor Piplaj Chemicals Ltd	66,600	0.99	0.00	133,200	0.99	0.00	0.00
30	S and N Ventures Ltd	79,897	1.19	0.00	173,485	1.29	0.00	0.10
<b>TOTAL</b>		<b>4,660,318</b>	<b>69.59</b>	<b>0.00</b>	<b>9,343,481</b>	<b>69.48</b>	<b>0.00</b>	<b>-0.11</b>

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

Sr. No	Name of the Shareholder	Shareholding		Transaction details				Cumulative holding during the year	
		No of Shares of shares at the beginning of the year (01-04-2016)	% of total Shares of the company	Date	Sale	Purchase	Allotment on sub-division	No. of Shares	% of total Shares of the company
1	Alpana Sandeepbhai Shah	51,475	0.77	01-04-2016 05-08-2016 09-09-2016 31-03-2017		800	52,275	51,475 52,275 104,550 104,550	0.77 0.77 0.78 0.78
2	Amrita Sameer Shah	21,684	0.32	01-04-2016 09-09-2016 31-03-2017			21,684	21,684 43,368 43,368	0.32 0.32 0.32
3	Ashwin Ratilal Nagarwadia	540,632	8.07	01-04-2016 09-09-2016 31-03-2017			540,632	540,632 1,081,264 1,081,264	8.07 8.07 8.04
4	Guloo P. Dastur	200,900	3.00	01-04-2016 09-09-2016 31-03-2017			200,900	200,900 401,800 401,800	3.00 2.99 2.99
5	Jyoti N. Mehta	34,740	0.52	01-04-2016 09-09-2016 31-03-2017			34,740	34,740 69,480 69,480	0.52 0.52 0.52
6	Kshitija N. Shah	10,700	0.16	01-04-2016 09-09-2016 04-11-2016 31-03-2017		250	10,700	10,700 21,400 21,650 21,650	0.16 0.16 0.16 0.16
7	Mallika S. Shah	16,800	0.25	01-04-2016 09-09-2016 31-03-2017			16,800	16,800 33,600 33,600	0.25 0.25 0.25
8	Mamta N. Shah	47,400	0.71	01-04-2016 09-09-2016 04-11-2016 31-03-2017		500	47,400	47,400 94,800 95,300 95,300	0.71 0.71 0.71 0.71
9	Nikhil Jaysukhlal Mehta	17,200	0.26	01-04-2016 09-09-2016 31-03-2017			17,200	17,200 34,400 34,400	0.26 0.26 0.26

Sr. No	Name of the Shareholder	Shareholding		Transaction details				Cumulative holding during the year	
		No of Shares of shares at the beginning of the year (01-04-2016)	% of total Shares of the company	Date	Sale	Purchase	Allotment on sub-division	No. of Shares	% of total Shares of the company
10	Nikhil Jaysukhlal Mehta (HUF)	4,200	0.06	01-04-2016 09-09-2016 31-03-2017			4,200	4,200 8,400 8,400	0.06 0.06 0.06
11	Nirmal V. Shah	314,984	4.70	01-04-2016 09-09-2016 04-11-2016 31-03-2017		500	314,984	314,984 629,968 630,468 630,468	4.70 4.68 4.69 4.69
12	Nirmal V. Shah (HUF)	1,920	0.03	01-04-2016 09-09-2016 04-11-2016 31-03-2017		501	1,920	1,920 3,840 4,341 4,341	0.03 0.03 0.03 0.03
13	Padma V. Shah	747,557	11.16	01-04-2016 09-09-2016 31-03-2017			747,557	747,557 1,495,114 1,495,114	11.16 11.12 11.12
14	Shah Parul	27,800	0.42	01-04-2016 09-09-2016 31-03-2017			27,800	27,800 55,600 55,600	0.42 0.41 0.41
15	Perviz H. Dastur	157,060	2.35	01-04-2016 09-09-2016 31-03-2017			157,060	157,060 314,120 314,120	2.34 2.34 2.34
16	Raunaq S. Shah	3,400	0.05	01-04-2016 09-09-2016 31-03-2017			3,400	3,400 6,800 6,800	0.05 0.05 0.05
17	Sameer V. Shah	257,956	3.85	01-04-2016 09-09-2016 04-11-2016 31-03-2017		1,003	257,956	257,956 515,912 516,915 516,915	3.85 3.84 3.84 3.84
18	Sameer V. Shah (HUF)	51,678	0.77	01-04-2016 09-09-2016 31-03-2017			51,678	51,678 103,356 103,356	0.77 0.77 0.77
19	Sandip Shah	31,480	0.47	01-04-2016 09-09-2016 31-03-2017			31,480	31,480 62,960 62,960	0.47 0.47 0.47
20	Sandeep Shah (HUF)	10,612	0.16	01-04-2016 09-09-2016 31-03-2017			10,612	10,612 21,224 21,224	0.16 0.16 0.16
21	Shah Bhadresh	94,467	1.41	01-04-2016 09-09-2016 31-03-2017			94,467	94,467 188,934 188,934	1.41 1.40 1.40
22	Shah Kalpana Sunil	21,600	0.32	01-04-2016 09-09-2016 31-03-2017			21,600	21,600 43,200 43,200	0.32 0.32 0.32
23	Shah Sunil Dahyalal	25,500	0.38	01-04-2016 09-09-2016 31-03-2017			25,500	25,500 51,000 51,000	0.38 0.38 0.38

Sr. No	Name of the Shareholder	Shareholding		Transaction details				Cumulative holding during the year	
		No of Shares of shares at the beginning of the year (01-04-2016)	% of total Shares of the company	Date	Sale	Purchase	Allotment on sub-division	No. of Shares	% of total Shares of the company
24	Shilpa Sameer Shah	37,337	0.56	01-04-2016 09-09-2016 31-03-2017			37,337	37,337 74,674 74,674	0.56 0.56 0.56
25	Trupti A. Nagarwadia	148,500	2.22	01-04-2016 09-09-2016 31-03-2017			148,500	148,500 297,000 297,000	2.22 2.21 2.21
26	Vinod D. Shah	967,031	14.44	01-04-2016 09-09-2016 04-11-2016 31-03-2017		4,500	967,031	967,031 1,934,062 1,938,562 1,938,562	14.44 14.38 14.41 14.41
27	Vinod D. Shah (HUF)	50,400	0.75	01-04-2016 09-09-2016 31-03-2017			50,400	50,400 100,800 100,800	0.75 0.75 0.75
28	Visan Holdings and Financial Services Private Limited	618,808	9.24	01-04-2016 09-09-2016 04-11-2016 31-03-2017		300	618,808	618,808 1,237,616 1,237,916 1,237,916	9.24 9.20 9.21 9.21
29	Finor Piplaj Chemicals Limited	66,600	0.99	01-04-2016 09-09-2016 31-03-2017			66,600	66,600 133,200 133,200	0.99 0.99 0.50 0.99
30	S & N Ventures Limited	79,897	1.19	01-04-2016 09-09-2016 04-11-2016 11-11-2016 31-03-2017		8,933 4,758	79,897	79,897 159,794 168,727 173,485 173,485	1.19 1.19 1.25 1.29 1.29

**(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs)**

Sr. No	Name of the Shareholder	Shareholding		Transaction details				Cumulative holding during the year	
		No of Shares at the beginning of the year (01-04-2016)	% of total Shares of the company	Date	Sale	Purchase	Allotment on sub-division	No.of Shares	% of total Shares of the company
1	Ajay Sheth	360,217	5.38	01-04-2016				360,217	5.38
				20-05-2016		1		360,216	5.38
				09-09-2016				720,432	5.36
				28-10-2016	33,202			687,230	5.11
				02-12-2016	20,000			667,230	4.96
				13-01-2017	18,620			648,610	4.96
				20-01-2017	552			648,058	4.82
				27-01-2017	16,088			631,970	4.70
				03-02-2017	2,073			629,897	4.68
				03-03-2017	985			628,912	4.68
				10-03-2017	19,000			609,912	4.54
31-03-2017				609,912	4.54				
2	Quest Investment Advisors Private Limited	359,307	5.37	01-04-2016				359,307	5.37
				09-09-2016				718,614	5.37
				31-03-2017				718,614	5.34
3	Ajay Chinubhai Laloo	111,434	1.66	01-04-2016				111,434	1.66
				24-06-2016	3,600			107,834	1.61
				24-06-2016		3,600		111,434	1.66
				09-09-2016				222,868	1.66
				31-03-2017				222,868	1.66
4	Chartered Finance and Leasing Limited	79,529	1.19	01-04-2016				79,529	1.19
				09-09-2016				159,058	1.18
				31-03-2017				159,058	1.18
5	Nriyaa A Laloo	24,760	0.37	01-04-2016				24,760	0.37
				09-09-2016				49,520	0.37
				31-03-2017				49,520	0.37
6	Dena Bank	23,800	0.36	01-04-2016				23,800	0.36
				09-09-2016				47,600	0.35
				31-03-2017				47,600	0.35
7	Vrushal Trading Private Limited	20,642	0.31	01-04-2016				20,642	0.31
				09-09-2016				41,284	0.31
				31-03-2017				41,284	0.31
8	Mr. Shrigopal Maheshwari	15,000	0.22	01-04-2016				15,000	0.22
				24-06-2016		250		15,250	0.22
				20-07-2016		1,093		16,343	0.24
				22-07-2016		1,403		17,746	0.26
				29-07-2016		1,000		18,746	0.28
				09-09-2016				37,492	0.21
				27-01-2017		2,508		40,000	0.30
				31-03-2017				40,000	0.30
9	Amit Ashok Thawani	7,948	0.12	01-04-2016				7,948	0.12
				09-09-2016				15,896	0.12
				02-12-2016		20,000		35,896	0.27
				31-03-2017				35,896	0.27
10	Jayantilal S Vasani	17,500	0.26	01-04-2016				17,500	0.26
				09-09-2016				35,000	0.26
				31-03-2017				35,000	0.26

## (v) Shareholding of Directors and Key Managerial Personnel:

Sr. No	Name of the Shareholder	Shareholding		Transaction details				Cumulative holding during the year	
		No of Shares of shares at the beginning of the year (01-04-2016)	% of total Shares of the company	Date	Sale	Purchase	Allotment on sub-division	No. of Shares	% of total Shares of the company
1	Nirmal V. Shah	314,984	4.70	01-04-2016 09-09-2016 04-11-2016 31-03-2017		500	314,984	314,984 629,968 630,468 630,468	4.70 4.68 4.69 4.69
2	Sameer V. Shah	257,956	3.85	01-04-2016 09-09-2016 04-11-2016 31-03-2017		1003	257,956	257,956 515,912 516,915 516,915	3.85 3.84 3.84 3.84
3	Rashmi Sameer Gavli	865	0.01	01-04-2016 09-09-2016 23-12-2016 31-03-2017		1800	865	865 1,730 3,530 3,530	0.01 0.01 0.01 0.03
4	Jay Mistry	0	0	01-04-2016 12-08-2016 09-09-2016 31-03-2017		2 4	2	0 2 4 0	0.00 0.00 0.00 0.00

## V. Indebtedness

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(₹ In lakhs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	608.48	211.05	0	819.53
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	1.67	0.43	0	2.10
<b>Total (i+ii+iii)</b>	<b>610.15</b>	<b>211.48</b>	<b>0</b>	<b>821.63</b>
<b>Change in Indebtedness during the financial year</b>				
Addition	1,563.18	2,112.54	0	3,675.72
Reduction	1,951.72	1,813.46	0	3,765.17
<b>Net Change</b>	<b>(388.54)</b>	<b>299.08</b>	<b>0</b>	<b>(89.45)</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	221.61	510.57	0	732.18
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	0	1.82	0	1.82
<b>Total (i+ii+iii)</b>	<b>221.61</b>	<b>512.40</b>	<b>0</b>	<b>734.00</b>

**VI. Remuneration of Directors And Key Managerial Personnel**
**A. Remuneration to Managing Director, Whole-time Directors and/or Manager:**
**(₹ In lakhs)**

Sr. No.	Particulars of Remuneration	Mr. Sameer V. Shah (MD)	Mr. Nirmal V. Shah (MD)	Total Amount
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	74.11	36.00	110.11
	(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)	74.11	36.00	110.11
	Ceiling as per the Act	84.00	84.00	168.00

**A. Remuneration to other directors:**
**(₹ In lakhs)**

Sr. No.	Particulars of Remuneration	Name of directors								Total Amount
		Mr. Mahendra Ghelani	Mr. Sushil Lakhani	Mr. Jawahar Mehta	Mr. O.P.Malhotra	Mrs. Saraswati Sankar	Dr. Prakash Trivedi	Mr. Perviz H. Dastur	Mr. Ashwin R. Nagarwadia	
1	<i>Independent Directors</i>									-
	-Fee for attending board / committee meetings	3.00	2.00	1.00	0.40	1.00	1.00	-	-	8.40
	-Commission	-	-	-	-	-	-	-	-	-
	-Others, please specify	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	-	-	N.A.
	Total (B) (1)	3.00	2.00	1.00	0.40	1.00	1.00	-	-	8.40
2	<i>Other Non Executive Directors</i>									
	-Fee for attending board / committee meetings	-	-	-	-	-	-	14.50	25.50	40.00
	-Commission	-	-	-	-	-	-	--	--	-
	-Others, please specify	-	-	-	-	-	-			-
	Total (B)(2)	-	-	-	-	-	-	14.50	25.50	40.00
	<b>Total (B)(1)+(B) (2)</b>	<b>3.00</b>	<b>2.00</b>	<b>1.00</b>	<b>0.40</b>	<b>1.00</b>	<b>1.00</b>	<b>14.50</b>	<b>25.50</b>	<b>48.40</b>

**C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD****( ₹ In lakhs)**

Sr. No.	Particulars of Remuneration	Key Managerial Personnel		
		Chief Financial Officer	Company Secretary	Total Amount
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	34.74	6.41	41.15
	(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	2.57	-	2.57
3.	Sweat Equity	-	-	-
4.	Commission - as % of profit - others, specify...	-	-	-
5.	Others	-	-	-
	<b>Total ( C )</b>	<b>37.31</b>	<b>6.41</b>	<b>43.72</b>

**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)
<b>A. COMPANY</b>					
Penalty			None		
Punishment					
Compounding					
<b>B. DIRECTORS</b>					
Penalty			None		
Punishment					
Compounding					
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty			None		
Punishment					
Compounding					

On behalf of the Board

**Sameer V. Shah**  
Chairman & Managing Director

**Nirmal V. Shah**  
Vice Chairman & Managing Director

Mumbai  
6<sup>th</sup> May, 2017

## Report on Corporate Governance

### Philosophy on Corporate Governance

The philosophy underlying Corporate Governance seeks to create a system of “Checks and balances” based on transparency, integrity, clarity, and consistency in the dealings of the Company with its stakeholders. Good Governance ensures that the best corporate practices are followed by a Company. Implementation of good governance indicates not only the compliance of the laws and regulations of the land but also indicates the values, practices, and culture of your organization. Your Company is committed to adopt the best Corporate Governance practices and endeavors continuing to implement the code of Corporate Governance in its true spirit. Your Company has made Corporate Governance a practice and a process of development right across the Company.

### Board of Directors

The Company is managed by the Board of Directors. The Board formulates strategy, regularly reviews the performance of the Company, and ensures that the previously agreed objectives are met on a consistent basis. The Managing Directors are responsible for day-to-day operations of the Company.

The Chembond Board of Directors has an ideal composition of executive and non-executive Directors with one woman Director (Independent). More than half of the Board consist of Independent Directors.

A. The composition of the Board as on 31<sup>st</sup> March, 2017 and details of Board and Annual General Meetings held and the attendance of the Directors is as follows:

Name of the Directors	Nature of Directorship	No. of Board Meetings attended	Attendance at last AGM	No. of Directorships in other Public companies*	Number of Committee Memberships held **	Number of Chairman Ships held **
Sameer V. Shah# (DIN:00105721)	Chairman & Managing Director	5	Yes	7	1	-
Nirmal V. Shah# (DIN:00083853)	Vice Chairman & Managing Director	5	Yes	8	1	-
Ashwin R. Nagarwadia (DIN:00466681)	Non-Executive Director	2	No	4	1	1
Perviz H. Dastur (DIN:00961016)	Non-Executive Director	2	Yes	1	1	-
Mahendra K. Ghelani (DIN:01108297)	Independent Director	2	Yes	1	1	1
O. P. Malhotra*** (DIN:00009086)	Independent Director	2	Yes	2	-	-
Jawahar I. Mehta (DIN:00128995)	Independent Director	2	Yes	-	-	-
Sushil U. Lakhani (DIN:01578957)	Independent Director	5	Yes	1	1	-
Saraswati Shankar (DIN:07133249)	Independent Director	3	Yes	-	-	-
Prakash D. Trivedi (DIN:00231288)	Independent Director	2	Yes	-	-	-

\* Directorships in Foreign Companies, Private Limited Companies, Companies under Section 8 of the Companies Act, 2013 are excluded for this purpose.

\*\* Considered Membership/Chairmanship of Audit Committees and Stakeholders' Relationship Committee of Public Limited Companies, and Private Limited Companies which are wholly owned subsidiary Companies only.

\*\*\* Mr. O. P. Malhotra (DIN:00009086) ceased to be Director (Independent) on the Board of the Company with effect from 1<sup>st</sup> August, 2016. The same was approved by the Board at its meeting held on 30<sup>th</sup> July, 2016.

During the year, the meetings of Board of Directors were held on 28<sup>th</sup> May, 2016, 4<sup>th</sup> June, 2016, 30<sup>th</sup> July, 2016, 27<sup>th</sup> October, 2016 and 11<sup>th</sup> February, 2017.

As at 31<sup>st</sup> March, 2017, in compliance with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company's Board of Directors headed by its Chairman & Managing Director - Mr. Sameer V. Shah, comprised of 8 (eight) other Directors including a woman Director (Independent), out of which 5 (five) Directors are Independent Non-Executive Directors. None of the Independent Directors of the Company serve as an Independent Director in more than seven listed companies.

#During the year, the shareholders of the Company at the 41<sup>st</sup> Annual General Meeting held on 30<sup>th</sup> July, 2016 approved re-appointment of Mr. Sameer V. Shah (DIN: 00105721) as Chairman and Managing Director of the Company for a period of three years with effect from 1<sup>st</sup> August, 2016 and also approved re-appointment of Mr. Nirmal V. Shah (DIN: 00083853) as Vice-Chairman and Managing Director of the Company for a period of three years with effect from 1<sup>st</sup> August, 2016.

Mr. Sameer V. Shah and Mr. Nirmal V. Shah are relatives (brothers) in terms of Section 2 (77) of the Companies Act, 2013 read with Companies (Specification of Definitions Details) Rules, 2014.

#### **Separate meeting of Independent Directors**

In accordance with the provisions of Schedule IV of the Companies Act, 2013, a separate meeting of the Independent Directors was held during the year on 30<sup>th</sup> March, 2017 without the attendance of Non-Independent Directors and members of management, inter alia to:

- a. Review the performance of the Non-Independent Directors and the Board as a whole;
- b. Review the performance of the Chairperson of the Company, taking into account the views of the Executive Directors and Non-Executive Directors;
- c. Assess the quality, quantity and timeliness of flow of information between the company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

The meeting was attended by Mr. Mahendra K. Ghelani, Mr. Sushil U. Lakhani, Mrs. Saraswati Sankar and Dr. Prakash Trivedi. Mr. Mahendra K. Ghelani was the Chairman of the meeting. The Independent Directors discussed matters pertaining to the Company's affairs and functioning of the Board and the evaluation of the members of Board.

#### **Familiarization Programme:**

The Company at its various meetings held during the financial year 2016-17 has familiarized the Independent Directors with regard to their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, the business model of the Company etc. The Independent Directors have been provided with necessary documents, reports and internal policies to familiarise them with the Company's policies, procedures and practices.

Quarterly updates on relevant statutory changes and judicial pronouncements encompassing important amendments are briefed to the Directors.

The details of such Familiarization Programme for Independent Directors are disclosed on the website of the Company i.e. [www.chembondindia.com](http://www.chembondindia.com)

### **B. Board Meeting & Procedures**

Board members are informed well in advance about the schedule of the Meetings. Appropriate documents are sent in advance to each Director. In order to enable the Board to discharge its responsibilities effectively, the Managing Directors review the overall Company performance by placing a functional report before the Board. The functions performed by the Board, inter alia, include review of:

- \* Strategy and business plans.
- \* Annual operating and capital expenditure budgets.
- \* Quarterly results of the Company.
- \* Minutes of the Meeting of Audit and other Committees of the Board.
- \* Information on recruitment and remuneration of senior officers.
- \* Investment and exposure limits.
- \* Business risk analysis and control.
- \* Compliance with statutory / regulatory requirements.
- \* Review of major legal issues.
- \* Transaction pertaining to the purchase or disposal of property, major provisions and write offs.

### C. Details of Directors being re-appointed

As per statute, two third of the Directors (other than Independent Directors) are liable to retire by rotation. One third of these retiring Directors are required to retire every year and if, eligible, these Directors qualify for re-appointment.

Mr. Perviz H. Dastur (DIN:00961016) and Mr. Ashwin R. Nagarwadia (DIN:00466681) retire by rotation at the ensuing Annual General meeting and being eligible, offer themselves for re-appointment.

A brief resume of Directors appointed / eligible for re-appointment along with the additional information required under Regulation 36 (3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is as under:

No.	Name	Date of Birth	Qualification
1	Mr. Perviz H. Dastur	31.01.1937	B.Com, MBA, ACA
2	Mr. Ashwin R. Nagarwadia	20.09.1937	BE Mechanical

Mr. Perviz H. Dastur and Mr. Ashwin R. Nagarwadia are not related to any other Directors on the Board of the Company.

Brief profile of Mr. Dastur & Mr. Nagarwadia have been provided in the Notice convening the 42<sup>nd</sup> Annual General Meeting of the Company.

### D. Code of Conduct

The Board has laid down a code of conduct for all the Members of the Board and senior management of the Company which is also posted on the Company's website at [www.chembondindia.com](http://www.chembondindia.com). All Board Members and senior management have complied with the code of conduct for the year ended 31<sup>st</sup> March, 2017. The Annual Report contains a declaration to this effect signed by the Managing Director.

## II. Committees of the Board

### A. Audit Committee

The constitution of the Audit Committee as of 31<sup>st</sup> March, 2017 is as follows:

Name of the Member	Designation	No. of meetings attended
Mahendra K. Ghelani	Chairman	3
Perviz H. Dastur	Member	2
Sushil U. Lakhani	Member	4

During the year, four meetings of the Audit Committee were held on 28<sup>th</sup> May, 2016, 30<sup>th</sup> July, 2016, 27<sup>th</sup> October, 2016 and 11<sup>th</sup> February, 2017. The Committee has members with sound knowledge of business, accounting and law and deals with accounting matters, financial reporting and internal controls.

The Audit Committee has the powers and performs its role as per the guidelines set out in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Companies Act, 2013 and the rules made thereunder. The Committee monitors any proposed changes in accounting policy, accounting implications of major transactions and also closely reviews the adequacy of internal audit controls and formulates and monitors the annual audit plan. The Committee also reviews with the management the annual financial statements and auditors' report, quarterly financial statements, the statement of uses/application of funds through an issue, monitors the auditors' independence and performance & effectiveness of process, performance of statutory & internal auditors, adequacy of internal control systems, functioning of the Whistle Blower mechanism, management discussion and analysis of financial condition and results of operation, statement of significant related party transactions, management letter of internal control weaknesses, internal audit reports, and matters related to appointment, removal and terms of remuneration of internal and statutory auditors of the Company and the financial statements of subsidiary Companies. The Auditors, Internal Auditors, Managing Directors, concerned executives, Non-Executive Directors and Chief Financial Officer are invitees to the Audit Committee Meetings. The Company Secretary acts as the Secretary to the Committee. The previous Annual General Meeting (AGM) of the Company was held on 30<sup>th</sup> July, 2016 and was attended by Mr. Mahendra Ghelani, Chairman of the Audit Committee. Terms of Reference the Audit Committee are in accordance with those specified in Regulation 18 read with Part C of Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 177 of the Companies Act, 2013.

### B. Nomination and Remuneration Committee

The constitution of the Nomination and Remuneration Committee (NRC) as of 31<sup>st</sup> March, 2017 is as follows:

Name of the Member	Designation	No. of meetings attended
Mahendra K. Ghelani	Chairman	5
Ashwin R. Nagarwadia	Member	4
Jawahar I. Mehta	Member	2

During the year, six meetings of the Nomination and Remuneration Committee were held - on 28<sup>th</sup> May, 2016, 30<sup>th</sup> July, 2016, 19<sup>th</sup> September, 2016, 8<sup>th</sup> December, 2016, 7<sup>th</sup> January, 2017, 11<sup>th</sup> February, 2017.

Nomination and Remuneration Committee (NRC) has the powers to formulate the criteria for determining qualifications, positive attributes & independence of a Director and recommend to the Board a policy relating to the remuneration of the Directors, key managerial personnel and senior management employees, criteria for evaluation of Independent Directors & the Board, devising a policy on Board diversity and such other things prescribed under the Act and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Committee also has the responsibility of administration and superintendence of the Employee Stock Option (ESOP) Schemes of the Company, including the power to allot the shares and all the related matters under the ESOP Scheme of the Company and under the SEBI (Share Based Employee Benefits) Regulations, 2014

### Performance Evaluation

The criteria for performance evaluation includes the areas relevant to the functioning of Independent Directors such as participation, conduct and effectiveness. The performance evaluation of Independent Directors was done by the entire Board of Directors except for the Directors who are subject to evaluation.

### Remuneration of Directors :

#### i) Remuneration to Executive Directors:

Names	Position	Salary and Perquisite (₹)
Sameer V. Shah	Chairman & Managing Director	74.11 Lac
Nirmal V. Shah	Vice Chairman & Managing Director	36.00 Lac

Break up of above ₹ 74.11 Lac is as follows:-

Basic	₹ 30.84 Lac
Perquisites & allowances	₹ 22.11 Lac
Incentives	₹ 15.00 Lac
Bonus	₹ 6.16 Lac
Period of agreement	Upto 31 <sup>st</sup> July, 2019
Notice Period	N.A.
Severance fees	NIL
Stock Options	NIL

Break up of above ₹ 36 Lac is as follows:-

Basic	₹ 18 Lac
Perquisites & allowances	₹ 14.40 Lac
Bonus	₹ 3.60 Lac
Period of agreement	Upto 31 <sup>st</sup> July, 2019
Notice Period	N.A.
Severance fees	NIL
Stock Options	NIL

## ii) Details of Remuneration paid to Non-Executive Directors:

The details of sitting fees paid to Non-Executive Directors for the year ended 31<sup>st</sup> March, 2017 are as specified below:

Name	Amount in ₹	No. of shares held as on 31.03.2017	Stock Options granted to Non-Executive Directors
Perviz H. Dastur	1,450,000	314,120	Nil
Ashwin R. Nagarwadia	2,550,000	1,081,264	Nil
Mahendra K. Ghelani	300,000	0	4,800
Jawahar I. Mehta	100,000	7,400	4,800
O. P. Malhotra*	50,000	N.A.	4,800
Sushil U. Lakhani	200,000	0	4,800
Saraswati Sankar	100,000	0	Nil
Prakash D. Trivedi	100,000	0	Nil

\* Ceased to be Director (Independent) of the Company with effect from 1<sup>st</sup> August, 2016

- During the year the Company has not paid any commission to any of its Directors.
- The Compensation Committee has approved a grant of 4,800 stock options to each Independent Director at its meeting held on 8<sup>th</sup> September, 2012 in accordance with Chembond Chemicals Employees' Stock Option Plan, 2012. The options were to vest over the period of 4 years until 2016 subject to accomplishment of performance criteria set by the Compensation Committee.

### Remuneration Policy for matters provided under Section 178(3)

#### Criteria for determining qualifications, positive attributes and independence of a Director:

##### A. Appointment criteria and qualifications:-

- The Nomination & Remuneration Committee (NRC) shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and recommend to the Board his / her appointment.
- A person should possess adequate qualification, expertise and experience for the position he / she is considered for appointment. The NRC has discretion to decide whether qualification, expertise and experience possessed by a person is sufficient / satisfactory for the concerned position.
- The provisions of the Act and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 should be adhered to while considering the appointment of a director or KMP or senior management personnel.

##### B. Independence of Director (ID):-

- Appointment of IDs shall be in accordance with the provisions of the Companies Act, 2013 (Act) as well as SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- NRC should check whether a person to be nominated or appointed as an ID meets the criterion of independence as prescribed under Sec. 149(6) of the Act and under Regulation 25 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- While nominating any person to be appointed as an ID, the Committee should satisfy itself that the person gives a declaration as prescribed under the Act declaring that he/she meets the criterion of independence prescribed under the Act and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

#### Policy relating to remuneration for Directors, KMPs and other employees:

##### A. Remuneration duties :- The duties of the NRC in relation to remuneration matters include:

- To consider and determine the Remuneration Policy, based on the performance and to ensure that the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate members of the Board of the quality required to run the Company successfully and such other factors as the NRC shall deem appropriate all elements of the remuneration of the members of the Board.
- To ensure that relationship of remuneration to performance is clear and meets appropriate performance benchmarks.

- To ensure that the remuneration to Directors, KMPs, and Senior Management Personnel of the Company involves a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals.
- To delegate any of its powers to one or more of its members or the Secretary.
- To consider any other matters as may be requested by the Board.

**B. Remuneration for the Directors, KMP & Senior Management Personnel:-**

- The remuneration / compensation / commission etc. to Director, KMP and Senior Management Personnel will be determined by the NRC and recommended to the Board for approval.
- The remuneration / compensation / commission etc. shall be in accordance with the provisions of the Act and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, if applicable, and the Articles of Association of the Company, and shall be subject to the prior/post approval of the shareholders of the Company and/or Central Government, wherever required under the law.
- Increments to the existing remuneration/compensation structure may be recommended by NRC to the Board in accordance with the law.
- Remuneration to Managing Director/ Whole-time Director shall also be in accordance with the agreement entered into with him.
- Fixed pay:-

The Director, KMP and Senior Management Personnel shall be eligible for a monthly/yearly remuneration as may be approved by the Board on the recommendation of the NRC. 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 NRC and approved by the shareholders and/or the Central Government, wherever required.

- Minimum Remuneration:-

If circumstances demand, the Company may pay remuneration to its managerial personnel i.e. Managing Director or Whole-time Director or Manager in accordance with the provisions of Sec. 196, 197, Schedule V and other applicable provisions of the Act.

- Provisions for excess remuneration:-

Remuneration drawn or received, directly or indirectly, in excess of the limits prescribed under the Act, shall be dealt with as prescribed under the Act.

- Sitting fee, reimbursement of expenses and profit related commission:-

A director may receive remuneration by way of fee (sitting fee) for attending meetings of Board or Committee thereof as per Sec. 197(5) provided that the amount of such fee shall not exceed ₹ One Lac per meeting of the Board or Committee or such amount as may be prescribed by the Central Government from time to time. Such sitting fee to independent director and woman director shall not be less than sitting fee payable to other directors.

Independent director may receive reimbursement of expenses for participation in the Board and other meetings and profit related commission as may be approved by the members.

- Stock Options:-

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

**C. Stakeholders' Relationship Committee**

The constitution of Stakeholders' Relationship Committee as of 31<sup>st</sup> March, 2017 is as follows:

Name of the Member	Designation	No. of meetings attended
Ashwin R. Nagarwadia	Chairman	10
Sameer V. Shah	Member	10
Nirmal V. Shah	Member	10

During the year, ten meetings of the Stakeholders Relationship Committee were held on 7<sup>th</sup> April, 2016, 14<sup>th</sup> April, 2016, , 17<sup>th</sup> September, 2016, 27<sup>th</sup> October, 2016, 21<sup>st</sup> November, 2016, 1<sup>st</sup> December, 2016, 8<sup>th</sup> December, 2016, 7<sup>th</sup> January, 2017, 11<sup>th</sup> February, 2017 and 4<sup>th</sup> March, 2017.

The Committee deals with a matter relating to transfer / transmission of Shares, issue of duplicate share certificates, review of shares dematerialized and matters relating to transfer of shares to IEPF account of the Government. Mr. Jay Mistry, Company Secretary & Compliance Officer, is responsible for coordinating all such matters and those relating to share transfer and shareholders grievances with the Registrar and Transfer Agent. During the year, the Company has received no shareholder complaints.

#### D. Executive Committee

The constitution of the Executive Committee as of 31<sup>st</sup> March, 2017 is as follows :

Name of the Member	Designation
Sameer V. Shah	Chairman
Nirmal V. Shah	Member

The Board of Directors has delegated to the Executive Committee the authority to supervise and monitor the day-to-day affairs of the Company. The Executive Committee of the Board of Directors of the Company conducts a monthly review meeting (MRM) and such other meeting as may be decided by the Committee members for a detail business review to which all Head of Departments (HOD), Business/Divisional Heads are the invitees.

#### E. Risk Management Committee

The constitution of the Risk Management Committee as of 31<sup>st</sup> March, 2017 is as follows:

Name of the Member	Designation	No. of meetings attended
Mahendra K. Ghelani	Chairman	4
Ashwin R. Nagarwadia	Member	7
Perviz H. Dastur	Member	1
Sushil U. Lakhani	Member	0
Saraswati Sankar	Member	2

During the year, seven meetings of the risk management committee were held 14<sup>th</sup> April, 2016, 17<sup>th</sup> September, 2016, 27<sup>th</sup> October, 2016, 21<sup>st</sup> November, 2016, 1<sup>st</sup> December, 2016, 11<sup>th</sup> February, 2017 and 30<sup>th</sup> March, 2017.

The Committee deals with matters relating to identification and assessment of material business risk, technological risk, strategic business risk, operational risk, financial risk, human resource risk and legal & regulatory risk.

#### F. Research & Development & Technical Committee

The constitution of Research & Development and Technical Committee as of 31<sup>st</sup> March, 2017 is as follows:

Name of the Member	Designation	No. of meetings attended
Sameer V. Shah	Chairman	3
Nirmal V. Shah	Member	3
Prakash Trivedi	Member	3

During the year three meetings of the Committee were held.

The Committee deals with matters relating to inter-alia the identification and assessment of the new areas of research and development and products development. Dr. Vinod D. Shah, Chairman Emeritus, is a permanent invitee to the Committee. The concerned Head of Departments (HOD), Business/Divisional Heads are the invitees to the Committee.

#### G. CSR Committee

The constitution of the CSR Committee as of 31<sup>st</sup> March, 2017 is as follows:

Name of the Member	Designation	No. of meetings attended
Mahendra K. Ghelani	Chairman	1
Ashwin R. Nagarwadia	Member	2
Sameer V. Shah	Member	2
Sushil U. Lakhani	Member	1

During the year two meetings of the Committee were held. The CSR Committee has the power to frame the CSR policy and its review from time to time, to ensure effective implementation and monitoring of the CSR activities as per the approved policy, plans & budget, to ensure compliance with the laws, rules & regulations governing the CSR.

## H. Investment Committee

The Company has an Investment Committee and the composition of the Committee as on 31.03.2017 is as follows:

Name of the Member	Designation	No. of meetings attended
Sameer V. Shah	Chairman	41
Perviz H. Dastur	Member	27
Ashwin R. Nagarwadia	Member	41
Nirmal V. Shah	Member	41

Dr. Vinod D. Shah, Chairman Emeritus, was a permanent invitee to the Committee. The Committee has been constituted with a view to effectively use the funds received from disinvestment of the Company's stake. The investment committee has a number of other responsibilities, but they generally fall under two key areas: developing sound investment objectives and ensuring that it is implemented efficiently and effectively.

## III. Whistle Blower Policy

The Company is committed to adhere to the highest standards of ethical, moral and legal conduct of business operations. The Company has a Vigil Mechanism & Whistle Blower Policy which encourages its employees who have concerns about suspected misconduct to come forward and express these concerns without fear of punishment or unfair treatment. A Vigil (Whistle Blower) Mechanism provides a channel to the employees and Directors to report to the management concerns about unethical behavior, actual or suspected fraud or violation of the codes of conduct or policies. The Audit Committee of the Company shall oversee the vigil mechanism. The policy on vigil mechanism & whistle blower policy may be accessed on the Company's website at the link: [http://www.chembondindia.com/Investors/Policy/Vigil Mechanism & Whistle Blower Policy](http://www.chembondindia.com/Investors/Policy/Vigil%20Mechanism%20&%20Whistle%20Blower%20Policy).

## IV. Subsidiary Companies

The Company has seven subsidiaries namely Chembond Solenis Water Technologies Limited, Protochem Industries Private Limited, Chembond Industrial Coatings Limited, Chembond Clean Water Technologies Limited, Chembond Enzyme Company Limited, Chembond Calvatis Industrial Hygiene Systems Limited and Chembond Chemicals (Malaysia) Sdn. Bhd. (formerly known as IChembond Water Sdn. Bhd). Mr. Mahendra K. Ghelani, Independent Director of Chembond Chemicals Limited is on the Board of material subsidiary of the Company, Chembond Solenis Water Technologies Limited. The Audit Committee of the Company reviews the financial statements of the subsidiaries. The Minutes of the Board meetings of subsidiaries are placed in the Board Meetings of Chembond Chemicals Limited.

In April, 2017, Chembond Solenis Water Technologies Limited became a wholly owned subsidiary (WOS) of your Company pursuant to acquisition of additional 45% shareholding by your Company.

During the year, your Company has acquired additional 49% of the equity shares of IChembond Water Sdn. Bhd. Malaysia. Consequently your Company holds 100 % of the paid-up share capital of IChembond Water Sdn. Bhd. Malaysia.

## V. General Body Meetings

i) Details of general body meetings held in last 3 years:

Year	AGM / EGM	LOCATION	DATE	TIME	SPECIAL RESOLUTION(S) PASSED
2014	AGM	EL-37, Chembond Centre, Mahape, MIDC, Navi Mumbai 400 710.	09.08.2014	3.00 p.m.	No special resolution was passed.
2015	AGM	EL-37, Chembond Centre, Mahape, MIDC, Navi Mumbai 400 710.	08.08.2015	3.00 p.m.	1) Revise the remuneration of Mr. Sameer V. Shah, Managing Director 2) Revise the remuneration of Mr. Nirmal V. Shah, Managing Director
2016	AGM	EL-37, Chembond Centre, Mahape, MIDC, Navi Mumbai 400 710.	30.07.2016	3.00 p.m.	1) To re-appoint Mr. Sameer V. Shah as Chairman & Managing Director of the Company for a period of three years. 2) To re-appoint Mr. Nirmal V. Shah as Vice-chairman & Managing Director of the Company for a period of three years.

Year	AGM / EGM	LOCATION	DATE	TIME	SPECIAL RESOLUTION(S) PASSED
					3) Alteration of the authorized share capital (Article 4) in the Articles of Association of the Company. 4) Alteration of Article 19 (a) in the Articles of Association of the Company relating to surrender of old share certificate(s) in case of sub-division and consolidation.

- ii) No Postal Ballot was conducted during the year.
- iii) No Special Resolution is proposed to be conducted through Postal Ballot.
- iv) Postal Ballot whenever conducted will be carried out as per the procedure mentioned in Rule 22 of Companies (Management and Administration) Rules, 2014, including any amendment thereof.

## VI. Means of Communication

Annual Reports in respect of each financial year are sent to all shareholders at their registered addresses, and sent by email to those shareholders on the email ids registered with the depository participant. Each report contains the annual accounts of the Company in respect of the financial year under consideration along with the Directors' Report and Auditor's Report. Also included in each annual report is the notice convening the annual general meeting, corporate governance report, management discussion and analysis and the cash flow statement together with the corresponding reports of the auditors, the consolidated accounts and the auditor's report thereon.

The quarterly, half-yearly, nine months ended and yearly financial results are submitted to the BSE Ltd. immediately after the conclusion of the Board meeting and usually published in Free Press Journal & Nav Shakti, within prescribed time, usually on the next immediate working day. The results are also displayed on the website of the Company at [www.chembondindia.com](http://www.chembondindia.com) and also uploaded on the website of BSE Limited. The Company also submits press release etc. to BSE, if any, which is displayed on BSE website.

## VII. General Shareholders Information

1	Date, Time & Venue of Annual General Meeting.	Saturday, 24 <sup>th</sup> June, 2017 at 11.30 a.m. at EL-37, MIDC, Mahape, Navi Mumbai
2	Financial Year	The Financial Year Covers the period from 1 <sup>st</sup> April to 31 <sup>st</sup> March
3	Financial Calendar for 2017-2018 (tentative & subject to change)	Financial Reporting for the quarter ending 30.06.2017 By Mid of August, 2017 30.09.2017 By Mid of November 2017 31.12.2017 By Mid of February 2018 31.03.2018 By end of 30 <sup>th</sup> May 2018
4	Dividend Payment date	Final dividend, if declared shall be paid/credited on or after 28 <sup>th</sup> June, 2017
5	Listing on Stock Exchange	BSE Limited
	Stock Exchange Address	P.J. Towers, Dalal Street, Fort, Mumbai – 400 001
	Confirmation about payment of Annual Listing fee to Stock Exchange	The Company has paid listing fees for the financial year 2017-18.
6	Stock Code	530871

7	Market Price data (*Note: The equity shares of the Company were sub-divided from one share of ₹ 10/- each into two shares of ₹ 5/- each as on the record date of 7 <sup>th</sup> September, 2016)	Month	High	Low	
		April 2016	469	410	
		May 2016	470	402.1	
		June 2016	453	385	
		July 2016	514.95	422	
		August 2016	496.8	418.9	
		September 2016*	450	204.05	
		October 2016	245	212	
		November 2016	228	180	
		December 2016	206.5	183.1	
		January 2017	220	195.5	
		February 2017	210	181	
March 2017	194.4	179.7			
8	Registrar and Share Transfer Agent	TSR Darashaw Limited 6-10, Haji Moosa Patrawala Indl. Estate, 20, Dr. E Moses Road, Mahalaxmi, Mumbai – 400 011. Tel: 022 – 6656 8484 Fax: 022 – 6656 8494 E-mail : <a href="mailto:csg-unit@tsrdarashaw.com">csg-unit@tsrdarashaw.com</a> Web : <a href="http://www.tsrdarashaw.com">www.tsrdarashaw.com</a>			
9.	Share Transfer System	Registrar and transfer Agent carry out share transfer activities and shares are transferred within stipulated time.			
10.	Distribution of shareholding				
	<b>No. of Equity Shares Held</b>	<b>No. of Shareholders</b>	<b>% of Shareholders</b>	<b>No. of shares</b>	<b>% of Shareholding</b>
	1 - 2000	2853	92.09	919,651	6.84
	2001 - 3000	57	1.84	144,435	1.07
	3001 - 4000	46	1.48	169,562	1.26
	4001 - 5000	21	0.68	94,679	0.70
	5001- 10000	47	1.52	325,113	2.42
	10001 - 20000	20	0.65	319,509	2.38
	20001 - 30000	13	0.42	304,339	2.26
	30001 - 40000	7	0.23	249,080	1.85
	40001 - 50000	6	0.19	277,084	2.06
	50001 - 100000	5	0.16	328,654	2.44
	100001 & above	23	0.74	10,316,092	76.71
	Total	<b>3,098</b>	<b>100.00</b>	<b>13,448,288</b>	<b>100.00</b>
11.	Dematerialization of share and liquidity	As of 31 <sup>st</sup> March, 2017, out of total shareholding, 13,130,784 equity shares are held in Demat form. The shares of the Company are actively traded on BSE Limited.			
12.	Details about the outstanding Global Depository receipts or American depository receipts or warrants or any convertible instruments, conversion date and likely impact on equity	The Company has not issued any ADR/GDR			

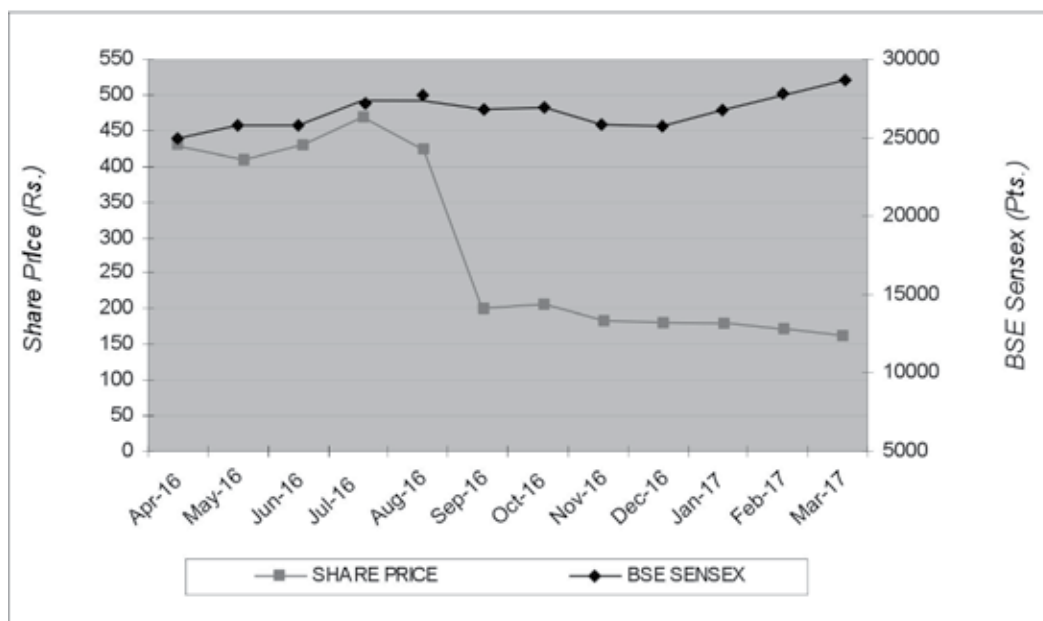
13.	Commodity price risk or foreign exchange risk and hedging activities	During the year ended 31st March 2017, the Company had managed the foreign exchange risk and hedged to the extent considered necessary. The Company enters into forward contracts for hedging foreign exchange exposures against imports. The details of foreign currency exposure are disclosed in Note No. 38 & 35 in Notes to the Standalone and Consolidated financial statements.
14.	Plant Locations	1) E-6/3 & 4, MIDC Tarapur, Maharashtra. 2) T/129, MIDC Tarapur, Maharashtra. 3) 177/2, Village Theda, Himachal Pradesh. 4) 404/B-01, Dudhwada, Dist. Vadodara, Gujarat. 5) S-50, Phase III, SIPCOT, Ranipet, Tamilnadu.
15.	Address of Correspondence	Chembond Chemicals Limited Chembond Centre, EL-71, MIDC Mahape, Navi Mumbai 400 710. Tel: 022 3921 3000 Fax: 022 2768 1294
16	Category of Shareholding as of 31 <sup>st</sup> March, 2017	As given below

<b>Category of Shareholding as of 31<sup>st</sup> March, 2017</b>		<b>No. of Shares</b>	<b>% of total shares</b>
Promoters & their relatives		9,343,481	69.48
Banks/ FIs/Insurance Co. (Central/ State Govt./ Non- Govt. Institutions)		47,600	0.35
Corporate Bodies		1,105,057	8.22
NRIs/OCBs		26,093	0.19
Indian Public		2,926,057	21.76
<b>Total</b>		<b>13,448,288</b>	<b>100.00</b>

17	Share Price Performance in Comparison with BSE Sensex	As given below
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<b>MONTH</b>	<b>Chembond Chemicals Limited</b>	<b>BSE Sensex</b>
April 2016	448.5	25606.62
May 2016	429	26667.96
June 2016	450	26999.72
July 2016	496.9	28051.86
August 2016	444.85	28542.17
September 2016	219.25	27865.96
October 2016	223.3	27930.21
November 2016	203	26652.81
December 2016	199.1	26626.46
January 2017	199.3	27655.96
February 2017	189.55	28743.32
March 2017	183.65	29620.5

Share Price Comparison\*



(\*Note: The equity shares of the Company were sub-divided from one share of ₹ 10/- each into two shares of ₹ 5/- each as on the record date of 7<sup>th</sup> September, 2016)

## VIII. Other Disclosures

### 1. Related party transactions

The Audit Committee of the Company has granted omnibus approval to the related party transactions and the company does not have related party transactions which have or may have potential conflict with the interest of listed entity at large. The Company has a Related Party Transaction Policy in place, which has been posted on the website of the Company at <http://www.chembondindia.com/investors/Policy>.

### 2. Non-compliance by the Company, penalties, and strictures imposed on the Company by the Stock Exchange, or SEBI or any statutory authority, on any matter related to capital markets, during the last three years: Not Applicable

The company has adopted Vigil Mechanism & Whistle Blower Policy and the same is available on the website of the Company i.e. [www.chembondindia.com](http://www.chembondindia.com). During the year there were no instances and no personnel have been denied access to the Audit Committee.

### 3. Details of compliance with mandatory requirements and adoption of the non-mandatory requirements of this clause.

Details of any non-compliance of any requirement of corporate governance report:

All the mandatory requirements have been complied with as stated in this report on Corporate Governance. There is no non-compliance with any requirement of corporate governance report of sub-paras (2) to (10) of the Corporate Governance report as given in Schedule V(C) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The disclosures of the compliance with Corporate Governance requirements specified in Regulation 17 to 27 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the Regulations), have been made in this Corporate Governance report. Details required under clauses (b) to (i) of sub-regulation (2) of Regulation 46 of the said Regulations are displayed on the website of the Company at [www.chembondindia.com](http://www.chembondindia.com).

The non-mandatory requirements as stipulated in Part E of Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulations have been adopted to the extent and in the manner as stated under the appropriate headings in the Report on Corporate Governance.

### 5. Material Subsidiaries: The Company has a material subsidiary as defined under Regulation 16(1)(c) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Policy for determining material subsidiaries is posted on the website of the Company at [www.chembondindia.com/Investors/Policy](http://www.chembondindia.com/Investors/Policy).

6. Disclosure of commodity price risks and commodity hedging activities:

This has been discussed under point no. VII (13) of this Corporate Governance Report.

**IX. Discretionary Requirements**

i) The Board

At present, there is no separate office in the Company for use of Chairman nor any expenditure reimbursed in performance of his duty.

ii) Shareholders Rights

Half yearly financial results including summary of the significant events are presently not being sent to the shareholders of the Company.

iii) Audit Qualifications

There is no audit qualification. Every endeavour is made to make the financial statements without qualification.

iv) Separate posts of Chairman and Chief Executive Officer

The Chairman of the Company is an Executive Director. The Company has not appointed separate persons to the post of Chairperson and Managing Director of the Company.

v) Reporting of Internal Auditors

Reports of Internal Auditors are placed before the Audit Committee for its review.

**DECLARATION ON COMPLIANCE OF THE COMPANY'S CODE OF CONDUCT**

As required under Schedule V(D) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board Members and the Senior Management Personnel have confirmed compliance with the Code of Conduct for the Board of Directors and the Senior Management for the year ended 31st March, 2017.

For Chembond Chemicals Limited

Mumbai, 6<sup>th</sup> May, 2017

Sameer V. Shah  
Chairman & Managing Director

## Auditor's Certificate

To,

**The Members of Chembond Chemicals Limited**

We have examined the compliance of conditions of Corporate Governance by Chembond Chemicals Limited ('the Company'), for the year ended on 31st March, 2017, as stipulated in Chapter IV of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

In our opinion and to the best of our information and according to the explanations given to us and representations made by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

For **M/s. Kastury & Talati**

Chartered Accountants

Firm Registration No 104908W

**Dhiren P. Talati**

Partner

Membership No.: F/41867

Mumbai, 6<sup>th</sup> May, 2017

# Independent Auditor's Report

To the Members of

**Chembond Chemicals Limited**

## 1. Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of **Chembond Chemicals Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

## 2. Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements to give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

## 3. Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. 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. In making those risk assessments, the auditor considers internal financial controls relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

## 4. Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2017, its Profit and its Cash Flows for the year ended on that date.

## 5. Emphasis of Matter

Reference is invited to Note No 35C of the Notes on Financial Statements. The Company has Investments in and Debtors due from an Associate Company aggregating ₹ 474.27 Lakhs. The Net Worth of this entity has eroded. Provision for any possible loss in this respect has not been made as in the opinion of the Management, the Investments are Long Term and, the losses are temporary in nature.

Our opinion is not modified in respect of this matter.

## 6. Report on Other Legal and Regulatory Requirements

- A) As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), as amended, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "**Annexure A**" a statement on the matters specified in paragraphs 3 and 4 of the Order.
- B) 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 purpose of our audit.
  - b. In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c. The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of accounts.
  - d. In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - e. On the basis of written representations received from the Directors as on March 31, 2017 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164(2) of the Act.
  - f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "**Annexure B**".
  - g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company has disclosed the impact if any, of pending litigations on its financial position in its standalone financial statements - Refer Note No 37 of the Notes on Standalone Financial Statements;
    - ii. In our opinion and as per the information and explanations provided to us the Company has not entered into any long-term contracts including derivative contracts, requiring provision under applicable laws or accounting standards for material foreseeable losses;
    - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company; and
    - iv. The company has provided requisite disclosures in its standalone financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8<sup>th</sup> November, 2016 to 30<sup>th</sup> December, 2016 and these are in accordance with the books of accounts maintained by the Company. Refer Note No 17.a of the Notes on Standalone Financial Statements.

For **M/s Kastury & Talati**

Chartered Accountants

Firm's Registration No: 104908W

**Dhiren P. Talati**

Partner

Membership No: F/41867

Place: Mumbai

Date: 6<sup>th</sup> May, 2017

## 'Annexure A' to the Independent Auditors' Report

The Annexure Referred to in paragraph 6A of the Independent Auditor's Report of even date to the members of Chembond Chemicals Limited on the Financial Statements for the year ended March 31, 2017.

- 1) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a regular programme of physical verification of its Fixed Assets by which Fixed Assets are verified in a phased manner over a period of three years. In accordance with this programme, certain Fixed Assets were verified during the year and no material discrepancies were noticed on such verification. In our opinion this periodicity of physical verification is reasonable having regard to the size of Company and the nature of its Assets.
- (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 are held in the name of the Company.
- 2) The management has conducted the physical verification of inventory at reasonable intervals. The discrepancies noticed on physical verification of the inventory as compared to books records were not material.
- 3) The Company has not granted any Loans, Secured or Unsecured, to Companies, Firms, Limited Liability Partnerships or Other Parties covered in the Register maintained under section 189 of the Act. Therefore, the provisions of clause 3(iii)(a) to 3(iii)(c) of the Order are not applicable to the Company.
- 4) In our opinion and according to the information and explanations given to us, the company has complied with the provisions of section 185 and 186 of the Companies Act, 2013 in respect of loans and investments made and guarantees, and security provided by it.
- 5) The Company has not accepted any deposits from the public and hence 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 Companies (Acceptance of Deposit) Rules, 2015 with regard to the deposits accepted from the public are not applicable.
- 6) The Maintenance of cost records has been specified by the Central Government under section 148(1) of the companies Act, 2013. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended prescribed by the Central Government under sub-section (1) of Section 148 of the companies Act, 2013 and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- 7) (a) According to information and explanations given to us and on the basis of our examination of the books of account, and records, the Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Income-Tax, Sales tax, Service Tax, Duty of Customs, Duty of Excise, Value added Tax, Cess and other material statutory dues with the appropriate authorities.  
According to the information and explanations given to us, no undisputed amounts payable in respect of the above were in arrears as at March 31, 2017 for a period of more than six months from the date they become payable.
- b) According to the information and explanation given to us and the records of the company examined by us, as at March 2017, there are no dues of income tax, sales tax, service tax, duty of customs, duty of excise and value added tax which have not been deposited on account of any dispute except as follows:

Nature of Dues	Amount (₹ in Lakhs)	Period For Which the Amount Relates	Forum Where The Dispute is Pending
Income Tax	50.10 (already paid)	AY 2012-2013	Commissioner of Income Tax (Appeals)
Excise	139.73 (₹ 5.24 paid)	17.06.2009 to 31.03.2013	Commissioner of Central Excise (Appeals-I)
Excise	87.04 (₹ 3.26 paid)	01.04.2013 to 31.03.2014	Commissioner of Central Excise (Appeals – I)
Excise	72.09 (₹ 2.70 paid)	01.04.2014 to 31.10.2014	Commissioner of Central Excise (Appeals – I)
Excise	158.79 (₹ 5.95 paid)	01.11.2014 to 31.07.2015	Commissioner of Central Excise (Appeals – I)
Excise	162.14 (₹ 6.08 paid)	01.08.2015 to 28.02.2016	Commissioner of Central Excise (Appeals – I)
Excise	13.02 (₹ 0.98 paid)	June 2012 to February 2015	Commissioner of Central Excise (Appeals), Vadodara

- 8) In our opinion and according to the information and explanations given to us and on the basis of our examination of the books of accounts and the records of the company, the Company has not defaulted in repayment of loans or borrowings to banks. The Company has not taken any loan or borrowings either from financial institutions or from the government and has not issued any debentures.
- 9) Based upon the audit procedures performed and the information and explanations given by the management, the company has not raised moneys by way of initial public offer or further public offer including debt instruments and term Loans during the year. Accordingly, the provisions of clause 3(ix) of the Order are not applicable to the Company.
- 10) Based upon the audit procedures performed and the information and explanations given by the management, no material fraud by the Company or on the company by its officers or employees has been noticed or reported during the year.
- 11) Based upon the audit procedures performed and the information and explanations given by the management, the managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act;
- 12) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Therefore, the provisions of clause 3(xii) of the Order are not applicable to the Company.
- 13) 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 and details of such transactions have been disclosed in the Financial Statements as required by the applicable accounting standards.
- 14) Based upon the audit procedures performed and 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 under review. Accordingly, the provisions of clause 3(xiv) of the Order are not applicable to the Company.
- 15) Based upon the audit procedures performed and 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 him. Accordingly, the provisions of clause 3(xv) of the Order are not applicable to the Company.
- 16) In our opinion, the company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of clause 3(xvi) of the Order are not applicable to the Company.

**For M/s Kastury & Talati**

Chartered Accountants

Firm's Registration No: 104908W

**Dhiren P. Talati**

Partner

Membership No: F/41867

Place: Mumbai

Date: 6<sup>th</sup> May, 2017

## 'Annexure B' to the Independent Auditors' Report

The Annexure Referred to in paragraph 6B(f) of the Independent Auditor's Report of even date to the members of Chembond Chemicals Limited on the Standalone Financial Statements for the year ended March 31, 2017.

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

We have audited the internal financial controls over financial reporting of Chembond Chemicals Limited ("the Company") as of March 31, 2017 in conjunction with our audit of the Standalone Financial statements of the Company for the year ended on that date.

#### **Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (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 system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **M/s Kastury & Talati**

Chartered Accountants

Firm's Registration No: 104908W

**Dhiren P. Talati**

Partner

Membership No: F/41867

Place: Mumbai

Date: 6<sup>th</sup> May, 2017

## Balance Sheet

	Notes	As at 31/3/2017 (₹ in lakhs)	As at 31/3/2016 (₹ in lakhs)
<b>Equity and Liabilities</b>			
<b>Shareholder's Funds</b>			
Share Capital	2	672.41	669.69
Reserves and Surplus	3	19,143.25	19,010.71
		<b>19,815.66</b>	<b>19,680.40</b>
<b>Non-Current Liabilities</b>			
Long-term Borrowings	4	-	-
Deferred Tax Liabilities (Net)	5	261.17	226.40
Long-term Provisions	6	83.88	85.79
		<b>345.05</b>	<b>312.19</b>
<b>Current Liabilities</b>			
Short-term Borrowings	7	732.18	819.54
Trade Payables			
-Due to Micro and Small Enterprises	8	52.60	39.45
-Due to Others	8	3,649.99	3,388.27
Other Current Liabilities	9	867.79	797.67
Short-term Provisions	10	221.90	68.71
		<b>5,524.46</b>	<b>5,113.64</b>
	<b>Total</b>	<b>25,685.17</b>	<b>25,106.23</b>
<b>Assets</b>			
<b>Non-Current Assets</b>			
Fixed Assets			
Tangible Assets	11	3,713.98	3,619.66
Intangible Assets	11	53.52	61.20
Capital Work-in-Progress	11	170.36	174.38
		<b>3,937.86</b>	<b>3,855.24</b>
Non Current Investments	12	7,861.59	8,585.64
Long term Loans & Advances	13	189.44	159.23
		<b>8,051.03</b>	<b>8,744.87</b>
<b>Current assets</b>			
Current Investment	14	7,136.50	1,935.74
Inventories	15	2,348.11	2,025.97
Trade Receivables	16	3,689.40	3,067.73
Cash and Cash Equivalents	17	309.31	539.55
Short term Loans and Advances	18	192.83	185.27
Other Current Asset	19	20.13	4,751.86
		<b>13,696.28</b>	<b>12,506.12</b>
	<b>Total</b>	<b>25,685.17</b>	<b>25,106.23</b>
Significant Accounting Policies and Notes on Financial Statements	1-39		

As per our attached report of even date

**On behalf of the Board of Directors**

**For M/s Kastury & Talati**  
Chartered Accountants

**Sameer V. Shah**  
Chairman & Managing Director

**Nirmal V. Shah**  
Vice Chairman & Managing Director

**Dhiren P. Talati**  
Partner  
Membership No. F/41867  
Mumbai, 6<sup>th</sup> May 2017

**Mahendra K. Ghelani**  
Director  
Mumbai, 6<sup>th</sup> May 2017

**Rashmi S. Gavli**  
Chief Financial Officer

**Jay Mistry**  
Company Secretary

## Statement of Profit and Loss

	Notes	2016-2017 (₹ in lakhs)	2015-2016 (₹ in lakhs)
<b>Income</b>			
Revenue from Operations	20	21,681.78	21,563.77
Other Income	21	549.23	3,480.99
<b>Total Revenue</b>		<b>22,231.01</b>	25,044.76
<b>Expenditure</b>			
Cost of Materials Consumed	22	17,342.35	17,456.45
Purchases of Stock-in-trade		77.18	151.29
Changes in Inventories of Finished goods, Work-in-progress and Traded goods	23	27.08	(7.12)
Employee Benefits Expenses	24	1,836.53	1,702.29
Finance Costs	25	63.88	118.75
Depreciation and Amortisation Expenses	26	273.21	268.57
Other Expenses	27	2,190.41	2,357.67
<b>Total Expenses</b>		<b>21,810.65</b>	22,047.88
<b>Profit before Exceptional items and Tax</b>		<b>420.36</b>	2,996.87
Exceptional Items (Net)	28	-	15,570.48
<b>Profit before Taxes</b>		<b>420.36</b>	18,567.35
<b>Tax Expenses</b>			
Current Tax		54.00	3,430.00
Deferred Tax		34.78	14.76
<b>Profit for the Year</b>		<b>331.58</b>	15,122.59
Earning Per Equity Share of Face Value of ₹ 5 each	29		
Basic (in ₹)		2.47	113.23
Diluted (in ₹)		2.47	111.50
Significant Accounting Policies and Notes on Financial Statements	1-39		

As per our attached report of even date

**For M/s Kastury & Talati**  
Chartered Accountants

**Dhiren P. Talati**  
Partner  
Membership No. F/41867  
Mumbai, 6<sup>th</sup> May 2017

**On behalf of the Board of Directors**

**Sameer V. Shah**  
Chairman & Managing Director

**Mahendra K. Ghelani**  
Director  
Mumbai, 6<sup>th</sup> May 2017

**Nirmal V. Shah**  
Vice Chairman & Managing Director

**Rashmi S. Gavli**      **Jay Mistry**  
Chief Financial Officer      Company Secretary

## Cash Flow Statement

	2016-2017 (₹ in Lakhs)	2015-2016 (₹ in lakhs)
<b>A Cash Flow from Operating Activities</b>		
Net Profit before tax and extraordinary items	420.36	18,567.35
Adjustments for :		
Depreciation	273.21	268.57
Loss on Sale of Fixed Asset	2.93	2.21
Employee ESOP compensation	(16.11)	(2.01)
Finance Cost	63.89	118.74
	<u>323.92</u>	387.51
Less :		
Foreign Exchange Fluctuation	52.00	22.91
Net Gain on sale of Investments	246.76	15,749.36
Dividend Received	47.56	2,852.28
	<u>(346.32)</u>	(18,624.55)
Operating Profit before working capital changes	<u>397.96</u>	330.31
Adjustments for :		
Trade and Other Receivables	(624.17)	777.32
Inventories	(322.14)	129.37
Trade and Other Payables	395.09	(617.42)
	<u>(551.22)</u>	289.28
Cash generated from operations	<u>(153.27)</u>	619.58
Direct Taxes paid	(158.00)	(3,396.78)
<b>Net Cash from Operating Activities (A)</b>	<u>(311.27)</u>	(2,777.20)
<b>B Cash Flow from Investing Activities</b>		
Purchase of Fixed Assets	(370.55)	(316.50)
Sale of Fixed Asset	11.79	4.36
Purchase of Investment	(11,886.06)	(16,013.32)
Sale of Investment	12,387.85	18,500.00
Dividend Income	47.56	2,852.28
<b>Net Cash used in Investing Activities (B)</b>	<u>190.59</u>	5,026.81
<b>C Cash Flow from Financing Activities</b>		
Proceeds/(Repayment) of Short Term Borrowings	(87.36)	(852.50)
ESOP Shares Allotted	41.69	31.72
Dividend paid	-	(801.78)
Tax on dividend paid	-	(116.09)
Proceeds/(Repayment) of Long Term Borrowings	-	(176.54)
Finance Cost	(63.89)	(118.74)
<b>Net Cash from Financing Activities (C)</b>	<u>(109.56)</u>	(2,033.92)
<b>Net (Decrease)/Increase in Cash &amp; Cash Activities (A+B+C)</b>	<u>(230.24)</u>	215.69
Cash and Bank Balances as on Opening	539.55	323.86
Cash and Bank Balances as on Closing	309.31	539.55

As per our attached report of even date

On behalf of the Board of Directors

For **M/s Kastury & Talati**  
Chartered Accountants

**Sameer V. Shah**  
Chairman & Managing Director

**Nirmal V. Shah**  
Vice Chairman & Managing Director

**Dhiren P. Talati**  
Partner  
Membership No. F/41867  
Mumbai, 6<sup>th</sup> May 2017

**Mahendra K. Ghelani**  
Director  
Mumbai, 6<sup>th</sup> May 2017

**Rashmi S. Gavli**  
Chief Financial Officer

**Jay Mistry**  
Company Secretary

## Notes on Financial Statements

### 1 Significant Accounting Policies

#### a System of Accounting

- i) The company follows the mercantile system of accounting and recognises income and expenditure on accrual basis.
- ii) Financial Statements are prepared on historical cost basis, adjusted for revaluation of certain fixed assets done in 1994 and as a going concern.

#### b Fixed Assets

Fixed Assets are stated at their cost except for certain fixed assets revalued in 1994 less accumulated depreciation. The company capitalises all costs relating to acquisitions and installation of fixed assets.

#### c Expenditure during construction period

Pre-operating Expenditure, Interest on specific borrowings for the project, interest on general (interest bearing) funds of the Company utilized for the purpose of the project upto the date of commencement of commercial production are capitalised pro-rata to the cost of fixed assets.

#### d Impairment of Assets

The carrying amounts of assets are reviewed at each Balance Sheet date if there is any indication of impairment based on internal/external factors. An asset is impaired when the carrying amount of the asset exceeds the recoverable amount. An impairment loss is charged to the Profit and Loss Account in the year in which an asset is identified as impaired. An impairment loss recognized in prior accounting periods is reversed if there has been change in the estimate of the recoverable amount.

#### e Depreciation

Depreciation is allocated over the useful life of the asset as specified in part C of Schedule II of the Companies Act 2013.

#### f Revenue Recognition on Sales

The Company recognises revenue on the sale of products when the products are delivered to the customers or to the carrier which is when the risks or rewards of ownership pass to the customer.

#### g Research & Development

Revenue expenditure on Research & Development are charged to the Profit & Loss Account and capital expenditure are included in Fixed Assets under relevant assets and depreciated on the same basis as other fixed assets.

#### h Borrowing Costs

Borrowing Costs that are attributable to the acquisition or construction of qualifying assets are capitalised as part of the costs of such assets. A qualifying asset is one that takes a substantial period of time to get ready for its intended use. All other borrowing costs are charged to the Profit & Loss account.

#### i Operating Lease

Lease of assets under which all the risks and rewards of ownership are effectively retained by the lessor are classified as operating leases. Lease payments under operating leases are recognised as an expense on accrual basis in accordance with the respective lease agreements.

#### j Deferred Taxes

Deferred Income Tax is provided using the liability method on all temporary differences at the Balance Sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available in the future against which these items can be utilised.

The carrying amount of deferred tax assets is reviewed at each Balance Sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be

## Notes on Financial Statements for the year ended 31st March, 2017

utilised. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and the tax laws) that have been enacted subsequent to the Balance Sheet date.

### **k Investments**

Non Current Investments are stated at the cost of acquisition, Current Investments are stated at Cost or Market value whichever is less.

### **l Dividend Received**

Dividend Income from Investments is recognised in the Profit & Loss Account when the right to receive the dividend is established

### **m Valuation of Inventory**

Inventories are valued at cost determined on Weighted Average Basis or Net Realisable Value, whichever is lower. Cost of Raw Material Stocks is determined so as to exclude from the cost, taxes and duties which are subsequently recoverable from the taxing authorities.

### **n Employee Benefits**

- (a) **Provident Fund:** Contributions towards Employees Provident Fund are made to the Employees Provident Scheme in accordance with the statutory provisions.
- (b) **Gratuity:** The Company makes annual contribution to a Gratuity Fund administered by LIC. The Company accounts for liability for future gratuity benefits based on actuarial valuation as at the Balance Sheet date, determined every year using the Projected Unit Credit Method by an Actuary appointed by the Company.
- (c) **Leave Encashment:** The Company does not allow any accumulation of leave balance or encashment thereof.
- (d) **Deferred Compensation Cost:** In respect of Stock options granted pursuant to Company's employee stock option scheme, the Company determines the compensated cost based on the intrinsic value method and the compensation cost is amortised on a straight line basis over the vesting period.

### **o Taxation**

Advance payments of Income Tax, including TDS, where assessments are pending are shown net of the corresponding Provision for Tax for the year.

### **p Foreign Exchange Differences**

Transactions denominated in foreign currency are recorded at the exchange rate prevailing on the transaction date. Monetary items such as receivables, payables and loans denominated in foreign currency are translated at the exchange rate prevailing at the balance sheet date. Exchange differences arising on foreign currency transactions are recognised as income/ expenditure in the profit and loss account.

### **q Custom duty on Imports**

Customs duty on Imports is accounted as and when Goods are cleared from the customs authorities.

### **r Earning Per Share**

Basic earning per share is calculated by dividing the net profit or loss for the period attributable to equity share holders by the weighted average number of equity shares outstanding during the period. For the purpose of calculating diluted earning per share, the net profit or loss for the period attributable to equity share holders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

### **s Provisions, Contingent Liabilities and Contingent Assets**

Provisions are recognized for liabilities that can be measured only by using a substantial degree of estimation, if

- (a) the Company has a present obligation as a result of a past event;
- (b) a probable outflow of resources is expected to settle the obligation; and
- (c) the amount of the obligation can be reliably estimated.

## Notes on Financial Statements for the year ended 31st March, 2017

Reimbursement expected in respect of expenditure required to settle a provision is recognised only when it is virtually certain that the reimbursement will be received.

Contingent liability is disclosed in case of

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

Contingent Assets are neither recognised, nor disclosed.

Provision, Contingent Liabilities and Contingent Assets are reviewed at each balance Sheet date.

### t Hedge Transactions

In case of forward exchange contracts, to hedge the foreign currency risk which is on account of a firm commitment, the premium or discount arising at the inception of the contract is amortized as expense or income over the life of the contract.

	As at 31/3/2017 (₹ in lakhs)	As at 31/3/2016 (₹ in lakhs)
<b>2 Share Capital</b>		
<b>Authorised</b>		
2,00,00,000 (1,00,00,000) Equity Shares of ₹ 5/- (₹10/-) each	<b>1,000.00</b>	1,000.00
<b>Issued, Subscribed and Paid up</b>		
134,48,288 (66,96,894) Equity Shares of ₹ 5/- (₹10/-) each fully paid up	<b>672.41</b>	669.69
<b>Total</b>	<b>672.41</b>	669.69

### a Details of Shareholders holding more than 5% Shares

Name of the Shareholder	As at 31/3/2017		As at 31/3/2016	
	No of Shares	% held	No of Shares	% held
Dr. Vinod D. Shah	<b>19,38,562</b>	<b>14.41%</b>	19,34,062	14.44%
Padma V. Shah	<b>14,95,114</b>	<b>11.12%</b>	14,95,114	11.16%
Visan Holding & Financial Services Pvt. Ltd.	<b>12,37,916</b>	<b>9.21%</b>	12,37,616	9.24%
Ashwin R. Nagarwadia	<b>10,81,264</b>	<b>8.04%</b>	10,81,264	8.07%
Quest Investment Advisors Pvt. Ltd.	<b>7,18,614</b>	<b>5.34%</b>	7,18,614	5.37%

### b Terms/Rights attached to Equity Shares

The Company has only one class of Equity Shares having a par value of ₹ 5/- per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian Rupees. The dividend proposed by the Board of Directors is subject to approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holders of Equity Shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

- During the year under consideration the equity shares of the company have been subdivided from the earlier face value of ₹10/- per share to the present face value of ₹ 5/- per share.

## Notes on Financial Statements for the year ended 31st March, 2017

	<b>As at 31/3/2017</b> <b>(₹ in lakhs)</b>	As at 31/3/2016 (₹ in lakhs)
<b>3 Reserves and Surplus</b>		
<b>General Reserve</b>		
As per last year	<b>630.00</b>	630.00
Add: Transfer from Profit & Loss A/c.	-	-
	<b>630.00</b>	630.00
<b>Share Premium</b>		
As per last year	<b>574.08</b>	521.91
Add: Received on ESOP Shares Issue	<b>38.97</b>	52.17
	<b>613.05</b>	574.08
<b>Employees Shares Options Outstanding</b>		
Shares Option Outstanding	<b>23.75</b>	29.40
Less: Option Lapsed	<b>23.75</b>	5.65
	<b>0.00</b>	23.75
Less: Deferred Compensation	-	7.64
	-	16.11
<b>Profit and Loss Account</b>		
As per last year	<b>17,790.52</b>	3,359.89
Add: Profit for the Year	<b>331.58</b>	15,122.59
	<b>18,122.10</b>	18,482.48
Less: Appropriations		
Transferred to General Reserve	-	-
Set off of Dividend Tax in respect of Dividend from Subsidiary Company	<b>(45.17)</b>	(33.03)
Interim Dividend	-	601.49
Tax on Interim Dividend	-	122.45
Previous Year Dividend	-	0.48
Tax on Previous Year Dividend	-	0.58
Proposed Dividend	<b>221.90</b>	-
Tax on Proposed Dividend	<b>45.17</b>	-
	<b>17,900.20</b>	17,790.52
<b>Total</b>	<b>19,143.25</b>	19,010.71

## Notes on Financial Statements for the year ended 31st March, 2017

	As at 31/3/2017 (₹ in lakhs)		As at 31/3/2016 (₹ in lakhs)	
	Non Current	Current	Non Current	Current
<b>4 Long Term Borrowings</b>				
<b>Secured</b>				
Term Loan from Banks	-	-	-	-
	-	-	-	-
<b>Unsecured</b>				
Loans from Related Parties	-	-	-	-
Loans from Others	-	-	-	-
	-	-	-	-
<b>Total</b>	-	-	-	-

- a Term Loan from Banks are secured by Equitable Mortgage on movable & immovable fixed assets & hypothecation of Plant & Machinery of the company. The maturity profile of these loans are as follows:

	1-2 years	2-3 years	3-4 years
Term Loan from Banks	NIL	NIL	NIL

	As at 31/3/2017 (₹ in lakhs)	As at 31/3/2016 (₹ in lakhs)
<b>5 Deferred Tax Liability (Net)</b>		
<b>Deferred tax Liability</b>		
Depreciation	503.13	509.06
	503.13	509.06
<b>Deferred tax Asset</b>		
Gratuity	25.92	29.69
MAT Credit	186.06	144.10
Provision for Doubtful Debts	29.98	108.87
	241.96	282.66
<b>Total</b>	261.17	226.40
<b>6 Long Term Provision</b>		
Provision for Gratuity	83.88	85.79
<b>Total</b>	83.88	85.79

## Notes on Financial Statements for the year ended 31st March, 2017

	<b>As at 31/3/2017</b> <b>(₹ in lakhs)</b>	As at 31/3/2016 (₹ in lakhs)
<b>7 Short Term Borrowings</b>		
<b>Secured</b>		
Over Draft Facilities from Banks	<b>221.61</b>	324.14
Working Capital Loan from Banks	-	-
Buyers Credit Loan from Banks	-	284.34
<b>Unsecured</b>		
Buyers Credit Loan from Banks	<b>510.57</b>	211.06
<b>Total</b>	<b><u>732.18</u></b>	<u>819.54</u>

- a Over draft facility are Secured against Fixed Deposit of Subsidiary Company Protochem Industries Pvt. Ltd.
- b Working Capital / Buyers Credit loan is secured by charge on current asset, Mortgage of Tangible Immovable Properties and charge on other fixed assets.

	<b>As at 31/3/2017</b> <b>(₹ in lakhs)</b>	As at 31/3/2016 (₹ in lakhs)
<b>8 Trade Payables</b>		
Micro, Small and Medium Enterprises	<b>52.60</b>	39.45
Others	<b>3,649.99</b>	3,388.27
<b>Total</b>	<b><u>3,702.59</u></b>	<u>3,427.72</u>

- a For Related party transaction Refer Note No.35
- b The Company has amounts due to suppliers under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) as at the year end. The disclosure pursuant to the said Act is as under:

Principal amount due to suppliers under MSMED Act, 2006	<b>52.60</b>	39.45
Interest accrued and due to suppliers under MSMED Act, 2006 on the above amount	<b>1.14</b>	2.48
Payment made to suppliers (other than interest) beyond the appointed day, during the year	<b>137.61</b>	162.20
Interest paid/adjusted to suppliers under MSMED Act, 2006 (other than section 16)	<b>2.48</b>	2.40
Interest paid/adjusted to suppliers under MSMED Act, 2006 (Section 16)	<b>NIL</b>	NIL
Interest due and payable to suppliers under MSMED Act, 2006 for payments already made	<b>1.14</b>	2.48
Interest accrued and remaining unpaid at the end of the year to suppliers under MSMED Act, 2006	<b>1.14</b>	2.48

The information regarding Micro, Small and Medium Enterprises has been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the Auditors.

## Notes on Financial Statements for the year ended 31st March, 2017

	As at 31/3/2017 (₹ in lakhs)	As at 31/3/2016 (₹ in lakhs)
<b>9 Other Current Liabilities</b>		
Other Payables	693.53	622.43
Creditors for Capital Expenditure	34.09	29.68
Advance Received From Customers	132.28	134.02
Unclaimed Dividend *	7.89	11.54
<b>Total</b>	<b>867.79</b>	<b>797.67</b>

\* Not due for Deposit to Investor Education and Protection Fund

<b>10 Short-Term Provisions</b>		
Provision for Current Tax (Net of Advance Tax)	-	68.71
Proposed dividend	221.90	-
Tax on proposed dividend	-	-
<b>Total</b>	<b>221.90</b>	<b>68.71</b>

**11 Fixed Assets**

(₹ in lakhs)

Description	GROSS BLOCK (AT COST)				DEPRECIATION				NET BLOCK	
	As at 1.04.2016	Additions	Deductions	As at 31.03.2017	As at 1.04.2016	Additions	Deductions	As at 31.03.2017	As at 31.03.2017	As at 31.03.2016
<b>Tangible Assets</b>										
Leasehold Land	61.71			61.71	-			0.00	61.71	61.71
Freehold Land	83.84			83.84	-			0.00	83.84	83.84
Buildings	2615.35	48.45		2663.79	440.32	67.68		508.00	2155.79	2175.02
Equipment & Machinery*	1571.20	242.17	32.09	1781.28	666.83	117.17	18.03	765.97	1015.31	904.37
Computers	211.90	46.52	14.48	243.94	158.25	22.71	13.79	167.17	76.78	53.65
Furniture & Fixtures	211.35	6.08		217.43	102.99	18.09		121.07	96.35	108.36
Motor Cars	131.58	0.00	0.00	131.58	38.07	14.08	0.00	52.14	79.44	93.52
Electric Fittings & Installations	237.72	30.56		268.28	98.53	24.98		123.51	144.77	139.19
<b>Sub- total</b>	5124.65	373.78	46.57	5451.86	1504.99	264.71	31.82	1737.87	3713.98	3619.66
<b>Intangible Assets</b>										
Computer Software	219.90	0.82		220.72	158.70	8.51	-	167.21	53.52	61.20
<b>Sub-total</b>	219.90	0.82	-	220.72	158.70	8.51	0.00	167.21	53.52	61.20
<b>Total</b>	5344.55	374.59	46.57	5672.57	1663.69	273.21	31.82	1905.08	3767.50	3680.86
Previous Year	5025.02	337.13	17.60	5344.55	1407.41	268.56	12.28	1663.69	3680.86	3617.61
Capital Work in Progress									170.36	174.38

\*Note : Additions to Equipment & Machinery Includes:- R&D Lab Equipments addition for Mahape Lab-1- ₹14.49 Lakhs (Previous year ₹ 8.08 Lakhs), Dudhwada Lab-2- ₹ 2.16 lakhs & Pilot Plant at Dudhwada ₹162.50 lakhs.

## Notes on Financial Statements for the year ended 31st March, 2017

	As at 31/3/2017 (₹ in lakhs)	As at 31/3/2016 (₹ in lakhs)
<b>12 Non-Current Investments</b>		
<b>Unquoted</b>		
<b>(Long Term Investment in Shares)</b>		
<b>Investment in Subsidiaries</b>		
2,75,000(2,75,000) Equity Shares of Chembond Solenis Water Technologies Ltd of ₹10/- each fully paid up. (Constituting 55% (55%) of the said Company's paid up capital)	<b>160.30</b>	160.30
10,00,000 (10,00,000) Equity Shares of Protochem Industries Pvt. Ltd of ₹10/- each fully paid up (Constituting 100 %(100%) of the said Company's paid up capital)	<b>1,052.25</b>	1,052.25
58,08,495(58,08,495) Equity Shares of Chembond Clean Water Technologies Ltd. of ₹10/- each fully paid up (Constituting 70.17%(70.17%) of the said Company's paid up capital)	<b>580.85</b>	580.85
9,50,000 (9,50,000) Equity Shares of Chembond Industrial Coatings Limited of ₹10/- each fully paid up (Constituting 100 %(100.00%) of the said Company's paid up capital)	<b>95.00</b>	95.00
10,00,000 (10,00,000) Equity Shares of Chembond Enzyme Company Ltd of ₹ 1/- each fully paid up. (Constituting 100%(100%) of the said Company's paid up capital)	<b>138.96</b>	138.96
27,49,414 (27,49,414) Equity Shares of Chembond Calvatis Industrial Hygiene Systems Limited of ₹ 1/- each fully paid up (Constituting 55%(55%) of the said Company's paid up capital)	<b>32.39</b>	32.39
2,00,000 (Nil) Equity Shares of Chembond Chemicals (Malaysia) SDN. BHD of RM 1/- each fully paid up (Constituting 100 %(Nil) of the said Company's paid up capital)	<b>47.73</b>	-
<b>Investment in Associate</b>		
2,35,000 ( 2,35,000 ) Equity Shares of Chembond Distribution Ltd. Ltd of ₹ 1/- each fully paid up. (Constituting 47% (47%) of the said Company's paid up capital)	<b>23.50</b>	23.50
<b>Investment in Government Securities</b>		
Investment in National Saving Certificate	<b>0.01</b>	0.01
500 (500) Bonds of National Highways Authority of India Ltd. of ₹ 10,000/- each fully paid up	<b>50.00</b>	50.00
<b>Other Investments</b>		
2,848 (2,848) Equity Shares of Tarapur Environment Protection Organisation Ltd. of ₹ 100/- each fully paid up.	<b>4.50</b>	4.50
<b>Quoted</b>		
<b>Investments in Equity Shares</b>		
1,075 (70,533) Equity Shares of Kotak Mahindra Bank Ltd.of ₹ 5/- each fully paid up	<b>7.53</b>	499.75
23,926 (50,700) Equity Shares of Colgate Palmolive (India) Ltd.of ₹ 1/- each fully paid up	<b>233.35</b>	494.48
Nil (75,000) Equity Shares of Marico Ltd.of ₹ 1/- each fully paid up	-	151.68
32,400 (Nil)Equity Shares of Hindustan Petroleum Corporation Ltd.of ₹ 10/- each fully paid up	<b>133.25</b>	-
<b>Investments in Gilt Funds</b>		
34,44,368 (34,44,368) Units of SBI Magnum Gilt Fund-Short Term-Regular plan Growth	<b>1,000.00</b>	1,000.00

## Notes on Financial Statements for the year ended 31st March, 2017

	As at 31/3/2017 (₹ in lakhs)	As at 31/3/2016 (₹ in lakhs)
16,57,089 (16,57,089) Units of SBI Magnum Gilt Fund-Long Term-Regular plan Growth	500.00	500.00
42,71,192 (42,71,192) Units of ICICI Prudential Short Term Gilt Fund-Growth	1,500.00	1,500.00
27,93,842 (27,93,842) Units of Reliance Gilt Securities Fund- Growth Plan Growth option	500.00	500.00
46,01,437 (46,01,437) Units of HDFC Gilt Fund Long Term - Growth	1,300.00	1,300.00
8,75,010 (8,75,010) Units of HDFC Gilt Fund Short Term - Growth	201.97	201.97
<b>Other Investments</b>		
1,00,000 (1,00,000) Cumulative, Non participating Compulsorily Convertible Preference Shares of Tata Motors Finance Ltd. of ₹100/- Each Fully paid	100.00	100.00
20,00,000 (20,00,000) units of Kotak FMP Series 187 - Growth	200.00	200.00
<b>Total</b>	<b>7,861.59</b>	<b>8,585.64</b>
Aggregate amount of Quoted Investments	5,676.10	6,447.89
Market value of Quoted Investments	6,735.67	6,769.68
Aggregate amount of Unquoted Investments	2,185.49	2,137.76

In respect of Investments in the Company's Associate – Chembond Distribution Limited, Please refer Note No. 35c.

**13 Long Term Loans And Advances**

(Unsecured & considered good & subject to confirmation)

Income Tax (Net of Provision)	147.67	112.38
Other Deposits	41.77	46.85
<b>Total</b>	<b>189.44</b>	<b>159.23</b>

**14 Current Investments****Investments in Mutual Funds - Quoted**

45 (43) Units of Reliance Liquid Fund -Treasury Plan - Daliy Dividend	0.69	0.66
35,778 (35,778) Units of ICICI Prudential Focused blue chip equity fund-Growth	10.00	10.00
8,720 (143) Units of Kotak Floater Short term-Growth (Regular Plan)	231.00	3.35
281 (12,545) Units of Birla Sun Life Cash Plus-Growth Regular Plan	0.73	30.37
Nil (60,596) Units of L&T Liquid Fund-Growth	-	1,194.70
Nil (4023) Units of SBI premier Liquid fund - Regular Plan - Growth	-	94.73
1,87,784 (1,87,784) Units of Tata Balanced Fund Regular Plan -Growth	304.81	304.81
7,38,491 (7,38,491) Units of Reliance Regular Savings Fund- Balanced Plan - Growth Plan Growth Option	289.19	289.19
178 (178) Units of HDFC Liquid Fund- Growth	5.30	5.30
115 (115) Units of Reliance Liquidity Fund-Growth plan Growth option	2.63	2.63
27,20,853 (Nil) Units of Kotak Equity Arbitrage Fund RP-Growth	606.41	-
8,61,619 (Nil) Units of ICICI Equity Arbitrage Fund Growth	178.09	-
12,46,440 (Nil) Units of Birla Sunlife Short Term Fund Growth	730.00	-
43,02,935 (Nil) Units of HDFC Short Term Opportunities Growth	730.00	-
1,63,99,294 (Nil) Units of IDFC Corporate Bond Fund Regular Plan Growth	1,700.00	-
40,82,827 (Nil) Units of L&T Short Term Opportunities Funds Growth	600.00	-
43,96,500 (Nil) Units of Franklin India Prima Plus -Growth	200.00	-
8,31,277 (Nil) Units of Kotak Select Focus Fund Regular Plan Growth	200.00	-

## Notes on Financial Statements for the year ended 31st March, 2017

	As at 31/3/2017 (₹ in lakhs)	As at 31/3/2016 (₹ in lakhs)
6,73,931 (Nil) Units of SBI Blue Chip Fund Regular Plan Growth	200.00	-
3,18,226 (Nil) Units of HDFC Core and Satellite Fund -Growth	200.00	-
5,16,145 (Nil) Units of Birla Sun Life Medium Term Plan Growth	100.00	-
10,39,409 (Nil) Units of DSP Black Rock Focus 25 Fund Growth	200.00	-
19,16,296 (Nil) Units of Kotak medium Term Fund Regular Plan Growth	250.00	-
3,74,368 (Nil) Units of ICICI prudential Short Term Growth Option	126.00	-
<b>Investments in Equity Shares- Quoted</b>		
17,601 (Nil) Equity Shares of Coromandel International Ltd. of ₹ 1/- each fully paid up	46.75	-
18,298 (Nil) Equity Shares of Kalpataru power Transmission Ltd. of ₹ 2/- each fully paid up	46.40	-
33,539 (Nil) Equity Shares of Kec International Ltd. of ₹ 2/- each fully paid up	41.97	-
15,627 (Nil) Equity Shares of Simplex Infrastructures Ltd. of ₹ 2/- each fully paid up	50.99	-
3,305 (Nil) Equity Shares of Sundaram Finance Ltd. of ₹ 10/- each fully paid up	44.62	-
8,131 (Nil) Equity Shares of Carbondum Universal Ltd. of ₹ 1/- each fully paid up	21.07	-
3,130 (Nil) Equity Shares of Sun Pharmaceutical Industries Ltd. of ₹ 1/- each fully paid up	19.85	-
<b>Total</b>	<b>7,136.50</b>	<b>1,935.74</b>
Aggregate amount of Quoted Investments	<b>7,136.50</b>	<b>1,935.74</b>
Market value of Quoted Investments	<b>7,765.84</b>	<b>2,005.65</b>
<b>15 Inventories</b>		
Stock-in-trade: (as per inventory taken, valued and certified by the Management)		
Raw Material (at cost)	1,471.40	1,133.19
Packing Material (at cost)	95.64	96.33
Finished Goods (at cost)	644.52	674.52
Stock-in-Trade (at cost)	124.85	121.93
Stock in Transit	11.70	-
<b>Total</b>	<b>2,348.11</b>	<b>2,025.97</b>
<b>16 Trade Receivables</b>		
(Unsecured)		
Outstanding for more than 6 Months		
Considered Doubtful	97.02	206.72
Considered Good	714.58	637.59
	<b>811.60</b>	<b>844.31</b>
Other Debts (Considered Good)	2,974.82	2,430.14
	<b>3,786.42</b>	<b>3,274.45</b>
Less : Provision for Doubtful Debts	97.02	206.72
<b>Total</b>	<b>3,689.40</b>	<b>3,067.73</b>

a For Related party transactions Refer Note No.35

b In respect of dues from Associate - Chembond Distribution Limited, Please refer Note No. 35c.

## Notes on Financial Statements for the year ended 31st March, 2017

	As at 31/3/2017 (₹ in lakhs)	As at 31/3/2016 (₹ in lakhs)
<b>17 Cash and Cash Equivalents</b>		
Cash on hand	1.04	2.14
Bank balance		
In Current Accounts	245.72	479.58
Other Bank balances*	62.55	57.83
<b>Total</b>	<b>309.31</b>	<b>539.55</b>

\* Other Bank balance include deposits of ₹ 0.64 lakhs (previous year ₹ 0.54 lakhs) with maturity of more than 12 months.

**17 a** Details of Specified Bank Notes (SBN) held and transacted during the period 08/11/2016 to 30/12/2016

(In ₹)

Particulars	SBNs	Other Denomination Notes	Total
Closing Cash in hand as at 8 November 2016	190,000	19,092	209,092
Add: Permitted Receipts	-	438,646	438,646
Less : Permitted payments	-	315,143	315,143
Less: Deposited in bank accounts	190,000	-	190,000
Closing Cash in hand as at 30 December 2016	-	142,595	142,595

**18 Short Term Loans and Advances**

(Unsecured &amp; considered good &amp; subject to confirmation)

Other Loans & Advances	68.66	47.95
Deposit - Excise	46.75	62.21
Other Deposits	43.33	41.88
Prepaid expenses	34.09	33.23
<b>Total</b>	<b>192.83</b>	<b>185.27</b>

**19 Other Current Assets**

Mutual Fund sale proceeds receivable	-	4,750.64
Accrued Interest on NHAI Bonds	3.00	1.22
Other Current Assets	17.13	-
<b>Total</b>	<b>20.13</b>	<b>4,751.86</b>

## Notes on Financial Statements for the year ended 31st March, 2017

	<b>2016-2017</b> <b>(₹ in lakhs)</b>	2015-2016 (₹ in lakhs)		
<b>20 Revenue from Operations</b>				
Sales	<b>24,142.19</b>	24,070.81		
Less : Excise Duty	<b>2,507.60</b>	2,635.63		
<b>Net Sales</b>	<b>21,634.59</b>	21,435.18		
<b>Sales of Services</b>				
Technical Service Income	<b>47.19</b>	77.50		
<b>Other Operating Revenue</b>				
Services Charges from Related Parties	-	51.09		
<b>Total</b>	<b>21,681.78</b>	<b>21,563.77</b>		
<b>21 Other Income</b>				
Dividend from Subsidiary Company - Chembond Solenis Water Technologies Ltd.	-	231.55		
Dividend from Equity Investments	<b>17.92</b>	6.42		
Dividend from Mutual Funds	<b>29.64</b>	2,614.30		
	<b>47.56</b>	2,852.27		
Profit from Sale of Mutual Funds	<b>164.46</b>	165.62		
Profit From Sale of Equity Investments (Net)	<b>82.29</b>	13.26		
Profit From Futures and Options	-	371.17		
Gross Interest {TDS ₹ 0.46 lakhs (₹ 1.26 lakhs)}	<b>10.65</b>	13.50		
Gross Rental Income {TDS ₹ 1.75 lakhs (₹ 2.84 lakhs)}	<b>14.34</b>	29.01		
Bad Debts Recovered	<b>56.40</b>	-		
Foreign Exchange Fluctuation Gain	<b>52.00</b>	22.91		
Provision for Doubtful Debts (No Longer required)	<b>109.70</b>	-		
Miscellaneous Income	<b>11.83</b>	13.25		
<b>Total</b>	<b>549.23</b>	<b>3,480.99</b>		
<b>22 Cost of Materials Consumed</b>				
<b>Particulars of Raw Materials Consumed</b>				
Acids	<b>1,777.23</b>	1,863.25		
Oil & Solvent, Alkalies	<b>1,396.52</b>	1,244.86		
Others	<b>12,669.93</b>	12,917.64		
	<b>15,843.68</b>	16,025.75		
Packing Material	<b>1,498.67</b>	1,430.70		
<b>Total</b>	<b>17,342.35</b>	<b>17,456.45</b>		
<b>Break-up of Raw Material Consumed</b>				
	<b>2016-2017</b>	%	2015-2016	%
	<b>(₹ in lakhs)</b>	consumption	(₹ in lakhs)	consumption
Imported	<b>2,970.35</b>	18.75	3,209.47	20.03
Indigenous	<b>12,873.33</b>	81.25	12,816.28	79.97
<b>Total</b>	<b>15,843.68</b>	100.00	<b>16,025.75</b>	100.00
<b>23 Changes in inventory of Finished goods, Work in progress and Traded goods</b>				
Finished products/ Stock in Trade (At Close)			769.37	796.45
Finished products/ Stock in Trade (At commencement)			796.45	789.33
<b>Total</b>			<b>27.08</b>	(7.12)

## Notes on Financial Statements for the year ended 31st March, 2017

	2016-2017 (₹ in lakhs)	2015-2016 (₹ in lakhs)
<b>24 Employee Benefit Expenses</b>		
Director Remuneration	110.12	103.61
Salaries & Wages	1,561.80	1,441.17
Employee ESOP compensation	(16.11)	(2.01)
Contribution to Provident & other funds	100.22	67.74
Staff Welfare Expenses	80.50	91.78
<b>Total</b>	<b>1,836.53</b>	<b>1,702.29</b>

a For Related party transaction Refer Note No. 35

b The Company's obligation towards the Gratuity Fund is a Defined Benefit Plan. Details of Actuarial Valuation are as follows:

Projected Benefit Obligation at the beginning of the year	186.64	211.07
Service Cost	16.73	16.14
Interest Cost	9.81	16.36
Actuarial Losses/(Gains)	6.47	(26.62)
Benefits paid	(2.86)	(30.32)
Projected Benefit Obligation at the end of the year	216.79	186.64
<b>Change in Plan Assets</b>		
Fair Value of plan assets at the beginning of the year	100.84	106.50
Expected Returns on Plan assets	9.50	9.37
Employer's Contribution	25.42	15.29
Benefits paid	(2.86)	(30.32)
Actuarial Gain/(Loss)	-	-
Fair Value of plan assets at the end of the year	132.90	100.84
<b>Cost of Defined Benefit Plan for the year</b>		
Current Service Cost	16.73	16.14
Interest on Obligation	9.81	16.36
Expected Return on Plan Assets	(9.50)	(9.37)
Net Actuarial Losses/(Gains) recognised in the year	6.47	(26.62)
Net Cost recognised in the Profit & Loss Account	23.51	(3.48)
<b>Assumptions</b>		
Discount Rate	7.75%	7.75%
Future Salary Increase	5%	5%
Withdrawal Rates	1%	1%

The Management has relied on the overall actuarial valuation conducted by the actuary. However experience adjustments on plan liabilities and assets are not readily available and hence not disclosed. The expected return on plan assets is as furnished by the Actuary appointed by the Company.

**25 Finance Cost**

Interest Expense		
- Banks	37.85	73.77
- MSMED	1.14	2.48
- Others	1.30	13.69
Bank Guarantee fees & charges	23.59	28.81
<b>Total</b>	<b>63.88</b>	<b>118.75</b>

## Notes on Financial Statements for the year ended 31st March, 2017

	<b>2016-2017</b> (₹ in lakhs)	2015-2016 (₹ in lakhs)
<b>26 Depreciation and Amortisation Expenses</b>		
Depreciation and Amortisation Expenses	<b>273.21</b>	268.57
<b>Total</b>	<b>273.21</b>	268.57
<b>27 Other Expenses</b>		
<b>Manufacturing Expenses</b>		
Consumable stores	<b>37.73</b>	33.10
Octroi	<b>0.75</b>	2.50
Power, Fuel & Water Charges	<b>85.22</b>	87.18
Research and Development (see note 'a' below)	<b>103.01</b>	59.69
Lab Expenses	<b>1.33</b>	-
Repairs and Renewals to Plant & Machinery	<b>28.75</b>	37.35
Godown Rent	<b>24.96</b>	24.46
Labour Charges	<b>278.31</b>	257.20
Security Expenses	<b>68.73</b>	69.16
Factory Maintenance	<b>136.23</b>	104.23
Profit Transferred to Subsidiary on WTC Business (see note 'b' below)	<b>70.42</b>	136.80
Profit Transferred to Associate on Enzymes Business (see note 'c' below)	-	0.62
Profit Transferred to Subsidiary on Industrial Coatings Business (see note 'd' below)	<b>14.05</b>	24.58
Compensation Expenses (see note 'e' below)	<b>72.00</b>	72.00
<b>A</b>	<b>921.49</b>	908.87
<b>Administrative Expenses</b>		
Director's Sitting Fees	<b>48.40</b>	34.40
Rates & Taxes	<b>24.97</b>	10.71
Electricity charges	<b>38.33</b>	43.84
Printing and stationary	<b>19.18</b>	19.39
Telephone & Postage Expenses	<b>48.22</b>	40.23
Insurance	<b>26.94</b>	28.74
Motor car expenses	<b>38.13</b>	40.29
Auditors Remuneration	<b>5.45</b>	4.50
Legal, Professional & consultancy fees	<b>505.66</b>	264.63
Repairs & Maintenance Buildings	<b>6.49</b>	10.78
Repairs & Maintenance Others	<b>117.67</b>	114.30
Miscellaneous expenses	<b>27.30</b>	50.62
Donation	<b>15.83</b>	0.59
Sales Tax & Other Taxes	<b>10.05</b>	13.99
Loss on Sale of Fixed Asset	<b>2.93</b>	0.96
Provision for Doubtful Debts	-	124.84
Input Service Tax Disallowed	<b>16.19</b>	4.71
Swachh Bharat Cess Expense	<b>8.03</b>	2.34
Debit Balance Written Off	-	41.62
Bad Debts Written Off	<b>25.99</b>	325.67
<b>B</b>	<b>985.76</b>	1,177.15

## Notes on Financial Statements for the year ended 31st March, 2017

	<b>2016-2017</b> (₹ in lakhs)	2015-2016 (₹ in lakhs)
<b>Selling and Distribution Expenses</b>		
Carriage outwards	<b>202.62</b>	206.37
Rent	<b>25.76</b>	25.51
Commission on sales	<b>60.85</b>	66.43
Travelling Expenses	<b>185.12</b>	172.79
Conveyance expenses	<b>64.59</b>	57.90
Royalty Expenses	<b>35.31</b>	28.09
Advertising & Publicity Expenses	<b>22.80</b>	21.27
Warehousing Charges	<b>3.44</b>	-
Packing Expenses	<b>4.65</b>	8.90
Sales Promotion Expenses	<b>53.32</b>	46.36
	<b>C</b>	633.62
	<b>(A+B+C)</b>	2,719.64
Less : Reimbursement of expenses	<b>375.30</b>	361.97
<b>Total</b>	<b>2,190.41</b>	2,357.67

a. **Research and Development Expenses:**

Research and Development Lab Mahape	<b>59.22</b>	59.69
Research and Development Lab Dudhwada	<b>43.80</b>	-
<b>Total</b>	<b>103.01</b>	59.69

- b. As per the terms of the Joint Venture agreement with Solenis International Holding Inc U.S.A. the Water Treatment Chemicals (WTC) business of Chembond Chemicals Ltd. had been merged with the joint venture Chembond Solenis Water Technologies Ltd. "Profit Transferred to Subsidiary on WTC Business" aggregating ₹ 70.42 lakhs (Previous year ₹ 136.80 lakhs) included in Manufacturing Expenses represents transfer by overriding title to Chembond Solenis Water Technologies Ltd., the income arising on account of the said Water Treatment Chemicals business that arose in Chembond Chemicals Ltd.
- c. As per the terms of agreement the Enzyme Chemicals business of Chembond Chemicals Ltd. had been merged with Chembond Bioengineering Co Ltd. (100% Subsidiary of Chembond Enzyme Company Ltd.) "Profit Transferred to Associate on Enzymes Business" aggregating ₹ Nil (Previous year 0.62 lakhs) included in manufacturing expenses represents transfer by overriding title to Chembond Bioengineering Co Ltd., the income arising on account of the said Enzyme Chemical business that arose in Chembond Chemicals Ltd.
- d. As per the terms of agreement, the Industrial Coating business of Chembond Chemicals Ltd had been merged with the Chembond Industrial Coating Ltd. "Profit Transferred to Subsidiary on Industrial Coatings Business" aggregating ₹ 14.05 lakhs (Previous year ₹ 24.58 lakhs) included in manufacturing expenses represents transfer by overriding title to Chembond Industrial Coatings Ltd. the income arising on account of the said Industrial Coating business that arose in Chembond Chemicals Ltd.
- e. Compensation Expenses represents amount payable to related party Protochem Industries Pvt. Ltd. on account of their Proprietary products being manufactured & sold by Chembond Chemicals Limited.

f. **Auditor's Remuneration consists of:**

Statutory Audit Fees	<b>3.03</b>	2.50
Tax Audit Fees	<b>1.51</b>	1.25
Taxation and Other Matters	<b>0.91</b>	0.75
<b>Total</b>	<b>5.45</b>	4.50

## Notes on Financial Statements for the year ended 31st March, 2017

### g Lease

The Company normally acquires offices, warehouses and vehicles under non-cancellable operational leases. Minimum lease payments outstanding at year end in respect of these assets are as under:

	<b>Total Minimum Lease Payment Outstanding as on 31/03/2017</b>	Total Minimum Lease Payment Outstanding as on 31/03/2016
	(₹ in lakhs)	(₹ in lakhs)
Due within one year	49.06	56.64
Due later than one year and not later than five years	36.39	44.14
Due later than five years	-	-
Lease payments recognised in the Statement of Profit & Loss	50.72	49.97

### 28 Exceptional Items, (Net)

	<b>2016-2017</b>	2015-2016
	(₹ in lakhs)	(₹ in lakhs)
Profit from sale of investment *	-	18,451.00
Loss on Sale of Mutual Fund	-	(2,880.52)
<b>Total</b>	<b>-</b>	<b>15,570.48</b>

\* During the year 2015-16 the company has divested its entire stake of 49% in joint venture Henkel Chembond Surface Technologies Ltd.(HCSTL).

### 29 Earnings Per Share

	<b>2016-2017</b>	2015-2016
Net Profit available to Equity Shareholders (₹ in Lakhs)	331.58	15,122.59
Total number of Equity Shares (Face value of ₹ 5/- each fully paid up)	13,448,288	13,393,788
Weighted No. of Equity Shares	13,428,280	13,356,150
Basic Earnings per Share (in Rupees)	2.47	113.23
Diluted No. of Equity Shares	13,428,280	13,562,632
Diluted Earnings per Share (in Rupees)	2.47	111.50

### 30 Value of Imports Calculated on CIF Basis

	<b>2016-2017</b>	2015-2016
	(₹ in lakhs)	(₹ in lakhs)
Raw Materials and Finished Goods	2,857.00	3,147.67
<b>Total</b>	<b>2,857.00</b>	<b>3,147.67</b>

### 31 Expenditure in Foreign Currency

	<b>2016-2017</b>	2015-2016
Professional Fees	1.89	7.21
Travelling	11.06	2.02
<b>Total</b>	<b>12.95</b>	<b>9.23</b>

### 32 Earnings in Foreign Exchange

Export of Goods on FOB Basis	227.98	239.11
<b>Total</b>	<b>227.98</b>	<b>239.11</b>

## Notes on Financial Statements for the year ended 31st March, 2017

### 33 Segment Reporting

The Company has determined that it operates in a single business segment, namely "Speciality Chemicals". Therefore the information pursuant to the Accounting Standard 17 - "Segment Reporting" issued by the Institute of Chartered Accountants of India is not applicable.

34 During the year under consideration, the company has commissioned its pilot polymer plant, at Dudhwada.

### 35 Related Party Disclosures

Related party disclosures as required under Accounting Standard on "Related Party Disclosures" issued by the Institute of Chartered Accountants of India are given below:

a) Relationship:

#### i. **Subsidiary Companies:**

Chembond Solenis Water Technologies Ltd., Protochem Industries Pvt. Ltd., Chembond Clean Water Technologies Ltd. Chembond Industrial Coatings Ltd, Chembond Enzyme Company Ltd, and Chembond Calvatis Industrial Hygiene Systems Ltd (formerly Chembond Bioengineering Company Ltd.), Chembond Chemicals (Malaysia) SDN. BHD

#### ii. **Associates:**

Chembond Distribution Ltd.

#### iii. **Key Management Personnel and their relatives (KMP)**

Key Management Personnel:

Sameer V. Shah, Nirmal V. Shah, Ashwin R. Nagarwadia, Perviz H. Dastur, Bhadrash D. Shah, O.P. Malhotra, Mahendra K. Ghelani, Sushil U. Lakhani, Jawahar I. Mehta, Dr. Prakash D. Trivedi, Saraswati Sankar.

Relatives :

Dr. Vinod D. Shah, Padma V. Shah, Gulu P. Dastur, Dr. Shilpa S. Shah, Mamta N. Shah, Alpana S. Shah, Jyoti N. Mehta, Zarna K. Shah, Amrita S. Shah, Malika S. Shah

Entities over which Key Management personnel are able to exercise influence :

CCL Opto Electronics Pvt. Ltd., Finor Piplaj Chemicals Ltd., S and N Ventures Ltd., GTK Intermediates Pvt. Ltd., & Visan Holdings and Financial Services Pvt. Ltd., Oriano Clean Energy Pvt. Ltd.

b) The following transactions were carried out with related parties in the ordinary course of business

For the year ended / as on	31.03.2017				31.03.2016			
	Subsidiary	Associates	KMP	Total	Subsidiary	Associates	KMP	Total
<b>Sales of Goods</b>	<b>4,515.71</b>	<b>302.41</b>	<b>42.80</b>	<b>4,860.92</b>	<b>4,157.55</b>	<b>241.25</b>	<b>26.73</b>	<b>4,425.53</b>
Chembond Solenis Water Technologies Ltd.	4,289.84			4,289.84	4,025.43			4,025.43
Protochem Industries Pvt. Ltd.	217.77			217.77	130.65			130.65
Chembond Clean Water Technologies Ltd.	0.12			0.12	0.51			0.51
Chembond Industrial Coatings Ltd.				0.00	0.39			0.39
Chembond Calvatis Industrial Hygiene Systems Ltd.	7.98			7.98	0.57			0.57
Chembond Distribution Ltd.		302.41		302.41		241.25		241.25
Finor Piplaj Chemicals Ltd.			42.80	42.80			26.25	26.25
GTK Intermediates Pvt. Ltd.				0.00			0.48	0.48
<b>Purchase of Goods</b>	<b>323.71</b>	<b>96.46</b>	<b>1,026.63</b>	<b>1,446.80</b>	<b>272.90</b>	<b>119.69</b>	<b>1,114.79</b>	<b>1,507.38</b>
Chembond Solenis Water Technologies Ltd.	17.59			17.59	34.43			34.43
Protochem Industries Pvt. Ltd.	299.48			299.48	237.79			237.79
Chembond Clean Water Technologies Ltd.	1.81			1.81				0.00
Chembond Industrial Coatings Ltd.	4.83			4.83	0.68			0.68
Chembond Distribution Ltd.		96.46		96.46		119.69		119.69
Finor Piplaj Chemicals Ltd.			1,026.63	1,026.63			1,048.26	1,048.26
GTK Intermediates Pvt. Ltd.				0.00			66.53	66.53
<b>Purchase of Fixed Assets</b>	<b>3.21</b>	<b>0.00</b>	<b>0.00</b>	<b>3.21</b>	<b>9.62</b>	<b>0.00</b>	<b>0.00</b>	<b>9.62</b>
Chembond Clean Water Technologies Ltd.	3.21			3.21	9.62			9.62
<b>Reimbursement of Expenses</b>	<b>375.30</b>	<b>0.00</b>	<b>0.00</b>	<b>375.30</b>	<b>361.97</b>	<b>0.00</b>	<b>0.00</b>	<b>361.97</b>
Chembond Solenis Water Technologies Ltd.	375.30			375.30	361.97			361.97

(₹ in lakhs)

## Notes on Financial Statements for the year ended 31st March, 2017

(₹ in lakhs)

For the year ended / as on Description of the nature of transactions	31.03.2017				31.03.2016			
	Subsidiary	Associates	KMP	Total	Subsidiary	Associates	KMP	Total
<b>Factory Maintenance</b>	0.00	0.00	85.60	85.60	0.00	0.00	42.80	42.80
Finor Piplaj Chemicals Ltd.			85.60	85.60			42.80	42.80
<b>Repairs &amp; Maintenance Spares</b>	0.00	0.00	0.00	0.00	5.50	0.00	0.00	5.50
Chembond Clean Water Technologies Ltd.	0.00			0.00	5.50			5.50
<b>Rent Income</b>	7.04	0.24	4.78	12.06	9.24	0.24	0.72	10.20
Chembond Solenis Water Technologies Ltd.	3.30			3.30	3.30			3.30
Chembond Clean Water Technologies Ltd.	3.30			3.30	3.30			3.30
Chembond Industrial Coatings Ltd.	0.20			0.20	2.40			2.40
Chembond Enzyme Company Ltd.	0.24			0.24	0.24			0.24
Chembond Distribution Ltd.		0.24		0.24		0.24		0.24
Finor Piplaj Chemicals Ltd.			0.72	0.72			0.72	0.72
Oriano Clean Energy Pvt. Ltd.			4.06	4.06			0.00	0.00
<b>Interest Income</b>	0.00	0.00	0.00	0.00	5.50	0.00	0.00	5.50
Chembond Industrial Coatings Ltd.				0.00	5.50			5.50
<b>Dividend Income</b>	0.00	0.00	0.00	0.00	231.55	0.00	0.00	231.55
Chembond Solenis Water Technologies Ltd.				0.00	231.55			231.55
<b>Interest Expenses</b>	0.00	0.00	0.00	0.00	2.85	0.00	7.43	10.28
Chembond Enzyme Company Ltd.				0.00	2.85			2.85
O.P. Malhotra				0.00			0.42	0.42
Ashwin Nagarwadia				0.00			4.21	4.21
Perviz H. Dastur				0.00			2.80	2.80
<b>Rental Expenses</b>	0.00	0.00	6.00	6.00	0.00	0.00	6.00	6.00
Finor Piplaj Chemicals Ltd.			6.00	6.00			6.00	6.00
<b>Director Remuneration</b>	0.00	0.00	98.82	98.82	0.00	0.00	90.30	90.30
Sameer V. Shah			62.82	62.82			54.30	54.30
Nirmal V. Shah			36.00	36.00			36.00	36.00
<b>Director Sitting Fees</b>	0.00	0.00	48.40	48.40	0.00	0.00	34.40	34.40
Ashwin Nagarwadia			25.50	25.50			16.20	16.20
Perviz H. Dastur			14.50	14.50			9.20	9.20
Mahendra Ghelani			3.00	3.00			3.00	3.00
Jawahar I Mehta			1.00	1.00			1.00	1.00
O.P. Malhotra			0.40	0.40			1.00	1.00
Sushil Lakhani			2.00	2.00			2.00	2.00
Saraswati Sankar			1.00	1.00			1.00	1.00
Dr. Prakash D. Trivedi			1.00	1.00			1.00	1.00
<b>Retirement Benefits</b>	0.00	0.00	30.00	30.00	0.00	0.00	30.00	30.00
Dr. Vinod D. Shah			30.00	30.00			30.00	30.00
<b>Legal &amp; Professional Fees</b>	0.00	0.00	324.60	324.60	0.00	0.00	125.00	125.00
Dr. Vinod D. Shah			300.00	300.00			125.00	125.00
Bhadresh D. Shah			24.60	24.60				
<b>Salaries</b>	0.00	0.00	0.00	0.00	0.00	0.00	21.77	21.77
Bhadresh D. Shah				0.00			21.77	21.77
<b>WTC/Enzyme/Industrial Coatings Compensation/Protochem Compensation Expenses</b>	156.47	0.00	0.00	156.47	234.00	0.00	0.00	234.00
Chembond Solenis Water Technologies Ltd.	70.42			70.42	136.80			136.80
Protochem Industries Pvt. Ltd.	72.00			72.00	72.00			72.00
Chembond Calvatis Industrial Hygiene Systems Ltd.				0.00	0.62			0.62
Chembond Industrial Coatings Ltd.	14.05			14.05	24.58			24.58
<b>Royalty</b>	0.00	0.00	35.31	35.31	0.00	0.00	28.09	28.09
S and N Ventures Ltd.			35.31	35.31			28.09	28.09
<b>Debit Balance Written Off</b>	0.00	0.00	0.00	0.00	41.62	0.00	0.00	41.62
Chembond Industrial Coatings Ltd.				0.00	41.62			41.62
<b>Bad Debts Written off</b>	0.00	0.00	0.00	0.00	196.84	0.00	0.00	196.84
Chembond Clean Water Technologies Ltd.				0.00	106.71			106.71
Chembond Industrial Coatings Ltd.				0.00	90.13			90.13
<b>Bad Debts recovered</b>	56.40	0.00	0.00	56.40	0.00	0.00	0.00	0.00
Chembond Clean Water Technologies Ltd.	36.80			36.80				0.00
Chembond Industrial Coatings Ltd.	19.60			19.60				0.00

## Notes on Financial Statements for the year ended 31st March, 2017

(₹ in lakhs)

For the year ended / as on	31.03.2017				31.03.2016			
	Subsidiary	Associates	KMP	Total	Subsidiary	Associates	KMP	Total
<b>Description of the nature of transactions</b>								
<b>Balance at the end of the year</b>								
<b>A. Sundry Debtors</b>	<b>1,144.20</b>	<b>450.77</b>	<b>0.00</b>	<b>1,594.97</b>	<b>827.22</b>	<b>502.33</b>	<b>0.00</b>	<b>1,329.55</b>
Chembond Solenis Water Technologies Ltd.	1,021.26			1,021.26	827.22			827.22
Chembond Clean Water Technologies Ltd.	6.70			6.70				0.00
Chembond Distribution Ltd.		450.77		450.77		502.33		502.33
Chembond Calvatis Industrial Hygiene Systems Ltd.	11.86			11.86				
Protochem Industries Pvt. Ltd.	104.39			104.39				0.00
<b>B. Sundry Creditors</b>	<b>9.15</b>	<b>0.00</b>	<b>210.91</b>	<b>220.06</b>	<b>10.74</b>	<b>0.00</b>	<b>175.47</b>	<b>186.22</b>
Chembond Enzyme Company Ltd.	7.09			7.09			7.43	7.43
Chembond Calvatis Industrial Hygiene Systems Ltd.				0.00	0.04			0.04
S and N Ventures Ltd.			10.52	10.52			33.07	33.07
Finor Piplaj Chemicals Ltd.			200.39	200.39			134.97	134.97
Protochem Industries Pvt. Ltd.				0.00	10.70			10.70
Chembond Chemicals (Malaysia) SDN.BHD	2.06			2.06				0.00
<b>C. Investments</b>	<b>2,059.76</b>	<b>23.50</b>	<b>0.00</b>	<b>2,083.25</b>	<b>2,059.76</b>	<b>23.50</b>	<b>0.00</b>	<b>2,083.25</b>
Chembond Solenis Water Technologies Ltd.	160.30			160.30	160.30			160.30
Protochem Industries Pvt. Ltd.	1,052.25			1,052.25	1,052.25			1,052.25
Chembond Clean Water Technologies Ltd.	580.85			580.85	580.85			580.85
Chembond Industrial Coatings Ltd.	95.00			95.00	95.00			95.00
Chembond Calvatis Industrial Hygiene Systems Ltd.	32.39			32.39	32.39			32.39
Chembond Distribution Ltd.		23.50		23.50		23.50		23.50
Chembond Enzyme Company Ltd.	138.96			138.96	138.96			138.96

- c) In respect of the Company's Associate – Chembond Distribution Limited (CDL), the Company has investments and trade receivables as follows :

Particulars	CDL
Investments in	23.50
Trade Receivables from	450.77

### 36 Employee Stock Option Plan

The Board at its meeting held on July 30, 2011, approved an issue of Stock Options up to a maximum of 5% of the issued Equity Share Capital of the Company aggregating to 6,36,000\* Equity Shares in a manner provided in the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 subject to the approval of the shareholders under Section 81(1A) of the Companies Act, 1956. The Shareholders of the Company at the Annual General Meeting held on September 10, 2011 approved the aforesaid issue of 6,36,000\* Equity Shares of the Company under one or more Employee Stock Option Scheme(s). The Compensation & Nomination Committee has approved the following grants to a list of senior level executives of the Company and some of its Subsidiaries in accordance with the Chembond Chemicals Employees' Stock Option Plan, 2012

Date of Grant	Exercise Price	Options Granted	Vesting Commences On	Options					Basis of Vesting
				To be vested	Lapsed	Exercised	Vested	Yet to Vest	
8-Sep-2012	76.5	4,65,562	8-Sep-2013	81,050	45,350	35,700	-	-	Time Based
			1-Oct-2014	1,00,374	90,224	10150	-	-	Performance Based
			1-Oct-2015	1,19,700	86,906	32794	-	-	Performance Based
			1-Oct-2016	1,64,438	1,15,618	48820	-	-	Performance Based
		<b>4,65,562</b>		<b>4,65,562</b>	<b>3,38,098</b>	<b>1,27,464</b>	-	-	

Out of the above option granted 3,38,098 options have been lapsed due to resignation of the employees and non exercising of Options

Out of 1,27,464 options exercised 72,964 options were exercised upto March 31, 2016 and further 54,500 Options were exercised and allotted during the year.

The fair value of options used to compute Proforma net profit and earnings per Equity Share have been estimated on the date of the grant using Black-Scholes model by an independent Consultant.

## Notes on Financial Statements for the year ended 31st March, 2017

The key assumptions used in Black-Scholes model for calculating fair value as on the date of the grant are:

Date of Grant	8-Sep-2012
Risk Free Interest Rate	8.25%
Expected Life	3.34 years
Expected Volatility	42%
Dividend Yield	1.38%
Price of the underlying Share in the Market at the time of the Option Grant	85
Fair Value of the Option	34

\* The Company has Subdivided of existing Equity Shares of ₹ 10/- each fully paid up into two equity shares of ₹ 5/- each fully paid, all equity shares in numbers are restated accordingly.

<b>37 Contingent Liabilities not provided for are in respect of :</b>	<b>As at 31/3/2017</b> <b>(₹ in lakhs)</b>	As at 31/3/2016 <b>(₹ in lakhs)</b>
a. Income Tax matter under Appeal (₹ 50.10 Lakhs already paid)	<b>50.10</b>	50.10
b. Outstanding L.C & Bank Guarantees issued by Bankers.	<b>79.28</b>	148.39
c. Corporate Guarantee given to Bank of India by the Company on behalf of Subsidiaries Chembond Solenis Water Technologies Ltd. & Chembond Clean Water Technologies Ltd.	<b>900.00</b>	900.00
d. Claim against the Company not acknowledged as debts	<b>9.60</b>	9.60
e. Excise matter under Appeal (₹ 24.22 Lakhs already paid as pre deposit for appeal)	<b>632.81</b>	-

### 38 Derivative Instruments

a The Company has entered into forward contracts to hedge the foreign currency risks arising from amounts designated in foreign currency. The counter party to such forward contract is a bank. Forward contracts outstanding at the year end are:

Currency	Exposure to buy/sell	As at 31/3/2017 (₹ in lakhs)		As at 31/3/2016 (₹ in lakhs)	
		Foreign Currency	Indian Currency	Foreign Currency	Indian Currency
USD	Buy	<b>4.70</b>	<b>309.10</b>	2.50	166.78

b Foreign Currency Exposures at the year end not hedged by derivative instruments:

US Dollars	Buy	<b>8.33</b>	<b>540.08</b>	7.46	495.10
Euro	Buy	<b>1.95</b>	<b>135.17</b>	1.66	124.64
US Dollars	Sell	<b>0.16</b>	<b>10.24</b>	0.67	45.90

39 The previous year figures have been regrouped, reallocated or reclassified wherever necessary to conform to current year classification and presentation.

As per our attached report of even date

**On behalf of the Board of Directors**

For **M/s Kastury & Talati**  
Chartered Accountants

**Sameer V. Shah**  
Chairman & Managing Director

**Nirmal V. Shah**  
Vice Chairman & Managing Director

**Dhiren P. Talati**  
Partner  
Membership No. F/41867  
Mumbai, 6<sup>th</sup> May 2017

**Mahendra K. Ghelani**  
Director

**Rashmi S. Gavli**      **Jay Mistry**  
Chief Financial Officer      Company Secretary

Mumbai, 6<sup>th</sup> May 2017

# Independent Auditor's Report On Consolidated Financial Statements.

To the Members of

## **Chembond Chemicals Limited**

### **1. Report on the Consolidated Financial Statements**

We have audited the accompanying consolidated financial statements of **Chembond Chemicals Limited** (hereinafter referred to as "the Holding Company"), its subsidiaries and associate (collectively referred to as "the Group") comprising of the consolidated Balance Sheet as at March 31, 2017, the consolidated Statement of Profit and Loss, the consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as the "Consolidated Financial Statements").

### **2. Management's Responsibility for the Consolidated Financial Statements**

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the companies included in the Group are responsible for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

### **3. Auditor's Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

While conducting the Audit, We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in sub paragraph 6 in the Other Matters paragraph below is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

### **4. Opinion**

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of the reports of the other auditors on the financial statements of the subsidiaries and its associate referred to below in the Other Matters paragraph, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the consolidated state of affairs of the Group, as at March 31, 2017 its consolidated Profit and its consolidated Cash Flows for the year ended on that date.

### **5. Emphasis of Matter**

Reference is invited to Note No 17b of the Notes on Consolidated Financial Statements. The parent Company has debts due from an Associate Company aggregating ₹ 450.77 lakhs. The net worth of this Associate has eroded. Provision for any possible loss in this respect has not been made as in the opinion of the Management, the Investments are Long Term and, the losses are temporary in nature.

Our opinion is not modified in respect of this matter.

### **6. Other Matters**

- i. We did not audit the financial statements of Six Subsidiaries (including a foreign Subsidiary). These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these

subsidiaries, and our report in terms of sub section (3) and (11) of Section 143 of the Act in so far as it relates to these subsidiaries, is based solely on the reports of the other auditors. The financial statements of these Six Subsidiaries reflect total assets of ₹ 7,465.57 lakhs as at 31<sup>st</sup> March, 2017, total revenues of ₹ 11,783.06 lakhs and net cash outflows of ₹ (135.78) lakhs for the year ended on that date.

- ii. The Financial Statements of one subsidiary which reflect total assets of ₹ 121.24 lakhs as at 31<sup>st</sup> March, 2017, total revenues of ₹ 18.88 lakhs and net cash outflows of ₹ (0.05) lakhs for the year ended on that date, have been audited by us.
- iii. The Financial Statements in respect of the only Associate for the year ended 31<sup>st</sup> March, 2017 has been audited by another auditor whose report has been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of this Associate, and our report in terms of sub section (3) and (11) of Section 143 of the Act in so far as it relates to this Associate, is based solely on the reports of that other auditor.

Our opinion on the consolidated financial statement and our report on the Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with regard to our reliance on the work done and the reports of the other auditors and the financial statements and information certified by the management.

## 7. Report on Other Legal and Regulatory Requirements

As required by section 143(3) of the Act, we report to the extent applicable that:

- a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
- b. In our opinion proper books of accounts as required by law relating to the preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
- c. The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
- d. In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with the relevant Rules issued there under.
- e. On the basis of the written representations received from the Directors of the Holding Company as on March 31, 2017, and taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of the subsidiary companies and the associate company to the extent reported by the statutory auditors of such companies incorporated in India, none of the directors of the Group Companies incorporated in India, is disqualified as on March 31, 2017, from being appointed as a director of that Company in terms of Section 164(2) of the Act.
- f. With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our report in "Annexure A" which is based on the Auditor's report of the holding Company and its subsidiary companies and its associate company incorporated in India.
- g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us;
  - i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group. Refer note no 34 to the Notes on consolidated financial statements.
  - ii. In our opinion and as per the information and explanations provided to us, the group has not entered in to any long-term contracts including derivative contracts, requiring provision under the applicable Laws or Accounting Standards for material foreseeable losses.
  - iii. There has been no delay in transferring the amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company, its subsidiary companies and its associate company incorporated in India.
  - iv. The company has provided requisite disclosures in its Consolidated Financial Statements as to holdings as well as dealings in Specified Bank Notes during the period from 8<sup>th</sup> November, 2016 to 30<sup>th</sup> December, 2016 and these are in accordance with the books of accounts maintained by the Company. Refer Note No 18.a of the Notes on Consolidated Financial Statements.

For **M/s Kastury & Talati**

Chartered Accountants

Firm's Registration No:104908W

**Dhiren P. Talati**

Partner

Membership No: F41867

Place: Mumbai.

Date: 6<sup>th</sup> May, 2017

## Annexure A to the Independent Auditor's Report on the Consolidated Financial Statements.

The annexure referred to in paragraph 7f under "Report on Other Legal and Regulatory Requirements" section of the Independent Auditor's Report of even date to the members of Chembond Chemicals Limited on the Consolidated Financial Statements for the year ended March 31, 2017.

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

We have audited the internal financial controls over financial reporting of Chembond Chemicals Limited ("the Company") and its subsidiaries and its associate company incorporated in India as of March 31, 2017 in conjunction with our audit of the consolidated financial statements of the Company for the year ended on that date.

Our reporting U/s 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financials controls over financial reporting in so far as it relates to Six subsidiary companies and an associate company, is based solely on the corresponding reports of the other auditors of such entities, to the extent considered applicable for reporting in the case of the consolidated financial statements.

### **Management's Responsibility for Internal Financial Controls**

The respective Board of Directors of the company and its subsidiary companies and associate company incorporated in India are responsible for establishing and maintaining internal financial controls based on the respective internal control over financial reporting criteria established by the Company and its subsidiary companies and associate company incorporated in India 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 the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the 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 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 judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other Auditor's in respect of Six subsidiaries and an associate company audited by other auditors 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 and to the best of our information and according to the explanations given to us, the Company and its subsidiaries and its associate company incorporated in India have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company and its subsidiaries and associate company incorporated in India considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **M/s Kastury & Talati**

Chartered Accountants

Firm's Registration No: 104908W

**Dhiren P. Talati**

Partner

Membership No: F/41867

Place: Mumbai

Date: 6<sup>th</sup> May, 2017

## Consolidated Balance Sheet

	Notes	As at 31/3/2017 (₹ in lakhs)	As at 31/3/2016 (₹ in lakhs)
<b>Equity and Liabilities</b>			
<b>Shareholder's Funds</b>			
Share Capital	2	672.41	669.69
Reserves and Surplus	3	20,704.13	19,973.08
		<b>21,376.54</b>	20,642.77
<b>Minority Interest</b>			
	4	1,721.40	1,404.95
<b>Non-Current Liabilities</b>			
Long-term Borrowings	5	25.26	63.41
Deferred Tax Liabilities (Net)	6	282.88	246.71
Long-term Provisions	7	117.84	94.00
		<b>425.98</b>	404.12
<b>Current Liabilities</b>			
Short-term Borrowings	8	845.72	1,013.94
Trade Payables			
-Due to Micro and Small Enterprises	9	53.54	39.69
-Due to Others	9	4,435.84	4,218.51
Other Current Liabilities	10	1,045.19	907.53
Short-term Provisions	11	476.97	250.64
		<b>6,857.26</b>	6,430.31
	<b>Total</b>	<b>30,381.18</b>	28,882.15
<b>Assets</b>			
<b>Non-Current Assets</b>			
Fixed Assets			
Tangible Assets	12	4,236.71	4,034.19
Intangible Assets	12	676.64	679.65
Capital Work-in-Progress	12	167.14	174.38
		<b>5,080.49</b>	4,888.22
Non Current Investments	13	5,770.62	6,542.94
Long-term Loans & Advances	14	383.97	401.35
		<b>6,154.59</b>	6,944.29
<b>Current assets</b>			
Current Investment	15	7,521.25	2,255.02
Inventories	16	2,703.03	2,285.55
Trade Receivables	17	6,855.79	5,767.15
Cash and Bank Balances	18	1,699.99	1,680.97
Short-term Loans and Advances	19	345.91	309.09
Other Current Asset	20	20.13	4,751.86
		<b>19,146.10</b>	17,049.64
	<b>Total</b>	<b>30,381.18</b>	28,882.15
Significant Accounting Policies and Notes on Financial Statements	1-38		

As per our attached report of even date

**On behalf of the Board of Directors**

For **M/s Kastury & Talati**  
Chartered Accountants

**Sameer V. Shah**  
Chairman & Managing Director

**Nirmal V. Shah**  
Vice Chairman & Managing Director

**Dhiren P. Talati**  
Partner  
Membership No. F/41867  
Mumbai, 6<sup>th</sup> May 2017

**Mahendra K. Ghelani**  
Director  
Mumbai, 6<sup>th</sup> May 2017

**Rashmi S. Gavli**  
Chief Financial Officer

**Jay Mistry**  
Company Secretary

## Consolidated Statement of Profit and Loss

	Notes	2016-2017 (₹ in lakhs)	2015-2016 (₹ in lakhs)
<b>Income</b>			
Revenue from Operations	21	28,052.40	27,104.71
Other Income	22	619.83	3,321.25
<b>Total Revenue</b>		<b>28,672.23</b>	<b>30,425.96</b>
<b>Expenditure</b>			
Cost of Materials Consumed	23	17,965.76	17,947.24
Purchases of Stock-in-Trade		77.18	151.29
Changes in Inventories of Finished Goods, Work-in-Progress and Traded Goods	24	(9.01)	18.85
Employee Benefits Expenses	25	3,791.58	3,444.73
Finance Costs	26	102.26	181.36
Depreciation and Amortisation Expenses	27	380.47	354.51
Other Expenses	28	4,757.62	4,414.46
<b>Total Expenses</b>		<b>27,065.87</b>	<b>26,512.44</b>
<b>Profit before Exceptional items and Tax</b>		<b>1,606.37</b>	<b>3,913.52</b>
Exceptional Items (Net)	29	-	15,570.48
<b>Profit Before Taxes</b>		<b>1,606.37</b>	<b>19,484.00</b>
<b>Tax Expenses</b>			
Current Tax		473.31	3,824.54
Deferred Tax		38.17	9.22
<b>Profit After Tax</b>		<b>1,094.89</b>	<b>15,650.24</b>
Less: Short/(Excess) Provision of Tax for earlier Years		33.94	2.86
Less: Stock Reserve		0.26	0.70
Add : Share of Profit/(Loss) from Associate		-	-
Less: Profit transfer to Minority Interest		285.16	281.45
<b>Profit for the Year</b>		<b>775.53</b>	<b>15,365.23</b>
Earning Per Equity Share of Face Value of ₹ 5 each	30		
Basic (in ₹)		5.78	115.04
Diluted (in ₹)		5.78	113.29
Significant Accounting Policies and Notes on Financial Statements	1-38		

As per our attached report of even date

On behalf of the Board of Directors

For **M/s Kastury & Talati**  
Chartered Accountants**Sameer V. Shah**  
Chairman & Managing Director**Nirmal V. Shah**  
Vice Chairman & Managing Director**Dhiren P. Talati**  
Partner  
Membership No. F/41867  
Mumbai, 6<sup>th</sup> May 2017**Mahendra K. Ghelani**  
Director  
Mumbai, 6<sup>th</sup> May 2017**Rashmi S. Gavli**  
Chief Financial Officer**Jay Mistry**  
Company Secretary

## Cash Flow Statement

	2016 - 2017 (₹ in lakhs)	2015 - 2016 (₹ in lakhs)
<b>A Cash Flow from Operating Activities</b>		
Net Profit before tax and extraordinary items	1,606.37	19,484.00
Adjustments for :		
Depreciation	380.47	354.51
Employee ESOP compensation	(16.11)	(2.01)
Loss on Sale of assets	2.93	2.21
Finance Cost	102.26	181.36
	<b>469.55</b>	536.07
Less:		
Foreign Exchange Fluctuation	52.33	25.11
Net Gain on sale of Investments	246.76	15,749.36
Effect of divestment in JV & conversion of Associate into Subsidiaries	-	3,516.93
Effect of previous year transaction/Pre-acquisition profits	(232.92)	
Dividend Received	63.03	2,633.01
	<b>(129.20)</b>	(21,924.41)
Operating Profit before working capital changes	<b>1,946.72</b>	(1,904.34)
Trade and Other Receivables	(1,102.59)	3,657.85
Inventories	(417.74)	763.78
Trade and Other Payable	459.36	(1,366.40)
	<b>(1,060.97)</b>	3,055.23
Cash generated from operations	<b>885.75</b>	1,150.89
Direct Taxes Paid	(571.70)	(3,823.60)
<b>Net Cash from Operating Activities (A)</b>	<b>314.05</b>	(2,672.71)
<b>B Cash Flow from Investing Activities</b>		
Purchase of Fixed Assets	(587.47)	236.73
Sale of Fixed Assets	11.79	4.36
Sale of Investment	12,517.84	18,500.00
Purchase of Investment	(12,033.27)	(16,222.63)
Dividend Income	63.03	2,633.01
<b>Net Cash used in Investing Activities (B)</b>	<b>(28.08)</b>	5,151.47
<b>C Cash Flow from Financing Activities</b>		
Equity Contribution from minority Shareholder	-	26.55
ESOP application Money Received	41.69	31.72
Proceeds from Short Term Borrowings	(168.22)	(953.29)
Dividend paid	-	(1,193.02)
Proceeds from Long Term Borrowings	(38.16)	(136.33)
Finance Cost	(102.26)	(181.36)
<b>Net Cash from Financing Activities ( C)</b>	<b>(266.94)</b>	(2,405.72)
<b>Net (Decrease)/Increase in Cash &amp; Cash Activities (A+B+C)</b>	<b>19.02</b>	73.04
Cash and Bank Balances as on Opening	1,680.97	1,607.93
Cash and Bank Balances as on Closing	1,699.99	1,680.97

As per our attached report of even date

On behalf of the Board of Directors

**M/s Kastury & Talati**  
Chartered Accountants

**Sameer V. Shah**  
Chairman & Managing Director

**Nirmal V. Shah**  
Vice Chairman & Managing Director

**Dhiren P. Talati**  
Partner  
Membership No. F/41867  
Mumbai, 6<sup>th</sup> May 2017

**Mahendra K. Ghelani**  
Director

**Rashmi S. Gavli**  
Chief Financial Officer

**Jay Mistry**  
Company Secretary

Mumbai, 6<sup>th</sup> May 2017

## Notes to Consolidated Financial Statements

### 1 Significant Accounting Policies Related to Consolidation

- i) The Consolidated Financial Statements (CFS) presents the Consolidated Accounts of Chembond Chemicals Ltd. (CCL) with its Subsidiaries & Associate and the same are as under.

Sr. No.	Name of the Company	Status	% of Holding	Country of Incorporation
A	Chembond Solenis Water Technologies Limited (CSWTL)	Subsidiary	55.00%	INDIA
B	Protochem Industries Pvt.Ltd (PIPL)	Subsidiary	100.00%	INDIA
C	Chembond Clean Water Technologies Limited (CCWTL)	Subsidiary	70.17%	INDIA
D	Chembond Industrial Coatings Limited (CICL)	Subsidiary	100.00%	INDIA
E	Chembond Enzyme Company Ltd.(CECL)	Subsidiary	100.00%	INDIA
F	Chembond Calvatis Industrial Hygiene Systems Ltd. (CCIHSL)	Subsidiary	55.00%	INDIA
G	Chembond Chemicals (Malaysia) SDN. BHD.	Subsidiary	100.00%	Malaysia
H	Chembond Distribution Limited (CDL)	Associate	47.00%	INDIA

- ii) The Consolidation of Accounts is done in accordance with the requirement of Accounting Standard- 21 "Consolidated Financial Statements" and Accounting Standard- 23 "Accounting for Investments in Associates, in Consolidated Financial Statement" to comply with Accounting Standards specified under section 133 of the companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules,2014 and the relevant provisions of the Companies Act, 2013.
- iii) Significant Accounting Policies and Notes to these Consolidated Financial Statements are intended to serve as a means of information, disclosure and a guide to better understanding the consolidated position of the Companies. Recognizing this purpose, the Company has disclosed only such policies and notes from the individual financial statements, which fairly present the needed disclosures. Lack of homogeneity and other similar considerations made it desirable to exclude some of them, which, in the opinion of Management, could be better viewed, when referred from the individual financial statements.
- iv) In respect of Subsidiary Companies, the CFS of the group has been prepared by consolidating on a line by line basis by adding together the book values of like items of Assets, Liabilities, Income and Expenses after fully eliminating all inter Company balances and transactions as per Accounting Standard – 21 "Consolidated Financial Statements".
- v) In respect of Associate Company, the CFS of the group have been consolidated as per Accounting Standard- 23 "Accounting for Investments in Associates in Consolidated Financial Statements" by applying the "Equity Method" of accounting.
- vi) The excess/deficit value of Investment by the Holding Company in the Subsidiary Companies over the face value of equity of the Subsidiary Company and the share of reserves as on the date of acquisition is reflected as Goodwill/ Capital Reserve on consolidation (adjusted for the effect of sale of investments) under Fixed Assets. Goodwill on consolidation is not amortised.
- vii) Minority interest represents that part of the net results of operations and of the net assets of a subsidiary attributable to interests which are not owned, directly or indirectly through subsidiaries, by the parent. The amount due to the Minority interest is included in the Note No."4" forming part of Notes on Consolidated Financial Statements.

### 2. Other Significant Accounting Policies

#### a. System of Accounting

- i. The Company follows the mercantile system of accounting and recognises income and Expenditure on accrual basis.
- ii. Financial Statements are prepared on historical cost basis, adjusted for revaluation of certain Fixed Assets done in 1994 and as a going concern.

#### b. Fixed Assets

Fixed Assets are stated at their cost except for certain Fixed Assets of the Parent Company revalued in 1994 less accumulated depreciation. The Company capitalises all costs relating to acquisitions and installation of Fixed Assets.

#### c. Expenditure during construction period

Pre-operating Expenditure, Interest on specific borrowings for the project, interest on general (interest bearing) funds of the Company utilized for the purpose of the project upto the date of commencement of commercial production are capitalized pro-rata to the cost of Fixed Assets.

**d. Impairment of Assets**

The carrying amount of assets are reviewed at each Balance Sheet date if there is any indication of impairment based on internal/ external factors. An asset is impaired when the carrying amount of the asset exceeds the recoverable amount. An impairment loss is charged to the Profit and Loss Account in the year in which an asset is identified as impaired. An impairment loss recognized in prior accounting periods is reversed if there has been change in the estimate of the recoverable amount.

**e. Depreciation**

Depreciation is allocated over the useful life of the asset as specified in part C of Schedule II of the Companies Act 2013.

Depreciation in the case of Subsidiary Companies, Chembond Solenis Water Technologies Ltd. (CSWTL), Chembond Clean Water Technologies Ltd. (CCWTL) & Chembond Calvatis Industrial Hygiene Systems Ltd. (CCIHSL), are provided on written down value method at the rates specified in part C of Schedule II of the Companies Act, 2013.

Depreciation on Fixed Assets in case of Subsidiary Companies, Protochem Industries Pvt Ltd (PIPL) & Chembond Industrial Coatings Ltd. (CICL), are provided on the straight line method at the rates and in the manner specified in part C of Schedule II of the Companies Act, 2013.

Depreciation on Fixed Assets in case of Associates is provided on the written down value method at the rates and in the manner specified in part C of Schedule II of the Companies Act 2013.

No depreciation is provided on land.

**f. Revenue Recognition on Sales**

The Company recognizes revenue on the sale of Products when the products are delivered to the customers or to the carrier which is when the risks or rewards of ownership pass to the customer.

**g. Research & Development**

Revenue expenditure on Research & Development are charged to the Profit & Loss Account and capital expenditure are included in Fixed Assets under relevant assets and depreciated on the same basis as other fixed assets.

**h. Borrowing Costs**

Borrowing Costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the costs of such assets. A qualifying asset is one that takes a substantial period of time to get ready for its intended use. All other borrowing costs are charged to the Profit & Loss account.

**i. Operating Lease**

Lease of assets under which all the risks and rewards of ownership are effectively retained by the lessor are classified as operating leases. Lease payments under operating leases are recognized as an expense on accrual basis in accordance with the respective lease agreement.

**j. Deferred Taxes**

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

Deferred Tax Assets are recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available in the future against which these items can be utilised.

The carrying amount of deferred tax assets is reviewed at each Balance Sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Deferred tax Assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates ( and the tax laws) that have been enacted subsequent to the Balance Sheet date.

**k. Investments**

Non Current Investments are stated at the cost of acquisition, Current Investments are stated at Cost or Market value whichever is less.

**I. Valuation of Inventory**

Inventories are valued at cost determined on Weighted Average Basis or Net Realisable Value, whichever is lower. Cost of Raw Material Stocks is determined so as to exclude from the cost, taxes and duties which are subsequently recoverable from the taxing authorities.

**m. Employee Benefits**

- (a) **Provident Fund:** Contributions towards Employees Provident Fund are made to the Employees Provident Scheme in accordance with the statutory provisions.
- (b) **Gratuity:** The Company makes annual contribution to a Gratuity Fund administered by LIC. The Company accounts for liability for future gratuity benefits based on actuarial valuation as at the balance sheet date, determined every year using the Projected Unit Credit Method by an Actuary appointed by the Company
- (c) **Leave Encashment:** The Company does not allow any accumulation of leave balance or encashment thereof.
- (d) **Deferred Compensation Cost:** In respect of Stock options granted pursuant to Company's employee stock option schemes, the company determines the compensated cost based on the intrinsic value method and the compensation cost is amortised on a straight line basis over the vesting period.

**n. Taxation**

Advance payments of Tax including TDS, where assessments are pending are shown net of the corresponding provisions for tax for the year.

**o. Foreign Exchange Differences**

Transactions denominated in foreign currency are recorded at the exchange rate prevailing on the transaction date. Monetary items such as receivables, payables and loans denominated in foreign currency are translated at the exchange rate prevailing at the balance sheet date. Exchange differences arising on foreign currency transactions are recognised as income/ expenditure in the profit and loss account.

**p. Custom duty on Imports**

Customs duty on Imports is accounted as and when Goods are cleared from the customs authorities.

**q. Earning Per Share**

Basic earning per share is calculated by dividing the net profit or loss for the period attributable to equity share holders by the weighted average number of equity shares outstanding during the period. For the purpose of calculating diluted earning per share, the net profit or loss for the period attributable to equity share holders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

**r. Provisions, Contingent Liabilities and Contingent Assets**

Provisions are recognized for liabilities that can be measured only by using a substantial degree of estimation, if

- (a) The Company has a present obligation as a result of a past event,
- (b) A probable outflow of resources is expected to settle the obligation; and
- (c) The amount of the obligation can be reliably estimated.

Reimbursement expected in respect of expenditure required to settle a provision is recognized only when it is virtually certain that the reimbursement will be received.

Contingent liability is disclosed in case of

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

Contingent Assets are neither recognized, nor disclosed.

Provision, Contingent Liabilities and Contingent Assets are reviewed at each balance Sheet date.

**s. Hedge Transactions**

In case of forward exchange contracts, to hedge the foreign currency risk which is on account of a firm commitment, the premium or discount arising at the inception of the contract is amortized as expense or income over the life of the contract.

## Consolidated Notes on Financial Statements for the year ended 31st March, 2017

	As at 31/3/2017 (₹ in lakhs)	As at 31/3/2016 (₹ in lakhs)
<b>2 Share Capital</b>		
<b>Authorised</b>		
2,00,00,000 (1,00,00,000) Equity Shares of ₹5/- (₹10/-) each	<b>1,000.00</b>	<b>1,000.00</b>
<b>Issued, Subscribed and Paid up</b>		
134,48,288 (66,96,894) Equity Shares of ₹5/- (₹10/-) each fully paid up	<b>672.41</b>	669.69
Total	<b>672.41</b>	669.69

## a Details of Shareholders holding more than 5% Shares

Name of the Shareholder	As at 31/3/2017		As at 31/3/2016	
	No of Shares	% held	No of Shares	% held
Dr. Vinod D. Shah	<b>19,38,562</b>	<b>14.41%</b>	19,34,062	14.44%
Padma V. Shah	<b>14,95,114</b>	<b>11.12%</b>	14,95,114	11.16%
Visan Holding & Financial Services Pvt. Ltd.	<b>12,37,916</b>	<b>9.21%</b>	12,37,616	9.24%
Ashwin R. Nagarwadia	<b>10,81,264</b>	<b>8.04%</b>	10,81,264	8.07%
Quest Investment Advisors Pvt. Ltd.	<b>7,18,614</b>	<b>5.34%</b>	7,18,614	5.37%

## b Terms/Rights attached to Equity Shares

The Company has only one class of Equity Shares having a par value of ₹ 5/- per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian Rupees. The dividend proposed by the Board of Directors is subject to approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holders of Equity Shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

- c During the year under consideration the equity shares of the company have been subdivided from the earlier face value of ₹10/- per share to the present face value of ₹5/- per share.

	As at 31/3/2017 (₹ in lakhs)	As at 31/3/2016 (₹ in lakhs)
<b>3 Reserves and Surplus</b>		
<b>Capital Reserve on Consolidation</b>		
As per last year	<b>14.72</b>	-
Add: Addition During the year	-	14.72
	<b>14.72</b>	14.72
<b>General Reserve</b>		
As per last year	<b>1,281.02</b>	1,732.52
Less: Effect of Divestment in JV	-	490.00
Add: Transfer from Profit & Loss A/c.	<b>70.00</b>	70.00
Less: Transfer to minority interest	<b>31.50</b>	31.50
	<b>1,319.52</b>	1,281.02
<b>Share Premium</b>		
As per last year	<b>574.08</b>	521.91
Add: Received on ESOP Share Issue	<b>38.97</b>	52.17
	<b>613.05</b>	574.08

## Consolidated Notes on Financial Statements for the year ended 31st March, 2017

	<b>As at 31/3/2017</b> (₹ in lakhs)	As at 31/3/2016 (₹ in lakhs)
<b>Employee Shares Options Outstanding</b>		
Shares Option Outstanding	23.75	29.40
Less: Option Lapsed	23.75	5.65
	-	23.75
Less: Deferred Compensation	-	7.64
	-	16.11
<b>Profit and Loss Account</b>		
As per last year	18,087.15	6,586.04
Less: Effect of divestment in JV & conversion of Associate into Subsidiaries	-	3,041.65
Add: Effect of previous year transaction	238.67	-
Add: Profit for the Year	775.53	15,365.23
Less: Pre acquisition profits	5.75	-
	19,095.59	18,909.62
Less: Appropriations		
Transferred to General Reserve	70.00	70.00
Set off of Dividend Tax in respect of Dividend from Subsidiary Company	(45.17)	(33.03)
Interim Dividend	-	601.49
Tax on Interim Dividend	-	182.50
Previous Year Dividend	-	0.48
Tax on Previous Year Dividend	-	1.03
Proposed Dividend	221.90	-
Tax on Proposed Dividend	92.03	-
	18,756.84	18,087.15
<b>Total</b>	<b>20,704.13</b>	<b>19,973.08</b>
<b>4 Minority Interest</b>		
<b>Share Capital</b>		
As per last year	291.96	269.46
Addition during the year	-	22.50
	291.96	291.96
<b>Share Premium</b>		
As per last year	4.05	-
Add: Received during the year	-	4.05
	4.05	4.05
<b>General Reserve</b>		
As per last year	311.05	279.55
Addition during the year	31.50	31.50
	342.55	311.05
<b>Profit &amp; Loss Account</b>		
As per last year	797.89	705.44
Add :Share of opening Profit & Loss - Subsidiary	-	0.45
Less : Dividend Paid	-	189.45
Addition during the year	284.95	281.45
	1,082.84	797.89
<b>Total</b>	<b>1,721.40</b>	<b>1,404.95</b>

## Consolidated Notes on Financial Statements for the year ended 31st March, 2017

	As at 31/3/2017 (₹ in lakhs)		As at 31/3/2016 (₹ in lakhs)	
	Non Current	Current	Non Current	Current
<b>5 Long Term Borrowings</b>				
<b>Secured</b>				
Term Loan from Banks	-	-	-	-
	-	-	-	-
<b>Unsecured</b>				
Loans from Related Parties	-	-	41.62	-
Loans from Others	25.26	-	21.79	-
	<b>25.26</b>	-	63.41	-
<b>Total</b>	<b>25.26</b>	-	63.41	-

- a Term Loan from Banks are secured by Equitable Mortgage on movable & immovable fixed assets & hypothecation of Plant & Machinery of the company.

The maturity profile of these loans are as follows:

	1-2 years	2-3 years	3-4 years
Term Loan from Banks	NIL	NIL	NIL

- b Maturity Profile of Unsecured Loans from related parties and others is as follows:

	1-2 years	2-3 years	3-4 years
Loans from Related Parties	NIL	NIL	NIL
Loans from Others	25.26	NIL	NIL

	As at 31/3/2017 (₹ in lakhs)	As at 31/3/2016 (₹ in lakhs)
<b>6 Deferred Tax Liability (Net)</b>		
<b>Deferred Tax Liability</b>		
Depreciation	524.84	529.56
	<b>524.84</b>	529.56
<b>Deferred Tax Asset</b>		
Gratuity	25.92	29.69
MAT Credit	186.06	144.29
Provision for Doubtful Debts	29.98	108.87
	<b>241.96</b>	282.85
<b>Total</b>	<b>282.88</b>	246.71
<b>7 Long Term Provision</b>		
Provision for Gratuity	117.84	94.00
<b>Total</b>	<b>117.84</b>	94.00

## Consolidated Notes on Financial Statements for the year ended 31st March, 2017

	<b>As at 31/3/2017</b> <b>(₹ in lakhs)</b>	As at 31/3/2016 (₹ in lakhs)
<b>8 Short Term Borrowings</b>		
<b>Secured</b>		
Over Draft Facilities from Banks	<b>221.61</b>	324.14
Working Capital Loan from Banks	<b>113.54</b>	194.40
Buyers Credit Loan from Banks	-	284.34
<b>Unsecured</b>		
Working Capital Loan from Banks	-	-
Buyers Credit Loan from Banks	<b>510.57</b>	211.06
<b>Total</b>	<b>845.72</b>	1,013.94

- a Over Draft Facilities are Secured against Fixed Deposit of Subsidiary Company Protochem Industries Pvt. Ltd.
- b Working Capital / Buyers Credit loan is secured by charge on Current Asset, Mortgage of Tangible Immovable Properties and charge on other fixed assets.

<b>9 Trade Payables</b>		
Micro, Small and Medium Enterprises	<b>53.54</b>	39.69
Others	<b>4,435.84</b>	4,218.51
<b>Total</b>	<b>4,489.38</b>	<b>4,258.20</b>

For Related party transaction refer Note No.32

<b>10 Other Current Liabilities</b>		
Other Payables	<b>870.79</b>	855.02
Creditors for Capital Expenditure	<b>34.08</b>	29.69
Advance received from Debtors	<b>132.43</b>	11.28
Unclaimed Dividend *	<b>7.89</b>	11.54
<b>Total</b>	<b>1,045.19</b>	907.53

\* Not due for Deposit to Investor Education and Protection Fund

<b>11 Short-Term Provisions</b>		
Provision for Employee benefit / expenses	<b>189.02</b>	174.49
Provision for Income Tax (Net of Advance Tax)	<b>19.19</b>	76.15
Proposed dividend	<b>221.90</b>	-
Tax on proposed dividend	<b>46.86</b>	-
<b>Total</b>	<b>476.97</b>	250.64

## Consolidated Notes on Financial Statements for the year ended 31st March, 2017

## 12 Fixed Assets

(₹ in lakhs)

Description	GROSS BLOCK (AT COST)				DEPRECIATION				NET BLOCK	
	As at 1.04.2016	Additions	Deductions	As at 31.03.2017	As at 1.04.2016	Additions	Deductions	As at 31.03.2017	As at 31.03.2017	As at 31.03.2016
<b>Tangible Assets</b>										
Leasehold Land	72.28	-	-	<b>72.28</b>	0.00	-	-	<b>0.00</b>	<b>72.28</b>	72.28
Freehold Land	83.84	-	-	<b>83.84</b>	0.00	-	-	<b>0.00</b>	<b>83.84</b>	83.84
Buildings	2,705.71	73.01	-	<b>2,778.72</b>	460.86	71.16	-	<b>532.02</b>	<b>2,246.71</b>	2,244.85
Equipment & Machinery	2,168.98	405.39	32.61	<b>2,541.76</b>	961.94	198.23	18.05	<b>1,142.12</b>	<b>1,399.64</b>	1,207.04
Computers Hardware	282.30	66.70	14.48	<b>334.52</b>	223.05	31.97	13.79	<b>241.23</b>	<b>93.29</b>	59.25
Furniture & Fixtures	256.62	6.08	-	<b>262.70</b>	128.13	21.46	-	<b>149.59</b>	<b>113.10</b>	128.49
Motor Cars	162.96	-	-	<b>162.96</b>	63.76	16.18	-	<b>79.94</b>	<b>83.02</b>	99.21
Electric Fittings & Installations	237.76	30.56	-	<b>268.32</b>	98.53	24.98	-	<b>123.51</b>	<b>144.81</b>	139.23
Sub- total	5,970.46	581.74	47.09	<b>6,505.11</b>	1,936.28	363.98	31.84	<b>2,268.40</b>	<b>4,236.71</b>	4,034.19
<b>Intangible Assets</b>										
Goodwill	566.75	12.68	-	<b>579.43</b>	0.00	-	-	<b>0.00</b>	<b>579.43</b>	566.75
Technical Know How	21.37	-	-	<b>21.37</b>	(27.89)	7.04	-	<b>(20.85)</b>	<b>42.22</b>	49.26
Computer Software	245.61	0.82	-	<b>246.43</b>	181.97	9.47	-	<b>191.44</b>	<b>54.99</b>	63.64
Sub-total	833.73	13.50	-	<b>847.23</b>	154.09	16.51	-	<b>170.59</b>	<b>676.64</b>	679.65
Total	6,804.19	595.24	47.09	<b>7,352.34</b>	2,090.36	380.48	31.84	<b>2,438.99</b>	<b>4,913.36</b>	4,713.84
Previous Year	7,141.85	451.05	788.70	<b>6,804.19</b>	1,994.82	354.51	258.95	<b>2,090.36</b>	<b>4,713.84</b>	5,147.03
Capital Work in Progress									<b>167.14</b>	174.38

## 13 Non-Current Investments

## Unquoted

## Long Term Investment in Shares

## Investment in Associates

2,35,000 ( 2,35,000 ) Equity Shares of Chembond Distribution Ltd. of ₹ 1/- each fully paid up.

(Constituting 47 % of the said Company's paid up capital)

## Investment in Government Securities

Investment in National Saving Certificate

500 (500) Bonds of National Highways Authority of India Ltd.

of ₹ 10,000/- each fully paid up

## Other Investments

2,848 (2,848) Equity Shares of Tarapur Environment Protection Organisation Ltd. of ₹ 100/- each fully paid up

	As at 31/3/2017 (₹ in lakhs)	As at 31/3/2016 (₹ in lakhs)
	-	-
	0.01	0.56
	50.00	50.00
	4.50	4.50

## Consolidated Notes on Financial Statements for the year ended 31st March, 2017

	<b>As at 31/3/2017</b> <b>(₹ in lakhs)</b>	As at 31/3/2016 (₹ in lakhs)
<b>Quoted</b>		
<b>Investments in Equity Shares</b>		
1,075 (70,533) Equity Shares of Kotak Mahindra Bank Ltd. of ₹ 5/- each fully paid up	7.53	499.75
23,926 (50,700) Equity Shares of Colgate Palmolive (India) Ltd. of ₹ 1/- each fully paid up	233.35	494.48
Nil (75,000) Equity Shares of Marico Ltd. of ₹ 1/- each fully paid up	-	151.68
32,400 (Nil) Equity Shares of Hindustan Petroleum Corporation Ltd. of ₹ 10/- each fully paid up	133.25	-
<b>Investments in Gilt Funds</b>		
34,44,368 (34,44,368) Units of SBI Magnum Gilt Fund-Short Term-Regular plan Growth	1,000.00	1,000.00
16,57,089 (16,57,089) Units of SBI Magnum Gilt Fund-Long Term-Regular plan Growth	500.00	500.00
47,71,186 (47,71,186) units of ICICI Prudential Short Term Gilt Fund-Growth	1,540.00	1,540.00
27,93,842 (27,93,842) Units of Reliance Gilt Securities Fund- Growth Plan Growth option	500.00	500.00
46,01,437 (46,01,437) units of HDFC Gilt Fund Long Term - Growth	1,300.00	1,300.00
8,75,010 (8,75,010) HDFC Gilt Fund Short Term - Growth	201.97	201.97
<b>Other Investments</b>		
1,00,000 (1,00,000) Cumulative, Non participating Compulsorily Convertible Preference Shares of Tata Motors Finance Ltd. of ₹100/- Each Fully paid	100.00	100.00
20,00,000 (20,00,000) units of Kotak FMP Series 187 - Growth	200.00	200.00
<b>Total</b>	<b>5,770.62</b>	<b>6,542.94</b>
Aggregate amount of Quoted Investments	5,716.11	6,487.89
Market value of Quoted Investments	6,781.71	6,769.68
Aggregate amount of Unquoted Investments	54.51	55.06

**14 Long Term Loans and Advances**

(Unsecured &amp; considered good &amp; subject to confirmation)

Income Tax (Net of Provision)	<b>247.63</b>	242.14
Vat Credit Receivable	<b>35.95</b>	49.60
Other Deposits	<b>100.39</b>	109.61
<b>Total</b>	<b>383.97</b>	<b>401.35</b>

## Consolidated Notes on Financial Statements for the year ended 31st March, 2017

	As at 31/3/2017 (₹ in lakhs)	As at 31/3/2016 (₹ in lakhs)
<b>15 Current Investments</b>		
<b>Investments in Mutual Funds - Quoted</b>		
45 (43) Units of Reliance Liquid Fund -Treasury Plan - Daily Dividend	0.69	0.66
35,778 (35,778) units of ICICI Prudential Focused bluechip equity fund-Growth	10.00	10.00
8,720 (143) units of Kotak Floater Short term-Growth (Regular Plan)	231.00	3.35
281 (12,545) units of Birla Sun Life Cash Plus-Growth Regular Plan	0.73	30.37
Nil (60,596) Units of L&T Liquid Fund-Growth	-	1,194.70
Nil (4,023) Units of SBI premier Liquid fund - Regular Plan - Growth	-	94.73
1,87,784 (1,87,784) units of Tata Balanced Fund Regular Plan -Growth	304.81	304.81
7,38,491 (7,38,491) units of Reliance Regular Savings Fund- Balanced Plan - Growth Plan Growth Option	289.19	289.19
178 (178) Units of HDFC Liquid Fund- Growth	5.30	5.30
22,856 (17,034) Units of Reliance Liquidity Fund-Growth Plan Growth option	230.16	171.90
1,59,773 (149,918) Units of ICICI Prudential Liquid Plan-Daily Dividend	157.23	150.01
27,20,853 (Nil) Units of Kotak Equity Arbitrage Fund RP-Growth	606.41	-
8,61,619 (Nil) Units of ICICI Equity Arbitrage Fund Growth	178.09	-
12,46,440 (Nil) Units of Birla Sunlife Short Term Fund Growth	730.00	-
43,02,935 (Nil) Units of HDFC Short Term Opportunities Growth	730.00	-
1,63,99,294 (Nil) Units of IDFC Corporate Bond Fund Regular Plan Growth	1,700.00	-
40,82,827 (Nil) Units of L&T Short Term Opportunities Funds Growth	600.00	-
43,965 (Nil) Units of Franklin India Prima Plus -Growth	200.00	-
8,31,277 (Nil) Units of Kotak Select Focus Fund Regular Plan Growth	200.00	-
6,73,931 (Nil) Units of SBI Blue Chip Fund Regular Plan Growth	200.00	-
3,18,226 (Nil) Units of HDFC Core and Satellite Fund -Growth	200.00	-
5,16,145 (Nil) Units of Birla Sun Life Medium Term Plan Growth	100.00	-
10,39,409 (Nil) Units of DSP Black Rock Focus 25 Fund Growth	200.00	-
19,16,296 (Nil) Units of Kotak medium Term Fund Regular Plan Growth	250.00	-
3,74,368 (Nil) Units of ICICI prudential Short Term Growth Option	126.00	-
<b>Investments in Equity Shares- Quoted</b>		
17,601 (Nil) Equity Shares of Coromandel International Ltd. of ₹ 1/- each fully paid up	46.75	-
18,298 (Nil) Equity Shares of Kalpatru power Transmission Ltd. of ₹ 2/- each fully paid up	46.40	-
33,539 (Nil) Equity Shares of Kec International Ltd. of ₹ 2/- each fully paid up	41.97	-
15,627 (Nil) Equity Shares of Simplex Infrastructures Ltd. of ₹ 2/- each fully paid up	50.99	-
3,305 (Nil) Equity Shares of Sundaram Finance Ltd. of ₹ 10/- each fully paid up	44.62	-
8,131 (Nil) Equity Shares of Carbondum Universal Ltd. of ₹ 1/- each fully paid up	21.07	-
3,130 (Nil) Equity Shares of Sun Pharmaceutical Industries Ltd. of ₹ 1/- each fully paid up	19.85	-
<b>Total</b>	<b>7,521.25</b>	<b>2,255.02</b>
Aggregate amount of Quoted Investments	7,521.25	2,255.02
Market value of Quoted Investments	8,150.63	2,325.02

## Consolidated Notes on Financial Statements for the year ended 31st March, 2017

	As at 31/3/2017 (₹ in lakhs)	As at 31/3/2016 (₹ in lakhs)
<b>16 Inventories</b>		
Stock-in-trade: (as per inventory taken, valued and certified by the Management)		
Raw Material (at cost)	1,691.89	1,299.92
Packing Material (at cost)	96.09	97.31
Work- in -Progress (At cost)	11.03	4.75
Finished Goods (at cost)	732.96	758.01
Stock-in-Trade (at cost)	163.48	129.42
Stock in Transit	11.70	-
<b>Total</b>	<b>2,707.15</b>	2,289.41
Less :Stock Reserve	4.12	3.86
	<b>2,703.03</b>	<b>2,285.55</b>
<b>17 Trade Receivables</b>		
(Unsecured)		
Outstanding for more than 6 Months		
Considered Doubtful	110.51	207.21
Considered Good	1,238.94	1,455.19
	<b>1,349.45</b>	1,662.40
Other Debts		
Considered Doubtful	-	-
Considered Good	5,616.85	4,311.96
	<b>6,966.30</b>	5,974.36
Less : Provision for Doubtful Debts	110.51	207.21
<b>Total</b>	<b>6,855.79</b>	<b>5,767.15</b>

a. For Related party transaction refer Note No.32

b. Debtors include debts due from Associate - Chembond Distribution Limited ₹ 450.77 lakhs (₹502.33 lakhs). The net worth of this associate has been eroded. The parent Company has not made provision since its investment is long term and in the opinion of the management the losses are temporary in nature.

<b>18 Cash and Bank Balances</b>		
Cash on hand	3.25	4.55
Bank balance with Scheduled Banks		
In Current Accounts	355.11	539.59
Other Bank balances*	1,341.63	1,136.83
<b>Total</b>	<b>1,699.99</b>	<b>1,680.97</b>

\* Other Bank Balance include deposits of ₹ 6.66 lakhs (previous year ₹186.11 lakhs) with maturity of more than 12 months.

**18 a** Details of Specified Bank Notes (SBN's) held and transacted during the period 08/11/2016 to 30/12/2016

(In ₹)

Particulars	SBN's	Other Denomination Notes	Total
Closing Cash on hand as at 8 November 2016	781,500	24,112	805,612
Add: Permitted receipts	-	622,646	622,646
Less : Permitted payments	-	443,163	443,163
Less: Deposited in bank accounts	781,500	6	781,506
Closing Cash on hand as at 30 December 2016	0	203,589	203,589

## Consolidated Notes on Financial Statements for the year ended 31st March, 2017

	<b>As at 31/3/2017</b> <b>(₹ in lakhs)</b>	As at 31/3/2016 (₹ in lakhs)
<b>19 Short Term Loans and Advances</b>		
(Unsecured & considered good & subject to confirmation)		
Other Loans & Advances	<b>127.26</b>	99.36
Deposit - Excise	<b>130.17</b>	117.02
Other Deposits	<b>43.33</b>	41.88
Prepaid expenses	<b>45.15</b>	50.83
<b>Total</b>	<b>345.91</b>	309.09
<b>20 Other Current Assets</b>		
Mutual Fund sale proceeds receivable	-	4,750.64
Accrued Interest on NHAI Bonds	<b>3.00</b>	1.22
Other Current Assets	<b>17.13</b>	-
<b>Total</b>	<b>20.13</b>	4,751.86
	<b>2016-2017</b> <b>(₹ in lakhs)</b>	2015-2016 (₹ in lakhs)
<b>21 Revenue From Operations</b>		
Sales	<b>30,621.28</b>	30,020.56
Less: Excise Duty	<b>3,606.13</b>	3,679.71
<b>Net Sales</b>	<b>27,015.15</b>	26,340.85
<b>Sales of Services</b>		
Technical Service Income	<b>1,037.25</b>	712.77
<b>Other Operating revenue</b>		
Services Charges (Regional Management Charges)	-	51.09
<b>Total</b>	<b>28,052.40</b>	27,104.71
<b>22 Other Income</b>		
Dividend from Equity Funds	<b>17.92</b>	6.42
Dividend from Mutual Funds	<b>45.11</b>	2,626.59
Profit from Sale of Mutual Funds	<b>164.46</b>	165.62
Profit on Sale of Equity Investments (Net)	<b>82.29</b>	13.26
Profit From Future & Options	-	371.17
Interest	<b>104.29</b>	90.93
Rental Income	<b>7.30</b>	19.77
Foreign Exchange Fluctuation gain	<b>52.33</b>	-
Provision for Doubtful Debts (No Longer required)	<b>96.70</b>	-
Miscellaneous Income	<b>49.42</b>	27.49
<b>Total</b>	<b>619.83</b>	3,321.25

## Consolidated Notes on Financial Statements for the year ended 31st March, 2017

	<b>2016-2017</b> <b>(₹ in lakhs)</b>	2015-2016 (₹ in lakhs)
<b>23 Cost of Materials Consumed</b>		
a <b>Particulars of Raw Materials Consumed</b>		
Acids	<b>1,780.83</b>	1,865.18
Oil & Solvent, Alkalies, etc	<b>1,396.52</b>	1,244.86
Others	<b>13,244.15</b>	13,369.15
	<b>16,421.50</b>	16,479.19
Packing Material	<b>1,544.26</b>	1,468.05
<b>Total</b>	<b>17,965.76</b>	17,947.24
<b>24 Changes in Inventory of Finished Goods, Work in Progress and Traded Goods</b>		
Finished products/ Stock in Trade (At Close)	<b>896.44</b>	887.43
Finished products/ Stock in Trade (At Commencement)	<b>887.43</b>	906.28
<b>Total</b>	<b>(9.01)</b>	18.85
<b>25 Employee Benefit Expenses</b>		
Director Remuneration	<b>154.78</b>	148.39
Salaries & Wages	<b>3,300.84</b>	2,978.91
Employee ESOP compensation	<b>(16.11)</b>	(2.01)
Contribution to Provident & other funds	<b>206.17</b>	165.43
Staff Welfare Expenses	<b>145.90</b>	154.01
<b>Total</b>	<b>3,791.58</b>	3,444.73
a For Related party transaction Refer Note No.32		
b The Company's obligation towards the Gratuity Fund is a Defined Benefit Plan. Details of Actuarial Valuation are as follows:		
Projected Benefit Obligation at the beginning of the year *	<b>346.27</b>	377.48
Service Cost	<b>37.46</b>	35.37
Interest Cost	<b>22.58</b>	29.26
Actuarial Losses/(Gains)	<b>16.93</b>	(39.59)
Benefits paid	<b>(22.10)</b>	(56.26)
Projected Benefit Obligation at the end of the year	<b>401.14</b>	346.26
<b>Change in Plan Assets</b>		
Fair Value of plan assets at the beginning of the year *	<b>252.28</b>	234.66
Expected Returns on Plan assets	<b>21.29</b>	20.44
Employer's Contribution	<b>31.83</b>	53.44
Benefits paid	<b>(22.10)</b>	(56.26)
Actuarial Gain/(Loss)	<b>0.00</b>	0.00
Fair Value of plan assets at the end of the year	<b>283.30</b>	252.28

## Consolidated Notes on Financial Statements for the year ended 31st March, 2017

	<b>2016-2017</b> <b>(₹ in lakhs)</b>	2015-2016 (₹ in lakhs)
<b>Cost of Defined Benefit Plan for the year</b>		
Current Service Cost	<b>37.46</b>	35.37
Interest on Obligation	<b>22.58</b>	29.26
Expected Return on Plan Assets	<b>(21.29)</b>	(20.44)
Net Actuarial Losses/(Gains) recognised in the year	<b>16.93</b>	(39.59)
Net Cost recognised in the Profit & Loss Account	<b>55.69</b>	4.60
<b>Assumptions</b>		
Discount Rate	<b>7.75%</b>	7.75%
Future Salary Increase	<b>5%</b>	5%
Withdrawal Rates	<b>1%</b>	1%
The Management has relied on the overall actuarial valuation conducted by the actuary. However experience adjustments on plan liabilities and assets are not readily available and hence not disclosed. The expected return on plan assets is as furnished by the Actuary appointed by the Company.		
<b>26 Finance Cost</b>		
Interest Expense		
- Banks	<b>53.79</b>	102.46
- MSMED	<b>1.14</b>	2.48
- Others	<b>2.92</b>	14.95
Bank Guarantee fees & charges	<b>44.41</b>	61.47
<b>Total</b>	<b>102.26</b>	181.36
<b>27 Depreciation and Amortisation Expenses</b>		
Depreciation and Amortisation Expenses	<b>380.47</b>	354.51
<b>Total</b>	<b>380.47</b>	354.51
<b>28 Other Expenses</b>		
<b>Manufacturing Expenses</b>		
Consumable stores	<b>39.00</b>	34.50
Octroi	<b>0.75</b>	2.50
Power, Fuel & Water Charges	<b>97.67</b>	97.45
Research and Development	<b>103.01</b>	59.69
Lab Expenses	<b>23.76</b>	15.20
Repairs and Renewals to Plant & Machinery	<b>33.23</b>	44.68
Godown Rent	<b>29.93</b>	26.94
Labour Charges	<b>550.26</b>	389.09
Security Expenses	<b>72.49</b>	72.76
Factory Maintenance	<b>139.98</b>	101.86
Technical Service Charges	<b>346.65</b>	239.71
<b>A</b>	<b>1,436.73</b>	1,084.38

## Consolidated Notes on Financial Statements for the year ended 31st March, 2017

	<b>2016-2017</b> <b>(₹ in lakhs)</b>	2015-2016 (₹ in lakhs)
<b>Administrative Expenses</b>		
Director's Sitting Fees	49.40	35.90
Rates & Taxes	93.97	69.31
Electricity Charges	40.04	46.03
Printing and Stationary	36.14	32.76
Telephone & Postage Expenses	92.66	87.01
Insurance	49.66	52.49
Motor Car Expenses	43.08	44.43
Auditors Remuneration	11.92	9.95
Legal, Professional & Consultancy Fees	628.18	327.21
Repairs & Maintenance Buildings	7.18	16.13
Repairs & Maintenance Others	139.62	134.50
Miscellaneous Expenses	73.26	77.73
Donation	17.93	1.59
Sales Tax & Other Taxes	43.58	61.32
Loss on Sale of Fixed Asset	2.93	2.21
Provision for Doubtful Debts	-	124.84
Input Service Tax Disallowed	16.19	4.71
Swachh Bharat Cess Expense	8.03	2.34
Foreign Exchange Fluctuation Loss	-	(25.11)
Rent	4.04	3.33
Liquidity Damages	-	0.39
Corporate Social Responsibility Expenses	18.40	-
Debit Balance Written Off	-	41.62
Bad Debts Written Off	40.45	371.46
<b>B</b>	<b>1,416.66</b>	<b>1,522.15</b>
<b>Selling and Distribution Expenses</b>		
Carriage Outwards	596.63	529.10
Rent	22.47	22.22
Commission on Sales	173.10	218.12
Travelling Expenses	523.78	503.73
Conveyance Expenses	83.10	78.56
Royalty Expenses	248.20	222.55
Advertising & Publicity Expenses	24.01	22.90
Warehousing Charges	3.44	-
Packing Expenses	4.65	8.90
Sales Promotion Expenses	224.85	201.85
<b>C</b>	<b>1,904.23</b>	<b>1,807.93</b>
<b>Total (A+B+C)</b>	<b>4,757.62</b>	<b>4,414.46</b>
<b>a Auditor's Remuneration consists of:</b>		
Statutory Audit Fees	7.08	5.90
Tax Audit Fees	2.89	2.50
Taxation and Other Matters	1.95	1.55
<b>Total</b>	<b>11.92</b>	<b>9.95</b>

## Consolidated Notes on Financial Statements for the year ended 31st March, 2017

	<b>2016-2017</b> <b>(₹ in lakhs)</b>	2015-2016 (₹ in lakhs)
<b>29 Exceptional Items, (Net)</b>		
Profit from sale of investment *	-	18,451.00
Loss on Sale of Mutual Fund	-	(2,880.52)
	<u>-</u>	<u>15,570.48</u>

\* During the year 2015-16 the company has divested its entire stake of 49% in joint venture Henkel Chembond Surface Technologies Ltd.(HCSTL).

	<b>2016-2017</b>	2015-2016
<b>30 Earnings Per Share</b>		
Net Profit as per Statement of Profit and Loss available to Equity Shareholders (₹ In Lakhs)	<b>775.53</b>	15,365.23
Total number of Equity Shares (Face value of ₹ 10/- each fully paid up)	<b>13,448,288</b>	13,393,788
Weighted No. of Equity Shares	<b>13,428,280</b>	13,356,150
Basic Earnings per Share (in Rupees)	<b>5.78</b>	115.04
Diluted No. of Equity Shares	<b>13,428,280</b>	13,562,632
Diluted Earnings per Share (in Rupees)	<b>5.78</b>	113.29

**31 Segment Reporting**

In Compliance with Accounting Standard -17 "Segment Reporting" the company has identified Business Segments as the Primary Segment and Geographical Segment as Secondary Segments.

## a Primary Segment Information (Business Segments)

(₹ in lakhs)

	Particulars	Speciality Chemicals		Water Treatment Plant		Total	
		2016-17	2015-16	2016-17	2015-16	2016-17	2015-16
1	<b>Segment Revenue</b>						
	Sales	<b>30,220.54</b>	29,640.76	<b>400.74</b>	379.80	<b>30,621.28</b>	30,020.56
	Less: Excise duty	<b>3,575.70</b>	3,652.12	<b>30.43</b>	27.59	<b>3,606.13</b>	3,679.71
	<b>Net Sales</b>	<b>26,644.85</b>	25,988.64	<b>370.30</b>	352.21	<b>27,015.15</b>	26,340.85
	Sale of Services	<b>956.28</b>	623.22	<b>80.97</b>	89.55	<b>1,037.25</b>	712.77
	Other Operating Revenue	-	51.09	-	-	-	51.09
	Revenue from Operation	<b>27,601.13</b>	26,662.94	<b>451.27</b>	441.76	<b>28,052.40</b>	27,104.70
	Other Income	<b>613.57</b>	3,309.87	<b>6.26</b>	11.37	<b>619.83</b>	3,321.25
	<b>Total Revenue</b>	<b>28,214.70</b>	29,972.82	<b>457.53</b>	453.13	<b>28,672.23</b>	30,425.95
2	<b>Segment Result before Interest and Taxes</b>	<b>1,656.25</b>	4,059.09	<b>52.38</b>	35.79	<b>1,708.63</b>	4,094.88
	Less: Interest Expenses	<b>96.44</b>	161.96	<b>5.82</b>	19.40	<b>102.26</b>	181.36
	Add: Exceptional Items (Net)	-	15,570.48	-	-	-	15,570.48
	Profit Before Tax	<b>1,559.81</b>	19,467.61	<b>46.56</b>	16.39	<b>1,606.37</b>	19,484.01
	Current Tax	<b>507.25</b>	3,824.54	-	-	<b>507.25</b>	3,824.54
	Deferred Tax	<b>38.66</b>	9.91	<b>(0.49)</b>	(0.68)	<b>38.17</b>	9.23
	Profit after Tax (before adjustment for Minority Int)	<b>1,013.90</b>	15,633.16	<b>47.04</b>	17.04	<b>1,060.95</b>	15,650.24
	Share of (Profit)/Loss transferred to Minority	<b>(271.13)</b>	(276.35)	<b>(14.03)</b>	(5.09)	<b>(285.16)</b>	-281.45
	Profit after Tax	<b>742.52</b>	15,353.25	<b>33.01</b>	11.98	<b>775.53</b>	15,365.23

## Consolidated Notes on Financial Statements for the year ended 31st March, 2017

(₹ in lakhs)

	Particulars	Speciality Chemicals		Water Treatment Plant		Total	
		2016-17	2015-16	2016-17	2015-16	2016-17	2015-16
3	<b>Other Information</b>						
	Segment Assets	<b>30,114.85</b>	28,639.73	<b>266.33</b>	242.41	<b>30,381.18</b>	28,882.15
	Segment Liabilities	<b>8,746.47</b>	7,968.31	<b>258.18</b>	271.06	<b>9,004.64</b>	8,239.38
	Capital Expenditure	<b>587.57</b>	285.96	<b>0.43</b>	0.47	<b>588.00</b>	286.43
	Depreciation and Amortisation	<b>376.28</b>	348.52	<b>4.19</b>	5.99	<b>380.47</b>	354.51
	Non Cash Expenses other than depreciation and Amortisation	-	-	-	-	-	-

## b Secondary Segment Information (Geographical Segments)

	<b>2016-2017</b> <b>(₹ in lakhs)</b>	2015-2016 <b>(₹ in lakhs)</b>
<b>1 Segment Revenue</b>		
Within India	28,444.25	30,170.84
Outside India	227.98	255.11
<b>Total</b>	<b><u>28,672.23</u></b>	<b><u>30,425.95</u></b>
<b>2 Segment Assets</b>		
Within India	30,304.28	28,882.15
Outside India	76.90	-
<b>Total</b>	<b><u>30,381.18</u></b>	<b><u>28,882.15</u></b>
<b>3 Capital Expenditure</b>		
Within India	565.55	286.43
Outside India	22.45	-
<b>Total</b>	<b><u>588.00</u></b>	<b><u>286.43</u></b>

**32 Related Party Disclosures**

Related party disclosures as required under Accounting Standard on "Related Party Disclosures" issued by the Institute of Chartered Accountants of India are given below:

## a Relationship:

## i. Joint Venture:

Solenis Netherland B.V.; Calvatis GmbH

## ii. Associates:

Chembond Distribution Ltd.

## iii. Key Management Personnel and their relatives (others)

Key Management Personnel:

Sameer V. Shah, Nirmal V. Shah, Ashwin R. Nagarwadia, Perviz H. Dastur, Bhadrash D. Shah. O.P Malhotra, Mahendra K.Ghelani, Sushil U Lakhani, Jawahar I Mehta, Dr.Prakash Trivedi, Sarawati Sankar

Relatives:

Dr. Vinod D Shah, Padma V. Shah, Gulu P. Dastur, Dr. Shilpa S. Shah, Mamta N. Shah, Alpana S. Shah, Jyoti N. Mehta, Zarna K. Shah, Amrita S.Shah, Malika S.Shah, Gauri N.Mehta, Karishma N. Mehta

Entities over which Key Management personnel are able to exercise influence

CCL Opto Electronics Pvt. Ltd., Finor Piplaj Chemicals Ltd., S and N Ventures Ltd., Visan Holdings & Financial Services Pvt. Ltd., Visan Trust, Protochem Investments Pvt. Ltd., GTK Intermediates Pvt Ltd., Oriano Clean Energy Pvt. Ltd.

## Consolidated Notes on Financial Statements for the year ended 31st March, 2017

b The following transactions were carried out with related parties in the ordinary course of business

### Consolidated Transaction with Related parties

(₹ In lakhs)

For the year ended/as on	31.03.2017				31.03.2016			
	Joint Venture	Associates	KMP	Total	Joint Venture	Associates	KMP	Total
<b>Sales of Goods</b>	<b>0.00</b>	<b>302.41</b>	<b>66.96</b>	<b>369.37</b>	<b>0.00</b>	<b>241.25</b>	<b>57.22</b>	<b>298.47</b>
Chembond Chemicals Ltd.		302.41	42.80	345.22		241.25	26.73	267.98
Chembond Solenis Water Technologies Ltd.			22.24	22.24			19.70	19.70
Protochem Industries Pvt. Ltd.			0.22	0.22			0.19	0.19
Chembond Clean Water Technologies Ltd.			1.70	1.70			10.60	10.60
<b>Purchase of Goods</b>	<b>0.00</b>	<b>96.46</b>	<b>1,091.74</b>	<b>1,188.20</b>	<b>0.00</b>	<b>119.69</b>	<b>1,124.82</b>	<b>1,244.51</b>
Chembond Chemicals Ltd.		96.46	1,026.63	1,123.09		119.69	1,114.79	1,234.48
Chembond Solenis Water Technologies Ltd.				0.00			3.62	3.62
Protochem Industries Pvt. Ltd.			65.11	65.11			6.41	6.41
<b>Factory Maintenance</b>	<b>0.00</b>	<b>0.00</b>	<b>85.60</b>	<b>85.60</b>	<b>0.00</b>	<b>0.00</b>	<b>42.80</b>	<b>42.80</b>
Chembond Chemicals Ltd.			85.60	85.60			42.80	42.80
<b>Rent Income</b>	<b>0.00</b>	<b>0.24</b>	<b>4.78</b>	<b>5.02</b>	<b>0.00</b>	<b>0.24</b>	<b>0.72</b>	<b>0.96</b>
Chembond Chemicals Ltd.		0.24	4.78	5.02		0.24	0.72	0.96
<b>Interest Expenses</b>	<b>0.00</b>	<b>0.00</b>	<b>0.55</b>	<b>0.55</b>	<b>0.00</b>	<b>0.00</b>	<b>7.43</b>	<b>7.43</b>
Chembond Chemicals Ltd.				0.00			7.43	7.43
Chembond Clean Water Technologies Ltd.			0.55	0.55				
<b>Donation</b>	<b>0.00</b>	<b>0.00</b>	<b>18.40</b>	<b>18.40</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
Chembond Solenis Water Technologies Ltd.			18.40	18.40				0.00
<b>Rental Expenses</b>	<b>0.00</b>	<b>0.00</b>	<b>13.97</b>	<b>13.97</b>	<b>0.00</b>	<b>0.00</b>	<b>11.24</b>	<b>11.24</b>
Chembond Chemicals Ltd.			6.00	6.00			6.00	6.00
Chembond Solenis Water Technologies Ltd.			3.00	3.00			3.00	3.00
Protochem Industries Pvt. Ltd.			4.97	4.97			2.24	2.24
<b>Director Remuneration</b>	<b>0.00</b>	<b>0.00</b>	<b>143.49</b>	<b>143.49</b>	<b>0.00</b>	<b>0.00</b>	<b>135.08</b>	<b>135.08</b>
Chembond Chemicals Ltd.			98.82	98.82			90.30	90.30
Chembond Solenis Water Technologies Ltd.			44.67	44.67			44.78	44.78
<b>Director Sitting Fees</b>	<b>0.00</b>	<b>0.00</b>	<b>49.40</b>	<b>49.40</b>	<b>0.00</b>	<b>0.00</b>	<b>35.40</b>	<b>35.40</b>
Chembond Chemicals Ltd.			48.40	48.40			34.40	34.40
Protochem Industries Pvt. Ltd.			1.00	1.00			1.00	1.00
<b>Retirement Benefits</b>	<b>0.00</b>	<b>0.00</b>	<b>30.00</b>	<b>30.00</b>	<b>0.00</b>	<b>0.00</b>	<b>30.00</b>	<b>30.00</b>
Chembond Chemicals Ltd.			30.00	30.00			30.00	30.00
<b>Legal &amp; Professional Fees</b>	<b>0.00</b>	<b>0.00</b>	<b>324.60</b>	<b>324.60</b>	<b>0.00</b>	<b>0.00</b>	<b>125.00</b>	<b>125.00</b>
Chembond Chemicals Ltd.			324.60	324.60			125.00	125.00
<b>Salaries</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>21.77</b>	<b>21.77</b>
Chembond Chemicals Ltd.				0.00			21.77	21.77
<b>Royalty</b>	<b>212.89</b>	<b>0.00</b>	<b>35.31</b>	<b>248.20</b>	<b>194.46</b>	<b>0.00</b>	<b>28.09</b>	<b>222.55</b>
Chembond Solenis Water Technologies Ltd.	212.89			212.89	194.46			194.46
Chembond Chemicals Ltd.			35.31	35.31			28.09	28.09

## Consolidated Notes on Financial Statements for the year ended 31st March, 2017

(₹ In lakhs)

For the year ended/as on	31.03.2017				31.03.2016			
	Joint Venture	Associates	KMP	Total	Joint Venture	Associates	KMP	Total
<b>Loan Taken</b>	0.00	0.00	20.00	20.00	0.00	0.00	0.00	0.00
Chembond Clean Water Technologies Ltd.			20.00	20.00				0.00
<b>Loan Repaid</b>	0.00	0.00	20.00	20.00	0.00	0.00	0.00	0.00
Chembond Clean Water Technologies Ltd.			20.00	20.00				0.00
<b>Balances at the year end</b>								
<b>Sundry Debtors</b>	0.00	450.77	1.29	452.06	0.00	502.33	1.08	503.41
Chembond Chemicals Ltd.		450.77		450.77		502.33		502.33
Chembond Solenis Water Technologies Ltd.				0.00			0.58	0.58
Protochem Industries Pvt. Ltd.			0.38	0.38			0.50	0.50
Chembond Clean Water Technologies Ltd.			0.91	0.91				
<b>Sundry Creditors</b>	191.83	0.00	257.85	449.68	199.25	0.00	266.31	638.32
Chembond Chemicals Ltd.			210.91	210.91			175.48	175.48
Chembond Solenis Water Technologies Ltd.	191.83			191.83	199.25		66.75	266.00
Chembond Industrial Coatings Ltd.#				0.00				90.13
Chembond Clean Water Technologies Ltd.#				0.00				106.71
Protochem Industries Pvt. Ltd.			46.94	46.94			24.08	24.08
<b>Loans &amp; Advances</b>	0.00	0.00	0.00	0.00	0.00	0.00	0.00	41.62
Chembond Industrial Coatings Ltd.#				0.00				41.62

# Due to parent Company

**33 Employee Stock Option Plan**

The Board at its meeting held on July 30, 2011, approved an issue of Stock Options up to a maximum of 5% of the issued Equity Share Capital of the Company aggregating to 6,36,000\* Equity Shares in a manner provided in the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 subject to the approval of the shareholders under Section 81(1A) of the Companies Act, 1956. The Shareholders of the Company at the Annual General Meeting held on September 10, 2011 approved the aforesaid issue of 6,36,000\* Equity Shares of the Company under one or more Employee Stock Option Scheme(s). The Compensation & Nomination Committee has approved the following grants to a list of senior level executives of the Company and some of its Subsidiaries in accordance with the Chembond Chemicals Employees' Stock Option Plan, 2012

Date of Grant	Exercise Price	Options Granted	Vesting Commences On	Options					Basis of Vesting
				To be vested	Lapsed	Exercised	Vested	Yet to Vest	
8-Sep-2012	76.5	4,65,562	8-Sep-2013	81,050	45,350	35,700	-	-	Time Based
			1-Oct-2014	1,00,374	90,224	10150	-	-	Performance Based
			1-Oct-2015	1,19,700	86,906	32794	-	-	Performance Based
			1-Oct-2016	1,64,438	1,15,618	48820	-	-	Performance Based
		<b>4,65,562</b>		<b>4,65,562</b>	<b>3,38,098</b>	<b>1,27,464</b>	-	-	

Out of the above option granted 3,38,098 options have been lapsed due to resignation of the Employees and non Exercising of Options

Out of 1,27,464 options exercised 72,964 options were exercised upto March 31, 2016 and further 54,500 Options were exercised and allotted during the year.

## Consolidated Notes on Financial Statements for the year ended 31st March, 2017

The fair value of options used to compute Proforma net profit and earnings per Equity Share have been estimated on the date of the grant using Black-Scholes model by an independent Consultant.

The key assumptions used in Black-Scholes model for calculating fair value as on the date of the grant are:

Date of Grant	8-Sep-2012
Risk Free Interest Rate	8.25%
Expected Life	3.34 years
Expected Volatility	42%
Dividend Yield	1.38%
Price of the underlying Share in the Market at the time of the Option Grant	85
Fair Value of the Option	34

\* The Company has Subdivided of existing Equity Shares of ₹ 10/- each fully paid up into two equity shares of ₹ 5/- each fully paid, all equity shares in numbers are restated accordingly.

### 34 Contingent Liabilities not provided for are in respect of :

	As at 31/3/2017 (₹ in lakhs)	As at 31/3/2016 (₹ in lakhs)
a Excise matter under appeal	632.81	-
b Sales Tax matter under appeal	26.54	26.54
c Outstanding LC, Bank Guarantees, bill discounting by Bankers.	1,288.21	1,255.44
d Income Tax Matter ( Departmental Appeal) (₹50.10 Lakhs already paid)	56.29	139.84
e Corporate Guarantees given by CCL on behalf of CSWTL & CCWTL to Bank of India.	900.00	900.00
f Claims against the company not acknowledged as debt.	9.60	9.60

### 35 Derivative Instruments

The Company has entered into forward contracts to hedge the foreign currency risks arising from amounts designated in foreign currency. The counter party to such forward contract is a bank. Forward contracts outstanding at the year end are:

Currency	Exposure to buy/sell	As at 31/3/2017 (₹ in lakhs)		As at 31/3/2016 (₹ in lakhs)	
		Foreign Currency	Indian Currency	Foreign Currency	Indian Currency
USD	Buy	4.70	309.10	2.50	166.78

Foreign Currency Exposures at the year end not hedged by derivative instruments:

Particulars	Exposure to Buy/Sell	As at 31/3/2017		As at 31/3/2016	
		Foreign Currency	Indian Currency	Foreign Currency	Indian Currency
US Dollars	Buy	8.33	540.08	7.46	495.10

## Consolidated Notes on Financial Statements for the year ended 31st March, 2017

US Dollars	Sell	0.16	10.24	0.67	45.90
Euro	Buy	1.95	135.17	1.66	124.64

**36 Financial information pursuant to Schedule III of Companies Act 2013**

Sr. No.	Name of the entity in the	Net Assets (Total assets minus total liabilities)		Share in profit or loss	
		31 <sup>st</sup> March 2017		31 <sup>st</sup> March 2017	
		As % of consolidated net assets	Amount (₹ in lakhs)	As % of consolidated profit or loss	Amount (₹ in lakhs)
	<b>Parent</b>				
	Chembond Chemicals Ltd.	92.70	19,815.66	42.76	331.58
	<b>Indian Subsidiaries</b>				
1	Chembond Solenis Water Technologies Limited	16.58	3,544.51	94.36	731.78
2	Protochem Industries Private Limited	3.01	644.25	1.21	9.37
3	Chembond Clean Water Technologies Limited	0.03	6.26	6.07	47.05
4	Chembond Industrial Coatings Limited	0.01	1.13	0.46	3.59
5	Chembond Enzyme Compnay Limited	0.76	161.39	0.58	4.47
6	Chembond Calvatis Industrial Hygiene Systems Limited	0.22	46.45	(1.60)	(12.42)
7	Chembond Calvatis Industrial Hygiene Systems Limited	0.16	33.81	0.58	4.51
	Minority Interest in all Subsidiaries	(8.05)	(1,721.40)	(36.77)	(285.16)
	<b>Associates (Investment as per the equity method)</b>				
	<b>Indian</b>				
1	Chembond Distribution Limited	0.00	0.00	0.00	0.00
	<b>Consolidation adjustments/Eliminations</b>	(5.41)	(1,155.53)	(7.64)	(59.25)
	<b>Total</b>	<b>100.00</b>	<b>21,376.54</b>	<b>100.00</b>	<b>775.53</b>

**37** Previous years figures have been regrouped, reallocated, or reclassified wherever necessary, to conform to this year's classification.

**38** Closing Stock has been taken, valued and certified by the Management.

As per our attached report of even date

**On behalf of the Board of Directors**

For **M/s Kastury & Talati**  
Chartered Accountants

**Sameer V. Shah**

Chairman & Managing Director

**Nirmal V. Shah**

Vice Chairman & Managing Director

**Dhiren P. Talati**

Partner

Membership No. F/41867

Mumbai, 6<sup>th</sup> May 2017

**Mahendra K. Ghelani**

Director

Mumbai, 6<sup>th</sup> May 2017

**Rashmi S. Gavli**

Chief Financial Officer

**Jay Mistry**

Company Secretary

## Notice

**NOTICE** is hereby given that the Forty Second Annual General Meeting of the members of Chembond Chemicals Limited (CIN: L24100MH1975PLC018235) will be held at EL-37, MIDC Mahape, Navi Mumbai 400 710 on Saturday, 24<sup>th</sup> June, 2017, at 11.30 A.M. to transact the following business:

### ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Financial Statements (Standalone and Consolidated) of the Company for the year ended 31<sup>st</sup> March, 2017 and the Reports of the Board of Directors and Auditors thereon.
2. To declare dividend on equity shares.
3. To appoint a Director in place of Mr. Perviz H. Dastur (DIN: 00961016), who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Ashwin R. Nagarwadia (DIN: 00466681), who retires by rotation and, being eligible, offers himself for re-appointment.
5. **To appoint Statutory Auditors in place of retiring auditors**

To consider and, if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution:

**“RESOLVED THAT** pursuant to the provisions of Section 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 and the rules framed thereunder, as amended from time to time (“The Act”), M/s. B. D. Jokhakar & Co., Chartered Accountants (Firm Registration No.104345W), who have offered themselves for appointment and have confirmed their eligibility to be appointed as Statutory Auditors in terms of Section 141 of the Act and rules framed thereunder, be and are hereby appointed as Statutory Auditors of the Company in place of M/s. Kasturi & Talati, Chartered Accountants, the retiring Auditors, for a term of five years, to hold office from the conclusion of the 42<sup>nd</sup> Annual General Meeting of the Company till the conclusion of the 47<sup>th</sup> Annual General Meeting to be held in 2022 (subject to ratification of their appointment by the members at every intervening Annual General Meeting), at such remuneration plus service tax and expenses as may be mutually agreed between the Board of Directors of the Company and the Statutory Auditors;

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and are hereby authorized to do all such acts, deeds, matters and things as may be considered

necessary, proper or expedient in order to give effect to the above resolution.”

### SPECIAL BUSINESS

6. **To Approve Payment of Commission to Non-Executive Directors**

To consider and, if thought fit, to pass with or without modification(s) the following resolution as a Special Resolution:

**“RESOLVED THAT** pursuant to the provisions of Sections 197 and all the other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory amendment and/or re-enactment thereof), and subject to such necessary approval(s), consent(s) or permission(s), as may be required, the consent of the Company be and is hereby accorded to pay to its Directors (other than Managing / Whole-time Directors) for a period of five financial years commencing from April 1, 2018, such commission in addition to or in lieu of sitting fees as may be determined by the Board/ Committee of Directors from time to time (to be divided amongst them in such proportion/ manner as may be determined by the Board/ Committee of Directors from time to time). Such commission not exceeding the ceiling as prescribed under the Companies Act, 2013;

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and are hereby authorized to do all such acts, deeds, matters and things as may be considered necessary, proper or expedient in order to give effect to the above resolution.”

7. **To Approve Related Party Transactions**

To consider and, if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution:

**“RESOLVED THAT** pursuant to Regulation 23 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 (Listing Regulations) and the provisions of Section 188 and all other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder including any statutory modification(s) or re-enactment thereof for the time being in force (the “Act”), approval of the members of the Company be and is hereby accorded to the Board of Directors of the Company for Related Party Transactions, Contracts or Arrangements, including Material Related Party Transactions, Contracts or Arrangements, entered into and/or to be entered into, as defined under the Companies Act, 2013 and the Listing Regulations, of

such a quantum and on such terms and conditions as the Board may deem fit from time to time in the interest of the Company and as per the details provided in the explanatory statement of the resolution annexed to the notice, for the year 2016 and 2017 and beyond for each year;

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorised to determine the actual sums involved in the transactions with the related parties and terms & conditions related thereto and all other matters arising out of or incidental to the transactions and generally to do all acts, deeds, matters and things that may be necessary, proper, expedient or incidental thereto for the purpose of giving effect to this resolution."

**8. To ratify payment of remuneration to the Cost Auditors**

To consider and, if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution:

**"RESOLVED THAT** pursuant to Section 148 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), as amended from time to time (the "Act"), the remuneration plus service tax and actual out-of-pocket expenses payable to the Cost Auditors - Mr. R. S. Raghavan, Cost Accountant, Pune, (Firm Registration No. 100098), appointed by the Board of Directors of the Company on the recommendation of the Audit Committee, to conduct the audit of the cost records of the Company for the financial year 2016-17 as set out in the Explanatory Statement annexed to the Notice convening this Meeting be and is hereby ratified and confirmed."

By Order of the Board of Directors  
of **Chembond Chemicals Limited**

**Nirmal V. Shah**

Vice - Chairman & Managing Director

Navi Mumbai  
24<sup>th</sup> May, 2017

**REGISTERED OFFICE:**

EL-71, Chembond Centre,  
MIDC, Mahape,  
Navi Mumbai- 400 710

**NOTES:**

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE ON A POLL ONLY INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.**
2. A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.
3. A proxy form duly completed and stamped, must reach the registered office of the Company not less than 48 hours before the time for holding the aforesaid meeting. Proxies submitted on behalf of companies, societies, partnership firms, etc. must be supported by appropriate resolution/ authority, as applicable, issued on behalf of the nominating organisation.
4. Members are requested to bring their attendance slip along with their copy of the Annual Report to the Meeting.
5. The register of members and the share transfer books of the Company will remain closed from Thursday, 15<sup>th</sup> June, 2017 to Saturday, 24<sup>th</sup> June, 2017 (both days inclusive) in connection with the Annual General Meeting.
6. The Directors have recommended a dividend of Rs.1.65/- per equity share, which on approval by the members at the Annual General Meeting scheduled on Saturday 24<sup>th</sup> June, 2017, will be paid on or after 28<sup>th</sup> June, 2017 to the members whose names appear in the Company's Register of Members in case of Physical Shares, as at the close of business hours on 14<sup>th</sup> June, 2017 after giving effect to valid transfers lodged and in respect of Shares held in Dematerialized form in the depository system, to the beneficial owners of shares as on 14<sup>th</sup> June, 2017 as per details furnished by National Securities Depository Limited and Central Depository Services (India) Limited for the purpose.
7. Members holding shares in electronic form are hereby informed that bank particulars registered against their respective depository accounts will be used by the Company for payment of dividend. The Company or its Registrars cannot act on any request received directly from the Members holding shares in electronic form for any change of bank particulars or bank mandates. Such changes are to be advised only to the Depository

Participant of the Members. Members holding shares in physical form and desirous of either registering bank particulars or changing bank particulars already registered against their respective folios for payment of dividend are requested to write to the Company/Registrar and Share Transfer Agent of the Company – TSR Darashaw Limited.

8. As per Section 124 of the Companies Act, 2013 and the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ('IEPF Rules, 2016'), the amount of dividend remaining unpaid or unclaimed for a period of seven years from the due date is required to be transferred to the Investor Education and Protection Fund (IEPF), constituted by the Central Government. The Company had, accordingly, transferred Rs. 29,813.00/- being the unpaid and unclaimed dividend amount pertaining to final dividend declared on 22<sup>nd</sup> August, 2009 to the IEPF.

In terms of the above provisions, the Company would be obliged to transfer any money lying in the Unpaid Dividend Account which remain unpaid or unclaimed for a period of 7 years from the date of such transfers, to the Investor Education and Protection Fund. The details of remaining unpaid or unclaimed dividend for the subsequent years as of 31<sup>st</sup> March, 2017 are as under:

Date of Declaration	Amount (Rs.)	Due Date
18/09/2010	40,346.25	17/10/2017
10/09/2011	45,943.55	09/10/2018
08/09/2012	62,026.70	07/10/2019
10/08/2013	99,949.50	09/09/2020
09/08/2014	134,505.00	08/09/2021
08/08/2015	104,811.00	07/09/2022
05/11/2015 (Interim Dividend)	187,488.00	04/12/2022
10/03/2016 (Interim Dividend)	114,096.00	09/04/2023

Note: No final dividend was declared for the financial year ended 31<sup>st</sup> March, 2016

9. The Ministry of Corporate Affairs ('MCA') had notified the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 w.e.f. 7<sup>th</sup> September, 2016 ('IEPF Rules 2016') (including amendments thereafter). Amongst other things, the Rules provides for the manner of transfer of the unpaid and unclaimed dividends to the IEPF and the manner of transfer of shares in case any dividend has not been encashed by the shareholders on such shares during the last seven years to the designated Suspense Account as prescribed by the IEPF Authority.

In terms of the requirement under the IEPF Rules, 2016, the Company has sent reminders to those members

having unpaid/unclaimed dividends before transfer of such dividend(s) to IEPF. Details of the unpaid/unclaimed dividend are also uploaded as per the requirements, on the Company's website [www.chembondindia.com](http://www.chembondindia.com). Members, who have not encashed their dividend pertaining to dividend for the year 2009-10 are advised to write to the Company immediately claiming dividends declared by the Company.

In the event the shareholders do not claim any unclaimed/unpaid dividends for the past seven years, the Company will be required to transfer the respective shares to the IEPF Suspense Account by the due date prescribed as per the IEPF Rules, 2016 or such other extended date as may be notified. The Company also published notice in the leading newspaper in English and regional language having wide circulation on 3<sup>rd</sup> December, 2016 to such shareholders.

Further, the MCA had notified the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Amendment Rules, 2017 on 28<sup>th</sup> February, 2017 ('IEPF Rules 2017'), substituting, amongst other things, Rule 6 of IEPF Rules, 2016 and providing that where the period of seven years provided under the sub section (5) of Section 124 of the Companies Act, 2013 has been completed during the period from 7<sup>th</sup> September, 2016 to 31<sup>st</sup> May, 2017 (instead of 6<sup>th</sup> December, 2016), the due date of transfer of such shares shall be 31<sup>st</sup> May, 2017. Accordingly, the Company has provided time till 31<sup>st</sup> May, 2017 to all the shareholders who have not claimed any unclaimed/unpaid dividends for the last seven years and to whom the Company had given intimation earlier in the manner prescribed under Rule 6 of the IEPF Rules, 2016; and to all other shareholders who have not encashed any unpaid/unclaimed dividends and where the period of seven years has been completed or being completed during the period from 7<sup>th</sup> September, 2016 to 31<sup>st</sup> May, 2017. In case of non receipt of valid claim, the respective shares needs to be credited to the designated DEMAT Account of the Authority. Members who have not encashed their dividend warrants are advised to write to the Registrar & Transfer Agent (RTA) of the Company, M/s. TSR Darashaw Limited (TSRDL) for claiming unclaimed dividends.

10. Members holding shares in dematerialized form are requested to intimate all changes pertaining to their bank details, National Electronic Clearing Service (NECS), Electronic Clearing Service (ECS), mandates, nominations, power of attorney, change of address, change of name or e-mail address or contact numbers etc. to their Depository Participant (DP). Changes intimated to the

DP will then be automatically reflected in the Company's records which will help the Company and the Company's Registrars and Transfer Agents, TSR Darashaw Limited (TSRD) to provide efficient and better services. Members holding shares in physical form are requested to intimate such changes to TSRDL.

11. Members holding shares in physical form are requested to consider converting their holdings to dematerialized form. Members can contact the Company or TSRDL for assistance in this regard.
12. Members holding shares in physical form in identical order of names in more than one folio are requested to send to the Company or TSRDL, the details of such folios together with the share certificates for consolidating their holding in one folio. A consolidated share certificate will be returned to such Members after making requisite changes thereon.
13. In case of joint holders attending the meeting, the Member whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote.
14. To support the 'Green Initiative', the Members who have not registered their e-mail addresses are requested to register the same with TSRDL / Depositories.
15. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participant(s) with whom they are maintaining their demat accounts. Members holding shares in physical form may submit their PAN details to the Company.
16. Electronic copy of the Notice of the 42<sup>nd</sup> Annual General Meeting of the Company indicating, inter alia, the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent to all the members whose email IDs are registered with the Company/ Depository Participant(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Notice of the 42<sup>nd</sup> Annual General Meeting of the Company indicating, inter alia, the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent in the permitted mode.
17. Members may also note that the Notice of the 42<sup>nd</sup> Annual General Meeting and the Annual Report for the financial year 2016-17 will also be available on the Company's website [www.chembondindia.com](http://www.chembondindia.com) for download. The physical copies of the aforesaid documents will also be available at the Company's Registered Office in Navi Mumbai for inspection during normal business hours on working days. Even after registering for e-communication, members are entitled to receive such communication in physical form, upon making a request for the same, by permitted mode free of cost. For any communication, the shareholders may also send requests to the Company's investor email id: [investor.grievance@chembondindia.com](mailto:investor.grievance@chembondindia.com).
18. **E-voting**

Pursuant to Section 108 of the Companies Act, 2013, read with the relevant Rules of the Act and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI Listing Regulations) entered into with the Stock Exchange, the Company is pleased to provide the facility to members to exercise their right to vote by electronic means. The e-voting period will commence at 9.00 a.m. on 21<sup>st</sup> June, 2017 and will end at 5.00 p.m. on 23<sup>rd</sup> June, 2017. The Company has appointed Mr. Virendra Bhatt, Practicing Company Secretary, (ICSI Membership No. ACS - 1157, CP No - 124) to act as Scrutinizer, for conducting the scrutiny of the votes cast. The members desiring to vote through electronic mode may refer to the detailed procedure on e-voting given hereinafter.

Members have an option to vote through e-voting facility provided by Central Depository Services Limited (CDSL). The Company has signed an agreement with CDSL for facilitating e-voting.

The Scrutinizer shall, immediately after the conclusion of voting at the Annual General Meeting, first count the votes cast at the meeting, thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and make not later than three working days from the conclusion of the meeting a consolidated Scrutinizer's report of the total votes cast in favour or against, if any, forthwith to the Chairman.

The results declared along with the Scrutinizer's Report shall be placed on the Company's website [www.chembondindia.com](http://www.chembondindia.com) and on the website of CDSL and communicated to the Stock exchange where the shares of the Company are listed within two days of passing the resolutions at the meeting.

The instructions for members for voting electronically are as under:

The voting period begins at 9.00 a.m. on 21<sup>st</sup> June, 2017 and will end at 5.00 p.m. on 23<sup>rd</sup> June, 2017. During this period members of the Company holding shares either in physical form or in dematerialised form, as on the cut-off date i.e. 17<sup>th</sup> June, 2017 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.

The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date of 17<sup>th</sup> June, 2017. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of electronic voting (remote e-voting), as well as voting at the meeting. The members who have not cast vote through remote e-voting shall be entitled to vote at the meeting.

Any person, who acquires shares of the Company and becomes member of the Company after dispatch of the notice and holding shares as of the cut-off date, may obtain the login ID and password by sending a request at [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).

**In case of members receiving e-mail:**

- i. Log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com) during the voting period.
- ii. Click on "Shareholders" tab.
- iii. Now, select the "Chembond Chemicals Limited" from the drop down menu and click on "SUBMIT."  
Now Enter your User ID
  - a) For CDSL: 16 (sixteen) digits beneficiary ID,
  - b) For NSDL: 8 (eight) Character DP ID followed by 8 (eight) Digits Client ID,
  - c) Members holding share in Physical Form should enter Folio Number registered with the Company.
- iv. Next enter the Image Verification as displayed and click on Login.

- v. If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.
- vi. If you are a first time user follow the steps given below:

<b>For Members holding shares in Demat Form and Physical Form</b>	
PAN	<p>Enter your 10 (ten) digit alpha-numeric PAN issued by Income Tax Department.</p> <p>Members who have not updated their PAN with the Company/ Depository Participant are requested to use the first 2 (two) letters of their name and sequence no. in the PAN field.</p> <p>In case the sequence No. is less than 8 (eight) digits, enter the applicable number of 0's (Zeros') before the number after the first 2 (two) characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar and folio no. is 1 then enter RA00000001 in the PAN field.</p>
Date of Birth or Date of Incorporation or Bank Account Number	<p>Enter the Date of Birth as recorded in your demat account or in the Company's records for the said demat account in dd/mm/yyyy format or enter folio no.</p> <p>OR</p> <p>Enter the Bank Account Number as recorded in your demat account or in the Company's records for the said demat account or folio no.</p> <p>Please enter any one of the details in order to login. In case both the details are not recorded with the Depository or the Company, please enter the number of shares held by you as on cut-off date in the Bank Account Number field.</p>

- vii. After entering these details appropriately, click on "SUBMIT" tab.
- viii. Members holding shares in physical form will then reach directly the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote,

provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

- ix. For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- x. Click on the EVSN for "CHEMBOND CHEMICALS LIMITED" on which you choose to vote.
- xi. On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the resolution and option NO implies that you dissent to the resolution.
- xii. Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire resolution details.
- xiii. After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- xiv. Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- xv. You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- xvi. If demat account holder has forgotten the changed password then enter the User ID and the image verification code and click on "Forgot Password" and enter the details as prompted by the system.
- xvii. Note for Non-Individual members and custodians
  - Non-individual members (Institutional members) (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.com> and register themselves as Corporates.
  - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
  - 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 should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.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.

#### In case of members receiving the physical copy:

- A. Please follow all steps from sl. no. (i) to sl. no. (xvii) above to cast vote.

In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at [www.evotingindia.co.in](http://www.evotingindia.co.in) under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).

19. **Poll at the meeting:** After the agenda item has been discussed, the Chairman may order a poll in respect of all of the business items. The poll will be conducted and supervised by Scrutinizers appointed for the purpose.
20. As per the provisions of the SEBI Listing Regulations, particulars of Directors who are proposed to be re-appointed are provided hereinbelow.
21. Details of Directors seeking appointment / re-appointment in the Annual General Meeting (AGM) scheduled on Saturday, 24<sup>th</sup> June, 2017, pursuant to provisions of SEBI Listing Regulations are as under:

Name	Mr. Perviz Dastur	Mr. Ashwin Nagarwadia
Birth Date	31.01.1937	20.09.1937
Date of Appointment / Re-Appointment	30.07.2016 (Original date of appointment 04/09/1997)	30.07.2016 (Original date of appointment 10/05/1994)
Expertise in Specific Functional area	Accounting	Engineering
Qualification	B.Com., MBA, ACA	B.E. Mechanical
Board Membership of other Public Limited companies as on 31 <sup>st</sup> March, 2017	1*	4**
Chairman/Member of the Committee of the Board of Directors of the Company as on 31 <sup>st</sup> March, 2017	As follows	As follows
(a) Audit Committee	1	1
(b) Stakeholders' Relationship Committee	-	1
(c) Other Committees	2	4
Number of Shares held in the Company as on 31 <sup>st</sup> March, 2017	3,14,120	10,81,264

\* Other Directorships: Finor Piplaj Chemicals Ltd.

\*\* Other Directorships: Finor Piplaj Chemicals Ltd., Hitech Plast Ltd., Clear Mipak Packaging Solutions Ltd, Hitech Insurance Broking Services Limited

## **EXPLANATORY STATEMENT PURSUANT TO SECTION 102(2) OF THE COMPANIES ACT, 2013**

### **ITEM NO. 5**

The present Statutory Auditors of the Company M/s. Kasturi & Talati, Chartered Accountants were last re-appointed by the Members at their Forty First Annual General Meeting held on 30<sup>th</sup> July, 2016 to hold the Office from the conclusion of the Forty First Annual General Meeting till the conclusion of the Forty Second Annual General Meeting. As per the provisions of Section 139(2) of the Companies Act, 2013 ("the Act") and Rules made thereunder, no listed company shall appoint an audit firm as auditors for more than two terms of five consecutive years. The Act also provided for additional transition period of three years from the commencement of the Act i.e. 1st April, 2014.

M/s. Kasturi & Talati have been the Auditors of the Company since inception and have completed period of ten years and will also be completing the additional transition period of three years at the conclusion of the forthcoming Forty Second Annual General Meeting.

Accordingly, the term of the present Auditors, M/s. Kasturi & Talati shall expire at the conclusion of the forthcoming Annual General Meeting. The Audit Committee and the Board of Directors have placed on record their appreciation for the professional services rendered by M/s. Kasturi & Talati during their association with the Company as its auditors. For the purpose of appointment of new Auditors, the Audit Committee along with the Management invited proposals from the reputed firms of Chartered Accountants and had detailed discussion with representatives of those firms. The Committee considered various parameters such as reputation of the firm, knowledge and experience of the partners, understanding of business of the Company, technical assessment of the Audit skills and the Audit fees and based on these detailed analysis, recommended to the Board M/s. B. D. Jokhakar & Co., Chartered Accountants, Firm Membership No. 104345W, Mumbai as the Company's new Statutory Auditors in place of M/s. Kasturi & Talati. The Board of Directors based on the recommendation of the Audit Committee recommends the appointment of the M/s. B. D. Jokhakar & Co., Chartered Accountants, Membership No. 104345W, Mumbai as the Statutory Auditors of the Company to the Members for their approval.

If approved by the Members, the appointment of M/s. B. D. Jokhakar & Co., Chartered Accountants as a Statutory Auditor will be for a period of five years commencing from the conclusion of Forty Second Annual General Meeting till the conclusion of the Forty Seventh Annual General Meeting to be held in the year 2022 (subject to ratification of the

appointment by Members at every Annual General Meeting held after this Annual General Meeting).

M/s.. B. D. Jokhakar & Co., Chartered Accountants have given their consent and confirmed that their appointment, if made, would be within the limits specified under Section 141(3)(g) of the Act and that they are not disqualified to be appointed as statutory auditor in terms of the provisions of the proviso to Section 139(1), Section 141(2) and Section 141(3) of the Act and the provisions of the Companies (Audit and Auditors) Rules, 2014.

The Board of Directors recommends the Resolution at Item No. 5 of the Notice for your approval.

None of the Directors, Key Managerial Personnel and other relatives are concerned or interested in the Resolution at Item No. 5 of the Notice.

### **ITEM NO. 6**

The provisions of Section 197 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, Section 149(9) of the Companies Act, 2013 and Regulation 17(6)(a) of the SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015, provides that all fees/compensation (except sitting fees within the limits prescribed under the Companies Act, 2013 for payment of sitting fees without approval of the Central Government), if any paid to Non-Executive Directors, including Independent Directors, shall require prior approval of shareholders in general meeting.

The shareholders of the Company in the 38<sup>th</sup> Annual General Meeting had approved the payment of commission the pay to its Directors (other than Managing / Whole-time Directors) for a period of five financial years commencing from April 1, 2013. The approval shall be valid till March, 31, 2018. Therefore a fresh approval is sought from the shareholders for payment of commission to the Non-Executive Directors of the Company for a period of five years commencing from 1st April 2018.

The Directors recommend the Resolution at Item No. 6 of the accompanying Notice for the approval of the Members of the Company as a Special Resolution.

All the Non-Executive Directors of the Company are deemed interested in the Resolution set out at Item No. 6 of the accompanying Notice since it relates to their respective remuneration.

Other than the Non-Executive Directors none of other Directors, Key Managerial Personnel and other relatives are concerned or interested in the Resolution at Item No. 6 of the Notice.

**ITEM NO. 7**

The Company in the ordinary course of its business enters into transactions with Chembons Solenis Water Technologies Limited (CSWTL) and other group Companies, which are 'Related Party(ies)' of the Company within the meaning of Section 2(76) of the Act and Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations).

Pursuant to the provisions of Section 188 of the Act, read with the Companies (Meetings of Board and its Powers) Rules, 2014, related party transactions beyond the prescribed threshold limit require approval of the members by a resolution. However, if the proposed transactions with the related parties are at arm's length and in its ordinary course of business, the said approval of the members is not required.

Further, in terms of Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as 'Listing Regulations'), transaction with a related party shall be considered material if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds ten percent of the annual consolidated turnover of the Company as per the last audited financial statements of the listed entity. All material related party transactions shall require the approval of Members of the Company through resolution and the related parties shall abstain from voting on such resolutions whether the entity is a related party to the particular transaction or not.

Transactions for purchase, transfer or receipt of products, goods, materials, services, other obligations with CSWTL are deemed to be 'material' in nature as defined in the Listing Regulations as they exceed 10% of the annual consolidated turnover of the Company.

Consent of the members was earlier obtained pursuant to Clause 49(VII) of the Listing Agreement with Stock Exchange and Section 188 of the Companies Act, 2013 by Postal Ballot the result whereof were declared on 19th March, 2015, inter-alia, for Related Party Transactions between the Company and CSWTL for various amounts mentioned in the explanatory statement to the Postal Ballot Notice dated 23rd January, 2015 for the financial year 2014-15 and beyond and the approval was also obtained for related party transactions (RPT) with other group Companies.

Accordingly, based on the transaction(s) entered into and/or future business projections of the Company, it is proposed to obtain approval of the shareholders by way of an ordinary resolution pursuant to Regulation 23 of the Listing Regulations read with Section 188 of the Companies Act, 2013 and Rules made thereunder (including any statutory amendments / re-enactments thereof).

The particulars of the contracts / arrangements / transactions are as under:

- a) Name of the Related Party: Chembond Solenis Water Technologies Limited (CSWTL)
- b) Name of Director(s) or Key Managerial Personnel who is related: Sameer V. Shah, Nirmal V. Shah, Mahendra K. Ghelani (All are Directors in CSWTL and Sameer V. Shah, Nirmal V. Shah are shareholders also.)
- c) Nature of Relationship: CSWTL, previously a subsidiary of the Company, has become wholly owned subsidiary of the Company in the month of April, 2017
- d) Nature of the Contracts / arrangements / transactions and particulars of material transactions with CSWTL and estimated monetary value of such RPTs/maximum amount allowed through this approval:
  - Sale of Good: Rs. 7000 Lac
  - Purchase of Goods: Rs. 100 Lac
  - Reimbursement of Expenses: Rs. 700 Lac
  - Rent Income: Rs. 5.00 Lac
  - Compensation Expenses: Rs. 150 Lac
- e) Material terms of the contracts/arrangements/ transactions: As per the agreements and arrangements in place
- f) Monetary Value: The value of transactions entered into with CSWTL was Rs. 45.62 crores for the Financial Year 2015-16 and Rs. 47.56 crores for the Financial Year 2016-17. The value of transactions with CSWTL for the Financial Year 2017-18 and thereafter may exceed ten percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company for the respective Financial years based on the subsisting contracts/ arrangements/ transactions entered into or to be entered into.
- g) Are the transactions in the ordinary course of business and on arm's length basis: Yes
- h) Whether the transaction have been approved by the Audit Committee: Yes
- i) Any other information relevant or important for the members to make a decision on the proposed transactions: None

The annual value of the transactions proposed is estimated on the basis of the Company's previous / current transactions and future business projections. The Board is of the opinion that the transactions with CSWTL and those with other group Companies are in the interests of the Company.

Prior approval of the Audit Committee has been obtained in this regard. The Board of Directors accordingly recommends

the passing of the proposed Ordinary Resolution as contained in the Notice, by Members of the Company in terms of Regulation 23 of the Listing Regulations read with Section 188 of the Companies Act, 2013 and all the other applicable rules made thereunder.

None of the Directors or Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise, except as mentioned above.

#### **ITEM NO. 8**

Pursuant to Section 148 of the Companies Act, 2013 and rules framed thereunder, the Company is required to have the audit of its cost records conducted by a Cost Accountant in Practice. Mr. R. S. Raghavan, Cost Accountant, Pune, was appointed as the Cost Auditor of the Company to conduct audit of cost records maintained by the Company for the Financial Year 2016-17. Mr. R. S. Raghavan has furnished a certificate regarding his eligibility for such appointment. He has a vast experience in the field of cost audit. Ratification of members is sought for payment of remuneration of ₹72,600/- plus service tax and actual out-of-pocket expenses for the financial 2016-17.

In terms of Rule 14 of the Companies (Audit and Auditors)

Rules, 2014, the remuneration approved by the Board is subject to subsequent ratification by members of the Company. Hence, the Board recommends the Resolution at Item No. 8 of the accompanying Notice for ratification by the Members.

None of the Directors and Key Managerial Personnel of the Company or their respective relatives are concerned or interested in the said Resolution.

By Order of the Board of Directors  
of **Chembond Chemicals Limited**

**Nirmal V. Shah**  
Vice - Chairman & Managing Director

Navi Mumbai  
24<sup>th</sup> May, 2017

**REGISTERED OFFICE:**  
EL-71, Chembond Centre,  
MIDC, Mahape,  
Navi Mumbai- 400 710

# Chembond Chemicals Limited

**Corporate Identification No.(CIN):** L24100MH1975PLC018235

**Registered Office:** Chembond Centre, EL-71, Mahape, MIDC, Navi Mumbai 400 710

**Telephone:** 91 22 39213000; **Fax:** 91 22 27681294 **Website:** www.chembondindia.com

## ATTENDANCE SLIP

(To be presented at the entrance duly signed)

**42<sup>nd</sup> Annual General Meeting on Saturday, 24<sup>th</sup> June, 2017 at 11.30 a.m.  
at Chembond Centre, EL-37, MIDC, Mahape, Navi Mumbai - 400 710**

Folio No./DPID & Client ID:

Name :

Address :

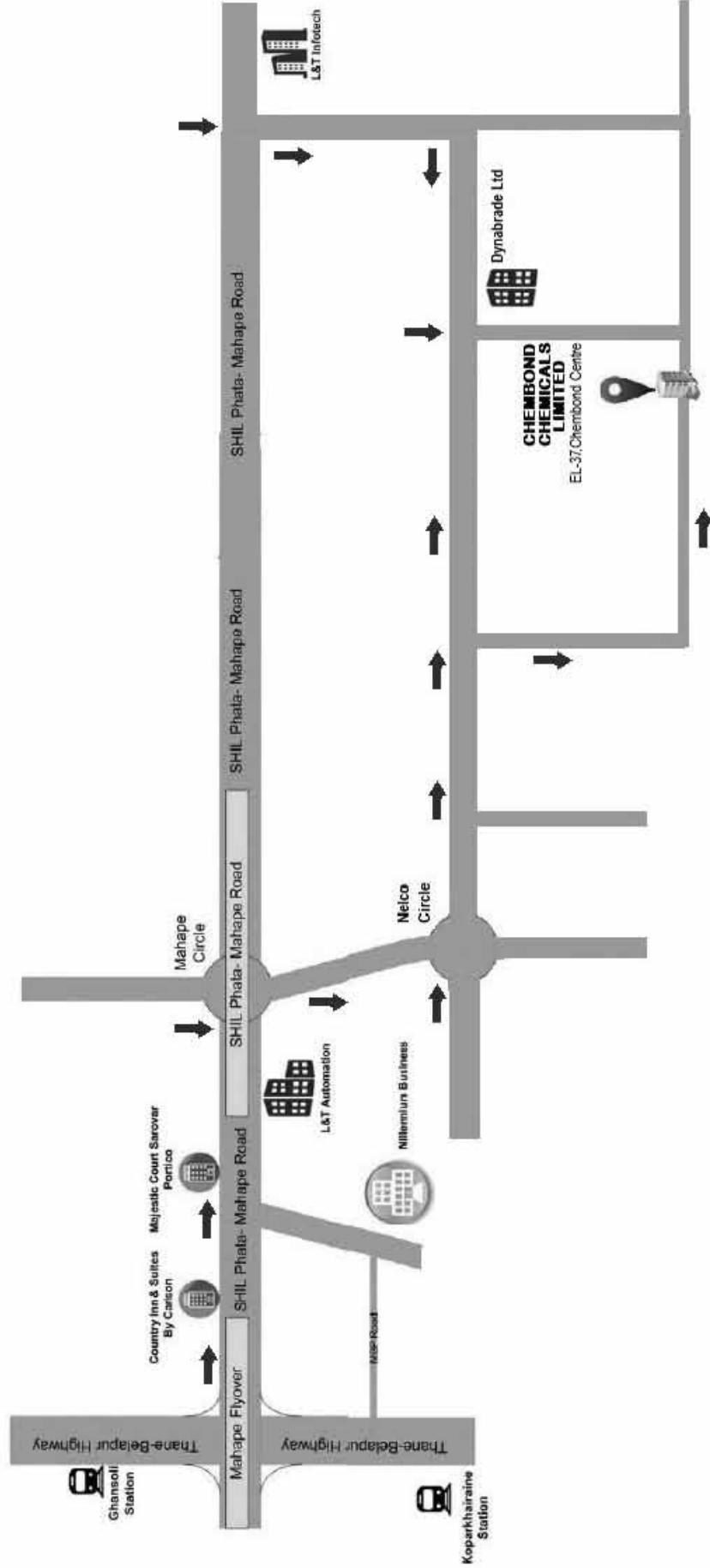
I hereby record my presence at the 42<sup>nd</sup> ANNUAL GENERAL MEETING of the Company to be held on Saturday, 24<sup>th</sup> June, 2017 at 11.30 a.m. at EL-37, Mahape, MIDC, Navi Mumbai 400 710.

**SIGNATURE OF THE ATTENDING MEMBER/PROXY:** \_\_\_\_\_

### Notes:

1. Please refer to the instructions printed under the Notes to the Notice of the 42<sup>nd</sup> Annual General Meeting.
2. The voting period starts from 9.00 a.m. on Wednesday, 21<sup>st</sup> June, 2017 and ends at 5.00 p.m. on Friday, 23<sup>rd</sup> June, 2017. The e-voting module shall be disabled by CDSL for voting thereafter.
3. Shareholders/Proxy holders are requested to bring the attendance slip with them when they come to the meeting.
4. No attendance slip will be issued at the time of meeting.
5. Shareholders who come to attend the meeting are requested to bring their copies of the Annual Report with them, as spare copies will not be available at the meeting.

# ROUTE MAP



# Chembond Chemicals Limited

Corporate Identificaton No. (CIN): L24100MH1975PLC018235

Registered Office: Chembond Centre EL-71, Mahape, MIDC, Navi Mumbai 400 710  
Telephone: 91 22 39213000; Fax: 91 22 27681294 Website: www.chembondindia.com

## PROXY FORM

Name of the member(s) :	:
Registered address :	:
E-mail ID :	:
Folio No. / DP ID / Client ID :	:

I/We, being the member(s) holding \_\_\_\_\_ shares of Chembond Chemicals Limited, hereby appoint:

1. Name :  
Address :  
E-mail Id :  
Signature : or failing him / her
2. Name :  
Address :  
E-mail Id :  
Signature : or failing him / her
3. Name :  
Address :  
E-mail Id :  
Signature :

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 42<sup>nd</sup> Annual General Meeting of the Company to be held on Saturday, 24<sup>th</sup> June, 2017 at 11.30 a.m. at EL-37, Chembond Centre, MIDC, Mahape, Navi Mumbai 400710 and at any adjournment thereof in respect of such resolutions as are indicated below:

### Ordinary Business

1. To adopt the Audited Financial Statements (Standalone & Consolidated) of the Company, for the year ended 31<sup>st</sup> March, 2017 and Reports of Board of Directors and Auditors thereon.
2. To declare dividend on equity shares.
3. To appoint a Director in place of Mr. Pervez H. Dastur (DIN: 00961016), who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint a Director in palce of Mr. Ashwin R. Nagarwadia (DIN: 00466681), who retires by rotation and, being eligible, offers himself for re-appointment.
5. To appoint Statutory Auditors of the Company in place of M/s. Kastury & Talati, the retiring Statutory Auditors

### Special Business

6. To approve payment of Commission to Non-Executive Directors.
7. To approve Related Party Transactions.
8. To ratify payment of remuneration to the Cost Auditors

Signed this..... day of .....,2017

Signature of the shareholder : .....

Signature of Proxy holder(s) : .....



### Notes:

1. This form in order to be effective should be duly completed and deposited at the Registered Office of the Company at EL-71, Chembond Centre, MIDC, Mahape, Navi Mumbai 400710, not less than 48 hours before the commencement of the meeting.
2. Shareholders/Proxy holders are requested to bring the attendance slip with them when they come to the meeting.
3. No attendance slip will be issued at the time of meeting.
4. Shareholders who come to attend the meeting are requested to bring their copies of the Annual Report with them, as spare copies will not be available at the meeting.



# Kem



# Vibra-TITE®



Chembond Chemicals Limited

Tel: +91 22 39213000 Email ID: info@chembondindia.com Website: [www.chembondindia.com](http://www.chembondindia.com)

Chembond Chemicals Limited



Chembond Centre, EL-71, MIDC Mahape, Navi Mumbai - 400 710, India,  
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