



## Chembond Chemicals Limited

BSE/CS/2018-19/40

13<sup>th</sup> August, 2018

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

**Ref: Company Scrip Code - 530871**  
**ISIN: INE995D01025**

**Sub:** Submission of 43<sup>rd</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 43<sup>rd</sup> Annual Report of the Company, which was approved and adopted by the shareholders of the Company in the 43<sup>rd</sup> Annual General Meeting of the Company held on Saturday, 11<sup>th</sup> August, 2018 at 2.30 p.m. at EL-37, MIDC, Mahape, Navi Mumbai 400710.

You are requested to take the above on record.

Thanking You

for Chembond Chemicals Limited

Suchita Singh  
Company Secretary



Chembond Chemicals Limited

43<sup>rd</sup> Annual Report 2017-18

[chembondindia.com](http://chembondindia.com)



***Celebrating the Life of a Visionary,  
Self-made Achiever and a Fine Human Being.***



***Dr. Vinod D. Shah  
23<sup>rd</sup> April 1932 to 27<sup>th</sup> May 2018  
Founder and Chairman Emeritus  
Chembond Chemicals Limited***

## Board of Directors

<b>Ashwin R. Nagarwadia</b>	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

**Cost Auditor**  
R.S. Raghavan

**Registrar & Transfer Agents**  
TSR Darashaw Ltd.

**Registered Office Address**

Chembond Centre  
EL71, MIDC Mahape  
Navi Mumbai 400 710  
Tel.: +91 22 6264 3000  
Fax : +91 22 2768 1294  
Email : info@chembondindia.com  
Website : www.chembondindia.com  
CIN : L24100MH1975PLC018235

**Company Secretary**  
Suchita Singh

**Secretarial Auditor**  
Virendra Bhatt

**Plants**  
Tarapur, Maharashtra  
Nalagarh, Himachal Pradesh  
Ranipet, Tamil Nadu  
Dudhwada, Gujarat  
Mahape, Navi Mumbai  
Rabale, Navi Mumbai  
Wagle Estate, Thane

**Statutory Auditors**  
B. D. Jokhakar & Co.  
Chartered Accountants  
Mumbai

**Bankers**  
HDFC Bank Limited  
Bank of India  
Kotak Mahindra Bank

## Management Discussion and Analysis

The following discussion is based on the Audited Standalone and Consolidated financial Statements of Chembond Chemicals Limited and its following subsidiaries, step-down subsidiary and associate (together referred to as "the Group"):

1. Chembond Water Technologies Limited
2. Chembond Clean Water Technologies Limited
3. Chembond Calvatis Industrial Hygiene Systems Limited
4. Chembond Polymers and Materials Limited
5. Chembond Industrial Coatings Limited
6. Protochem Industries Private Limited
7. Chembond Chemicals (Malaysia) SDN BHD
8. Phiroze Sethna Private Limited
9. Gramos Chemicals India Private Limited
10. Chembond Distribution Limited

This discussion, therefore, covers the financial results and other developments from April 2017 to March 2018, in respect of the Group. The Financial year 2017-18 has been referred to as "the year" and the Financial year 2016-17 has been referred to as "the previous year." 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 Revenue from operations of ₹ 23,779.03 lakhs on standalone basis and ₹ 33,422.81 lakhs on consolidated basis. The comparative figures are tabulated below. Most businesses of the Company continued to show improved performance over the prior year.

### Financial and Operational Performance

Consequent to the introduction of Goods and Services Tax (GST) with effect from 1<sup>st</sup> July 2017, Central Excise, Value Added Tax (VAT) etc. have been replaced by GST. In accordance with Indian Accounting Standard - 18 on Revenue and Schedule III of the Companies Act, 2013, GST, GST Compensation Cess, VAT etc. are excluded and Excise Duty is not excluded from Gross Revenue from sale of products and services for applicable periods. In view of the aforesaid restructuring of Indirect Taxes, Gross Revenue from sale of products and services and Excise Duty for the year ended 31<sup>st</sup> March, 2018 are not comparable with the previous periods.

Comparable revenue growth and comparable EBITDA margin improvement for 2017-18 has been arrived at by adjusting the excise duty from reported sales of Q1 2017-18 and FY 2016-17

### Standalone

The highlights of standalone performance are as follows:

Particulars	₹ in Lakhs)	
	2017-18	2016-17
Net Sales	22,938	21,635
Product Margin	4,648	4,188
Gross Margin	3,230	2,847
Selling & Administration Costs	2,809	2,686
Employee Costs	1,866	1,837
EBITDA	1,748	2,068
PBT	1,359	1,451

### Ratio Analysis

Particulars	2017-18	2016-17
Product Margin, % of Sales	20.26	19.36
Gross Margin, % of Sales	14.08	13.16
Selling & Admin Costs, % of Sales	12.25	12.42
Employee Costs, % of Sales	8.13	8.49
% of EBITDA to Sales	7.62	9.56
Earnings per Share (Basic & Diluted)	10.11	10.81
Debt/Equity	0.02	0.03

## Consolidated

The highlights of the consolidated performance are as follows:

(₹ in Lakhs)

Particulars	2017-18	2016-17
Net Sales	31,236	27,915
Product Margin	10,342	9,085
Gross Margin	8,315	7,227
Selling & Administration Costs	7,572	6,702
Employee Costs	4,300	3,801
EBITDA	3,319	3,520
PBT	2,357	2,286

## Ratio Analysis

Particulars	2017-18	2016-17
Product Margin, % of Sales	33.11	32.54
Gross Margin, % of Sales	26.62	25.89
Selling & Admin Costs, % of Sales	24.24	24.01
Employee Costs, % of Sales	13.77	13.62
% of EBITDA to Sales	10.63	12.61
Earnings per Share (Basic & Diluted)	16.34	14.40
Debt/Equity	0.04	0.04

## Industry Structure & Developments

### Global Economy

The global economic activity is picking up with a long awaited cyclical recovery in investment, trade and manufacturing, which needs to be supported by new fiscal initiatives. As per data, 2017 marked a year of acceleration and it is anticipated that the trend will continue with GDP growth likely to be pushing upto 3.9% in 2018. Energy and commodity prices rejoice in an upturn, supporting investments. Growth results are seen to be broad based and includes advanced as well as emerging economies in its tide. Trade growth in 2018 is likely to fall within a range from 3.1% to 5.5% if current GDP forecasts come to pass, although a continued escalation of trade restrictive policies could lead to a significantly lower figure.

### Indian Economy

The Government implemented the Goods and Services Tax, touted as the single biggest taxation reform in the country, with an aim to create a seamless unified market for the \$2 trillion Indian economy. India joined the league of select countries like the US and Australia where fuel prices are revised daily. In October 2017, the Finance Ministry announced a mega ₹ 2.11 lakh crore recapitalization plan for PSU Banks over the next two years. The Insolvency and Bankruptcy Code 2016 (IBC) was brought into effect to protect the investment of small investors and make the process of doing business less cumbersome process. The IBC has been touted as a landmark reform in the banking sector and provides sweeping powers to the Central Bank to accelerate cleaning up of non-performing assets from the system. These reforms are considered to bring positive trend in the gross development of the nation.

The Chemical sector in India has registered a growth due to structural advantage, high domestic consumption, diversified industry and promising export potential. The Government policies in recognizing Chemical industry as a key growth element of Indian economy with 100% FDI has shown considerable positive response. Manufacture of most of chemical product is delicensed. Chemical industry in India is the third largest producer in Asia and sixth largest in the world. It is expected to double its share in global chemical industry 5-6% by 2021 registering growth of 8-9% in the next decade. Number of MNCs are focusing on India for their manufacturing hub. Lower cost of labour, availability of key raw materials, large consumer markets and adaptability to technology are some main attractions for having a strong manufacturing base in India.

### Opportunities and Threats

The Company has a well set up infrastructure in respect to manufacturing capacities, human resources, technical expertise, etc. which are a key factor for future growth of its business. The Company can bank on its in-house R&D for development of new products, backward integrations, quality improvements and cost reductions. Another important aspect which helps the Company in having its diverse portfolio of products is the fact that, the manufacturing capacities are fungible. The Company deals with majority of complex chemistry applications which are required for manufacture of specialty chemicals. This is possible because of the entire in-house chain for R&D, pilot plant and scale up operations. The dedicated teams



for Quality Management and Quality Assurance, helps in maintaining the standards required for various products. The entire project or process is designed to ensure delivery of Best Quality Products.

### Opportunities

1. A large domestic market fueled by rising incomes in urban and rural areas.
2. Formalisation of the economy and the unified GST levels the playing field, thus enabling your Company to access newer markets and segments.
3. Access to international selling and sourcing markets is a key success factor and vital for the Chemical Industry.

### Threats

1. Commoditization is a constant threat for chemical companies. Substantial resources and money is spent on developing products, which if superior can be sold at a high price, nevertheless, with time competitors are able to produce these or similar products.
2. Chemical companies are affected by environmental regulation. However, awareness about the regulations and their positive effects on the Company will add to value creation and growth.
3. The public image of the chemical industry is a barrier, because people are afraid of chemicals in their neighborhood whether they are hazardous or not. It becomes difficult to position the chemical industry as a sustainable and secure workplace.
4. Most of the chemical companies in India are smaller in scale as compared to their global counterparts. As the global companies enter and strengthen their presence in the Indian market, they will also invest in marketing, distribution and production systems that local companies may struggle to match.
5. Cost of compliance makes operations uneconomical and unviable for small players.

### Risks & Concerns

The growth of speciality chemical industry is driven by R&D activities and a need for constant innovation in the product spectrum. On the other hand, strong R&D set-up ensures quality management and cost reductions. Since your

Company has its own R&D Centre, the above concerns are well addressed. The Company is exposed to health, safety, security and environmental risks, given the diversity and complexity of the industry in which the Company operates. The Managements commitment towards employee health, safety and security extends beyond accidents and occupational health hazards to social well-being of employees. The Company conducts environment, health and safety audit periodically to get assurance on Company's framework protocol on Environment, Health and Safety and regulatory compliances. The Company has also prepared and adopted Environment, Health and Safety policy entailing the commitment of the Company towards environment, health and safety. The evolution of the regulatory environment across the globe has resulted into increased regulatory scrutiny that raises minimum standards required by the Company necessitating increased investment in compliance. However, the Company considers the regulatory requirements as a source of competitive advantage and therefore strives to abide by the changing regulatory standards to consolidate its position in business and integrate these aspects in its business strategy. Macro-economic conditions like the policy decisions of the Government, currency fluctuations and volatility in commodity prices like crude oil can affect the business of the Company. However, since Company's revenue generating sources are diversified into various sectors backed up by the strong domestic demand such risks are mitigated to some extent.

### Business Snapshot

#### Water Treatment

Your Company offers chemical, equipment based and microbial solutions for the treatment of industrial water and waste water. **Chembond Water Technologies Limited** and **Chembond Clean Water Technologies Limited** (Chembond Water) are subsidiaries of the Company operating in this area of specialization. The business grew handsomely during the year on the back of some large business wins. The margins of the chemical business continued to be under pressure owing to a sudden rise in inputs material costs combined with tightening of availability of some of these materials. The equipment business performed much better over prior year and recorded a very healthy profit growth.



### Construction Chemicals

The infrastructure construction segment has been growing since the past 2 years and many projects have reached a stage during which they use construction chemicals. Your Company has been cautiously expanding its business having tight credit terms and doing business only with selected customers. This strategy has meant a slower topline growth nevertheless a healthy and sustainable one. During the year, we introduced new products based on PU chemistry with applications in waterproofing and sealants.

### Biotech

The Animal Health & Nutrition business had a strong second half and closed the year with a growth of 10% overcoming the challenges faced over the preceding four quarters. One of the challenges your Company overcame was that of increasing the team size in order to effectively cover the entire country and the segments of dairy and poultry. New products were launched and breakthroughs were made at some key accounts during the year. For the year ahead, the Animal Health & Nutrition division plans to further grow the team and enhance its Marketing and Technical Services teams.

The development activities in the areas of enzymes and probiotics for varied applications, in addition to animal health continues. In this context, six different microbial strains for nitrogen and sulphur metabolism have been delivered.

### Industrial Technologies

Your Company's Industrial Technologies division comprises a group of products that cater to similar customers. The **Adhesives** business has doubled with major share of business coming from epoxy, cyanoacrylate and pre-applied adhesives. New customers were added in North and South India in agriculture and construction equipment companies, pump manufacturers, and automotive component manufacturers. The **Industrial Coatings** business grew by over 60% vs the prior year. Waterborne coatings and new customers in the transportation segment contributed to the strong growth. **Phiroze Sethna Pvt. Ltd.** and **Gramos Chemicals India Pvt. Ltd.** were acquired for the synergies these products add to the other products offered by your Company. **Phiroze Sethna** manufactures sealants and underbody coatings for the automotive industry and has presence across the country.

**Gramos** produces industrial wipes, which are tackified to pick up dust and paint particles from the car bodies before they are painted, thus ensuring a blemish free painted vehicle. Most OEM's in India use Gramos' TakRag.

**Protochem** has indigenously developed full range MRO (Maintenance, Repair & Overhaul) aerosols used in Industrial machineries maintenance, Workshops, Automotive, Shipping & Aviation applications. These are widely accepted in the market because of its performance & cost effectiveness. One of **Protochem's** product has the distinction of meeting the stringent defence standards and as a result, it has been accepted by Indian Navy & Air Force. No other local company is able to meet these standards.

**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.

On the back of the approval from a major brewing company, the Company started business in the segment by supplying bottle cleaning products to several of their plants. The Company also developed, and successfully supplies products to the food processing and dairy segments. Team expansion to serve the customers and new application trials are underway to build on sales growth opportunities for the next year. Lubricant and cold disinfectant applications are being explored by the Company.

### Polymers

The polymers business venture of your Company is being housed in **Chembond Polymers and Materials Limited (CPML)**, which is the new name for one of your Company's subsidiaries, Chembond Enzyme Company Limited. CPML has firmed up plans to scale-up its bio-based polyamide production. Polyamides, also known as Nylons, are a family of thermoplastic polymers that can be melt processed into filaments, films or shapes for application in various industrial and non-industrial uses. Development work on polyamide 610 and other specialty polyamides, most of which are based on bio-renewable raw materials, was started around 4 years ago. The technology for making these polymers was developed in-house by a team of dedicated researchers. Today, your Company has a pilot plant operating continuously, in which polyamides are manufactured on a partially commercial



scale. In the current year this production will be scaled up several notches and we plan to simultaneously commence work on building a plant to global scales. One of your Company's patented product, developed over three years ago, has been accepted by customers and is being used by them with promised results.

### Manufacturing

The Company has unique in-house capabilities for the development and production of specialty chemicals backed by several decades of experience in the field. With multi-product manufacturing plants at Tarapur, Baddi, Dudhwada, Ranipet, Mahape, Rabale and Thane, the Company efficiently caters to customers across the country. The manufacturing capacity is elastic and is capable of meeting the expected sales growth for the next few 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 strongly believes a safe and healthy workplace to its employees, a clean environment to its locations and in being a "supplier of choice" to its diverse customers. In order to achieve these objects, all manufacturing sites and functions have targets on safety, quality and customer service, among others.

- Your Company has conducted risk assessments of all its sites to identify occupational hazards and define control measures to reduce the risk to acceptable levels as per the OHSAS 18001:2007 standard.
- Your Company has upgraded its Quality Management Systems as per revised standards to ISO 9001:2015, IATF 16949:2016
- Your Company has upgraded its Environment Management System as per revised standards to ISO 14001:2015.

According to the above revised standards, your Company has adopted a risk base thinking that enables an organization to consistently meet requirements and address future needs and expectations posing challenges for an organization in increasingly dynamic and complex business environment.

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

Locations	ISO 9001	ISO 14001	OHSAS 18001	IATF 16949
Tarapur	Y	Y	Y	Y
Dudhwada	Y	Y	Y	-
Baddi	Y	-	-	-
PSPL	Y	-	-	-

"Quality is not an act, it is a habit". Chembond also has a Safety, Health and Environment objective of having zero lost time due to accidents across the organization. Everyone at Chembond is committed to protect the environment by controlling the interaction with environment by process control, systematic waste management, energy conservation and emission control.

### Human Resources

The manpower strength of your Company was 361 at the close of 2016-17 and it stood at 318 as of 31<sup>st</sup> March, 2018. Average age of the workforce is 36 years. In 2017-18, employee relations in your Company continued to be harmonious in all plants and establishments. Your Company has tied up with renowned educational institutes/colleges for fresh campus recruitment at regional levels to offer the best opportunities to the best talent available in the job market regionally.

Based on Company's objective & departmental annual goals for 2017-18, the key result areas & key performance indicators were set employee wise for each department. With the implementation of performance pay variable last year & its positive impact, more employee categories have been covered for the variable pay voluntarily.

Learning & Development initiatives have been focused with holistic approach to enhance key competencies of work force at all the levels including regional site, plant level employees which is helping them to explore their potential at work place.

The focus on culture building is driven through various employee engagement programmes such as Diwali functions, sports, events, wishing employees on the wedding days & birthdays and blood donation camps.



### Internal Control Systems and their adequacy

Chembond has a sound Internal Control System, which ensures that (a) its financial reports are reliable (b) its operations are effective and efficient and (c) its activities comply with applicable laws and regulations. Also, as mandated by the Companies Act, 2013, the Company has implemented the Internal Financial Control (IFC) framework to ensure proper Internal Controls over financial reporting. The internal control system is further supplemented by Internal Audit carried out by an independent firm of Chartered Accountants and periodical review by Management. The Internal Audit process is designed to review the adequacy of internal control checks in the system and covers all the significant areas of the Company's operations.

The Audit Committee reviews the adequacy and effectiveness of the internal control systems and tracks the implementation of corrective actions. Significant audit observations and corrective actions taken by the Management are presented to the Audit Committee. To maintain its objectivity and independence, the Internal Audit reports are submitted to the Chairman of the Audit Committee. The Audit Committee plays a key role in providing assurance to the Board of Directors.

### Corporate Social Responsibility (CSR)

Corporate Social Responsibility at Chembond Group aims to take a balanced approach to address social, economic and environmental issues through diverse programs, recognizes that its business activities have wide impact on the societies in which it operates. The Company endeavors to make CSR a key business process for sustainable development and it is committed to play active role in improving the lives of people.

**Chembond Children's Centre** was formed over fifteen years ago with Education as one of the core functional areas for CSR activities. Our philosophy is to ensure meaningful education to the economically underserved sections. Chembond Children's Centre is a non-formal educational centre at Pasthal and Shirgaon near Tarapur. English, Hindi, Marathi, Science, Mathematics, Social

Science and General Knowledge form the main subjects of the curriculum. In addition to education, the Centre provides camps and workshops in health care, life skills, and scholarships. Details pertaining to CSR Committee, Policy etc. are given in the Board's Report which forms part of this Annual Report.

### Future Outlook

Your Company's toll manufacturing agreement with Henkel Adhesive Technologies Ltd. has come to an end in Q1 2018-19. This would free up capacity at the Tarapur plant and would allow manufacturing realignment of the products we make and to allow debottlenecking operations in some businesses. The scale-up of polymer manufacturing would be a milestone event and has the potential to change the revenue mix of the Company.

### 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 and Managing Director

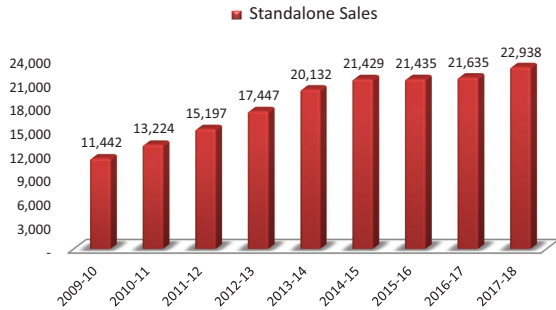
Mumbai  
17<sup>th</sup> July, 2018

#### Nirmal V. Shah

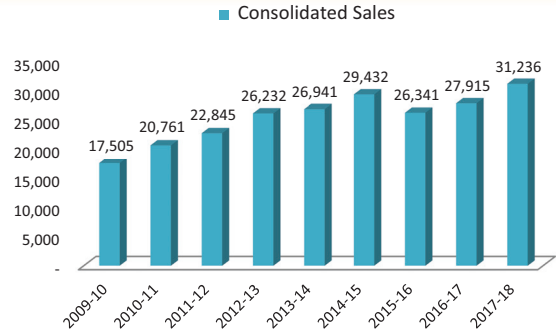
Vice - Chairman and Managing Director

# Highlights

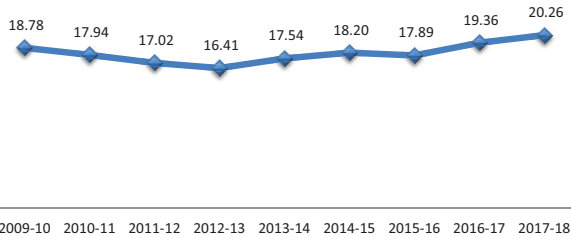
## Standalone



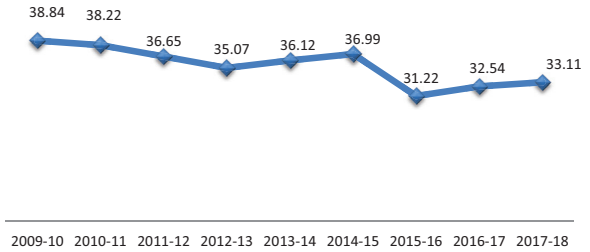
## Consolidated



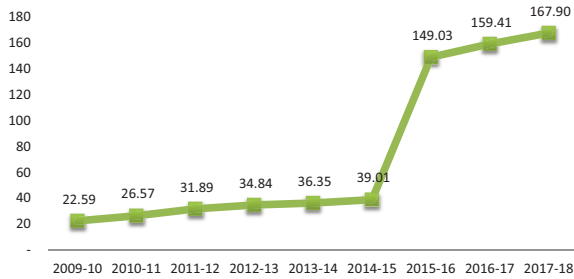
### Product Margin (in %)



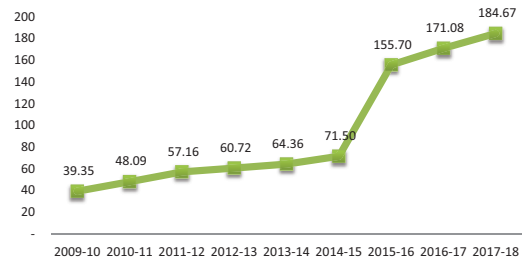
### Product Margin (in %)



### Book Value



### Book Value



for the year ended on March, 2018

all numbers in ₹ Lakhs except Book Value

Book value of previous years 2015-16 and 2016-17 are adjusted for Ind AS

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	2017-18	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09
<u>Operating Result</u>										
Revenue From Operations	33,422.81	32,086.11	27,104.71	30,022.85	27,445.96	26,606.44	23,128.40	21,027.41	17,725.32	14,398.26
Other Income	1,064.02	1,829.86	3,321.25	138.04	120.77	120.52	138.64	142.62	116.67	51.19
Finance Cost	118.21	116.67	181.36	361.08	402.88	451.71	364.08	311.06	303.55	203.27
Depreciation	410.67	381.56	354.51	432.32	281.39	259.28	209.93	185.98	176.86	135.27
PBT	2,790.28	3,021.42	19,484.02	2,007.90	1,518.98	1,576.76	2,035.06	2,478.30	2,232.90	1,321.57
PAT	2,356.77	2,285.73	15,650.25	1,440.27	912.41	790.19	1,360.56	1,647.17	1,451.99	886.06
Dividend on Equity Shares	221.90	0.00	601.97	199.81	199.81	189.82	149.47	136.75	111.30	105.00
<u>Financial Position</u>										
Equity Share Capital	672.41	672.41	669.69	666.04	666.04	666.04	636.04	636.04	636.04	300.00
Reserves (Less Revaluation Reserve & Misc exp)	24,162.33	22,335.46	20,183.93	8,858.60	7,907.32	7,422.93	6,635.28	5,481.55	4,369.37	3,652.02
Net Worth	24,834.75	23,007.87	20,853.62	9,524.64	8,573.36	8,088.97	7,271.32	6,117.59	5,005.41	3,952.02
Borrowings	908.96	888.25	1,089.79	2,495.24	3,307.28	2,948.21	3,668.79	2,442.80	2,265.22	2,248.11
Net Block (Asset)	10,813.77	4,912.55	4,714.11	5,147.03	5,361.52	4,725.00	4,122.79	3,335.20	3,312.54	2,672.36
<u>Ratios</u>										
Return on Average Networth % (RONW) & (PAT) divided by Average Networth)	9.85%	10.42%	103.04%	15.92%	10.95%	10.29%	20.32%	29.62%	32.42%	24.83%
Return on Average Capital Employed % ( ROCE) & (PBIT divided by Average Fund Employed Excluding Def tax liab)	11.72%	13.69%	115.72%	17.88%	15.22%	16.90%	24.46%	34.97%	37.26%	28.33%
Gross Gearing % & (Debt as a percentage of Debt plus Equity)	3.53%	3.72%	4.97%	20.76%	27.71%	26.58%	33.36%	28.34%	30.89%	35.89%
Current Ratio (Current Assets divided by Current Liabilities**)	2.42	3.37	2.83	2.16	2.09	2.20	2.32	2.42	2.21	2.27
Asset Turnover Ratio (Net Sales divided by Total Assets)	1.03	1.00	0.91	1.48	1.34	1.45	1.32	1.49	1.46	1.45
Earning Per Share (Basic)*	16.34	14.40	115.04	9.29	5.83	5.57	9.85	10.625	9.745	13.095
Dividend Per Share	1.65	0	9	3.00	3.00	2.85	2.35	2.15	1.75	3.50
Book Value Per Share*	184.67	171.08	155.70	71.50	64.36	60.72	57.16	48.09	39.35	65.87

The Company has adopted Ind-AS accounting standards with effect from 1<sup>st</sup> April 2016, hence FY 2017 onwards, the financials are reported as per Ind-AS and are not strictly comparable with previous Years. For FY 2016, Balance sheet items are as per Ind-AS.

\* Adjusted for issue of Bonus Shares in March 2010 in the ratio of 1 : 1 & 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	2017-18	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09
<u>Operating Result</u>										
Revenue From Operations	23,779.03	24,367.32	21,563.77	21,674.90	20,356.05	17,689.98	15,368.80	13,453.49	11,494.26	11,144.29
Other Income	1,048.47	1,682.00	3,480.99	329.92	288.28	424.35	398.84	332.07	262.39	226.44
Finance Cost	54.60	63.88	118.75	273.51	304.20	291.70	237.81	249.84	238.29	146.58
Depreciation	287.18	274.10	268.57	276.21	192.13	181.95	138.53	118.75	111.43	86.98
PBT	1,406.12	1,729.97	18,567.35	573.72	410.80	419.47	801.03	815.74	647.36	554.77
PAT	1,359.31	1,451.50	15,122.59	558.33	392.43	347.76	664.23	645.48	517.31	480.28
Dividend on Equity Shares	221.90	0.00	601.97	199.81	199.81	189.82	149.47	136.75	111.30	105.00
<u>Financial Position</u>										
Equity Share Capital	672.41	672.41	669.69	666.04	666.04	666.04	636.04	636.04	636.04	300.00
Reserves (Less Revaluation Reserve & Misc exp)	21,907.35	20,765.91	19,291.49	4,529.93	4,175.53	3,974.92	3,421.20	2,744.35	2,237.64	2,162.68
Net Worth	22,579.77	21,438.32	19,961.18	5,195.97	4,841.57	4,640.97	4,057.24	3,380.39	2,873.68	2,462.68
Borrowings	467.12	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
Net Block (Asset)	3,805.35	3,936.97	3,680.86	3,617.61	3,820.63	3,403.46	2,881.72	2,114.24	2,088.41	1,973.99
<u>Ratios</u>										
Return on Average Networth % (RONW) & (PAT divided by Average Networth)	6.18%	7.01%	120.23%	11.12%	8.28%	8.00%	17.86%	20.64%	19.39%	21.79%
Return on Average Capital Employed % ( ROCE) & (PBIT divided by Average Fund Employed Excluding Def tax liab)	6.46%	8.35%	132.63%	11.47%	9.96%	10.74%	18.35%	21.18%	18.61%	21.53%
Gross Gearing % (Debt as a percentage of Debt plus Equity)	2.03%	3.30%	3.94%	29.53%	33.64%	32.85%	34.20%	32.11%	41.27%	43.45%
Current Ratio (Current Assets divided by Current Liabilities**)	1.78	3.13	2.93	1.37	1.31	1.46	1.53	1.72	1.69	1.70
Asset Turnover Ratio (Net Sales divided by Total Assets)	0.85	0.89	0.85	1.76	1.58	1.57	1.58	1.72	1.48	1.50
Earning Per Share (Basic)*	10.11	10.81	113.23	4.19	2.95	2.73	5.22	5.075	4.065	8.005
Dividend Per Share	1.65	0	9.00	3.00	3.00	2.85	2.35	2.15	1.75	3.50
Book Value per Share*	167.90	159.41	149.03	39.01	36.35	34.84	31.89	26.57	22.59	41.04

The Company has adopted Ind-AS accounting standards with effect from 1<sup>st</sup> April 2016, hence FY 2017 onwards, the financials are reported as per Ind-AS and are not strictly comparable with previous Years. For FY 2016, Balance sheet items are as per Ind-AS.

\* Adjusted for issue of Bonus Shares in March 2010 in the ratio of 1 : 1 & 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,

The Directors of the Company condole the sad demise and pay respects to Dr. Vinod D. Shah, the Founder and Promoter of Chembond Chemicals Limited. A visionary and self-made man, Dr. Shah was an achiever from the early days of his life. He developed into becoming a dynamic technocrat, an entrepreneur and a fine human being touching many lives. The Company owes its existence to him and the Board Commits itself to building on the values instilled by him.

Your Directors take pleasure in presenting the 43<sup>rd</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, 2018.

### 1. State of Company's Affairs

#### Financial Results

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

(₹ in Lakhs)

Particulars	Standalone		Consolidated	
	2017-18	2016-17	2017-18	2016-17
Revenue from Operations	23,779.03	24,367.32	33,422.81	32,086.11
Less : Excise Duty	561.87	2,507.60	675.52	3,006.93
Revenue from Operations (Net of Excise Duty)	23,217.16	21,859.72	32,747.29	29,079.18
Profit for the year	1,359.31	1,451.50	2,197.23	1,933.01
Add: Balance as per last year	19,522.79	18,071.29	20,644.31	18,548.85
Add: Effect of previous year transaction	-	-	-	238.20
Less: Deduction during the year	-	-	108.12	5.75
<b>Total</b>	<b>20,882.10</b>	<b>19,522.79</b>	<b>22,733.41</b>	<b>20,714.31</b>
<b>Appropriations</b>				
General Reserves	-	-	-	70.00
Set off of Dividend Tax in respect of dividend from Subsidiary Company	(45.17)	-	(45.17)	-
Dividend Paid	221.90	-	221.90	-
Tax on Dividend Paid	45.17	-	92.03	-
Balance carried to Balance Sheet	20,660.20	19,522.79	22,464.66	20,644.31
<b>Total</b>	<b>20,882.10</b>	<b>19,522.79</b>	<b>22,733.41</b>	<b>20,714.31</b>

### 2. Results of Operations

#### • Income

During the year under review, consolidated revenue from operations was ₹ 32,747.29 Lakhs compared to ₹ 29,079.18 Lakhs in previous year. On the standalone basis, your Company's revenue from Operations was ₹ 23,217.16 Lakhs as compared to ₹ 21,859.72 Lakhs in the previous year.

#### • Profit Before Tax

Consolidated Profit Before Tax for the year was ₹ 2,790.28 Lakhs as against ₹ 3,021.42 Lakhs in the previous year. On the standalone basis, your Company's Profit Before Tax for the current year was ₹ 1,406.12 Lakhs as against ₹ 1,729.97 Lakhs in the previous year.

#### • Profit After Tax

Consolidated Profit After Tax for the year was ₹ 2,356.77 Lakhs as against ₹ 2,285.73 Lakhs in the previous year. On the standalone basis, your Company's Profit After Tax for the current year was ₹ 1,359.31 Lakhs as against ₹ 1,451.50 Lakhs in the previous year.



### 3. Recent Developments at Micro and Macro Economic Levels

The Indian economy expanded 7.7 percent year-on-year in the first three months of 2018, higher than a downwardly revised 7 percent advance in the previous quarter and beating market forecasts of a 7.3 percent growth. On the production side, manufacturing, agriculture and construction were the main contributors to growth. Exports accounted for 19.5 percent while imports subtracted 20.9 percent.

The Chemical sector in India has registered a growth due to structural advantage, high domestic consumption, diversified industry and promising export potential. The Government policies in recognizing Chemical industry as a key growth element of Indian economy and allowing 100% FDI has shown considerable positive response. Manufacture of most of chemical products is delicensed. The Indian Chemical Industry comprises both small and large-scale units, and presently, there are about 70,000 chemical manufacturing units located in the country and a major component (in numbers) are covered in the small-scale sector. As per statistics India is currently the world's 3<sup>rd</sup> largest consumer of polymers & 3<sup>rd</sup> largest producer of agrochemicals. In terms of value and production volume, Indian chemical industry is the 3<sup>rd</sup> largest producer in Asia & 6<sup>th</sup> by output in the world. Indian specialty chemical market is expected to reach USD70 billion by 2020.

### 4. Dividend

The Board of Directors has recommended final dividend of ₹ 1.85/- per share for the financial year ended 31<sup>st</sup> March 2018. The outflow on account of dividend payment amounts to ₹ 248.79 Lakhs.

### 5. Share Capital

The movement of Equity Capital is as under:

Particulars	No. of Equity Shares
Equity Capital as on 1 <sup>st</sup> April, 2017	13,448,288
Increase/ Decrease during the year	Nil
Equity Capital as on 31 <sup>st</sup> March, 2018	13,448,288

Your Company has only one class of Equity Share and it has neither issued shares with differential rights as to dividend, voting or otherwise nor issued shares (including sweat equity shares) to the employees or Directors of the Company, under any Scheme. No disclosure is required under Section 67(3)(c) of the Companies Act, 2013 ("the Act") in respect of voting rights not exercised directly by the employees or Key Managerial Personnel of the Company as the provisions of the Section are not applicable.

### 6. Fixed Deposits

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

### 7. 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).

### 8. Directors and Key Managerial Personnel

At present your Company has Eight (8) Directors consisting of Four (4) Independent Directors including Woman Director, Two (2) are Executive Directors and Two (2) Non-Executive Directors.

In accordance with the provisions of Section 152(6) of the Act, Mr. Nirmal V. Shah (DIN: 00083853) Vice Chairman and Managing Director, retires by rotation and being eligible, offers himself for re-appointment. His background is given in the Corporate Governance Report which forms part of this Report.

During the period under review, Mr. Jawahar I. Mehta (DIN: 00128995) resigned as a Director (Independent) of the Company with effect from 14<sup>th</sup> December, 2017 due to personal reasons. The Board places on record its appreciation and gratitude for the valuable contribution received by us from Mr. Mehta during his association with the Company.

During the year, Mr. Jay Mistry resigned as the Company Secretary and Compliance Officer of the Company w.e.f. 2<sup>nd</sup> January, 2018. Mrs. Suchita Singh was appointed as the Company Secretary and Compliance Officer of the Company w.e.f. 15<sup>th</sup> March, 2018.

Pursuant to the provisions of Section 203 of the Act, Mr. Sameer V. Shah, Chairman and Managing Director, Mr. Nirmal V. Shah, Vice Chairman and Managing Director, Mrs. Rashmi Gavli, Chief Financial Officer and Mrs. Suchita Singh, Company Secretary are the Key Managerial Personnel of the Company as on the date of this Report.

## 9. Inter-se relationship between Directors

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

## 10. Declaration by Independent Directors

All the Independent Directors of the Company have furnished a declaration to the effect that they meet the criteria of Independence as provided in Section 149(6) of the Act and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('the Listing Regulations').

## 11. Policy on Directors Appointment and Remuneration

The Company has put in place appropriate policy on Directors' appointment and remuneration and other matters provided in Section 178(3) of the Act, which has been uploaded on the Company's website [www.chembondindia.com/policy.html](http://www.chembondindia.com/policy.html) Further, salient features of the Company's Policy on Directors' Remuneration have been disclosed in the Corporate Governance Report, which forms part of this Report.

## 12. Number of Board Meetings

Nine (9) meetings of the Board were held during the year, details of which are furnished in the Corporate Governance Report that forms part of this Report.

## 13. Performance evaluation and its criteria

The Board of Directors carried out an Annual evaluation of its own performance, Board Committees and Individual Directors pursuant to the provisions of the Act and Corporate Governance requirements as prescribed by the Listing Regulations.

The performance of the Board and its Committees was evaluated by the Board after seeking inputs from the Board / Committee Members based on criteria such as Composition of the Board / Committees and structure, effectiveness of the Board / Committee processes, providing of information and functioning etc. The Board and Nomination and Remuneration Committee also reviewed the performance of individual Directors based on criteria such as attendance in Board / Committee meetings, contribution in the meetings like preparedness on issues to be discussed etc.

The Independent Directors at its separate meeting held on 28<sup>th</sup> March, 2018, reviewed the performance of Non-Independent Directors and performance of the Board as a whole, performance of the Chairman of the Company taking into account the views of Executive and Non-executive Directors and assessed the quality, quantity and timeliness of flow of information between the Company Management and the Board and that is necessary for the Board to effectively and reasonably perform their duties.

## 14. Directors' Responsibility Statement

Pursuant to Section 134(5) of the Act, the Board of Directors, to the best of their knowledge and ability, in respect of the year ended 31<sup>st</sup> March, 2018, confirm that:

- (a) in the preparation of the annual accounts, the applicable accounting standards have been followed and there are no material departures;
- (b) they 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) they 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) they had prepared the annual accounts on a going concern basis;
- (e) they 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) they had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

## 15. Audit Committee

The details in respect of composition of the Audit Committee are included in the Corporate Governance Report, which forms part of this Report.

## 16. Auditor's and Auditor's Report

### Statutory Auditors

In terms of the requirements of Section 139 of the Act read with the Companies (Audit and Auditors) Rules, 2014, the Board of Directors of the Company on the recommendation of the Audit Committee appointed M/s. B. D. Jokhakar & Co., Chartered Accountants (FRN. 104345W) as the Statutory Auditors of the Company at its Board Meeting held on 24<sup>th</sup> May, 2017, for a term of 5 (five) consecutive years commencing from the conclusion of the 42<sup>nd</sup> Annual General Meeting (AGM) till the conclusion of the 47<sup>th</sup> AGM to be held in the year 2022, which was approved by the shareholders' in the 42<sup>nd</sup> AGM held on 24<sup>th</sup> June, 2017. M/s. B. D. Jokhakar & Co., Chartered Accountants vide their letter dated 17<sup>th</sup> July, 2018, resigned as the Statutory Auditor of the Company due to pre-occupation with other professional work w.e.f. 17<sup>th</sup> July, 2018. On the recommendation of the Audit Committee, the Board of Directors at its meeting held on 17<sup>th</sup> July, 2018 appointed M/s. Bathiya & Associates, LLP, Chartered Accountants, (FRN:101046W/W100063) as the Statutory Auditors of the Company from 17<sup>th</sup> July, 2018 till the ensuing AGM to fill in the casual vacancy caused due to the resignation tendered by M/s. B. D. Jokhakar & Co., Chartered Accountants, subject to approval by Members at the ensuing AGM.

The appointment of M/s. Bathiya & Associates, LLP, Chartered Accountants, (FRN: 101046W/W100063) as the Statutory Auditors for fresh term of 5 years was also recommended by the Audit Committee and approved by the Board of Directors respectively in their meeting held on 17<sup>th</sup> July, 2018, subject to the approval by the Members to hold office for a term of 5 (five) consecutive years until the conclusion of 48<sup>th</sup> AGM to be held in the F.Y. 2023.

M/s. Bathiya & Associates, LLP, Chartered Accountants, (FRN: 101046W/W100063) 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 Section 139(1), Section 141(2) and Section 141(3), and any other applicable provisions, if any, of the Act and the provisions of the Companies (Audit and Auditors) Rules, 2014.

The Audit Report submitted by M/s. B. D. Jokhakar & Associates for F.Y. 2017-18 does not contain any qualification, reservation or adverse remark or disclaimer.

### Cost Auditors

As per the requirement of Central Government and pursuant to Section 148 of the Act read with the Companies (Cost Records and Audit) Rules, 2014 as amended from time to time, your Company has been carrying out audit of cost records every year.

The Board of Directors, on the recommendation of Audit Committee, has appointed Mr. R. S. Raghavan, Practicing Cost Accountant, Pune (Firm Regn. No.: 100098) as the Cost Auditor to audit the cost records of the Company for Financial Year 2018-19. The Company is seeking the ratification / approval of the Shareholders for the remuneration paid / to be paid to Mr. R. S. Raghavan, Practicing Cost Accountant for the F.Y. ended 31<sup>st</sup> March, 2018 and F.Y ending 31<sup>st</sup> March, 2019 respectively. The relevant Cost Audit Report for the F.Y. 2016-17 was filed with Ministry of Corporate Affairs on 16<sup>th</sup> September, 2017.

### Secretarial Auditor & Secretarial Audit Report

Pursuant to the provisions of Section 204 of the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board of Directors of the Company had appointed M/s. Virendra G. Bhatt, Practicing Company Secretary (C.P. No.: 124) to undertake the Secretarial Audit of the Company for the year ended 31<sup>st</sup> March, 2018. The Secretarial Audit Report for the Financial Year ended 31<sup>st</sup> March, 2018 has been annexed as Annexure 1 and forms an integral part of this Report. There are no observations / remarks in the Secretarial Audit Report.

## 17. Subsidiaries, Joint Venture and Associate Companies

The Company has been carrying on its domestic and international operations through its subsidiaries / associates as detailed below :

- i. Chembond Water Technologies Limited (formerly known as Chembond Solenis Water Technologies Limited)\*,
- ii. Protochem Industries Private Limited,
- iii. Chembond Industrial Coatings Limited,

- iv. Chembond Clean Water Technologies Limited,
- v. Chembond Polymers and Materials Limited (formerly known as Chembond Enzyme Company Limited),
- vi. Chembond Calvatis Industrial Hygiene Systems Limited,
- vii. Chembond Chemicals (Malaysia) Sdn. Bhd. (formerly known as IChembond Water Sdn. Bhd.),
- viii. Phiroze Sethna Private Limited\*\*,
- ix. Gramos Chemicals India Private Limited (Step Down Subsidiary)\*\* and
- x. Chembond Distribution Limited (Associate).

\* In the month of April 2017, Your Company acquired additional 45% stake from erstwhile JV partner Solenis, thus making it your Company's Wholly Owned Subsidiary (WOS).

\*\* In the month of November 2017, your Company entered into a Share Purchase Agreement to acquire 100% stake in Phiroze Sethna Private Limited and its WOS Gramos Chemicals India Private Limited thus making it a WOS / step down subsidiary of your Company.

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

## 18. Remuneration to Directors and Key Managerial Personnel

The information required under Section 197(12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended, is given in Annexure 3 to this Report.

## 19. Particulars of employees

In terms of Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended, names and other particulars of the top ten employees in terms of remuneration drawn and the name of every employee who is in receipt of such remuneration stipulated in said Rules are required to be set out in a statement to this report. None of the employees of the Company are being paid remuneration exceeding the prescribed limit. The Particulars of Remuneration of top ten employees will be provided upon.

## 20. Remuneration to Managing Director from Wholly Owned Subsidiary

During the financial year 2017-18, Mr. Nirmal V. Shah, Vice - Chairman & Managing Director, received remuneration of ₹ 44.47 Lakhs from Chembond Water Technologies Limited (formerly known as Chembond Solenis Water Technologies Limited) (CWTL), WOS of the Company. CWTL, previously a subsidiary, became a WOS of the Company in the month of April 2017 pursuant to acquisition of additional 45% shares by your Company.

## 21. Policies and Disclosure Requirements

In terms of the provisions of the Act and the SEBI Listing Regulations, the Company has adopted all the applicable policies. The policies are available on the Company's weblink – <http://www.chembondindia.com/policy.html>

All Directors and Senior Management Personnel have affirmed their adherence to the provisions of the Code of Conduct during the financial year 2017-18.

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.

## 22. Risk Management

The Board of Directors has formed a Risk Management Committee. 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 2017-18, the Board has not noticed any elements of risk which may threaten the existence of the Company. The Committee monitors the risk management plan and ensures its effectiveness. It is important for shareowners and investors to be aware of the risks that are inherent in the Company's businesses. The details of Committee are set out in the Corporate Governance Report forming part of this Report.

## 23. Internal Financial Control System

The Board is responsible for establishing and maintaining adequate internal financial control as per Section 134 of the Act. Your Company has in place an adequate system of internal controls to ensure compliance with various policies, practices and statutes in keeping with the organization's pace of growth and increasing complexity of operations. It has procedures

covering all financial and operating functions and processes. These have been designed to provide a reasonable assurance with regards to maintaining of proper accounting controls for ensuring reliability of financial reporting, monitoring of operations, protecting assets from unauthorized use or losses and compliance with regulations. Key controls have been tested during the year and corrective and preventive actions are taken for any weakness.

#### 24. Corporate Governance & Vigil Mechanism

A separate Corporate Governance Report on compliance with Corporate Governance requirements as required under Regulation 34(3) read with Schedule V to the Listing Regulations forms part of this Report. The same has been reviewed and certified by Virendra Bhatt, Practicing Company Secretary, the Secretarial Auditor of the Company and Compliance Certificate in respect thereof is given in Annexure 4 to this Report.

The Company has formulated a Whistle Blower Policy, details of which are furnished in the Corporate Governance Report, thereby establishing a vigil mechanism for Directors and permanent employees for reporting genuine concerns, if any.

#### 25. 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, the Company has voluntarily framed CSR Policy and constituted CSR Committee, as good corporate governance practice.

The composition of the Committee is as follows:

Mahendra K. Ghelani	Chairman
Sushil U. Lakhani	Member
Sameer V. Shah	Member
Ashwin R. Nagarwadia	Member

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

#### 26. Particulars of 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 Act. For material transactions with related parties, the Company has obtained Members' on 24<sup>th</sup> June 2017 Suitable disclosures as required by the Indian Accounting Standards (Ind AS-24) have been made in the notes to the Financial Statements. The Board has 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 5 to this Report.

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

The related information is provided in Annexure 6, which is attached to this Report.

#### 28. Particulars of Loans, Guarantees and Investments

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

#### 29. Promoter Group

The Promoter group holding in the Company as on 31<sup>st</sup> March, 2018 was 64.20% of the Company's paid-up Equity Capital. The Members may note that the shareholding and other details of Promoter Group has been provided in Annexure 7 to this Report.

#### 30. Extract of the Annual Return as on 31<sup>st</sup> March, 2018

An extract of the annual return in Form MGT-9 is provided in Annexure 7 to this Report.

#### 31. Management Discussion and Analysis Report

Management's Discussion and Analysis Report for the year under review, as stipulated under the Listing Regulations, is presented in a separate section, forming part of this Report.

**32. Credit Rating**

The Company's financial discipline and prudence is reflected in the strong credit ratings ascribed by rating agencies as given below:

Total Bank Loan Facilities Rated	₹ 19 Crore
Long- Term Rating	CRISIL A- /Stable (Reaffirmed)
Short- Term Rating	CRISIL A1 (Reaffirmed)

**33. 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.

**34. Material changes and commitment**

No material changes and commitments affecting the financial position of the Company have occurred between the end of the financial year to which financial statements in this report relates and the date of this report.

**35. Significant and Material Orders**

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.

**36. Material changes and commitments**

Except as disclosed elsewhere in the Report, there have been no material changes and commitment affecting, the financial position of your Company, which have occurred between the end of the financial year of the Company and the date of this Report.

**37. Compliance with Secretarial Standards**

The Company has complied with the applicable Secretarial Standards.

**38. Acknowledgements**

Your Board wish to place on record their appreciation and acknowledge with gratitude the support and co-operation extended by the Government authorities, Bankers, customers, vendors, employees and Members during the year under review and look forward to their continued support.

On behalf of the Board

**Sameer V. Shah**

Chairman and Managing Director

**Nirmal V. Shah**

Vice - Chairman and Managing Director

Mumbai

17<sup>th</sup> July, 2018



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

FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH, 2018

[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") for the year ended on 31<sup>st</sup> March, 2018 (the 'audit period'). 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 Company 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 31<sup>st</sup> March, 2018 has prima facie complied with the statutory provisions listed hereunder.

I have examined the Statutory Registers, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31<sup>st</sup> March, 2018 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 (Listing Obligations & Disclosure Requirements) Regulations, 2015
    - 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, 2018:-
      - (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;
      - (e) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
      - (f) 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;
- (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 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:-

- a) I rely on statutory auditor's reports in relation to the financial statements and accuracy of financial figures for, Sales Tax, Value Added Tax, Related Party Transactions, Provident Fund, ESIC, etc. as disclosed under financial statements, Ind AS 24 & note on foreign currency transactions during our audit period. I rely on observation & qualification if any made by statutory auditor's of the Company in his report.
- b) 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.
- c) 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.
- d) As per the information provided majority decision is carried through while the dissenting members' views are captured & recorded as part of the minutes.
- e) 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.
- f) 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.
- g) During the audit period the Company has no specific events like Public/Right/Preferential issue of shares/debentures/sweat equity, etc.

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.

**Place: Mumbai**  
**Date: 16<sup>th</sup> July, 2018**

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

## Annexure 2 to 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, 2018

#### Part "A": Subsidiaries

(₹ in Lakhs)

Sr. No.	Name of subsidiary	Date since when the subsidiary was incorporated or acquired	Reporting Period	Reporting Currency	Share Capital	Reserves & Surplus	Total Assets	Total Liabilities	Investments	Turnover	Profit Before Taxation	Provision for Taxation	Profit after Taxation	Proposed Dividend	% of Shareholding
1	Chembond Clean Water Technologies Limited	17.04.10	01.04.17 to 31.03.18	INR	827.81	(561.46)	408.05	408.05	-	941.77	262.18	(0.46)	262.64	-	70.17
2	Chembond Water Technologies Limited*	12.12.84	01.04.17 to 31.03.18	INR	50.00	4,200.28	6,596.03	6,596.03	160.66	12,271.25	1,093.59	366.87	726.72	-	100
3	Chembond Industrial Coatings Limited	01.07.11	01.04.17 to 31.03.18	INR	95.00	44.98	99.30	99.30	-	73.08	65.28	16.40	48.88	-	100
4	Protochem Industries Private Limited	24.03.00	01.04.17 to 31.03.18	INR	100.00	625.82	1,171.85	1,171.85	-	1,668.31	86.82	9.58	77.24	-	100
5	Chembond Calvatis Industrial Hygiene Systems Limited	12.12.08	01.04.17 to 31.03.18	INR	49.99	7.17	139.55	139.55	22.68	139.16	10.39	(0.34)	10.73	-	55
6	Chembond Polymers and Materials Limited	14.12.06	01.04.17 to 31.03.18	INR	10.00	161.46	182.61	182.61	163.08	17.12	6.10	1.24	4.86	-	100
7	Chembond Chemicals (Malaysia) SDN. BHD.	24.02.16	01.04.17 to 31.03.18	RM (Malaysia Ringgit) 1 RM = INR 16.85 as on 31.03.18	33.70	3.63	75.25	75.25	-	129.70	(1.10)	(0.46)	(1.56)	-	100
8	Phiroze Sethna Private Limited**	17.11.17	17.11.17 to 31.03.18	INR	4.00	1,195.51	1,493.91	1,493.91	637.28	996.39	115.75	(0.80)	116.55	-	100
9	Gramos Chemicals India Private Limited**#	17.11.17	17.11.17 to 31.03.18	INR	48.00	543.87	653.97	653.97	98.51	244.73	50.25	(7.13)	57.38	-	100

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

\*\* Phiroze Sethna Private Limited and Gramos Chemicals India Pvt. Ltd. was acquired on 17<sup>th</sup> Nov, 2017, P&L items are shown from the date of Acquisition and in Consolidation as per Ind AS 110 the Consolidation is done from the date of Acquisition.

# Indirect Subsidiary

1. Name of Subsidiaries which are yet to commence operations: None.
2. Names of Subsidiaries which have been liquidated and sold during the year: None.

**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	Date since when the Associate was incorporated or acquired	14.12.06
3	Latest Audited Balance Sheet Date	31.03.2018
4	Shares of Associate/Joint Ventures held by the company on the year end	
	No. of shares	2,35,000*
	Amount of Investment in Associates/Joint Venture	₹ 2.35
	Extent of holding (%)	47.00%
5	Description of how there is significant influence	Under the same Management
6	Reason why the associate/joint venture is not consolidated	N.A.
7	Net worth attributable to shareholding as per latest audited Balance Sheet	55.49
8	Profit / Loss for the year	144.09
	Considered in Consolidation#	Yes
	Not Considered in Consolidation	N.A.

\*Re. 1 fully paid up share

# Based on control assessment carried out by the Group under IND AS 110, the associate entity met the criteria of control, therefore, these have been assessed as subsidiary and is consolidated on a line by line basis and accordingly, elimination of intra group income, expenses, receivables and payables were recorded in consolidated financial statement.

**Annexure 3 to Directors' Report**

Information required under Section 197(12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

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

Name	Designation	Ratio to median remuneration
Sameer V. Shah	Chairman and Managing Director	19.44:1
Nirmal V. Shah	Vice-Chairman and Managing Director	9.44:1

b) Percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary.

Name	Designation	% increase
Sameer V. Shah	Chairman and Managing Director	0
Nirmal V. Shah	Vice-Chairman and Managing Director	0
Rashmi S. Gavli	Chief Financial Officer	10.7
Jay Mistry*	Company Secretary	NA
Suchita Singh*	Company Secretary	NA

\* Mr. Jay Mistry ceased to be the Company Secretary w.e.f. 2<sup>nd</sup> January, 2018 and Mrs. Suchita Singh was appointed as the Company Secretary w.e.f. 15<sup>th</sup> March, 2018 and hence their remuneration are not comparable.

c) The percentage increase in the median remuneration of employees: 10%

d) The number of permanent employees: 317

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 8.4% versus 6.4% 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.

**ANNEXURE 4 to Directors' Report**  
**AUDITORS CERTIFICATE ON CORPORATE GOVERNANCE**

To,

**The Members of Chembond Chemicals Limited**

I have examined the compliance of conditions of Corporate Governance by Chembond Chemicals Limited ('the Company'), for the year ended on 31st March, 2018, 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. My 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 my opinion and to the best of my information and according to the explanations given to me and representations made by the Management, I opinion that the Company has generally complied with the conditions of Corporate Governance as stipulated in the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

I 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.

**Virendra Bhatt**  
**Practicing Company Secretary**  
**ACS: 1157 CP: 124**

Place: Mumbai

Date: 16<sup>th</sup> July, 2018

**Annexure 5 to the Directors' Report****Form No. AOC-2****[Pursuant to clause (h) of sub-section (3) of Section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014]****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:-****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 Water Technologies Limited (formerly known as 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	As per agreement and for regular Business
f)	Date(s) of approval by the Board	Board's approval – 6 <sup>th</sup> May, 2017. Members' approved the transactions at the 42 <sup>nd</sup> Annual General Meeting
g)	Amount paid as advances, if any:	-



## Annexure 6 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):

The details of technology imported:

The year of import:

Whether the technology has been fully absorbed:

If not fully absorbed, areas where absorption has not taken place, and the reasons thereof:

} NA

##### (iv) The expenditure incurred on Research & Development

(₹ in Lakhs)

Particulars	2017-18	2016-17
Revenue Expenditure	130.34	103.01
Capital Expenditure	24.88	16.65
Pilot Plant	0.00	162.50
<b>Total</b>	<b>155.22</b>	<b>282.16</b>

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

(₹ in Lakhs)

Particulars	2017-18	2016-17
Total Foreign Exchange Earned in terms of actual inflows	455.02	227.98
Total Foreign Exchange Outgo in terms of actual outflows	6,774.88	2,869.96

**Annexure 7 to the Directors' Report  
Form MGT-9**

**The Extract of the Annual Return as on the financial year ended 31.03.2018**

**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 Contact Person: Suchita Singh Company Secretary and Compliance Officer Email: cs@chembondindia.com Tel No. (+9122) 6264 3000 Fax No. (+9122) 2768 1294
Whether listed company	Yes (Listed on BSE Limited)
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. Contact Person : Ms. Madhuri Narang Tel: 022 – 6656 8484 Fax: 022 – 6656 8494 E-mail : csg-unit@tsrdarashaw.com Web : www.tsrdarashaw.com

**II. Principal Business Activities of the Company**

**All the business activities contributing 10 % or more of the total turnover of the Company are given below:-**

Sr. No.	Name and Description of main products / services	NIC Code of the Product/ service*	% to total turnover of the Company
1	Chemicals	2029	84.19

\* As per National Industries Classification – Ministry of Statistics and Programme Implementation

**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 Water Technologies Limited (Formerly known as Chembond Solenis Water Technologies Limited) EL-71, Chembond Centre, MIDC, Mahape, Navi Mumbai 400710	U24110MH1984PLC143564	Subsidiary*	100	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 Polymers and Materials Limited (Formerly known as Chembond Enzyme Company Limited) EL-71, Chembond Centre, MIDC, Mahape, Navi Mumbai 400710	U24117MH2006PLC166224	Subsidiary	100	2(87)

Name and address of the Company	CIN/GLN	Holding/ subsidiary/ associate	% of shares held	Applicable section
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	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 <sup>#</sup>	100	2(87)
Phiroze Sethna Private Limited Royal Insurance Building, 1 <sup>st</sup> Floor, 14, Jamshedji Tata Road, Mumbai 400020	U25209MH1975PTC018396	Subsidiary <sup>**</sup>	100	2(87)
Gramos Chemicals India Private Limited W-268, TTC Industrial Area, Rabale, Navi Mumbai 400701	U99999MH1985PTC035486	Step-down Subsidiary <sup>**</sup>	100	2(87)

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

\*\* In November 2017, your Company has acquired 100% equity shares of Phiroze Sethna Private Limited.

#### 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	7,798,880	0	7,798,880	57.99	7,088,661	0	7,088,661	52.71	(5.28)
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	1,544,601	0	1,544,601	11.49	1,544,601	0	1,544,601	11.49	0.00
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>9,343,481</b>	<b>0</b>	<b>9,343,481</b>	<b>69.48</b>	<b>8,633,262</b>	<b>0</b>	<b>8,633,262</b>	<b>64.20</b>	<b>(5.28)</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>9,343,481</b>	<b>0</b>	<b>9,343,481</b>	<b>69.48</b>	<b>8,633,262</b>	<b>0</b>	<b>8,633,262</b>	<b>64.20</b>	<b>(5.28)</b>

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>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	47,600	47,600	0.35	0	47,600	47,600	0.35	0.00
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
<b>Sub-total (B)(1):-</b>	<b>0</b>	<b>47,600</b>	<b>47,600</b>	<b>0.35</b>	<b>0</b>	<b>47,600</b>	<b>47,600</b>	<b>0.35</b>	<b>0.00</b>
<b>2. Non-Institutions</b>									
a) Bodies Corp.									
i) Indian	1,104,657	400	1,105,057	8.22	1,240,358	400	1,240,758	9.23	1.01
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	1,545,265	219,984	1,765,249	13.13	2,094,000	195,484	2,289,484	17.02	3.90
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	1,129,981	49,520	1,179,501	8.77	1,148,009	49,520	1,197,529	8.90	0.13
c) Others (specify)	0	0	0	0	0	0	0	0	0
IEPF Account	0	0	0	0	17,884	0	17,884	0.13	0.13
FPI -CORPS	0	0	0	0	21,343	0	21,343	0.16	0.16
BC-NBFC	0	0	0	0	428	0	428	0	0
Directors	7400	0	7,400	0.06	0	0	0	0	(0.06)
<b>Sub-total (B)(2):-</b>	<b>3,787,303</b>	<b>269,904</b>	<b>4,057,207</b>	<b>30.17</b>	<b>4,522,022</b>	<b>245,404</b>	<b>4,767,426</b>	<b>35.45</b>	<b>5.28</b>
<b>Total Public Shareholding (B) = (B)(1)+(B)(2)</b>	<b>3,787,303</b>	<b>317,504</b>	<b>4,104,807</b>	<b>30.52</b>	<b>4,522,022</b>	<b>293,004</b>	<b>4,815,026</b>	<b>35.80</b>	<b>5.28</b>
<b>TOTAL (A)+(B)</b>	<b>13,130,784</b>	<b>317,504</b>	<b>13,448,288</b>	<b>100.00</b>	<b>13,155,284</b>	<b>293,004</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>13,130,784</b>	<b>317,504</b>	<b>13,448,288</b>	<b>100.00</b>	<b>13,155,284</b>	<b>293,004</b>	<b>13,448,288</b>	<b>100.00</b>	<b>0.00</b>

## (ii) Shareholding of Promoters

Sr. No	Shareholder's Name	Shareholding at the beginning of the year 01 <sup>st</sup> April, 2017			Share holding at the end of the year 31 <sup>st</sup> March, 2018			% 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	104,550	0.78	0.00	103,550	0.77	0.00	(0.01)
2	Amrita Sameer Shah	43,368	0.32	0.00	43,368	0.32	0.00	0.00
3	Ashwin R. Nagarwadia	1,081,264	8.04	0.00	1,081,264	8.04	0.00	0.00
4	Guloo P. Dastur	401,800	2.99	0.00	0.00	0.00	0.00	(2.99)
5	Jyoti N. Mehta	69,480	0.52	0.00	69,480	0.52	0.00	0.00
6	Kshitija N. Shah	21,650	0.16	0.00	21,650	0.16	0.00	0.00
7	Mallika S. Shah	33,600	0.25	0.00	33,600	0.25	0.00	0.00
8	Mamta N. Shah	95,300	0.71	0.00	95,300	0.71	0.00	0.00
9	Nikhil Jaysukhlal Mehta	34,400	0.26	0.00	40,400	0.30	0.00	0.04
10	Nikhil Jaysukhlal Mehta (HUF)	8,400	0.06	0.00	8,400	0.06	0.00	0.00
11	Nirmal V. Shah	630,468	4.69	0.00	630,569	4.69	0.00	0.00
12	Nirmal V. Shah (HUF)	4,341	0.03	0.00	4,341	0.03	0.00	0.00
13	Padma V. Shah	1,495,114	11.12	0.00	1,495,114	11.12	0.00	0.00
14	Shah Parul	55,600	0.41	0.00	55,600	0.41	0.00	0.00
15	Perviz H. Dastur	314,120	2.34	0.00	0.00	0.00	0.00	(2.34)
16	Raunaq S. Shah	6,800	0.05	0.00	6,800	0.05	0.00	0.00
17	Sameer V. Shah	516,915	3.84	0.00	516,915	3.84	0.00	0.00
18	Sameer V Shah (HUF)	103,356	0.77	0.00	103,456	0.77	0.00	0.00
19	Sandip Shah	62,960	0.47	0.00	62,960	0.47	0.00	0.00
20	Sandeep H Shah (HUF)	21,224	0.16	0.00	21,224	0.16	0.00	0.00
21	Shah Bhadresh	188,934	1.40	0.00	188,934	1.40	0.00	0.00
22	Shah Kalpana Sunil	43,200	0.32	0.00	43,200	0.32	0.00	0.00
23	Shah Sunil Dahyalal	51,000	0.38	0.00	51,000	0.38	0.00	0.00
24	Shilpa Sameer Shah	74,674	0.56	0.00	75,174	0.56	0.00	0.00
25	Trupti A. Nagarwadia	297,000	2.21	0.00	297,000	2.21	0.00	0.00
26	Vinod D. Shah	1,938,562	14.41	0.00	1,938,562	14.41	0.00	0.00
27	Vinod D. Shah (HUF)	100,800	0.75	0.00	100,800	0.75	0.00	0.00
28	Visan Holdings And Financial Services Pvt Ltd	1,237,916	9.21	0.00	1,237,916	9.21	0.00	0.00
29	Finor Piplaj Chemicals Ltd	133,200	0.99	0.00	133,200	0.99	0.00	0.00
30	S and N Ventures Ltd	173,485	1.29	0.00	173,485	1.29	0.00	0.00
	<b>TOTAL</b>	<b>9,343,481</b>	<b>69.48</b>	<b>0.00</b>	<b>8,633,262</b>	<b>64.20</b>	<b>0.00</b>	<b>(5.28)</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 (01-04-2017)	% of total Shares of the company	Date	Sale	Purchase	No. of Shares	% of total Shares of the company
1	Alpana Sandeepbhai Shah	104,550	0.78	01-04-2017 19-01-2018 31-03-2018	1,000		104,550 103,550 103,550	0.78 0.01 0.77
2	Amrita Sameer Shah	43,368	0.32	01-04-2017 31-03-2018			43,368 43,368	0.32 0.32

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 (01-04-2017)	% of total Shares of the company	Date	Sale	Purchase	No. of Shares	% of total Shares of the company
3	Ashwin Ratilal Nagarwadia	1,081,264	8.04	01-04-2017 31-03-2018			1,081,264 1,081,264	8.04 8.04
4	Guloo P. Dastur	401,800	2.99	01-04-2017 12-05-2017 12-01-2018 31-03-2018	350,000 51,800		401,800 51,800 0.00 0.00	2.99 0.39 0.00 0.00
5	Jyoti N. Mehta	69,480	0.52	01-04-2017 31-03-2018			69,480 69,480	0.52 0.52
6	Kshitija N. Shah	21,650	0.16	01-04-2017 31-03-2018			21,650 21,650	0.16 0.16
7	Mallika S. Shah	33,600	0.25	01-04-2017 31-03-2018			33,600 33,600	0.25 0.25
8	Mamta N. Shah	95,300	0.71	01-04-2017 31-03-2018			95,300 95,300	0.71 0.71
9	Nikhil Jaysukhlal Mehta	34,400	0.26	01-04-2017 08-12-2017 31-03-2018		6,000	34,400 40,400 40,400	0.26 0.30 0.30
10	Nikhil Jaysukhlal Mehta (HUF)	8,400	0.06	01-04-2017 31-03-2018			8,400 8,400	0.06 0.06
11	Nirmal V. Shah	630,468	4.69	01-04-2017 27-10-2017 31-03-2018		101	630,468 630,569 630,569	4.69 4.69 4.69
12	Nirmal V. Shah (HUF)	4,341	0.03	01-04-2017 31-03-2018			4,341 4,341	0.03 0.03
13	Padma V. Shah	1,495,114	11.12	01-04-2017 31-03-2018			1,495,114 1,495,114	11.12 11.12
14	Shah Parul	55,600	0.41	01-04-2017 31-03-2018			55,600 55,600	0.41 0.41
15	Perviz H. Dastur	314,120	2.34	01-04-2017 12-01-2018 16-02-2018 23-02-2018 02-03-2018 16-03-2018 31-03-2018	96,800 100 151,148 20,072 46,000		314,120 217,320 217,220 66,072 46,000 0 0	2.34 1.62 1.62 0.49 0.34 0.00 0.00
16	Raunaq S. Shah	6,800	0.05	01-04-2017 31-03-2018			6,800 6,800	0.05 0.05
17	Sameer V. Shah	516,915	3.84	01-04-2017 31-03-2018			516,915 516,915	3.84 3.84
18	Sameer V. Shah (HUF)	103,356	0.77	01-04-2017 27-10-2017 31-03-2018		100	103,356 103,456 103,456	0.77 0.77 0.77
19	Sandip Shah	62,960	0.47	01-04-2017 31-03-2018			62,960 62,960	0.47 0.47
20	Sandeep Shah (HUF)	21,224	0.16	01-04-2017 31-03-2018			21,224 21,224	0.16 0.16
21	Shah Bhadresh	188,934	1.40	01-04-2017 31-03-2018			188,934 188,934	1.40 1.40
22	Shah Kalpana Sunil	43,200	0.32	01-04-2017 31-03-2018			43,200 43,200	0.32 0.32

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 (01-04-2017)	% of total Shares of the company	Date	Sale	Purchase	No. of Shares	% of total Shares of the company
23	Shah Sunil Dahyalal	51,000	0.38	01-04-2017 31-03-2018			51,000 51,000	0.38 0.38
24	Shilpa Sameer Shah	74,674	0.56	01-04-2017 27-10-2017 31-03-2018		500	74,674 75,174 75,174	0.56 0.56 0.56
25	Trupti A. Nagarwadia	297,000	2.21	01-04-2017 31-03-2018			297,000 297,000	2.21 2.21
26	Vinod D. Shah	1,938,562	14.41	01-04-2017 31-03-2018			1,938,562 1,938,562	14.41 14.41
27	Vinod D. Shah (HUF)	100,800	0.75	01-04-2017 31-03-2018			100,800 100,800	0.75 0.75
28	Visan Holdings and Financial Services Private Limited	1,237,916	9.21	01-04-2017 31-03-2018			1,237,916 1,237,916	9.21 9.21
29	Finor Piplaj Chemicals Limited	133,200	0.99	01-04-2017 31-03-2018			133,200 133,200	0.99 0.99
30	S & N Ventures Limited	173,485	1.29	01-04-2017 31-03-2018			173,485 173,485	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 of shares at the beginning of the year (01-04-2017)	% of total Shares of the company	Date	Sale	Purchase	No. of Shares	% of total Shares of the company
1	Ajay Chinubhai Laloo	222,868	1.66	01-04-2017 19-01-2018 16-02-2018 23-02-2018 02-03-2018 31-03-2018			222,868 222,168 221,464 220,664 219,764 219,764	1.66 1.65 1.65 1.64 1.63 1.63
2	Quest Investment Advisors Private Limited	718,614	5.34	01-04-2017 23-06-2017 29-12-2017 12-01-2018 19-01-2018 09-02-2018 16-02-2018 02-03-2018 31-03-2018			718,614 651,614 601,614 575,000 500,000 400,000 300,000 200,000 200,000	5.34 4.85 4.47 4.28 3.72 2.97 2.23 1.49 1.49
3	Banda Real Estate Private Limited	0	0	01-04-2017 19-05-2017 23-06-2017 01-09-2017 08-09-2017 12-01-2018 31-03-2018			0 81,000 89,380 104,000 113,500 196,500 196,500	0.00 0.60 0.66 0.77 0.84 1.46 1.46



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 (01-04-2017)	% of total Shares of the company	Date	Sale	Purchase	No. of Shares	% of total Shares of the company
4	Chartered Finance and Leasing Limited	159,058	1.18	01-04-2017			159,058	1.18
				23-06-2017		10,000	169,058	0.07
				31-03-2018			169,058	1.26
5	Girish Gulati (HUF)	0	0.00	01-04-2017			0	0.00
				05-01-2018		1,255	1,255	0.01
				12-01-2018		6,875	8,130	0.06
				19-01-2018		43,564	51,694	0.38
				16-02-2018		49,699	101,393	0.75
				23-02-2018		4,895	106,288	0.79
				31-03-2018			106,288	0.79
6	Mr. Shrigopal Maheshwari	40,000	0.30	01-04-2017			40,000	0.30
				05-05-2017		20,000	60,000	0.45
				10-11-2017		5,000	65,000	0.48
				15-12-2017		8,536	73,536	0.55
				22-12-2017		1,464	75,000	0.56
				31-03-2018			75,000	0.56
7	Meena Bharat Sheth	0	0.00	01.04.2017			0	0.00
				07-04-2017		6,600	6,600	0.05
				05-05-2017		26,000	32,600	0.24
				26-05-2017		5,900	38,500	0.29
				21-07-2017		5,100	43,600	0.32
				28-07-2017		14,900	58,500	0.43
				29-09-2017		5,000	63,500	0.47
				13-10-2017	992		62,508	0.46
				24-11-2017	1624		60,884	0.45
				26-01-2018		3,717	64,601	0.48
				02-02-2018		844	65,445	0.49
				02-03-2018		8,000	73,445	0.55
				31-03-2018			73,445	0.55
8	Vmsalgaocar Corporation Private Limited	0	0.00	01-04-2017			0	0.00
				15-12-2017		20,000	20,000	0.15
				12-01-2018		51,800	71,800	0.53
				31-03-2018			71,800	0.53
9	Ara Trusteeship Company Private Limited	0	0.00	01-04-2017			0	0.00
				19-05-2017		42,000	42,000	0.31
				18-08-2017		3,742	45,742	0.34
				22-09-2017		18,000	63,742	0.47
31-03-2018			63,742	0.47				
10	Anant Jain	0	0.00	01-04-2017			0	0.00
				19-01-2018		37,945	37,945	0.28
				26-01-2018		1,000	38,945	0.29
				23-02-2018		9,318	48,263	0.36
				09-03-2018		332	48,595	0.36
				16-03-2018		5,768	54,363	0.40
				23-03-2018		907	55,270	0.41
				30-03-2018		5,800	61,070	0.45
				31-03-2018			61,070	0.45

**(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 (01-04-2017)	% of total Shares of the company	Date	Sale	Purchase	No. of Shares	% of total Shares of the company
1	Nirmal V. Shah	630,468	4.69	01-04-2017			630,468	4.69
				27-10-2017		101	630,569	4.68
				31-03-2018			630,569	4.69
2	Sameer V. Shah	516,915	3.84	01-04-2017			516,915	3.84
				31-03-2018			516,915	3.84
3	Ashwin Ratilal Nagarwadia	1,081,264	8.04	01-04-2017			1,081,264	8.04
				31-03-2018			1,081,264	8.04
4	Perviz H. Dastur	314,120	2.34	01-04-2017			314,120	2.34
				12-01-2018	96,800		217,320	1.62
				16-02-2018	100		217,220	1.62
				23-02-2018	151,148		66,072	0.49
				02-03-2018	20,072		46,000	0.34
				16-03-2018	46,000		0	0.00
				31-03-2018			0	0.00
5	Rashmi Sameer Gavli	3530	0.03	01-04-2017			3,530	0.03
				31-03-2018			3,530	0.03
6	Jay Mistry*	-	-	01-04-2017			-	-
		-	-	02-01-2018			-	-
7	Suchita Singh**	-	-	15-03-2018			-	-
		-	-	31-03-2018			-	-

\* Mr. Jay Mistry resigned as the Company Secretary of the Company w.e.f. 2<sup>nd</sup> January, 2018

\*\* Mrs. Suchita Singh was appointed as the Company Secretary of the Company w.e.f. 15<sup>th</sup> March, 2018

**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	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>512.39</b>	<b>0</b>	<b>734.00</b>
<b>Change in Indebtedness during the financial year</b>				
Addition	420.94	2,332.18	0	2,753.12
Reduction	365.29	2,654.71	0	3,020.01
<b>Net Change</b>	<b>55.64</b>	<b>(322.53)</b>	<b>0</b>	<b>(266.89)</b>

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	277.25	189.81	0	467.12
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	0	1.00	0	1.00
<b>Total (i+ii+iii)</b>	<b>277.25</b>	<b>290.81</b>	<b>0</b>	<b>468.12</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	77.82	36.00	113.82
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961			
	(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)	77.82	36.00	113.82
	Ceiling as per the Act	84.00*	84.00*	168.00

\* Ceiling in terms of the provisions of the extant statute at the time of appointment.

### B. 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*	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	0.2	1.00	1.00	-	-	7.2
	-Commission	-	-	-	-	-	-	-	-
	-Others, please specify	N.A.	N.A.	N.A.	N.A.	N.A.	-	-	N.A.
	Total (B) (1)	3.00	2.00	0.2	1.00	1.00	-	-	7.2
2	<i>Other Non Executive Directors</i>								
	-Fee for attending Board / Committee meetings	-	-	-	-	-	6.8	15.00	21.8
	-Commission	-	-	-	-	-	-	-	-
	-Others, please specify	-	-	-	-	-	-	-	-
	Total (B)(2)	-	-	-	-	-	6.8	15.00	21.8
	<b>Total (B)(1)+(B)(2)</b>	<b>3.00</b>	<b>2.00</b>	<b>0.2</b>	<b>1.00</b>	<b>1.00</b>	<b>6.8</b>	<b>15.00</b>	<b>29.00</b>
	<b>Total Managerial Remuneration</b>	<b>29</b>							
	<b>Overall Ceiling as per the Act</b>	<b>As stipulated in the Companies Act, 2013</b>							

\*Mr. Jawahar Mehta (DIN:00128995) resigned as a Director (Independent) of the Company w.e.f. 14<sup>th</sup> December, 2017.

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

(₹ In lakhs)

Sr. No.	Particulars of Remuneration	Key Managerial Personnel			Total Amount
		Chief Financial Officer	Company Secretary		
			Jay Mistry (From 01/04/2017 to 02/01/2018)	Suchita Singh (From 15/03/2018 to 31/03/2018)	
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	41.28	5.57	0.46	47.31
	(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	-	-	-	-
	<b>Total ( C )</b>	41.28	5.57	0.46	47.31

**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  
17<sup>th</sup> July, 2018

## Report on Corporate Governance

The detailed report on Corporate Governance for the financial year ended 31<sup>st</sup> March, 2018 as per Regulation 34(3) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the Listing Regulations), in the prescribed format is given below.

### 1. Company's Philosophy on Corporate Governance

The Company's 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 the 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.

The Company's Governance Structure comprises of the Board of Directors and Committees of the Board, which function on the principles of prompt decision making, statutory compliance, accurate and timely disclosures, transparency and monitoring in order to create a value addition for its stakeholders.

### 2. 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 Board of Directors of the Company comprises of a fair combination of Executive, Non-executive and Independent Directors with diverse professional background complying with the provisions of the Companies Act, 2013 and the Listing Regulations.

#### A. The composition of the Board as on 31<sup>st</sup> March,2018 and details of Board and Annual General Meetings held, the attendance of the Directors,Committee Chairmanship / Directorship etc...is as follows:

Name of the Directors	PD / NPD*	ED / NED / ID / NID*	No. of Board Meetings		Attendance at last AGM	Other Companies as on 31 <sup>st</sup> March 2018			
			Held	Attended		Board Directorship (including Chairmanship) **	Board Chairmanship **	Committee Memberships (including Chairmanship)***	Committee Chairmanships ***
Sameer V. Shah (DIN:00105721)	PD	ED / NID	9	8	Yes	7	0	1	-
Nirmal V. Shah (DIN:00083853)	PD	ED / NID	9	9	Yes	8	1	1	-
Ashwin R. Nagarwadia (DIN:00466681)	PD	NED / NID	9	7	Yes	4	-	2	-
Perviz H. Dastur (DIN:00961016)	PD	NED / NID	9	5	Yes	1	-	1	-
Mahendra K. Ghelani (DIN:01108297)	NPD	NED / ID	9	7	Yes	1	-	1	-
Sushil U. Lakhani (DIN:01578957)	NPD	NED / ID	9	6	Yes	1	-	1	-
Saraswati Sankar (DIN:07133249)	NPD	NED / ID	9	5	No	-	-	-	-
Prakash D. Trivedi (DIN:00231288)	NPD	NED / ID	9	5	Yes	-	-	-	-
Jawahar I. Mehta# (DIN:00128995)	NPD	NED / ID	9	1	Yes	NA	NA	NA	NA

\* PD – Promoter Director, NPD – Non-Promoter Director, ED – Executive Director, NED – Non-Executive Director, ID – Independent Director, NID – Non-Independent Director

\*\*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 Indian Public Limited Companies.

#Mr. Jawahar Mehta (DIN:00128995) resigned as a Director (Independent) of the Company w.e.f. 14<sup>th</sup> December, 2017.

Note :

- i. Pursuant to the provisions of Section 152 of the Companies Act, 2013, Mr. Nirmal V. Shah retires by rotation and being eligible, offers himself for re-appointment.
- ii. 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.

#### B. Details of Board Meetings held during the year

Dates of Board Meeting	27-Apr-17	6-May-17	24-May-17	19-Aug-17	17-Nov-17	2-Dec-17	23-Jan-18	10-Feb-18	15-Mar-18
Board Strength	9	9	9	9	9	9	8	8	8
No. of Directors Present	4	7	4	6	5	8	5	7	7

#### C. 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 28<sup>th</sup> March, 2018 for transacting stipulated business.

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

#### D. Familiarization Programme:

During the F.Y. 2017-18, Company had organized two in-house familiarization programs for the Independent Directors on regular basis. The details of such Familiarization Programme for Independent Directors are disclosed on the website of the Company [www.chembondindia.com](http://www.chembondindia.com)

#### E. 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. Nirmal V. Shah (DIN: 00083853) retires by rotation at the ensuing Annual General meeting and being eligible, offers himself for re-appointment.

A brief resume of Director 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 has been provided at the end of this Report.

#### F. 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, 2018. The Annual Report contains a declaration to this effect signed by the Managing Director.

### 3. Audit Committee

#### A. Powers of Audit Committee:

The Audit Committee shall have powers, which should include the following:

- (i) To investigate any activity within its terms of reference;
- (ii) To seek information from any employee;
- (iii) To obtain outside legal or other professional advice; and
- (iv) To secure attendance of outsiders with relevant expertise, if it considers necessary.

**B. Role / Terms of Reference:**

- I. The role of the Audit Committee shall include the following:
  - i. oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
  - ii. recommendation for appointment, remuneration and terms of appointment of auditors of the Company;
  - iii. approval of payment to statutory auditors for any other services rendered by the statutory auditors;
  - iv. reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:
    - (a) matters required to be included in the Director's responsibility statement to be included in the Board's report in terms of Clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013;
    - (b) changes, if any, in accounting policies and practices and reasons for the same;
    - (c) major accounting entries involving estimates based on the exercise of judgment by management;
    - (d) significant adjustments made in the financial statements arising out of audit findings;
    - (e) compliance with listing and other legal requirements relating to financial statements;
    - (f) disclosure of any related party transactions;
    - (g) modified opinion(s) in the draft audit report;
  - v. reviewing, with the management, the quarterly financial statements before submission to the board for approval;
  - vi. reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the board to take up steps in this matter;
  - vii. reviewing and monitoring the auditor's independence and performance and effectiveness of audit process;
  - viii. approval or any subsequent modification of transactions of the Company with related parties;
  - ix. scrutiny of inter-corporate loans and investments;
  - x. valuation of undertakings or assets of the Company, wherever it is necessary
  - xi. evaluation of internal financial controls and risk management systems;
  - xii. reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
  - xiii. reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
  - xiv. discussion with internal auditors of any significant findings and follow up there on;
  - xv. reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
  - xvi. discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
  - xvii. to look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
  - xviii. to review the functioning of the whistle blower mechanism;
  - xix. approval of appointment of Chief Financial Officer after assessing the qualifications, experience and background, etc. of the candidate;
  - xx. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.



- II.** The Audit Committee shall mandatorily review the following information:
- i. management discussion and analysis of financial condition and results of operations;
  - ii. statement of significant related party transactions (as defined by the audit committee), submitted by management;
  - iii. management letters / letters of internal control weaknesses issued by the statutory auditors;
  - iv. internal audit reports relating to internal control weaknesses;
  - v. the appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the audit committee; and
  - vi. statement of deviations:
    - a. quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1).
    - b. annual statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice in terms of Regulation 32(7).

**C. Composition of Audit Committee and attendance of Members:**

Name of the Member	Designation	Meetings / Attendance			
		06-May-17	19-Aug-17	02-Dec-17	10-Feb-18
Mahendra K. Ghelani	Chairman	P	P	P	P
Perviz H. Dastur	Member	P	P	P	P
Sushil U. Lakhani	Member	A	A	P	P

P – Present, A - Absent

The Auditors, Internal Auditors, Managing Directors, concerned executives and Chief Financial Officer are invitees to the Audit Committee Meetings. The Company Secretary acts as the Secretary to the Committee.

Mr. Mahendra Ghelani, Chairman of the Audit Committee attended the 42<sup>nd</sup> Annual General Meeting (AGM) of the Company held on 24<sup>th</sup> June, 2017.

**4. Nomination and Remuneration Committee**

**a. Role / Terms of Reference:**

- i. Formulation of the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board of Directors a policy relating to, the remuneration of the directors, key managerial personnel and other employees;
- ii. Formulation of criteria for evaluation of performance of Independent Directors and the Board of Directors;
- iii. Devising a policy on diversity of Board of Directors;
- iv. Identifying persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board of Directors their appointment and removal;
- v. Whether to extend or continue the term of appointment of the Independent Director, based on the report of performance evaluation of Independent Directors;
- vi. Providing of the following information to the shareholders in case of appointment of new Director or reappointment of a Director:
  - a. Brief resume of the Director;
  - b. Nature of expertise in specific functional areas;
  - c. Disclosure of relationships between directors inter-se;
  - d. Names of listed entities in which the person also holds the Directorship and the Membership of Committees of the Board; and
  - e. Shareholding of Non-Executive Directors.

- vii. Providing of General shareholder information in the Annual Report;
- viii. Review of HR Policies / Initiatives & Senior Level Appointments;
- ix. Administer and supervise Employees Stock Option Schemes including allotment of shares arising out of conversion of Employee Stock Option Scheme(s) or under any other employee compensation scheme;
- x. Frame suitable Policies and systems for implementation, take appropriate decisions and monitor implementation of the following Regulations:
  - a. SEBI (Prohibition of Insider Trading) Regulations, 2015; and
  - b. SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market) Regulations, 2003;
- xi. Perform such other functions consistent with regulatory requirements.

**b. Composition as on 31<sup>st</sup> March, 18 of Nomination and Remuneration Committee (NRC) and Attendance of Members:**

Name of the Member	Designation	No. of meetings attended	
		23-Jan-18	15-Mar-18
Mahendra K. Ghelani	Chairman	P	P
Ashwin R. Nagarwadia	Member	P	P
Jawahar Mehta*	Member	NA	NA
Sushil Lakhani**	Member	P	P

\* resigned as a Director of the Company w.e.f. 14<sup>th</sup> December, 2017.

\*\* was appointed as a Member of the Committee w.e.f. 2<sup>nd</sup> December, 2017.

*P – Present, A - Absent*

**c. Performance Evaluation criteria for Independent Directors**

The performance evaluation criteria for Independent Directors are determined by the Nomination and Remuneration Committee. 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.

**d. Criteria for determining qualifications, positive attributes and independence of a Director:**

**A. Appointment criteria and qualifications:**

- The Nomination and 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 ("Listing Regulation").
- NRC to 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 Listing Regulation.
- 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 Listing Regulation.

## 5. Remuneration of Directors:

### i) Remuneration to Directors:

₹ In lakhs

Name of Director	Basic (Rs.)	Perquisites / Allowances	Bonus	Incentive / Commission	Sitting Fees	Total	Service Contract / Notice Period / Severance Fees / Pension	No. of shares held as on 31.03.18
<b>a. Executive Directors</b>								
Mr. Sameer V. Shah	30.84	25.82	6.16	15.00	NA	77.82	Not liable to retire by rotation @	516,915
Mr. Nirmal V. Shah	18.00	14.40	3.60	-	NA	36.00	Retirement by rotation @@	630,569
<b>b. Non-Executive Director</b>								
Perviz H. Dastur	-	-	-	#	6.8	6.8	-	-
Ashwin R. Nagarwadia	-	-	-	#	15.00	15.00	-	1,081,264
Mahendra K. Ghelani	-	-	-	#	3.00	3.00	\$	-
Jawahar I. Mehta**	-	-	-	#	0.20	0.20	-	N.A.
Sushil U. Lakhani	-	-	-	#	2.00	2.00	\$	-
Saraswati Sankar	-	-	-	#	1.00	1.00	\$	-
Prakash D. Trivedi	-	-	-	#	1.00	1.00	\$	-

\*\*Ceased to be Director (Independent) of the Company with effect from 14<sup>th</sup> December, 2017

@ 3 years w.e.f. 1<sup>st</sup> August, 2016 / NA / Nil / Nil

@@3 years w.e.f. 1<sup>st</sup> August, 2016 / NA / Nil / Nil

# During the year the Company has not paid any Commission to its Directors.

\$ Mr. Mahendra Ghelani and Mr. Sushil Lakhani were appointed as Independent Director at the 39<sup>th</sup> Annual General Meeting (AGM) held on 9<sup>th</sup> August 2014 for a period of 5 years i.e. till 8<sup>th</sup> August 2019. Mrs. Saraswati Sankar and Mr. Prakash Trivedi were appointed as Independent Director at the Board Meeting held on 24<sup>th</sup> March, 2015 and 21<sup>st</sup> May, 2015 for a period of 5 years and their term will expire on 24<sup>th</sup> March 2020 and 21<sup>st</sup> May 2020 respectively. These Directors are not liable to retire by rotation.

Note:

1. Currently, the Company does not have any Stock Option plans / schemes.
2. Apart from the above, the Company does not have any other pecuniary relationship or transactions with the Directors.

## 6. Remuneration Policy

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

#### A. Remuneration Process:

- The NRC considers and determines the Remuneration Policy, based on the performance and ensures that the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate members of the Board / Management.
- NRC ensures that remuneration is based on performance benchmarks.
- NRC also ensures that the remuneration to Directors, KMP, 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.

**B. Executive Directors:**

- Remuneration to Executive Directors are governed as per the provisions of the Act and the rules made thereunder or and the approvals obtained from the Members of the Company. Remuneration to Chairman and Managing Director/ Vice Chairman and Managing Director is in accordance with the agreement entered with them.

**C. Non-Executive Director:**

- Criteria for making payments to Non-Executive Directors is disseminated on the website of the Company at [www.chembondindia.com](http://www.chembondindia.com)
- **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 Section 197(5) provided that the amount of such fee shall not exceed Rupees One Lakh 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 shall be eligible for reimbursement of expenses, if any, 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.

**7. Stakeholders' Relationship Committee**

The constitution of Stakeholders' Relationship Committee as of 31<sup>st</sup> March, 2018 is as follows:

Name of the Member	Designation	No. of Meetings held	No. of meetings attended
Ashwin R. Nagarwadia	Chairman	8	8
Sameer V. Shah	Member	8	8
Nirmal V. Shah	Member	8	8

The Committee deals with matters 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. The 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.

**8. Other Committees****A. Executive Committee (Non – Mandatory Committee)**

The Composition of Executive Committee is as detailed below:

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.

**B. Risk Management Committee (Non-Mandatory Committee)**

The composition of Risk Management Committee is detailed below:

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

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.

**C. Research & Development & Technical Committee (Non-Mandatory Committee)**

The Composition of Research & Development & Technical Committee is as detailed below:

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

During the year under review no Committee Meetings were held.

The Committee deals with matters relating *inter-alia* to the identification and assessment of the new areas of Research and Development and products development. The concerned Head of Departments (HOD), Business/Divisional Heads are the invitees to the Committee.

**D. Corporate Social Responsibility (CSR) Committee (Non-Mandatory Committee)**

The Composition of Corporate Social Responsibility Committee is as detailed below:

Name of the Member	Designation	No. of Meetings held	No. of meetings attended
Mahendra K. Ghelani	Chairman	2	1
Ashwin R. Nagarwadia	Member	2	2
Sameer V. Shah	Member	2	2
Sushil U. Lakhani	Member	2	0

The CSR Committee has the power to frame the CSR policy and review it 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.

**E. Investment Committee**

The Composition of Investment Committee is as detailed below:

Name of the Member	Designation	No. of meetings held	No. of meetings attended
Sameer V. Shah	Chairman	22	22
Perviz H. Dastur	Member	22	10
Ashwin R. Nagarwadia	Member	22	22
Nirmal V. Shah	Member	22	22

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 are generally categorized into two key areas: developing sound investment objectives and ensuring that it is implemented efficiently and effectively.

**9. 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 oversees 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>.

## 10. Subsidiary and Associate Companies

The Company has nine subsidiaries / step down subsidiary namely :

- a. Chembond Water Technologies Limited (formerly known as Chembond Solenis Water Technologies Limited),
- b. Protochem Industries Private Limited,
- c. Chembond Industrial Coatings Limited,
- d. Chembond Clean Water Technologies Limited,
- e. Chembond Polymers and Materials Limited (formerly known as Chembond Enzyme Company Limited),
- f. Chembond Calvatis Industrial Hygiene Systems Limited,
- g. Chembond Chemicals (Malaysia) Sdn. Bhd. (formerly known as IChembond Water Sdn. Bhd),
- h. Phiroze Sethna Private Limited
- i. Gramos Chemicals India Private Limited (step down subsidiary) and
- j. Chembond Distribution Limited (Associate)

Mr. Mahendra K. Ghelani, Independent Director of Chembond Chemicals Limited is on the Board of material subsidiary of the Company, Chembond 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 your Company.

In November, 2017, your Company has acquired 100% equity shares of Phiroze Sethna Private Limited and its Wholly owned Subsidiary Gramos Chemicals India Private Limited.

## 11. General Body Meetings

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

Year	AGM / EGM	LOCATION	DATE	TIME	SPECIAL RESOLUTION(S) 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.
2017	AGM	EL-37, Chembond Centre, Mahape, MIDC, Navi Mumbai 400 710	24.06.2017	11.30 a.m.	1) To approve payment of commission to Non-Executive Directors 2) To approve Related Party Transactions 3) To ratify payment of remuneration to the Cost Auditors

- ii) No Postal Ballot was conducted during the year.
- iii) Person who conducted the Postal Ballot exercise: Not Applicable.
- iv) whether special resolutions are proposed to be conducted through postal ballot: No Special Resolution is proposed to be conducted through Postal Ballot.
- v) 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) Details of Extra Ordinary General Meeting held in last 3 years  
No Extra Ordinary General Meetings were held in last 3 years

## 12. Means of Communication

### a. Quarterly Results

The quarterly, half-yearly and yearly financial results are submitted to BSE Limited immediately after the conclusion of the Board meeting.

### b. Publication of Quarterly Results

The quarterly, half-yearly and yearly financial results are published in Free Press Journal & Nav Shakti, within the prescribed time limit, usually on the next immediate working day.

### c. Website where displayed:

The results are also displayed on the website of the Company at [www.chembondindia.com](http://www.chembondindia.com) and uploaded on the website of BSE Limited.

### d. Whether it also displays official news releases:

Press Release, if any, made by the Company from time to time are also displayed on the Company's website.

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.

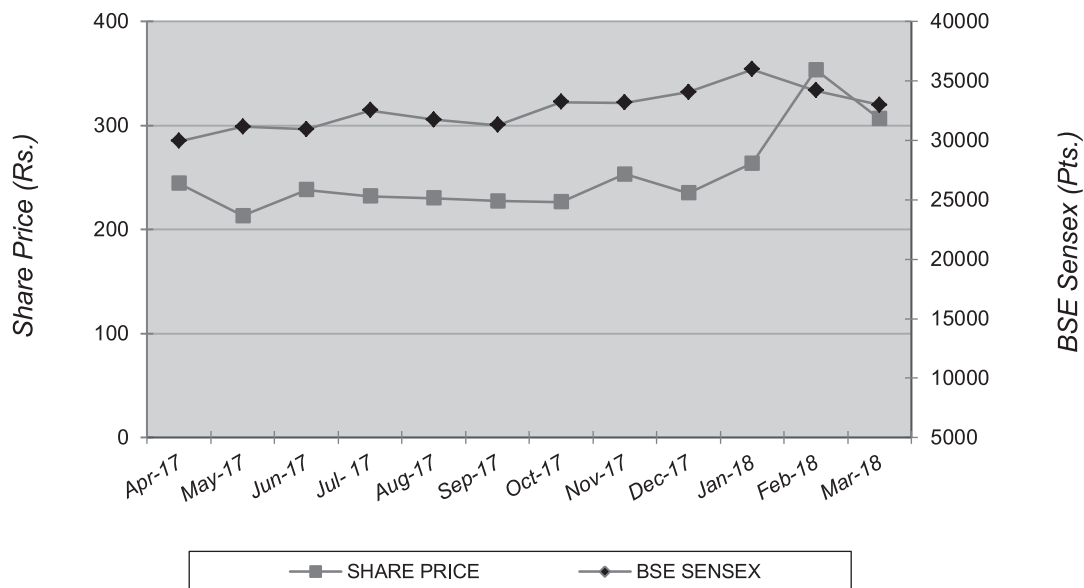
## 13. General Shareholders Information

a.	Corporate Identification Number (CIN)	L24100MH1975PLC018235			
b.	Date, Time & Venue of Annual General Meeting.	Saturday, 11 <sup>th</sup> August , 2018 at 2.30 pm at EL-37, MIDC, Mahape, Navi Mumbai			
c.	Financial Year	The Financial Year covers the period from 1 <sup>st</sup> April to 31 <sup>st</sup> March			
d.	Financial Calendar for 2018-2019 (tentative & subject to change)	Financial Reporting for the quarter ending 30.06.2018 on or before 14 <sup>th</sup> August, 2018 30.09.2018 on or before 14 <sup>th</sup> November, 2018 31.12.2018 on or before 14 <sup>th</sup> February, 2019 31.03.2019 on or before 30 <sup>th</sup> May, 2019			
e.	Dividend Payment date	Final dividend, if declared shall be paid / credited on or before 14 <sup>th</sup> August, 2018			
f.	Listing on Stock Exchange	BSE Limited			
	Stock Exchange Address	P. J. Towers, Dalal Street, Fort, Mumbai – 400 001			
	Stock Code	530871			
	ISIN	INE995D01025			
	Confirmation about payment of Annual Listing fee to Stock Exchange	The Company has paid listing fees for the financial year 2018-19.			
g.	Market Price data	<b>Month</b>	<b>High</b>	<b>Low</b>	
				<b>Volume (No. of shares)</b>	
		April 2017	247.50	181.55	298732
		May 2017	247.50	210.00	645508
		June 2017	268.20	211.00	422671
		July 2017	267.00	229.90	188299
		August 2017	250.00	201.00	159311
		September 2017	237.00	203.00	88413
		October 2017	235.00	210.15	157396
		November 2017	277.00	211.10	317062
		December 2017	261.00	222.00	211140
		January 2018	299.00	230.60	581296
		February 2018	368.00	242.05	923247
		March 2018	374.00	292.55	704502



## h. Chembond Share performance in comparison to broad-based indices (BSE Sensex)

MONTH	Chembond Chemicals Limited	BSE Sensex
April 2017	244.30	29918.4
May 2017	213.30	31145.8
June 2017	238.30	30921.61
July 2017	232.10	32514.94
August 2017	230.25	31730.49
September 2017	227.45	31283.72
October 2017	226.35	33213.13
November 2017	253.10	33149.35
December 2017	235.00	34056.83
January 2018	263.55	35965.02
February 2018	353.45	34184.04
March 2018	306.55	32968.68



Registrar and Share Transfer Agent	TSR Darashaw Limited 6-10, Haji MoosaPatrawala Industrial 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>
Share Transfer System	Registrar and Transfer Agent carry out share transfer activities. Share transfers are processed and the share certificates duly endorsed are returned within a period of 15 days from the date of receipt, subject to the documents being valid and complete in all respect. The Company obtains from a Practising Company Secretary a half yearly certificate of compliance with the share transfer formalities as required under Regulation 40(9) of the Listing Regulations and files a copy of the compliance certificate with the Stock Exchanges where the shares of the Company are listed.

Distribution of shareholding as on 31<sup>st</sup> March, 2018.

Distribution of shares according to size of holding				
No. of Equity Shares Held	No. of Shareholders	% of Shareholders	No. of shares	% of Shareholding
1 - 2000	3220	90.37	1,080,170	8.03
2001 - 3000	74	2.08	188,400	1.40
3001 - 4000	49	1.38	177,750	1.32
4001 - 5000	33	0.93	149,890	1.11
5001- 10000	86	2.41	628,025	4.67
10001 - 20000	35	0.98	515,752	3.84
20001 - 30000	14	0.39	351,862	2.62
30001 - 40000	7	0.20	241,461	1.80
40001 - 50000	11	0.31	503,556	3.74
50001 - 100000	12	0.34	793,891	5.90
100001 & above	22	0.61	8,817,531	65.57
<b>Total</b>	<b>3563</b>	<b>100.00</b>	<b>13,448,288</b>	<b>100.00</b>

**Distribution of Shares by categories of shareholders:**

Category of Shareholding as of 31 <sup>st</sup> March, 2018	No. of Shares	% of total shares
Promoters & their relatives	8,633,262	64.20
Banks/ FIs/Insurance Co. (Central/ State Govt./ Non- Govt. Institutions)	47,600	0.35
Corporate Bodies	1,241,186	9.23
NRIs/OCBs	80,331	0.60
IEPF Account	17,884	0.13
FPI-CORPS	21,343	0.16
Indian Public	3,406,682	25.33
<b>Total</b>	<b>13,448,288</b>	<b>100.00</b>

**Top 10 Shareholders:**

Name(s) of Shareholders	Category	No. of Shares	%
Ajay Chinubhai Laloo	Individual	219,764	1.63
Quest Investment Advisors Private Limited	Body Corporate	200,000	1.49
Banda Real Estate Private Limited	Body Corporate	196,500	1.46
Chartered Finance And Leasing Limited	Body Corporate	169,058	1.26
Girish Gulati (Huf)	HUF	106,288	0.79
Shrigopal Maheshwari	Individual	75,000	0.56
Meena Bharat Sheth	Individual	73,445	0.55
Vmsalgaocar Corporation Private Limited	Body Corporate	71,800	0.53
Ara Trusteeship Company Private Limited	Body Corporate	63,742	0.47
Anant Jain	Individual	61,070	0.45

Dematerialization of shares and liquidity	The shares of the Company are actively traded on BSE Limited. Trading of shares of the Company on BSE Limited is permitted only in dematerialized form. As of 31 <sup>st</sup> March, 2018, 13,155,284 equity shares were held in Demat form i.e. 97.82% of the total share capital.
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.

Commodity price risk or foreign exchange risk and hedging activities	During the year ended 31 <sup>st</sup> March 2018, 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 Notes to the Standalone and Consolidated financial statements.
Plant Locations	1) Plot No. E-6/3 & 4, MIDC Tarapur, Maharashtra 401 506. 2) Khasra177/2, Village Theda, Himachal Pradesh 174 101. 3) Survey No.404/B-01, Dudhwada, Dist. Vadodara, Gujarat. 4) S-50, Phase III, SIPCOT, Ranipet, Tamilnadu. 5) W-268, TTC Area, MIDC, Rabale, Navi Mumbai, Maharashtra 6) Plot No. A-101, Road No. 16, Wagle Estate, Thane 400 604.
Address of Correspondence	Chembond Chemicals Limited Chembond Centre, EL-71, MIDC Mahape, Navi Mumbai 400 710. Tel: 022 6264 3000 Fax: 022 2768 1294 website: <a href="http://www.chembondindia.com">www.chembondindia.com</a> Email for Investor Grievance: <a href="mailto:cs@chembondindia.com">cs@chembondindia.com</a>

#### 14. Other Disclosures

- a. Disclosures on materially significant related party transactions of the Company that may have potential conflict with the interests of the Company at large.

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 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>. The necessary disclosures regarding the transactions with Related Parties are given in the notes to the Accounts. None of these transactions have potential conflict with the interest of the Company at large.

- b. 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:

There was no such instance in the last 3 years.

- c. Details of establishment of vigil mechanism, Whistle Blower Policy and affirmation that no personnel have been denied access to the Audit Committee.

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.

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

The Company confirms that it has complied with all mandatory requirements prescribed in the Listing Regulations for the FY 2017-18. Also, pursuant to the provisions of Regulation 34(3) of the Listing Regulations read with Part B of Schedule II to the Listing Regulations, the Chairman and Managing Director and the Chief Financial Officer (CFO) have issued a certificate to the Board for the year ended 31<sup>st</sup> March, 2018.

- e. Web link where policies for determining 'material subsidiaries and (ii) dealing with related party transactions are disclosed:

The required information can be accessed from the Company's website link <http://www.chembondindia.com/policy.html>

- f. Disclosure of Commodity price risk or foreign exchange risk and commodity hedging activities.

Please refer to the Management Discussion and Analysis Report.

**15. Details of non-compliance of any requirement of Corporate Governance report or sub-paras (2) to (10) above, with reasons thereof:**

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 Listing Regulation. The disclosures of the compliance with Corporate Governance requirements specified in Regulation 17 to 27 of the Listing 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 this Report.

**16. Discretionary Requirements**

i) The Board

The Board has an Executive Chairman and his office with required facilities is provided and maintained by the Company.

ii) Shareholders Rights

Financial Results for the half year / quarter ended 30<sup>th</sup> September, 2017, were published in Free Press Journal and Nav Shakti newspapers and were also displayed on the website of the Company [www.chembondindia.com](http://www.chembondindia.com) and disseminated to BSE Limited where its equity shares are listed, hence separately not circulated to shareholders.

iii) Audit Qualifications

There is no audit qualification.

iv) Separate posts of Chairman and Chief Executive Officer

The Company will consider segregation of the post of Chairman and CEO of the Company at appropriate time. Presently, Mr. Sameer V. Shah is the Chairman and Managing Director of the Company.

v) Reporting of Internal Auditors

The Internal Auditors report directly to the Audit Committee for its review.

**17. Legal Proceedings**

As on 31<sup>st</sup> March, 2018 there are no pending cases against the Company, in any court and hence no contingent liability has been provided.

**18. Unpaid / Unclaimed Dividend**

Pursuant to provisions of Section 205A (5) of the Act, dividend which remains unpaid or unclaimed for a period of seven years from the date of its transfer to unpaid dividend account, is required to be transferred by the Company to the Investor Education and Protection Fund (IEPF), established by the Central Government under the provisions of Section 205C of the Companies Act, 1956. Sections 124 and 125 of the Companies Act, 2013, read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ('IEPF Rules'), both of which were applicable with effect from September 7, 2016, also contain similar provisions for transfer of such amount to the IEPF.

The Company has issued reminders to all such shareholders in respect of the Unclaimed / Unpaid Dividend for the FY 2010-11 whose dividends remain unclaimed, as is customarily sent by the Company every year, before crediting the balance Unclaimed Dividend Amount to the IEPF. A statement showing the year / month(s) in which unpaid/unclaimed dividend(s) is / are due for transfer to the IEPF is given below:

Dividend Particulars	Rate (₹)	Date of Declaration	Due Date for Transfer to IEPF
FY 2010 – 11	₹ 2.15	10-09-2011	09-10-2018
FY 2011 – 12	₹ 2.35	08-09-2012	07-10-2019
FY 2012 – 13	₹ 2.85	10-08-2013	09-09-2020
FY 2013 – 14	₹ 3.00	09-08-2014	08-09-2021
FY 2014 – 15	₹ 3.00	08-08-2015	07-09-2022
FY 2015 – 16 (Interim)	₹ 6.00	05-11-2015	04-12-2022
FY 2015 – 16 (Interim)	₹ 3.00	10-03-2016	09-04-2023
FY 2016 – 17	₹ 1.65	24-Jun-2017	23-Jun-2024

**19. Equity Shares in Suspense Account**

There are no shares in Suspense account.

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

As required under Schedule V(D) of the Listing Regulations, 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, 2018.

For Chembond Chemicals Limited

Sameer V. Shah  
Chairman & Managing Director

Mumbai, 17<sup>th</sup> July, 2018

**INFORMATION ON DIRECTOR(S) RECOMMENDED FOR APPOINTMENT / RE-APPOINTMENT AT THE ENSUING ANNUAL GENERAL MEETING.****Mr. Nirmal V. Shah – Vice Chairman and Managing Director**

Name of Director	Mr. Nirmal V. Shah
Director Identification Number	00083853
Date of Birth / Age	18 <sup>th</sup> November, 1971 / 47 Years
Date of Appointment / last re-appointment	30 <sup>th</sup> July, 2016
Expertise in specific functional area	Business Management
Qualification	Diploma in Business Management
No. of Shares held in the Company	630,569
Directorships held in other Companies	FinorPiplaj Chemicals Limited Chembond Water Technologies Ltd.(formerly known as Chembond Solenis Water Technologies Ltd.) Visan Holdings Private Limited Chembond Distribution Limited S and N Ventures Limited Chembond Polymers and Materials Ltd. (formerly known as Chembond Enzyme Company Ltd.) Protochem Industries Private Limited Chembond Clean Water Technologies Ltd ChembondCalvatis Industrial Hygiene Systems Ltd Chembond Industrial Coatings Limited Protochem Investment Private Limited PhirozeSethana Private Limited Gramos Chemicals India Private Limited
Chairperson / Members of the Committee of the Board of Directors of the Company	0
Chairman / Member of the Committee of the Board of Directors of other public Companies (includes only Audit Committee and Stakeholders' Relationship Committee)	Member of Audit Committee in Chembond Water Technologies Limited
Brief Resume	Mr. Nirmal V. Shah has over 22 years of experience and exposure to manage diverse businesses. He has been in charge of the Water Treatment Chemical division for the past 15 years. His expertise is in Organisational Management.
No. of Board Meetings attended during F. Y. 2017-18	9
Relationship with other Directors, Manager and other Key Managerial Personnel of the Company	Mr. Sameer V. Shah and Mr. Nirmal V. Shah are siblings.

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF CHEMBOND CHEMICALS LIMITED

#### Report on the Standalone Indian Accounting Standards (Ind AS) Financial Statements

We have audited the accompanying standalone Ind AS financial statements of **Chembond Chemicals Limited** ("the Company"), which comprise the Balance Sheet as at 31st March, 2018, and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

#### Management's Responsibility for the Standalone Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the state of affairs (financial position), profit or loss (financial performance including other comprehensive income), cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

Our responsibility is to express an opinion on these standalone Ind AS 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 thereunder.

We conducted our audit of the standalone Ind AS financial statements 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 standalone Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone Ind AS 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 standalone Ind AS 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 Ind AS financial statements.

#### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS 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 including the Ind AS, of the state of affairs (financial position) of the Company as at 31st March, 2018, and its profit (financial performance including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

#### Other Matters

The comparative financial information of the Company for the year ended 31st March 2017 and the transition date opening balance sheet as at 1st April 2016 included in these standalone Ind AS financial statements, are based on the previously issued statutory financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006 audited by the predecessor auditor whose report for the year ended 31st March 2017 and 31st March 2016 dated 06th May 2017 and 28<sup>th</sup> May 2016, respectively expressed an unmodified opinion on those standalone financial statements, as adjusted for the differences in

the accounting principles adopted by the Company on transition to the Ind AS, which have been audited by another Chartered Accountant. The report of another Chartered Accountant on the comparative financial information and the opening balance sheet dated 28<sup>th</sup> May 2018 expressed an unmodified opinion.

Our opinion is not modified in respect of this matter.

#### **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government in terms of section 143 (11) of the Act, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143 (3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - (c) The Balance Sheet, the Statement of Profit and Loss, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
  - (d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act.
  - (e) On the basis of the written representations received from the directors as on 31st March, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2018 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 of pending litigations on its financial position in its standalone Ind AS financial statements – Refer Note no 46 to the standalone Ind AS financial statements;
    - ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
    - iii. there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

**For B. D. Jokhakar & Co.**  
Chartered Accountants  
**Firm Registration No: 104345W**

**Raman Jokhakar**  
Partner  
**Membership No. 103241**

**Place: Mumbai**  
**Date: 30<sup>th</sup> May, 2018**



## ANNEXURE A TO THE AUDITOR'S REPORT

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of Independent Auditors' Report on standalone Ind AS financial statements of even date)

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets;
- (b) As explained to us, some of the fixed assets of the Company have been physically verified during the year by the management in accordance with a phased program of verification designed to cover all assets over a period of three years, which in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on physical verification.
- (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
- (ii) As explained to us, the inventories have been physically verified during the year by the management. The intervals at which the inventories have been verified are, in our opinion, reasonable in relation to the size of the Company and the nature of its business. The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.
- (iii) As informed, 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. Consequently, sub clause (a), (b) and (c) of the paragraph 3 (iii) are not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Act, in respect of loans, investments, guarantees, and security given for the year under report.
- (v) In our opinion and according to the information and explanations given to us, the Company has not accepted deposits from the public during the year. Therefore, paragraph 3(v) of the Order is not applicable.
- (vi) The maintenance of cost records has been specified by the Central Government under section 148(1) of the Act. 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.
- (vii) (a) According to information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted / accrued in the books of account in respect of undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, goods and service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities. As explained to us, there were no undisputed statutory dues as mentioned above in arrears as at 31st March, 2018 for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, the dues in respect of income tax (including TDS), sales tax, service tax, duty of customs, duty of excise and value added tax that have not been deposited with the appropriate authorities on account of dispute and the forum where the disputes are pending as on 31st March, 2018 are as given below:

Name of the statute	Nature of the dues	Amount (₹ in lakhs)	Period to which it relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	13.39	AY 2013-2014	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Income Tax	50.10 (already paid)	AY 2012-2013	Commissioner of Income Tax (Appeals)
Central Excise Act, 1944	Excise	13.02 (₹ 0.98 Paid)	June 2012 to February 2015	Commissioner of Central Excise (Appeals), Vadodara

Name of the statute	Nature of the dues	Amount (₹ in lakhs)	Period to which it relates	Forum where dispute is pending
Central Excise Act, 1944	Excise	1.88	June 2012 to February 2014	Commissioner of Central Excise (Appeals), Vadodara
The Gujarat Value Added Tax Act, 2003	Sales Tax	7.09	April-2013 to March 2014	The Deputy Commissioner of State Tax Range-12, Vadodara

- (viii) 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.
- (ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Therefore, paragraph 3(ix) of the Order is not applicable.
- (x) To the best of our knowledge and belief and according to the information and explanations given to us, no material fraud on or by the Company has been noticed or reported during the course of our audit.
- (xi) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Therefore, paragraph 3(xii) of the Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us, and based on our examination of the records of the Company, all transactions with the related parties are in compliance with sections 177 and 188 of the Act, where applicable and the details have been disclosed in the financial statements etc., as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and based on our examination of the records of the Company, no preferential allotment or private placement of shares or fully or partly convertible debentures has been made by the Company during the year under review. Therefore, paragraph 3(xiv) of the Order is not applicable.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with him as specified under section 192 of the Act. Therefore, paragraph 3(xv) of the Order is not applicable.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 and therefore the provisions of paragraph 3(xvi) of the Order is not applicable.

**For B. D. Jokhakar & Co.**  
Chartered Accountants  
Firm Registration No: 104345W

Place: Mumbai  
Date: 30<sup>th</sup> May, 2018

**Raman Jokhakar**  
Partner  
Membership No. 103241

## ANNEXURE B TO THE AUDITOR'S REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of Independent Auditors' Report on standalone Ind AS financial statements of even date)

### **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, 2018 in conjunction with our audit of the standalone Ind AS 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 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 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, 2018, 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 B. D. Jokhakar & Co.**  
*Chartered Accountants*  
**Firm Registration No: 104345W**

**Place: Mumbai**  
**Date: 30<sup>th</sup> May, 2018**

**Raman Jokhakar**  
**Partner**  
**Membership No. 103241**

## Balance Sheet as at 31st March 2018

	Notes	As at 31/03/2018 (₹ in lakhs)	As at 31/03/2017 (₹ in lakhs)	As at 01/04/2016 (₹ in lakhs)
<b>Assets</b>				
<b>Non-current assets</b>				
(a) Property, plant and equipment	2	3,681.37	3,713.10	3,619.66
(b) Capital work-in-progress	2	66.56	170.36	174.38
(e) Other Intangible assets	2	57.42	53.52	61.20
(f) Financial assets				
i) Investments	3	15,832.50	8,921.17	8,907.44
ii) Other financial assets	4	41.98	41.77	46.86
(g) Income tax asset (net)	5	149.35	94.08	112.38
(h) Other non-current assets	6	28.24	16.96	16.41
<b>Total Non-current assets</b>		<b>19,857.42</b>	13,010.96	12,938.33
<b>Current assets</b>				
(a) Inventories	7	1,894.34	2,348.11	2,025.97
(b) Financial assets				
i) Investments	8	1,531.44	7,765.85	2,005.66
ii) Trade receivables	9	3,769.11	3,686.59	3,014.28
iii) Cash and cash equivalents	10	673.21	238.84	470.18
iv) Bank balances other than (iii) above	11	75.50	70.44	69.37
v) Loans	12	15.06	74.23	61.72
vi) Other financial assets	13	65.30	89.23	104.09
(c) Current tax (Net)	14	14.00	53.59	-
(d) Other current assets	15	92.83	82.22	4,806.86
<b>Total current assets</b>		<b>8,130.79</b>	14,409.10	12,558.12
<b>Total</b>		<b>27,988.21</b>	27,420.06	25,496.45
<b>Equity and Liabilities</b>				
<b>Equity</b>				
(a) Share capital	16	672.41	672.41	669.69
(b) Other equity	17	21,907.35	20,765.91	19,291.49
<b>Total Equity</b>		<b>22,579.76</b>	21,438.32	19,961.18
<b>Non-current liabilities</b>				
(a) Financial liabilities				
i) Borrowings	18	-	-	-
(b) Provisions	19	79.53	83.88	85.79
(c) Deferred tax liabilities (Net)	20	286.88	561.83	337.34
<b>Total Non-current liabilities</b>		<b>366.41</b>	645.71	423.13
<b>Current liabilities</b>				
(a) Financial liabilities				
i) Borrowings	21	467.12	732.18	819.53
ii) Trade payables	22	4,024.70	3,746.80	3,465.88
iii) Other financial liabilities	23	476.67	609.46	535.22
(b) Other current liabilities	24	60.40	247.59	222.80
(c) Provisions	25	13.15	-	68.71
<b>Total current liabilities</b>		<b>5,042.04</b>	5,336.03	5,112.14
<b>Total</b>		<b>27,988.21</b>	27,420.06	25,496.45

Significant Accounting Policies and Notes on Financial Statements

1-47

As per our attached report of even date

**For M/s B.D. Jokhakar & CO.**

Chartered Accountants

Firm Registration Number : 104345W

**Raman Jokhakar**

Partner

Membership Number : 103241

Mumbai, 30th May 2018

**On behalf of the Board of Directors****Sameer V. Shah**

Chairman

&amp; Managing Director

**Rashmi S. Gavli**

Chief Financial Officer

Mumbai, 30th May 2018

**Nirmal V. Shah**

Vice Chairman

&amp; Managing Director

**Suchita Singh**

Company Secretary

**Mahendra K. Ghelani**

Director

## Statement of Profit and Loss for the year ended 31st March 2018

	Notes	2017-2018 (₹ in lakhs)	2016-2017 (₹ in lakhs)
Revenue from Operations	26	23,779.03	24,367.32
Other Income	27	1,048.47	1,682.00
<b>Total Revenue</b>		<b>24,827.50</b>	26,049.32
<b>Expenses :</b>			
Cost of Materials Consumed	28	17,895.21	17,342.35
Purchases of Stock-in-trade	29	49.36	77.18
Changes in Inventories of Finished goods, Work-in-progress and Stock-in-Trade	30	345.62	27.08
Excise Duty		561.87	2,507.60
Employee Benefits Expenses	31	1,865.81	1,836.62
Finance Costs	32	54.60	63.88
Depreciation and Amortisation Expenses	33	287.18	274.10
Other Expenses	34	2,361.73	2,190.52
<b>Total Expenses</b>		<b>23,421.38</b>	24,319.35
<b>Profit before Tax</b>		<b>1,406.12</b>	1,729.97
Current Tax		321.77	53.98
Deferred Tax		(274.95)	224.49
<b>Total Tax Expenses</b>		<b>46.81</b>	278.47
<b>Profit for the Year</b>		<b>1,359.31</b>	1,451.50
<b>Other Comprehensive Income</b>			
1 i) Items that will not be reclassified to profit or loss		5.07	0.08
ii) Income Tax relating to items that will not be reclassified to profit or loss		(1.03)	(0.02)
2 i) Items that will be reclassified to profit or loss		-	-
ii) Income Tax relating to items that will be reclassified to profit or loss		-	-
<b>Other Comprehensive Income (1+2)</b>		<b>4.04</b>	0.06
<b>Total Comprehensive Income</b>		<b>1,363.35</b>	1,451.56
Earning Per Equity Share of Face Value of ₹ 5 each	35		
Basic (in ₹)		10.11	10.81
Diluted (in ₹)		10.11	10.81
Significant Accounting Policies and Notes on Financial Statements	1-47		

As per our attached report of even date

**For M/s B.D. Jokhakar & CO.**  
Chartered Accountants  
Firm Registration Number : 104345W

**Raman Jokhakar**  
Partner  
Membership Number : 103241  
Mumbai, 30th May 2018

On behalf of the Board of Directors

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

**Rashmi S. Gavli**  
Chief Financial Officer

Mumbai, 30th May 2018

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

**Suchita Singh**  
Company Secretary

**Mahendra K. Ghelani**  
Director

## Statement of changes in equity for the year ended 31st March 2018

### (a) Equity share capital

	No. of Shares	(₹ in lakhs)
Balance as at 1st April 2016	66,96,894	669.69
Changes in equity share capital		
- Subdivision of Equity Shares from face Value ₹ 10 to ₹ 5/- Per Share	66,96,894	-
- ESOP Share issued	54,500	2.73
Balance as at 31st March 2017	1,34,48,288	672.41
Changes in equity share capital	-	-
Balance as at 31 March 2018	1,34,48,288	672.41

### (b) Other Equity

Particulars	Reserves and Surplus				OCI	Total other equity
	General Reserve	Share Premium	Employees Shares Options Outstanding	Retained earnings	Remeasurements of the net defined benefit Plans	
<b>Balance as at 1st April 2016</b>	630.00	574.08	16.11	18,071.29	-	19,291.49
Profit for the year	-	-	-	1,451.50	-	1,451.50
Other comprehensive income for the year	-	-	-	-	0.07	0.07
<b>Total Comprehensive</b>	-	-	-	1,451.50	0.07	1,451.57
Employees Shares Option Lapsed	-	-	16.11	-	-	16.11
Share Premium received on ESOP Shares Issue	-	38.97	-	-	-	38.97
<b>Balance as at 31st March 2017</b>	<b>630.00</b>	<b>613.05</b>	-	<b>19,522.79</b>	<b>0.07</b>	<b>20,765.91</b>
Profit for the year	-	-	-	1,359.31	-	1,359.31
Other comprehensive income for the year	-	-	-	-	4.03	4.03
<b>Total Comprehensive</b>	-	-	-	<b>1,359.31</b>	<b>4.03</b>	<b>1,363.34</b>
Dividend Paid	-	-	-	221.90	-	221.90
Tax on Dividend Paid	-	-	-	45.17	-	45.17
Set off of Dividend Tax in respect of Dividend from Subsidiary Company	-	-	-	(45.17)	-	(45.17)
<b>Balance as at 31st March 2018</b>	<b>630.00</b>	<b>613.05</b>	-	<b>20,660.20</b>	<b>4.10</b>	<b>21,907.35</b>

As per our attached report of even date

**For M/s B.D. Jikhakar & CO.**  
Chartered Accountants  
Firm Registration Number : 104345W

**Raman Jikhakar**  
Partner  
Membership Number 103241  
Mumbai, 30th May 2018

On behalf of the Board of Directors

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

**Rashmi S. Gavli**  
Chief Financial Officer

Mumbai, 30th May 2018

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

**Suchita Singh**  
Company Secretary

**Mahendra K. Ghelani**  
Director

## Cash Flow Statement for the year ended 31st March 2018

	2017-2018 (₹ in lakhs)	2016-2017 (₹ in lakhs)
<b>A Cash Flow from Operating Activities</b>		
Profit before tax	1,406.12	1,729.97
Adjustments for :		
Depreciation and amortisation	287.18	274.10
Loss on Sale of Property, Plant & Equipments	3.74	2.93
Employee ESOP compensation	-	(16.11)
Finance cost	54.60	63.88
	<b>345.52</b>	324.81
Less :		
Foreign exchange fluctuation	15.42	52.00
Net gain on sale of investments	1,213.33	246.76
Fair valuation of investments ( Net )	(479.89)	1,297.20
Dividend received	251.81	47.56
	<b>(1,000.67)</b>	(1,643.52)
Operating Profit before working capital changes	<b>750.97</b>	411.26
Adjustments for :		
Trade and other receivables	(21.52)	(672.51)
Inventories	453.77	(322.14)
Trade and other payables	(13.87)	430.11
	<b>418.38</b>	(564.54)
Cash generated from operations	<b>1,169.35</b>	(153.28)
Direct taxes paid	(338.47)	(158.00)
<b>Net Cash from Operating Activities (A)</b>	<b>830.88</b>	(311.28)
<b>B Cash Flow from Investing Activities</b>		
Payment to acquire property, plant & equipments	(299.96)	(370.56)
Proceeds from sale of property, plant & equipments	140.67	11.79
Purchase of investment	(15,870.37)	(11,886.08)
Sale of investment	15,926.89	12,387.85
Dividend income	251.81	47.56
<b>Net Cash used in Investing Activities (B)</b>	<b>149.04</b>	190.56
<b>C Cash Flow from Financing Activities</b>		
Proceeds/(Repayment) of Short Term Borrowings	(263.99)	(87.35)
ESOP Shares Allotted	-	2.73
Share Premium on ESOP Shares Allotted	-	38.97
Dividend paid	(221.90)	-
Tax on dividend paid	-	-
Proceeds/(Repayment) of Long Term Borrowings	-	-
Finance Cost	(54.60)	(63.88)
<b>Net Cash from Financing Activities (C)</b>	<b>(540.49)</b>	(109.55)
<b>Net (Decrease)/Increase in Cash &amp; Cash Activities (A+B+C)</b>	<b>439.43</b>	(230.27)
Cash and Cash Equivalents and Other Bank Balances as on Opening	<b>309.28</b>	539.55
Cash and Cash Equivalents and Other Bank Balances as on Closing	<b>748.71</b>	309.28
( Refer Note 10, 11 )		



## Cash Flow Statement

### Amendment to Ind AS 7 :

Amendment to Ind AS 7 effective from 01 April, 2017 require the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the Balance sheet for liabilities arising from financing activities, to meet disclosure requirement. Accordingly, the Company has given the said disclosure as below:

Particulars	Note No.	As at 01/04/2017 (₹ in lakhs)	Cashflow	Foreign Exchange Movement	As at 31/03/2018 (₹ in lakhs)
Non-current liabilities					
- Borrowings	18	-	-	-	-
Current Liabilities					
- Borrowings	21	732.18	(263.99)	(1.07)	467.12
- Other financial liabilities					
Unpaid dividends	23	7.89	0.20	-	8.10
<b>Total</b>		<b>740.07</b>	<b>(263.79)</b>	<b>(1.07)</b>	<b>475.21</b>

As per our attached report of even date

#### For M/s B.D. Jokhakar & CO.

Chartered Accountants  
Firm Registration Number : 104345W

#### Raman Jokhakar

Partner  
Membership Number 103241  
Mumbai, 30th May 2018

#### On behalf of the Board of Directors

#### Sameer V. Shah

Chairman  
& Managing Director

#### Rashmi S. Gavli

Chief Financial Officer

Mumbai, 30th May 2018

#### Nirmal V. Shah

Vice Chairman  
& Managing Director

#### Suchita Singh

Company Secretary

#### Mahendra K. Ghelani

Director

## Notes on Financial Statements for the year ended 31st March, 2018

### Company Information:

Chembond Chemicals Limited (the Company) is a public limited Company domiciled in India and incorporated under the provisions of the Companies Act, 1956. Its shares are listed on the BSE Limited (BSE). The Registered office of the Company is situated at Chembond Centre, EL-71, MIDC Mahape, Navi Mumbai -400710, Maharashtra.

The Company is engaged in manufacturing of Speciality Chemicals.

### 1. Significant Accounting Policies

#### 1.1 Basis of preparation of financial statements and presentation

The financial statements of the Company are prepared in Compliance with Indian Accounting Standards ('Ind AS') notified under Section 133 of the Companies Act, 2013, read together with the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016 and other relevant provisions of the Act. The Statements are prepared under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values.

These financial statements are the first financial statements of the Company under Ind AS. The date of transition to Ind AS is 1st April 2016. In Accordance with Ind AS 101, First-Time Adoption of Indian Accounting Standards the Company has given an explanation on how the transition from previous GAAP to Ind AS has affected the Company's Balance Sheet, financial performance and cash flows. (Refer Note No. 40).

The accounting policies have been applied consistently over all the periods presented in these financial statements except where a newly-issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

The financial statements are prepared in INR, which is the Company's functional currency.

#### 1.2 Summary of significant accounting policies

##### a) Property, Plant and Equipment :

Property, plant and equipment (PPE) are stated at historical cost less accumulated depreciation and accumulated impairment losses if any except freehold land which is carried at historical cost.

Historical cost comprises of its purchase price including taxes (other than those subsequently recoverable from tax authorities), duties, freight and other directly attributable costs related to the acquisition or construction of the respective assets. Profit or Loss on disposal of tangible assets is recognised in the Statement of Profit and Loss.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to the Statement of Profit and Loss during the reporting period in which they are incurred.

##### b) Intangible Assets :

Intangible Assets are stated at historical cost less accumulated amortisation and accumulated impairment loss, if any. Profit or Loss on disposal of intangible assets is recognised in the Statement of Profit and Loss.

##### c) Capital Work in Progress & Capital Advances :

Capital work-in-progress comprises the cost of assets that are yet not ready for their intended use at the balance sheet date. Advances given towards acquisition of fixed assets outstanding at each balance sheet date are classified as Capital Advances under Other Non-Current Assets.

##### d) Depreciation and Amortization :

Depreciation on PPE (other than free hold and lease hold land) has been provided based on useful life of the assets in accordance with Schedule II of the Companies Act, 2013, on Straight Line Method. Freehold land is not depreciated. Leasehold land and leasehold improvements are amortized over the primary period of lease.

Depreciation methods, useful lives and residual value are reviewed at each reporting date and adjusted prospectively, if appropriate.

## Notes on Financial Statements for the year ended 31st March, 2018

### e) Revenue Recognition :

Revenue is measured at the fair value of consideration received or receivable. Amounts disclosed as revenue are inclusive of excise duty and net of returns, trade discount or rebates and applicable taxes and duties collected on behalf of the government and which are levied on such sales.

The Company recognises revenue when the amount of revenue can be reliably measured and it is probable that future economic benefits will flow to the Company.

- i. Revenue from sale of goods is recognised on transfer of all significant risks and rewards of ownership to the buyer as per terms of Contract.
- ii. Revenue from services is recognised pro-rata as and when services are rendered.
- iii. Interest income is recognised using effective interest method on time proportion basis taking in to account the amount outstanding.
- iv. Dividend income from investment is recognised when the Company's right to receive is established by the reporting date, which is generally when shareholders approve the dividend.

### f) Leases :

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

#### Company as a Lessee :

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease.

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit and loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Company's general policy on the borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognised as an expense in the statement of profit and loss on straight line basis over the lease term.

#### Company as a lessor :

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income from operating lease is recognised on a straight-line basis over the term of the relevant lease.

Leases are classified as finance leases when substantially all of the risks and rewards of ownership transfer from the Company to the lessee. Amounts due from lessees under finance leases are recorded as receivables at the Company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of lease.

### g) Inventory :

Inventories are valued at lower of the cost determined on weighted average basis or net realisable value. The comparison of cost and net realisable value is made on an item-by-item basis. Damaged, unserviceable and inert stocks are valued at net realizable value.

## Notes on Financial Statements for the year ended 31st March, 2018

Cost of raw materials, packing materials and stores spares and consumables Stocks is determined so as to exclude from the cost, taxes and duties which are subsequently recoverable from the taxing authorities.

Cost of finished goods and work-in-progress includes the cost of materials, an appropriate allocation of overheads and other costs incurred in bringing the inventories to their present location and condition.

### h) Impairment of assets :

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if event or changes are indicative in circumstances indicate that they might be impaired. Assets that have a definite useful life are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Management periodically assesses using external and internal sources, whether there is an indication that an asset may be impaired. An Impairment loss is recognised for the amount by which the assets carrying amount exceeds its 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.

### i) Financial Instruments :

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial instruments also include derivative contracts such as foreign currency foreign exchange forward contracts, futures and currency options.

#### 1. Financial assets :

##### Classification :

The Company shall classify financial assets as subsequently measured at amortised cost, fair value through other comprehensive income (FVOCI) or fair value through profit and loss (FVTPL) on the basis of its business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

##### Initial recognition and measurement :

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

##### Debt instruments :

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

- a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit and loss.

Debt instruments included within the fair value through profit and loss (FVTPL) category are measured at fair value with all changes recognized in the statement of profit and loss.

##### Investments in subsidiaries, associates and joint venture :

Investments in subsidiaries and joint venture are carried at cost less accumulated impairment losses, if any. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. On disposal of investments in subsidiaries and joint venture, the

## Notes on Financial Statements for the year ended 31st March, 2018

difference between net disposal proceeds and the carrying amounts are recognized in the statement of profit and loss. Upon first-time adoption of Ind AS, the Company has elected to measure its investments in subsidiaries and joint ventures at the Previous GAAP carrying amount as its deemed cost on the date of transition to Ind AS i.e., 1 April 2016.

### **Equity instruments :**

The Company subsequently measures all equity investments in companies / mutual funds other than equity investments in subsidiaries, at fair value. Dividends from such investments are recognised in profit and loss as other income when the Company's right to receive payments is established.

### **De-recognition :**

A financial asset is derecognised only when:

The rights to receive cash flows from the asset have expired, or

The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

### **Impairment of financial assets :**

In accordance with Ind-AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- a) Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, and bank balance
- b) Trade receivables or any contractual right to receive cash or another financial asset that result from transaction that are within the scope of Ind AS 18.- The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

## **2. Financial liabilities :**

### **Initial recognition and measurement :**

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts.

### **Financial liabilities at fair value through profit and loss :**

Financial liabilities at fair value through profit and loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit and loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category

## Notes on Financial Statements for the year ended 31st March, 2018

also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind-AS 109.

Gains or losses on liabilities held for trading are recognised in the profit and loss.

### **Derecognition :**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

### **3. Hedge accounting :**

Forward exchange contracts entered to hedge highly probable forecast revenues are recorded using the principles of hedge accounting as per Ind AS 109. Such forward exchange contracts which qualify for cash flow hedge accounting and where the conditions of Ind AS 109 have been met are initially measured at fair value and are re-measured at subsequent reporting dates. Changes in the fair value of these derivatives that are designated and effective as hedges of the future cash flows are recognized directly under shareholder's funds in the cash flow hedging reserve and the ineffective portion is recognised immediately in the statement of profit and loss.

At the inception of a hedge relationship, the Company formally designates and documents the hedge relationship to which the Company wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes the Company's risk management objective and strategy for undertaking hedge, the hedging/economic relationship, the hedged item or transaction, the nature of the risk being hedged, hedge ratio and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value of cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedge accounting is discontinued when the hedging instrument expires or is sold or terminated or exercised or no longer qualifies for hedge accounting. Cumulative gain or loss on the hedging instrument recognised in shareholder's funds is transferred to statement of profit and loss when the forecasted transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in shareholder's funds is transferred to the statement of profit and loss.

### **j) Fair Value Measurement :**

The Company's measures Financial Instruments at fair value at each Balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- a) In the principal market for the asset or liability, or
- b) In the absence of a principal market, In the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

## Notes on Financial Statements for the year ended 31st March, 2018

- a) Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- b) Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- c) Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

### **k) Foreign Currency and Translation balances :**

Transactions in foreign currencies entered into by the Company are accounted in the functional currency at the exchange rates prevailing on the date of the transaction. Monetary assets and liabilities denominated in foreign currency are translated at functional currency closing rate of exchange at the reporting date. Exchange differences arising on foreign exchange transactions settled during the year are recognised in the statement of profit and loss.

### **l) Trade Receivables :**

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

### **m) Income Taxes :**

Income tax expenses comprises of current and deferred tax expense and is recognised in the statement of profit or loss except to the extent that it relates to items recognized directly in equity or in OCI, in which case, the tax is also recognised directly in equity or OCI respectively.

#### **Current tax:**

Current tax is the amount expected tax payable or recoverable on the taxable profit or loss for the year and any adjustment to the tax payable or recoverable in respect of previous years. It is measured using tax rates enacted or substantively enacted by the end of reporting period. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate

#### **Deferred tax:**

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit under Income Tax Act, 1961.

Deferred tax assets and liabilities are measured at the tax rates that have been enacted or substantively enacted by the Balance Sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The carrying amount of Deferred tax liabilities and assets are reviewed at the end of each reporting period.

### **n) Cash and Cash Equivalents :**

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash in hand, demand deposits with banks, other short term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown in current liabilities in the balance sheet.

### **o) Employee Benefits :**

#### **Short Term Employee Benefits:**

All employee benefits payable wholly within twelve months of rendering the service are classified as short term employee benefits and they are recognized in the period in which the employee renders the related service. The

## Notes on Financial Statements for the year ended 31st March, 2018

Company recognizes the undiscounted amount of short term employee benefits expected to be paid in exchange for services rendered as a liability (accrued expense) after deducting any amount already paid. The Company does not allow any accumulation of leave balance or encashment thereof.

### Post-Employment Benefits:

#### 1. Defined Contribution plans:

Defined contribution plans are Employee's Provident Fund scheme, Employee state insurance scheme for all applicable employees and superannuation scheme for eligible employees. The Company contribution for the year paid / payable to a defined contribution plan as an expense in the Statement of Profit and Loss.

#### 2. Defined Benefit plans:

##### Pension Scheme:

The Company operates a defined benefit pension plan for certain specified employees and is payable upon the employee satisfying certain conditions, as approved by the Board of Directors.

##### Gratuity

The Company operates a defined benefit gratuity plan for employees. The Company contributes to a separate entity (a fund) administered by LIC, towards meeting the Gratuity obligation.

The cost of providing defined benefits is determined using the Projected Unit Credit method with actuarial valuations being carried out at each reporting date. The defined benefit obligations recognized in the Balance Sheet represent the present value of the defined benefit obligations as reduced by the fair value of plan assets, if applicable. Any defined benefit asset (negative defined benefit obligations resulting from this calculation) is recognized representing the present value of available refunds and reductions in future contributions to the plan.

All expenses represented by current service cost, past service cost, if any, and net interest on the defined benefit liability / (asset) are recognized in the statement of profit and loss. Remeasurements of the net defined benefit liability/ (asset) comprising actuarial gains and losses and the return on the plan assets (excluding amounts included in net interest on the net defined benefit liability/asset), are recognized in Other Comprehensive Income. Such remeasurements are not reclassified to the Statement of Profit and Loss in the subsequent periods.

The Company presents the above liability/(asset) as current and non-current in the Balance Sheet as per actuarial valuation by the independent actuary.

#### p) Research and Development :

Revenue expenditure on Research and Development is charged to Profit and Loss Account as incurred. Capital expenditure on assets acquired for Research and Development is added to PPE and depreciated in accordance with the policies stated for Property, Plant and Equipment and Intangible Assets.

#### q) Borrowing Cost :

Borrowing costs, that are, attributable to the acquisition, construction or production of qualifying are capitalized as part of the costs of such assets. A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use or sale. All other borrowing costs are expensed in the period in which they occur. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

#### r) Earnings per share :

Earnings per share (EPS) is calculated by dividing the net profit for the year attributable to the equity shareholders by weighted average number of equity shares outstanding during the year.

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



## Notes on Financial Statements for the year ended 31st March, 2018

### s) **Current / Non-Current Classification :**

For the purpose of current / non-current classification of assets and liabilities, the Company has ascertained its normal operating cycle as 12 months and other criteria set out in the Schedule III to the Companies Act, 2013. This is based on the nature of product/services and the time taken between the acquisition of assets for processing and their realization in cash and cash equivalents.

### t) **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 recognised 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 recognised, nor disclosed.

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

### u) **Key accounting estimates and judgements :**

The preparation of the Company's financial statements requires the management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The areas involving critical estimates or judgements are:

- a) Estimation of taxes
- b) Determination of the estimated useful lives of intangible assets and determining intangible assets having an indefinite useful life.
- c) Determination of the estimated useful lives of tangible assets and the assessment as to which components of the cost may be capitalized
- d) Recognition and measurement of defined benefit obligations, key actuarial assumptions
- e) Recognition and measurement of provisions and contingencies, key assumptions about the likelihood and magnitude of an outflow of resources
- f) Fair value of financial instruments

## Notes on Financial Statements for the year ended 31st March, 2018

2 Property, Plant and Equipment and Capital Work in Progress as at 31<sup>st</sup> March 2018

(₹ in lakhs)

Description	Gross Block (At Cost)				Depreciation Including Amortisation				Net Block	
	As at 01.04.2017	Additions	Deductions	As at 31.03.2018	As at 01.04.2017	Additions	Deductions	As at 31.03.2018	As at 31.03.2018	As at 31.03.2017
<b>Property, plant and equipment</b>										
<b>Tangible Assets</b>										
Leasehold Land	61.71			61.71	0.90	0.90		1.80	59.91	60.81
Freehold Land	83.84	3.30		87.14	-			-	87.14	83.84
Buildings	2,223.47	13.91		2,237.37	67.68	68.17		135.84	2,101.53	2,155.79
Equipment & Machinery*	1,114.45	270.65	276.41	1,108.69	99.14	120.56	156.91	62.79	1,045.90	1,015.33
Computers	85.69	13.79	30.74	68.74	8.92	30.02	29.20	9.74	59.00	76.77
Furniture & Fixtures	114.44	5.37	0.40	119.41	18.09	19.43	0.35	37.17	82.24	96.35
Motor Cars	93.52	34.16	15.59	112.09	14.08	16.79	14.81	16.05	96.04	79.44
Electric Fittings & Installations	169.74	49.11	49.92	168.93	24.98	21.72	27.37	19.33	149.60	144.76
<b>Sub- total</b>	3,946.86	390.28	373.05	3,964.09	233.78	277.58	228.64	282.72	3,681.37	3,713.10
<b>Intangible Assets</b>										
Computer Software	62.02	13.50		75.52	8.51	9.60		18.11	57.42	53.52
<b>Sub-total</b>	62.02	13.50	-	75.52	8.51	9.60	-	18.11	57.42	53.52
<b>Total</b>	4,008.88	403.78	373.05	4,039.60	242.29	287.18	228.64	300.83	3,738.78	3,766.62
Capital Work in Progress									66.56	170.36

\* Additions to Equipment & Machinery Includes:- R&D Lab equipments addition for Mahape Lab-1- ₹ 23.18 lakhs (Previous year ₹ 14.49 lakhs), Dudhwada Lab-2- ₹ 1.70 lakhs (Previous Year ₹ 2.16 lakhs & Pilot Plant at Dudhwada ₹ 162.50 lakhs).

Property, Plant and Equipment and Capital Work in Progress as at 31<sup>st</sup> March 2017

(₹ in lakhs)

Description	Gross Block (At Cost)				Depreciation Including Amortisation				Net Block	
	As at 01.04.2016	Additions	Deductions	As at 31.03.2017	As at 01.04.2016	Additions	Deductions	As at 31.03.2017	As at 31.03.2017	As at 31.03.2016
<b>Property, plant and equipment</b>										
<b>Tangible Assets</b>										
Leasehold Land	61.71			61.71	-	0.90		0.90	60.81	61.71
Freehold Land	83.84			83.84	-	0.00		0.00	83.84	83.84
Buildings	2,175.02	48.45		2,223.47	-	67.68		67.68	2,155.79	2,175.02
Equipment & Machinery*	904.38	242.17	32.09	1,114.47	-	117.17	18.03	99.14	1,015.33	904.37
Computers	53.65	46.52	14.48	85.69	-	22.71	13.79	8.92	76.77	53.65
Furniture & Fixtures	108.36	6.08		114.44	-	18.09		18.09	96.35	108.36
Motor Cars	93.52			93.52	-	14.08		14.08	79.44	93.52
Electric Fittings & Installations	139.18	30.56		169.74	-	24.98		24.98	144.76	139.18
<b>Sub- total</b>	3,619.67	373.78	46.57	3,946.88	-	265.60	31.82	233.78	3,713.10	3,619.66
<b>Intangible Assets</b>										
Computer Software	61.20	0.82		62.02	-	8.51	-	8.51	53.52	61.20
<b>Sub-total</b>	61.20	0.82	-	62.02	-	8.51	-	8.51	53.52	61.20
<b>Total</b>	3,680.87	374.59	46.57	4,008.90	-	274.10	31.82	242.29	3,766.61	3,680.86
Capital Work in Progress									170.36	174.38

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

The company has availed the deemed cost exemption as per Ind AS 101, in relation to the property plant and equipment on the date of transition and hence the net block carrying amount has been considered as the gross block carrying amount on that date.

## Notes on Financial Statements for the year ended 31st March, 2018

	As at 31/03/2018 (₹ in lakhs)	As at 31/03/2017 (₹ in lakhs)	As at 01/04/2016 (₹ in lakhs)
<b>3 Investments (Non-current)</b>			
<b>Investment in equity instruments of subsidiaries amortised at cost</b>			
<b>Unquoted</b>			
5,00,000(2,75,000) Equity Shares of Chembond Water Technologies Ltd. of ₹ 10/- each fully paid up. (Constituting 100.00% (55.00%) of the said Company's paid up capital)	<b>4,887.86</b>	160.30	160.30
10,00,000 (10,00,000) Equity Shares of Protochem Industries Pvt. Ltd. of ₹ 10/- each fully paid up (Constituting 100.00 %(100.00%) of the said Company's paid up capital)	<b>1,052.25</b>	1,052.25	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	580.85
9,50,000 (9,50,000) Equity Shares of Chembond Industrial Coatings Ltd. of ₹ 10/- each fully paid up (Constituting 100.00 %(100.00%) of the said Company's paid up capital)	<b>95.00</b>	95.00	95.00
10,00,000 (10,00,000) Equity Shares of Chembond Polymers and Materials Ltd. of ₹ 1/- each fully paid up. (Constituting 100.00%(100.00%) of the said Company's paid up capital)	<b>138.96</b>	138.96	138.96
27,49,414 (27,49,414) Equity Shares of Chembond Calvatis Industrial Hygiene Systems Ltd. of ₹ 1/- each fully paid up (Constituting 55.00 %(55.00%) of the said Company's paid up capital)	<b>32.39</b>	32.39	32.39
2,00,000 (2,00,000) Equity Shares of Chembond Chemicals (Malaysia) SDN. BHD. of RM.1/- each fully paid up (Constituting 100.00 %(100.00%) of the said Company's paid up capital)	<b>47.73</b>	47.73	-
4,000 (Nil) Equity Shares of Phiroze Sethna Private Ltd. of ₹ 100/- each fully paid up. (Constituting 100.00%(Nil) of the said Company's paid up capital)	<b>4,126.90</b>	-	-
<b>Investment in equity instruments of associates amortised at cost</b>			
<b>Unquoted</b>			
2,35,000 ( 2,35,000 ) Equity Shares of Chembond Distribution Ltd. of ₹ 1/- each fully paid up. (Constituting 47.00%(47.00%) of the said Company's paid up capital)	<b>23.50</b>	23.50	23.50
<b>Investment in Government Securities amortised at cost (Unquoted)</b>			
Investment in National Saving Certificate	<b>0.01</b>	0.01	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	50.00
<b>Other Investments amortised at Cost (Unquoted)</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	4.50
1,00,000 (1,00,000) Cumulative, Non participating Compulsorily Convertible Preference Shares of Tata Motors Finance Ltd. of ₹ 100/- Each Fully paid	<b>100.00</b>	100.00	100.00

## Notes on Financial Statements for the year ended 31st March, 2018

	<b>As at 31/03/2018 (₹ in lakhs)</b>	As at 31/03/2017 (₹ in lakhs)	As at 01/04/2016 (₹ in lakhs)
<b>Investments in Equity Shares carried at fair value through Profit and Loss</b>			
<b>Quoted</b>			
1,075 (1,075) Equity Shares of Kotak Mahindra Bank Ltd.of ₹ 5/- each fully paid up.	<b>11.26</b>	9.38	480.47
Nil (23,926) Equity Shares of Colgate Palmolive (India) Ltd.of ₹ 1/- each fully paid up.	-	238.87	419.62
Nil (75,000) Equity Shares of Marico Ltd.of ₹ 1/- each fully paid up.	-	-	181.88
16,200 (32,400)Equity Shares of Hindustan Petroleum Corporation Ltd.of ₹ 10/- each fully paid up.	<b>55.75</b>	170.25	-
3,600 (Nil) Equity Shares of Godrej Consumer Products Ltd.of ₹ 1/- each fully paid up.	<b>39.33</b>	-	-
<b>Investments in Gilt fund carried at fair value through Profit and Loss</b>			
<b>Quoted</b>			
34,44,368.286 (34,44,368.286) Units of SBI Magnum Gilt Fund-Short Term-Regular plan Growth	<b>1,267.37</b>	1,200.34	1,070.49
16,57,088.694 (16,57,088.694) Units of SBI Magnum Gilt Fund-Long Term-Regular plan Growth	<b>631.53</b>	611.42	531.76
16,27,198.007 (42,71,192.232) Units of ICICI Prudential Short Term Gilt Fund-Growth	<b>717.30</b>	1,780.71	1,614.42
27,93,842.371 (27,93,842.371) Units of Reliance Gilt Securities Fund-Growth Plan Growth option	<b>636.78</b>	611.06	540.88
31,17,743.926 (46,01,436.659) Units of HDFC Gilt Fund Long Term - Growth	<b>1,092.08</b>	1,552.47	1,409.11
Nil (8,75,009.661) Units of HDFC Gilt Fund Shot Term - Growth	-	238.17	218.59
<b>Other investments</b>			
<b>Quoted (carried at fair value through Profit and Loss)</b>			
20,00,000 (20,00,000) units of Kotak FMP Series 187 - Growth	<b>241.12</b>	223.02	202.47
<b>Total</b>	<b>15,832.50</b>	8,921.17	8,907.44
Aggregate amount of Quoted Investments and market value there of	<b>4,692.53</b>	6,635.66	6,669.67
Aggregate amount of Unquoted Investments	<b>11,139.97</b>	2,285.51	2,237.77
Aggregate amount of Impairment in value of investment	-	-	-
<b>4 Other Non- Current Financial Assets</b>			
(Unsecured & considered good)			
Other Deposits	<b>41.98</b>	41.77	46.86
<b>Total</b>	<b>41.98</b>	41.77	46.86
<b>5 Income Tax Asset (net)</b>			
Income tax (net of provision)	<b>149.35</b>	94.08	112.38
<b>Total</b>	<b>149.35</b>	94.08	112.38

## Notes on Financial Statements for the year ended 31st March, 2018

	As at 31/03/2018 (₹ in lakhs)	As at 31/03/2017 (₹ in lakhs)	As at 01/04/2016 (₹ in lakhs)
<b>6 Other Non-Current Assets</b>			
Capital advances	23.56	15.59	15.58
Prepaid expenses	4.68	1.37	0.83
<b>Total</b>	<b>28.24</b>	<b>16.96</b>	<b>16.41</b>
<b>7 Inventories</b> <b>(At lower of cost and net realisable Value)</b>			
Raw Material	1,360.35	1,471.40	1,133.19
Packing Material	107.30	95.64	96.33
Finished Goods	355.60	644.52	674.52
Stock-in-Trade	68.14	124.85	121.93
Stock in Transit	2.94	11.70	-
<b>Total</b>	<b>1,894.34</b>	<b>2,348.11</b>	<b>2,025.97</b>
<b>8 Investments (Current)</b>			
<b>Investments in Equity Shares carried at fair value through Profit and Loss</b>			
<b>Quoted</b>			
9,206 (17,601) Equity Shares of Coromandel International Ltd. of ₹ 1/- each fully paid up.	48.35	54.89	-
18,298 (18,298) Equity Shares of Kalpatru Power Transmission Ltd. of ₹ 2/- each fully paid up.	88.61	59.05	-
28,561 (33,539) Equity Shares of Kec International Ltd. of ₹ 2/- each fully paid up.	111.32	69.96	-
15,627 (15,627) Equity Shares of Simplex Infrastructures Ltd. of ₹ 2/- each fully paid up.	82.95	48.14	-
3,305 (3,305) Equity Shares of Sundaram Finance Ltd. of ₹ 10/- each fully paid up.	55.43	53.37	-
8,131 (8,131) Equity Shares of Carbondum Universal Ltd. of Rs. 1/- each fully paid up.	28.25	23.62	-
Nil (3,130) Equity Shares of Sun Pharmaceutical Industries Ltd. of ₹ 1/- each fully paid up.	-	21.54	-
3,155 (Nil) Equity Shares of Container Corporation of India Ltd. of ₹ 10/- each fully paid up.	39.28	-	-
16,604 (Nil) Equity Shares of ICICI Bank Ltd. of ₹ 10/- each fully paid up.	46.22	-	-
3,960 (Nil) Equity Shares of Tata Communications Ltd. of ₹ 10/- each fully paid up.	24.56	-	-
3,305 (Nil) Equity Shares of Sundaram Finance Holding Ltd. of ₹ 5/- each fully paid up.	10.26	-	-
<b>Investments in Mutual Funds carried at fair value through Profit and Loss</b>			
47,209 (45,219) Units of Reliance Liquid Fund -Treasury Plan - Daily Dividend	0.72	0.66	0.66
Nil (35,778.175) Units of ICICI Prudential Focused bluechip equity fund-Growth	-	12.29	9.83

## Notes on Financial Statements for the year ended 31st March, 2018

	<b>As at 31/03/2018 (₹ in lakhs)</b>	As at 31/03/2017 (₹ in lakhs)	As at 01/04/2016 (₹ in lakhs)
26,215.8611 (8,719.9648) Units of Kotak Floater Short term-Growth (Regular Plan)	<b>745.73</b>	232.28	3.56
Nil (281.400) Units of Birla Sun Life Cash Plus-Growth Regular Plan	-	0.73	30.46
Nil (Nil) Units of L&T Liquid Fund-Growth	-	-	1,256.91
Nil (Nil Units of SBI premier Liquid fund - Regular Plan - Growth	-	-	95.60
Nil (1,87,783.643) Units of Tata Balanced Fund Regular Plan -Growth	-	359.95	305.61
Nil (7,38,490.922) Units of Reliance Regular Savings Fund- Balanced Plan - Growth Plan Growth Option	-	351.20	295.07
Nil (177.745) Units of HDFC Liquid Fund- Growth	-	5.69	5.32
Nil (115.397) Units of Reliance Liquidity Fund-Growth plan Growth option	-	2.82	2.64
Nil (27,20,852.759) Units of Kotak Equity Arbitrage Fund RP-Growth	-	637.27	-
Nil (8,61,618.729) Units of ICICI Equity Arbitrage Fund Growth	-	187.41	-
Nil (12,46,439.81) Units of Birla Sunlife Short Term Fund Growth	-	776.18	-
Nil (43,02,934.808) Units of HDFC Short Term Opportunities Growth	-	774.01	-
Nil (1,63,99,293.866) Units of IDFC Corporate Bond Fund Regular Plan Growth	-	1,832.05	-
Nil (40,82,826.949) Units of L&T Short Term Opportunities Funds Growth	-	638.95	-
8,965.49 (43,965.49) Units of Franklin India Prima Plus -Growth	<b>51.51</b>	228.87	-
1,56,277.345 (8,31,277.345) Units of Kotak Select Focus Fund Regular Plan Growth	<b>49.72</b>	238.93	-
1,35,931.375 (6,73,931.375) Units of SBI Blue Chip Fund Regular Plan Growth	<b>50.60</b>	226.25	-
62,226.441 (1,35,931.375) Units of HDFC Core and Satellite Fund -Growth	<b>48.64</b>	225.24	-
Nil (5,16,145.016) Units of Birla Sun Life Medium Term Plan Growth	-	105.34	-
2,25,408.723 (10,39,408.723) Units of DSP Black Rock Focus 25 Fund Growth	<b>49.30</b>	211.99	-
Nil (19,16,296.183) Units of Kotak medium Term Fund Regular Plan Growth	-	259.42	-
Nil (3,74,368.254) Units of ICICI Prudential Short Term Growth Option	-	127.74	-
<b>Total</b>	<b>1,531.44</b>	7,765.85	2,005.66
Aggregate amount of Quoted Investments and Market Value thereof	<b>1,531.44</b>	7,765.85	2,005.66
<b>9 Trade Receivables</b>			
Unsecured Considered Good	<b>3,832.43</b>	3,783.60	3,221.00
Less : Provision for Doubtful Debts	<b>63.32</b>	97.02	206.72
<b>Total</b>	<b>3,769.11</b>	3,686.59	3,014.28
For Related party transactions Refer Note No.43			

## Notes on Financial Statements for the year ended 31st March, 2018

	<b>As at 31/03/2018 (₹ in lakhs)</b>	As at 31/03/2017 (₹ in lakhs)	As at 01/04/2016 (₹ in lakhs)
<b>10 Cash and Cash equivalents</b>			
Balances with banks			
In Current Accounts	<b>672.51</b>	237.83	468.04
Cash on hand	<b>0.71</b>	1.01	2.14
<b>Total</b>	<b>673.21</b>	238.84	470.18
<b>11 Bank balances other than cash and cash equivalents</b>			
Margin money (Including deposits with original maturity of more than 3 months & less than 12 months )	<b>68.71</b>	62.55	57.83
In Unpaid Dividend Accounts	<b>6.79</b>	7.89	11.54
<b>Total</b>	<b>75.50</b>	70.44	69.37
<b>12 Loans</b>			
(Unsecured & considered good)			
Loan and advance to Employees	<b>9.91</b>	5.57	13.77
Other Loans & Advances	<b>5.15</b>	68.66	47.95
<b>Total</b>	<b>15.06</b>	74.23	61.72
<b>13 Other Current Financial Assets</b>			
(Unsecured & considered good)			
Security Deposits	<b>37.20</b>	42.48	41.88
Deposit - Excise	<b>28.10</b>	46.75	62.21
<b>Total</b>	<b>65.30</b>	89.23	104.09
<b>14 Current Tax (net)</b>			
Current Tax (Net)	<b>14.00</b>	53.59	-
<b>Total</b>	<b>14.00</b>	53.59	-
<b>15 Other Current Assets</b>			
Mutual Fund sale proceeds receivable	-	-	4,750.64
Accrued Interest on NHAI Bonds	<b>3.00</b>	3.00	1.22
Prepaid expenses	<b>38.33</b>	33.46	32.40
Advances for supply of goods and services	<b>30.69</b>	28.63	22.60
Other Current Assets	<b>20.82</b>	17.13	-
<b>Total</b>	<b>92.83</b>	82.22	4,806.86

## Notes on Financial Statements for the year ended 31st March, 2018

	As at 31/03/2018 (₹ in lakhs)	As at 31/03/2017 (₹ in lakhs)	As at 01/04/2016 (₹ in lakhs)
<b>16 Share Capital</b>			
<b>Authorised</b>			
2,00,00,000 (2,00,00,000) Equity Shares of ₹ 5/- each	<b>1,000.00</b>	1,000.00	1,000.00
<b>Issued, Subscribed and Paid up</b>			
1,34,48,288 (1,34,48,288) Equity Shares of ₹ 5/- each fully paid up	<b>672.41</b>	672.41	669.69
<b>Total</b>	<b>672.41</b>	672.41	669.69

**a Reconciliation of the equity shares outstanding at the beginning and at the end of the reporting year:**

Number of shares outstanding at the beginning of the year	<b>1,34,48,288</b>	66,96,894	66,96,894
Additions during the year			
- Subdivision of Equity Shares from face Value ₹ 10 to ₹ 5/- Per Share	-	66,96,894	-
- ESOP Share issued	-	54,500	-
Deductions during the year	-	-	-
Number of shares outstanding at the end of the year	<b>1,34,48,288</b>	1,34,48,288	66,96,894

**b Details of Shareholders holding more than 5% Shares**

Name of the Shareholder	No of Shares	No of Shares	No of Shares
Dr. Vinod D. Shah	<b>19,38,562</b>	19,38,562	19,34,062
% held	<b>14.41%</b>	14.41%	14.44%
Padma V. Shah	<b>14,95,114</b>	14,95,114	14,95,114
% held	<b>11.12%</b>	11.12%	11.16%
Visan Holding & Financial Services Pvt. Ltd.	<b>12,37,916</b>	12,37,916	12,37,616
% held	<b>9.21%</b>	9.21%	9.24%
Ashwin R. Nagarwadia	<b>10,81,264</b>	10,81,264	10,81,264
% held	<b>8.04%</b>	8.04%	8.07%

**c 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 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.



## Notes on Financial Statements for the year ended 31st March, 2018

	<b>As at 31/03/2018 (₹ in lakhs)</b>	As at 31/03/2017 (₹ in lakhs)	As at 01/04/2016 (₹ in lakhs)
<b>17 Other Equity</b>			
<b>General Reserve</b>			
As per last year	<b>630.00</b>	630.00	630.00
Add: Transfer from Profit & Loss A/c.	-	-	-
	<b>630.00</b>	630.00	630.00
<b>Share Premium</b>			
As per last year	<b>613.05</b>	574.08	521.91
Add: Received on ESOP Shares Issue	-	38.97	52.17
	<b>613.05</b>	613.05	574.08
<b>Employees 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>Retained Earnings</b>			
As per last year	<b>19,522.79</b>	18,071.29	3,359.89
Add: Profit for the Year	<b>1,359.31</b>	1,451.50	15,403.36
	<b>20,882.10</b>	19,522.79	18,763.26
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
Dividend Paid	<b>221.90</b>	-	-
Tax on Dividend Paid	<b>45.17</b>	-	-
	<b>20,660.20</b>	19,522.79	18,071.29
<b>Other Comprehensive Income (OCI)</b>			
Remeasurements of the net defined benefit Plans			
As per last year	<b>0.07</b>	-	-
Movement During the Year	<b>4.03</b>	0.07	-
	<b>4.10</b>	0.07	-
<b>Total</b>	<b>21,907.35</b>	20,765.91	19,291.49

## Notes on Financial Statements for the year ended 31st March, 2018

	As at 31/03/2018 (₹ in lakhs)	As at 31/03/2017 (₹ in lakhs)	As at 01/04/2016 (₹ in lakhs)
<b>18 Borrowings</b>			
<b>Secured</b>			
Term Loan from Banks	-	-	-
<b>Unsecured</b>			
Loans from Related Parties	-	-	-
Loans from Others	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>19 Provisions- Non Current</b>			
Provision for Gratuity	79.53	83.88	85.79
<b>Total</b>	<b>79.53</b>	<b>83.88</b>	<b>85.79</b>
<b>20 Deferred Tax Liability (Net)</b>			
<b>Deferred tax Liability</b>			
Depreciation	427.54	503.13	509.06
Investments at Fair Value	156.53	300.66	110.94
	<b>584.07</b>	803.79	620.00
<b>Deferred tax Asset</b>			
Gratuity	23.16	25.92	29.69
MAT Credit	252.14	186.06	144.10
Other Deferred tax Asset	3.46	-	-
Provision for Doubtful Debts	18.44	29.98	108.87
	<b>297.20</b>	241.96	282.66
<b>Total</b>	<b>286.88</b>	561.83	337.34
<b>21 Current Borrowings (Repayable on demand)</b>			
<b>Secured</b>			
Over draft facilities from Banks	222.81	221.61	324.14
Working Capital Loan from Banks	-	-	-
Buyers Credit Loan from Banks	54.44	-	284.34
<b>Unsecured</b>			
Buyers Credit Loan from Banks	189.87	510.57	211.06
<b>Total</b>	<b>467.12</b>	732.18	819.53

- 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 Property, Plant & Equipments.

## Notes on Financial Statements for the year ended 31st March, 2018

	As at 31/03/2018 (₹ in lakhs)	As at 31/03/2017 (₹ in lakhs)	As at 01/04/2016 (₹ in lakhs)
<b>22 Trade Payables</b>			
Micro, Small and Medium Enterprises	33.90	52.60	39.45
Others	3,990.80	3,694.21	3,426.43
<b>Total</b>	<b>4,024.70</b>	<b>3,746.80</b>	<b>3,465.88</b>
a For Related party transaction Refer Note No.43			
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	33.90	52.60	39.45
Interest accrued and due to suppliers under MSMED Act, 2006	1.38	1.14	2.48
Payment made to suppliers (other than interest) beyond the appointed day, during the year	136.77	137.61	162.20
Interest paid/adjusted to suppliers under MSMED Act, 2006 (other than section 16)	1.14	2.48	2.40
Interest paid/adjusted to suppliers under MSMED Act, 2006 (Section 16)	NIL	NIL	NIL
Interest due and payable to suppliers under MSMED Act, 2006 for payments already made	1.38	1.14	2.48
Interest accrued and remaining unpaid at the end of the year to suppliers under MSMED Act, 2006	1.38	1.14	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.			
<b>23 Other Current Financial Liabilities</b>			
Current Maturities of Long Term Debt	-	-	-
Other Payables	446.75	567.48	494.00
Creditors for Capital Expenditure	21.82	34.09	29.68
Unclaimed Dividend *	8.10	7.89	11.54
<b>Total</b>	<b>476.67</b>	<b>609.46</b>	<b>535.22</b>
* Not due for Deposit to Investor Education and Protection Fund			
<b>24 Other Current Liabilities</b>			
Advance Received From Customers	21.50	115.96	80.58
Statutory Dues	38.90	131.63	142.22
<b>Total</b>	<b>60.40</b>	<b>247.59</b>	<b>222.80</b>
<b>25 Short-Term Provisions</b>			
Provision for Gratuity	13.14	-	-
Provision for Current Tax (Net of Advance Tax)	-	-	68.71
Proposed dividend	-	-	-
Tax on proposed dividend	-	-	-
<b>Total</b>	<b>13.15</b>	<b>-</b>	<b>68.71</b>

## Notes on Financial Statements for the year ended 31st March, 2018

<b>26 Revenue from Operations</b>	<b>2017-2018</b> (₹ in lakhs)	2016-2017 (₹ in lakhs)
<b>Sales (Gross of Excise Duty)</b>	<b>23,500.29</b>	24,142.19
<b>Sales of Services</b>		
Technical Service Income	<b>58.49</b>	47.19
<b>Other Operating revenue</b>		
Bad Debts Recovered	<b>155.47</b>	56.40
Provision for Doubtful Debts (No Longer required)	<b>33.70</b>	109.70
Miscellaneous Income	<b>31.10</b>	11.83
Other Operating revenue	<b>220.26</b>	177.93
<b>Total</b>	<b>23,779.03</b>	24,367.32
<b>27 Other Income</b>		
Dividend from Subsidiary Company - Chembond Water Technologies Ltd	<b>230.17</b>	-
Dividend from Equity Investments	<b>7.29</b>	17.92
Dividend from Mutual Funds	<b>14.35</b>	29.64
	<b>251.81</b>	47.56
Profit from Sale of Mutual Funds	<b>1,145.01</b>	164.46
Profit on Sale of Equity Investments	<b>68.32</b>	82.29
Gross Interest {TDS ₹ 0.46 lakhs (P.Y. ₹ 1.26 lakhs)}	<b>12.18</b>	10.65
Gross Rental Income {TDS ₹ 1.75 lakhs (₹ 2.84 lakhs)}	<b>20.64</b>	14.34
Foreign Exchange Fluctuation Gain / (Loss)	<b>15.42</b>	52.00
Fair valuation of Investments ( Net )	<b>(479.89)</b>	1,297.20
Guarantee fee	<b>15.00</b>	13.50
<b>Total</b>	<b>1,048.47</b>	1,682.00
<b>28 Cost of Materials Consumed</b>		
Raw Materials Consumed	<b>16,431.60</b>	15,843.68
Packing Material	<b>1,463.61</b>	1,498.67
<b>Total</b>	<b>17,895.21</b>	17,342.35
<b>29 Purchases of stock-in-trade</b>		
Purchases of Stock-in-trade	<b>49.36</b>	77.18
<b>Total</b>	<b>49.36</b>	77.18
<b>30 Changes in inventory of Finished goods, Work in progress and Traded goods</b>		
Finished products/ Stock in Trade (At Close)	<b>423.74</b>	769.37
Finished products/ Stock in Trade (At commencement)	<b>769.37</b>	796.45
<b>Total</b>	<b>345.62</b>	27.08

## Notes on Financial Statements for the year ended 31st March, 2018

	2017-2018 (₹ in lakhs)	2016-2017 (₹ in lakhs)
<b>31 Employee Benefit Expenses</b>		
Director Remuneration	110.30	110.12
Salaries & Wages	1,563.44	1,561.89
Employee ESOP compensation	-	(16.11)
Contribution to Provident & other funds	108.64	100.22
Staff Welfare Expenses	83.43	80.50
<b>Total</b>	<b>1,865.81</b>	<b>1,836.62</b>
For Related party transaction Refer Note No.43		
<b>32 Finance Cost</b>		
Interest Expense		
- Banks	34.08	37.85
- MSMED	1.38	1.14
- Others	0.52	1.30
Bank Guarantee fees & charges	18.63	23.59
<b>Total</b>	<b>54.60</b>	<b>63.88</b>
<b>33 Depreciation and Amortisation expenses</b>		
Depreciation and Amortisation Expenses	287.18	274.10
<b>Total</b>	<b>287.18</b>	<b>274.10</b>
<b>34 Other Expenses</b>		
<b>Manufacturing Expenses</b>		
Consumable Stores	44.80	37.73
Octroi	0.37	0.75
Power, Fuel & Water Charges	84.47	85.22
Research and Development (see note 'a' below)	130.34	103.01
Lab Expenses	1.49	1.33
Repairs and Renewals to Plant & Machinery	17.00	28.75
Godown Rent	23.93	24.96
Labour Charges	268.82	278.31
Security Expenses	73.61	68.73
Factory Maintenance	86.42	136.23
Profit Transferred to Subsidiary on WTC Business (see note 'b' below)	84.37	70.42
Compensation Expenses (see note 'c' below)	72.00	72.00
Profit Transferred to Subsidiary on Industrial Coatings Business (see note 'd' below)	73.08	14.05
<b>A</b>	<b>960.72</b>	<b>921.49</b>
<b>Administrative Expenses</b>		
Director's Sitting Fees	29.05	48.40
Rates & Taxes	20.04	24.97
Electricity charges	39.85	38.33
Printing and stationary	10.57	19.18
Telephone & Postage Expenses	42.06	48.22

## Notes on Financial Statements for the year ended 31st March, 2018

	<b>2017-2018</b> (₹ in lakhs)	2016-2017 (₹ in lakhs)
Insurance	28.07	26.94
Motor car expenses	38.47	38.13
Auditors Remuneration	3.33	5.45
Legal, Professional & consultancy fees	423.62	505.66
Repairs & Maintenance Buildings	39.13	6.49
Repairs & Maintenance Others	125.43	117.67
Miscellaneous expenses	43.24	27.30
Donation	0.30	15.83
Sales Tax & Other Taxes	8.14	10.05
Loss on Sale of Fixed Asset	3.74	2.93
Input Service Tax Disallowed	6.60	16.19
Input GST Disallowed	19.91	-
Swachh Bharat Cess Expenses	2.57	8.03
Bad Debts Written Off	148.11	25.99
<b>B</b>	<b>1,032.23</b>	985.76
<b>Selling and Distribution Expenses</b>		
Carriage outwards	261.84	202.62
Rent	24.62	25.87
Commission on sales	80.72	60.85
Travelling Expenses	172.47	185.12
Conveyance Expenses	79.62	64.59
Royalty Expenses	34.23	35.31
Advertising & Publicity Expenses	23.85	22.80
Warehousing Charges	3.96	3.44
Packing Expenses	7.22	4.65
Sales Promotion Expenses	98.15	53.32
<b>C</b>	<b>786.70</b>	658.57
<b>(A+B+C)</b>	<b>2,779.64</b>	2,565.82
Less : Reimbursement of expenses	417.91	375.30
<b>Total</b>	<b>2,361.73</b>	2,190.52
<b>a) Research and Development Expenses:</b>		
Research and Development Lab Mahape	51.80	59.22
Research and Development Lab Dudhwada	78.55	43.80
<b>Total</b>	<b>130.34</b>	103.01

- b) As per the terms of agreement the Water Treatment Chemicals (WTC) business of Chembond Chemicals Ltd. had been merged with the subsidiary Chembond Water Technologies Ltd. "Profit Transferred to Subsidiary on WTC Business" aggregating ₹ 84.37 lakhs (Previous year ₹ 70.42 lakhs) included in Manufacturing Expenses represents transfer by overriding title to Chembond 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 Industrial Coating business of Chembond Chemicals Ltd had been merged with the Chembond Industrial Coating Co Ltd. "Profit Transferred to Subsidiary on Industrial Coatings Business" aggregating ₹ 73.08 lakhs (Previous year ₹ 14.05 lakhs) included in manufacturing expenses represents transfer by overriding title to Chembond Industrial Coatings Co Ltd. the income arising on account of the said Industrial Coating business that arose in Chembond Chemicals Ltd.
- d) 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.

## Notes on Financial Statements for the year ended 31st March, 2018

**e) Auditor's Remuneration consists of:**

	<b>2017-2018</b> (₹ in lakhs)	2016-2017 (₹ in lakhs)
Statutory Audit Fees	3.33	3.03
Tax Audit Fees	-	1.51
Taxation and Other Matters	-	0.91
<b>Total</b>	<b>3.33</b>	<b>5.45</b>

**f) 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 31/03/2018</b> (₹ In lakhs)	Total Minimum Lease Payment Outstanding as on 31/03/2017 (₹ In lakhs)
Due within one year	25.88	49.06
Due later than one year and not later than five years	15.90	36.39
Due later than five years	-	-
Lease payments recognised in the Statement of Profit & Loss	48.55	50.83

**35 Earnings Per Share**

	<b>2017-2018</b>	2016-2017
Net Profit available to Equity Shareholders (₹ In Lakhs)	1,359.31	1,451.56
Total number of Equity Shares (Face value of ₹ 5/- each fully paid up)	13,448,288.00	13,448,288.00
Weighted No. of Equity Shares	13,448,288.00	13,428,279.78
Basic Earnings per Share (in Rupees)	10.11	10.81
Diluted No. of Equity Shares	13,448,288.00	13,428,279.78
Diluted Earnings per Share (in Rupees)	10.11	10.81

**36 Value Of Imports Calculated On CIF Basis**

	<b>2017-2018</b>	2016-2017
Raw Materials and Finished Goods	2,297.30	2,857.00
<b>Total</b>	<b>2,297.30</b>	<b>2,857.00</b>

**37 Expenditure In Foreign Currency**

	<b>2017-2018</b>	2016-2017
Professional Fees	-	1.89
Acquisition of Shares (Subsidiary Shares )	4,472.38	
Travelling	5.21	11.06
<b>Total</b>	<b>4,477.58</b>	<b>12.95</b>

**38 Earnings In Foreign Exchange**

	<b>2017-2018</b>	2016-2017
Export of Goods on FOB Basis	455.02	227.98
<b>Total</b>	<b>455.02</b>	<b>227.98</b>

**39 Segment Reporting**

"The Company is engaged in the manufacture of Specialty Chemicals, which in the context of Ind AS 108- Operating segment specified under section 133 of the Companies Act, 2013 is considered as a single business segment of the company.

## Notes on Financial Statements for the year ended 31st March, 2018

### 40 First Time adoption of Ind AS

#### I. Transition to Ind AS

These are the Company's first financial statements prepared in accordance with Ind AS.

The accounting policies set out in note 1.2 have been applied in preparing the financial statements for the year ended 31 March 2018, the comparative information presented in these financial statements for the year ended 31 March 2017 and in the presentation of an opening Ind AS balance sheet at 1 April 2016 (the Company's date of transition). In preparing its opening Ind AS balance sheet, the Company has adjusted the amount reported previously in financial statements prepared in accordance with the accounting standards notified under Companies (Accounting Standards) Rules, 2006 (as amended) and other relevant provisions of the Act (previous GAAP or Indian GAAP). An explanation of how the transition from previous GAAP to Ind AS has affected the company's financial position and financial performance is set out in the following tables and notes.

#### II. Exemptions from retrospective application

Ind AS 101 allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. The Company has applied the following exemptions:

##### a) Deemed cost for Property, Plant and Equipment (PPE), Intangible assets

Ind AS 101 permits a first time adopters to continue with the carrying value for all its property, plant and equipment and intangible assets as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition.

Accordingly, the company has elected to measure all of its PPE and intangible asset at their previous GAAP carrying values.

##### b) Deemed cost for investment in subsidiary

The Company has elected to use the previous GAAP carrying amount of its investment in subsidiary on the date of transition as its deemed cost on that date, in its separate financial statements.

The remaining voluntary exemptions as per Ind AS 101 - First time adoption either do not apply or are not relevant to the Company.

#### III. Exceptions from full retrospective application:

##### a) Hedge accounting

Hedge accounting is applied from 1 April 2017 and therefore previous period comparative i.e., F.Y. 2016-17 has not been restated and the same will continue to reflect fair value through profit and loss accounting.

##### b) Use of Estimates

Upon an assessment of the estimates made under Indian GAAP, the Company has concluded that there was no necessity to revise such estimates under Ind AS, except where estimates were required by Ind AS and not required by Indian GAAP.

The company made estimate for following items in accordance with Ind AS at the date of transition as these were not required under

- Investment in equity instruments carried at FVTPL; and
- Investment in debt instruments carried at FVTPL.
- Fair Valuation of Deposits.

##### c) Classification and measurement of financial assets

The Company has classified and measured the financial assets (investment in debt instruments) on the basis of facts and circumstances that exist at the date of transition to Ind AS.

#### IV. Derecognition of Financial Assets and Financial liabilities

The company has applied derecognition requirement of Financial Assets and Financial Liabilities prospectively from the transactions occurring on or After 1<sup>st</sup> April 2016

The remaining mandatory exceptions either do not apply or are not relevant to the Company.



## Notes on Financial Statements for the year ended 31st March, 2018

### V. Reconciliations under Ind AS 101

#### (a) Reconciliation of Equity

Particulars	Notes	I GAAP as at 31/03/2017	Effect of transition to Ind AS	Ind AS as at 31/03/2017	I GAAP as at 01/04/2016	Effect of transition to Ind AS	Ind AS as at 01/04/2016
		(₹ in lakhs)	(₹ in lakhs)	(₹ in lakhs)	(₹ in lakhs)	(₹ in lakhs)	(₹ in lakhs)
<b>Assets</b>							
Non-current assets							
(a) Property, plant and equipment		3,714.00	(0.90)	3,713.10	3,619.66	-	3,619.66
(b) Capital work-in-progress		170.36	-	170.36	174.38	-	174.38
(c) Other Intangible Assets		53.52	-	53.52	61.20	-	61.20
(d) Financial Assets		-	-	-	-	-	-
i) Investments	1	7,861.59	1,059.56	8,921.17	8,585.64	321.79	8,907.44
ii) Other financial assets		41.77	0.00	41.77	46.84	0.00	46.86
(e) Income tax asset (net)		94.08	-	94.08	112.38	-	112.38
(f) Other non-current assets	8	16.22	0.74	16.96	16.41	-	16.41
Current Assets							
(a) Inventories		2,348.11	-	2,348.11	2,025.97	-	2,025.97
(b) Financial Assets							
i) Investments	1,2	7,136.50	629.36	7,765.85	1,935.74	69.93	2,005.66
ii) Trade receivables	7	3,673.09	13.50	3,686.59	3,014.29	-	3,014.28
iii) Cash and cash equivalents		238.87	-	238.87	470.18	-	470.18
iv) Bank Balances other than (iii) above		70.44	-	70.44	69.37	-	69.37
v) Loans		74.23	-	74.23	61.72	-	61.72
vi) Other financial assets	8	90.08	(0.85)	89.23	104.09	-	104.09
(c) Current Tax (Net)		53.59	-	53.59	-	-	-
(d) Other current assets		82.22	-	82.22	4,806.86	-	4,806.86
<b>Total Assets</b>		<b>25,718.65</b>	<b>1701.41</b>	<b>27,420.06</b>	<b>25,104.73</b>	<b>391.72</b>	<b>25,496.45</b>
<b>Equity and Liabilities</b>							
Equity							
(a) Share capital		672.41	-	672.41	669.69	-	669.69
(b) Other equity	1-8	19,143.26	1,622.65	20,765.91	19,010.71	280.78	19,291.49
Non-Current Liabilities							
(a) Financial liabilities							
i) Borrowings		-	-	-	-	-	-
(b) Provisions		83.88	-	83.88	85.79	-	85.79
(c) Deferred tax liabilities (Net)	5	261.17	300.66	561.83	226.40	110.94	337.34
Current liabilities							
(a) Financial liabilities							
i) Borrowings		732.18	-	732.18	819.54	-	819.53
ii) Trade payables		3,746.80	-	3,746.80	3,465.90	-	3,465.90
iii) Other financial liabilities		609.46	-	609.46	535.21	-	535.21
(b) Other current liabilities		247.59	-	247.59	222.79	-	222.79
(c) Provisions	4	221.90	(221.90)	-	68.71	-	68.71
<b>Total Equity and Liabilities</b>		<b>25,718.65</b>	<b>1701.41</b>	<b>27,420.06</b>	<b>25,104.73</b>	<b>391.72</b>	<b>25,496.45</b>

## Notes on Financial Statements for the year ended 31st March, 2018

## (b) Reconciliation of Profit and Loss for the year ended 31 st March 2017

Particulars	Notes	IGAAP 2016-2017 (₹ in lakhs)	Effect of transition to IND AS (₹ in lakhs)	IND AS 2016-2017 (₹ in lakhs)
Revenue From Operations	3	21,859.72	2,507.60	24,367.32
Other Income	1,2,7	371.30	1,310.70	1,682.00
<b>Total Revenue</b>		<b>22,231.02</b>	<b>3,818.30</b>	<b>26,049.32</b>
Expenses :				
Cost of Materials Consumed		17,342.35	-	17,342.35
Purchases of Stock-in-trade		77.18	-	77.18
Changes in Inventories of Finished goods, Work-in-progress and Stock-in-Trade		27.08	-	27.08
Excise Duty	3	-	2,507.60	2,507.60
Employee Benefits Expense	5	1,836.53	0.08	1,836.62
Finance Costs		63.88	-	63.88
Depreciation and Amortisation expense		273.21	0.90	274.10
Other Expenses	8	2,190.41	0.11	2,190.52
<b>Total Expenses</b>		<b>21,810.65</b>	<b>2,508.70</b>	<b>24,319.35</b>
Profit before Exceptional items and Tax		420.36	1,309.60	1,729.97
Exceptional Items		-	-	-
<b>Profit before Tax</b>		<b>420.36</b>	<b>1,309.60</b>	<b>1,729.97</b>
Current Tax	5	54.00	(0.02)	53.98
Deferred Tax	6	34.78	189.71	224.49
<b>Total Tax Expense</b>		<b>88.78</b>	<b>189.70</b>	<b>278.47</b>
<b>Profit for the Year</b>		<b>331.59</b>	<b>1,119.91</b>	<b>1,451.50</b>
Other Comprehensive Income				
i) Items that will not be reclassified to profit or loss	5	-	0.08	0.08
ii) Income Tax relating to items that will not be reclassified to profit or loss	5	-	(0.02)	(0.02)
i) Items that will be reclassified to profit or loss		-	-	-
ii) Income Tax relating to items that will be reclassified to profit or loss		-	-	-
<b>Other Comprehensive Income (1+2)</b>		<b>-</b>	<b>0.06</b>	<b>0.06</b>
<b>Total Comprehensive Income</b>		<b>331.59</b>	<b>1,119.97</b>	<b>1,451.56</b>

## (c) Reconciliation of total Comprehensive income for the year ended on 31st March 2016

Particulars	Year Ended 2016-17 (₹ in lakhs)
<b>Net profit as per Previous GAAP</b>	<b>331.59</b>
a. Effect of fair valuation of financial instruments	1297.09
b. Effect of measuring Corporate guarantee in favour of subsidiary	13.50
c. Remeasurement cost of net defined benefit liability (Net of tax)	(0.06)
d. Depreciation on leasehold land	(0.90)
e. Deferred tax on Ind AS adjustments	(189.71)
<b>Net profit as per Ind AS</b>	<b>1,451.50</b>
Other comprehensive income	(0.06)
<b>Total Comprehensive income under Ind AS</b>	<b>1,451.56</b>

## Notes on Financial Statements for the year ended 31st March, 2018

### (d) Reconciliation of Total Equity as at 1st April 2016 and 31st March 2017

Particulars	As at 31/03/2017	As at 01/04/2016
	(₹ in lakhs)	
<b>Total Equity as per Indian GAAP</b>	<b>19,815.67</b>	<b>19,680.40</b>
<b>Summary of Ind AS adjustments</b>		
a. Effect of fair valuation of financial instruments	1,688.81	391.72
b. Effect of measuring Corporate guarantee in favour of subsidiary	13.50	-
c. Remeasurement cost of net defined benefit liability (Net of tax)	(0.07)	-
d. Depreciation on leasehold land	(0.90)	-
e. Deferred tax on Ind AS adjustments	(300.66)	(110.94)
f. Proposed Dividend on Equity shares and tax thereon reversed to retained earning account	221.90	-
g. Other comprehensive income	0.07	-
<b>Total Ind AS adjustments</b>	<b>1,622.65</b>	<b>280.78</b>
<b>Total Equity as per Ind AS</b>	<b>21,438.32</b>	<b>19,961.18</b>

### (e) Reconciliation of statement of Cash Flow ;

There are no material adjustments to the statement of cash flow as reported under previous GAAP

### (f) Notes to the reconciliation:

#### 1 Fair valuation of investments in Mutual Funds

Under Indian GAAP, investments in mutual funds were classified as non current investments or current investments based on the intended holding period and realisability. Current investments were measured at lower of cost or market price as of each reporting date while non current investments were measured at cost reduced for diminution.

Under Ind AS, these investments are required to be measured at fair value. The resulting fair value changes of these investments have been recognised in retained earnings as at the date of transition and subsequently in the profit or loss for the year ended 31 March 2017.

#### 2 Fair valuation of Investment in quoted equity shares

Under Indian GAAP, investments in quoted equity shares were classified as non current investments or current investments based on the intended holding period and realisability. Current investments were measured at lower of cost or market price as of each reporting date while non current investments were measured at cost reduced for diminution.

Under Ind AS, these investments are required to be measured at Fair Value through Other Comprehensive Income (FVOCI) or Profit and Loss (FVTPL) and the Company has elected to measure it at FVTPL. The resulting fair value changes of these investments have been recognised in retained earnings as at the date of transition and subsequently in the profit or loss for the year ended 31 March 2017.

#### 3 Revenue from Operations and Excise Duty

Under Indian GAAP, excise duty on sale of products was presented net basis whereas as per Ind AS, same needs to be presented on gross basis. Hence, excise duty on sale of products has been separately presented on the face of statement of profit and loss account

#### 4 Proposed Dividend

Under Indian GAAP, proposed dividends are recognised as a liability in the period to which they relate, irrespective of when they are declared. Under Ind-AS, a proposed dividend is recognised as a liability in the period in which it is declared by the company (usually when approved by shareholders in a general meeting) or paid.

In the case of the Company, the declaration of dividend occurs after transition date. Therefore, the liability recorded for this dividend has been derecognised against retained earnings.

## Notes on Financial Statements for the year ended 31st March, 2018

### 5 Employee Benefit Expenses

Under Indian GAAP, actuarial gain or losses were recognised in Profit and loss account. Under IND AS, the actuarial gain or losses for part of remeasurement of the net defined benefit liability/asset and is recognised in other comprehensive income (OCI). Consequently the deferred tax effect of the same has also been recognised in Other comprehensive income (OCI) under IND AS instead of profit or loss.

### 6 Deferred tax Adjustments

Indian GAAP requires deferred tax accounting using the income statement approach, which focuses on differences between taxable profits and accounting profits for the period. Ind AS 12 requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. The application of the balance sheet approach has resulted in recognition of deferred tax on new temporary differences which was not required under Indian GAAP.

### 7 Income from corporate guarantees in favour of subsidiaries

The Company has given financial guarantees on behalf of subsidiaries which were disclosed as contingent liabilities under Indian GAAP. Under Ind AS, financial guarantee contracts are accounted as financial liabilities and measured initially at fair value. Subsequently, the guarantee income is recognised over the period of the guarantee on a straight line basis

### 8 Fair Valuations of Deposits

Under Indian GAAP, the deposits were shown at amortised cost. Under Ind AS, the deposits with certain maturity are measured at fair value.

### 9 Other equity

Adjustments to retained earnings and other comprehensive income (OCI) has been made in accordance with IND As, For the above mentioned line items.

## 41 Financial instruments – Fair values and risk management

### A. Accounting classification and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

(₹ in lakhs)

	As at 31 March 2018							
	Carrying amount				Fair value			
	Fair value through profit and loss	Fair value through other comprehensive income	Amortised Cost	Total	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>								
Cash and cash equivalents (Including other bank balances)			748.71	748.71				-
Investments								
- Mutual Funds	5,582.41			5,582.41	5,582.41			5,582.41
- Equity Shares (Quoted)	641.57			641.57	641.57			641.57
- Equity Shares (Unquoted)			4.50	4.50				-
- Preference shares and bonds			150.01	150.01				-
Trade and other receivables			3,769.11	3,769.11				-
Loans			15.06	15.06				-
Other financial assets			107.28	107.28				-
<b>Total</b>	<b>6,223.98</b>	<b>-</b>	<b>4,794.67</b>	<b>11,018.65</b>	<b>6,223.98</b>	<b>-</b>	<b>-</b>	<b>6,223.98</b>
<b>Financial liabilities</b>								
Long term borrowings (Including current maturity of Long term borrowings)				-				-
Short term borrowings			467.12	467.12				-
Trade and other payables			4,024.70	4,024.70				-
Other financial liabilities			476.67	476.67				-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>4,968.49</b>	<b>4,968.49</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Notes on Financial Statements for the year ended 31st March, 2018

(₹ in lakhs)

	As at 31 March 2017							
	Carrying amount				Fair value			
	Fair value through profit and loss	Fair value through other comprehensive income	Amortised Cost	Total	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>								
Cash and cash equivalents (Including other bank balances)			309.28	309.28				-
Investments								
- Mutual Funds	13,652.46			13,652.46	13,652.46			13,652.46
- Equity Shares (Quoted)	749.05			749.05	749.05			749.05
- Equity Shares (Unquoted)			4.50	4.50				-
- Preference shares and bonds			150.01	150.01				-
Trade and other receivables			3,686.59	3,686.59				-
Loans			74.23	74.23				-
Other financial assets			131.00	131.00				-
<b>Total</b>	<b>14,401.51</b>	<b>-</b>	<b>4,355.61</b>	<b>18,757.12</b>	<b>14,401.51</b>	<b>-</b>	<b>-</b>	<b>14,401.51</b>
<b>Financial liabilities</b>								
Long term borrowings (Including current maturity of Long term borrowings)				-				-
Short term borrowings			732.18	732.18				-
Trade and other payables			3,746.80	3,746.80				-
Other financial liabilities			609.46	609.46				-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>5,088.44</b>	<b>5,088.44</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

	As at 1 April 2016							
	Carrying amount				Fair value			
	Fair value through profit and loss	Fair value through other comprehensive income	Amortised Cost	Total	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>								
Cash and cash equivalents (Including other bank balances)			539.55	539.55				-
Investments								
- Mutual Funds	7,593.37			7,593.37	7,593.37			7,593.37
- Equity Shares (Quoted)	1,081.96			1,081.96	1,081.96			1,081.96
- Equity Shares (Unquoted)			4.50	4.50				-
- Preference shares and bonds			150.01	150.01				-
Trade and other receivables			3,014.28	3,014.28				-
Loans			61.72	61.72				-
Other financial assets			150.94	150.94				-
<b>Total</b>	<b>8,675.33</b>	<b>-</b>	<b>3,921.00</b>	<b>12,596.34</b>	<b>8,675.33</b>	<b>-</b>	<b>-</b>	<b>8,675.33</b>
<b>Financial liabilities</b>								
Long term borrowings (Including current maturity of Long term borrowings)				-				-
Short term borrowings			819.53	819.53				-
Trade and other payables			3,465.90	3,465.90				-
Other financial liabilities			535.22	535.22				-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>4,820.65</b>	<b>4,820.65</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Notes on Financial Statements for the year ended 31st March, 2018

Fair values for financial instruments carried at amortised cost approximates the carrying amount, accordingly the fair values of such financial assets and financial liabilities have not been disclosed separately.

### B. Measurement of fair values

In the Balance Sheet, using a three level fair-value-hierarchy (which reflects the significance of inputs used in the measurements). The hierarchy gives the highest priority to un-adjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and lowest priority to un-observable inputs (Level 3 measurements). Fair value of derivative financial assets and liabilities are estimated by discounting expected future contractual cash flows using prevailing market interest rate curves. The three levels of the fair-value-hierarchy under Ind AS 107 are described below:

Level 1: Hierarchy includes financial instruments measured using quoted prices.

Level 2: The fair value of financial instruments that are not traded in an active market are determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs are not based on observable market data, the instrument is included in level 3. e.g. unlisted equity securities.

#### Transfers between Levels

There are no transfers between the levels.

### C. Financial risk management

The Company's activities expose it to Credit risk, liquidity risk and market risk.

#### i. Risk management framework

Risk Management is an integral part of the Company's plans and operations. The Company's board of directors has overall responsibility for the establishment and oversight of the Company risk management framework. The board of directors is responsible for developing and monitoring the Company risk management policies.

The audit committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

#### ii. Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counter party to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and investments in debt securities, cash and cash equivalents, mutual funds, bonds etc.

The carrying amount of financial assets represents the maximum credit exposure.

#### Trade and other receivables

Credit risk is the risk of possible default by the counter party resulting in a financial loss.

The Company manages credit risk through various internal policies and procedures set forth for effective control over credit exposure. These are managed by way of setting various credit approvals, evaluation of financial condition before supply terms, setting credit limits, industry trends, ageing analysis and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business.

Based on prior experience and an assessment of the current economic environment, management believes that sufficient provision is mad for credit risk wherever credit is extended to customers.

#### Cash and cash equivalents

Credit risk from balances with banks is managed by the Company's treasury department in accordance with the Company's policy. Investment of surplus funds are made in mainly in mutual funds with good returns and with high credit ratings assigned by International and domestic credit ratings agencies.

Other than trade and other receivables, the Company has no other financial assets that are past due but not impaired.

## Notes on Financial Statements for the year ended 31st March, 2018

### iii. Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company manages its liquidity risk by ensuring, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risk to the Company's reputation.

The Company has obtained fund and non-fund based working capital lines from various banks. The Company also constantly monitors funding options available in the debt and capital markets with a view to maintaining financial flexibility. Accordingly, liquidity risk is perceived to be low.

The following table shows the maturity analysis of financial liabilities of the Company based on contractually agreed undiscounted cash flows as at the Balance Sheet date:

(₹ in lakhs)					
Sr No	As at 31st March, 2018	Notes	Carrying Values	Less than 12 Months	More than 12 Months
1	Borrowings	21	467.12	467.12	-
2	Trade payables	22	4,024.70	4,024.70	-
3	Other Financial Liability	23	476.67	476.67	-
4	Other Current Liabilities	24	60.40	60.40	-
	<b>Total</b>		<b>5,028.89</b>	<b>5,028.89</b>	<b>-</b>

Sr No	As at 31st March, 2017	Notes	Carrying Values	Less than 12 Months	More than 12 Months
1	Borrowings	21	732.18	732.18	-
2	Trade payables	22	3,746.80	3,746.80	-
3	Other Financial Liability	23	609.46	609.46	-
4	Other Current Liabilities	24	247.59	247.59	-
	<b>Total</b>		<b>5,336.02</b>	<b>5,336.02</b>	<b>-</b>

Sr No	As at 31st March, 2016	Notes	Carrying Values	Less than 12 Months	More than 12 Months
1	Borrowings	21	819.53	819.53	-
2	Trade payables	22	3,465.88	3,465.90	-
3	Other Financial Liability	23	535.22	535.22	-
4	Other Current Liabilities	24	222.80	222.80	-
	<b>Total</b>		<b>5,043.43</b>	<b>5,043.44</b>	<b>-</b>

## Notes on Financial Statements for the year ended 31st March, 2018

### iv. Market risk

Market risk is the risk of loss of future earnings, fair values or future cash flows that may result from adverse changes in market rates and prices (such as interest rates, foreign currency exchange rates). Market risk is attributable to all market risk-sensitive financial instruments, all foreign currency receivables and payables and all short term and long-term debt. The Company is exposed to market risk primarily related to foreign exchange rate risk, interest rate risk and the market value of its investments. Thus, the Company's exposure to market risk is a function of investing and borrowing activities and revenue generating and operating activities in foreign currencies.

#### a) Currency risk

The Company is exposed to currency risk to the extent that there is a mismatch between the currencies in which sales, purchase, and other expenses are denominated and the functional currency of the Company. The functional currency of the Company is Indian Rupees (INR). The currencies in which these transactions are primarily denominated are EURO and USD.

#### Exposure to currency risk

The summary quantitative data about the Company's exposure to currency risk as reported to the management of the Company is as follows:

- 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	(₹ in lakhs)					
		As at 31/03/2018 (₹ in lakhs)		As at 31/03/2017 (₹ in lakhs)		As at 31/03/2016 (₹ in lakhs)	
		Foreign Currency	Indian Currency	Foreign Currency	Indian Currency	Foreign Currency	Indian Currency
USD	Buy	-	-	4.70	309.10	2.50	166.78

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

US Dollars	Buy	6.06	394.44	8.33	540.08	7.46	495.10
Euro	Buy	1.60	128.96	1.95	135.17	1.66	124.64
US Dollars	Sell	0.67	43.57	0.16	10.24	0.67	45.90

#### b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Investment committee manages and constantly reviews the interest rate movements in the market. This risk is mitigated by the Company by investing the funds in various tenors depending on the liquidity needs of the Company. The Company's exposures to interest rate risk is not significant.



## 42 Employee Benefit obligations

### (A) Defined Benefit Plan

The Company's obligation towards the Gratuity Fund is a Defined Benefit Plan. Based on the actuarial valuation obtained in this respect, details of Actuarial Valuation are as follows:

	(₹ in lakhs)	
	As at 31/03/2018 Gratuity (Funded plan)	As at 31/03/2017 Gratuity (Funded plan)
<b>(i) Change in Defined Benefit Obligation</b>		
Opening defined benefit obligation	216.78	186.63
Amount recognised in profit and loss		-
Current service cost	19.94	16.73
Interest cost	16.26	14.93
Amount recognised in other comprehensive income		
Actuarial loss / (gain) arising from:		
Return on Plan Assets	-	-
Financial assumptions	(4.94)	1.35
Other		-
Benefits paid	(19.29)	(2.86)
Closing defined benefit obligation	228.75	216.78
<b>(ii) Change in Fair Value of Assets</b>		
Opening fair value of plan assets	132.90	100.84
Amount recognised in profit and loss		
Interest income	9.97	8.07
Amount recognised in other comprehensive income		
Actuarial gain / (loss)		
Return on Plan Assets, Excluding Interest Income	0.12	1.43
Other		
Contributions by employer	12.38	25.42
Benefits paid	(19.29)	(2.86)
Closing fair value of plan assets	136.08	132.90
Actual return on Plan Assets	10.09	9.50
<b>(iii) Plan assets comprise the following</b>	<b>Unquoted</b>	Unquoted
Insurance fund (100%)	136.08	132.90
<b>(iv) Principal actuarial assumptions used</b>	<b>%</b>	<b>%</b>
Discount rate	7.75	7.75
Withdrawal Rate	1.00	1.00
Future Salary Increase	5.00	5.00

## Notes on Financial Statements for the year ended 31st March, 2018

(₹ in lakhs)

**(v) Amount recognised in the Balance Sheet**

	As at 31/03/2018	As at 31/03/2017	As at 01/04/2016
Present value of obligations as at year end	228.75	216.78	186.63
Fair value of plan assets as at year end	136.08	132.90	100.84
<b>Net (asset) / liability recognised as at year end</b>	<b>92.67</b>	83.88	85.79
Recognised under :			
Short term provisions	13.14	-	-
Long term provisions	79.53	83.88	85.79
<b>Total</b>	<b>92.67</b>	83.88	85.79

**(vi) Sensitivity analysis**

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

	As at 31/03/2018 ₹ in lakhs		As at 31/03/2017 ₹ in lakhs	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement) - Gratuity	(14.86)	17.52	(14.40)	17.06
Future salary growth (1% movement) - Gratuity	17.84	(15.35)	17.33	(14.85)

The above sensitivity analysis have been calculated to show the movement in defined benefit obligation in isolation and assuming there are no other changes in market conditions at the reporting date. In practice, generally it does not occur. When we change one variable, it affects to others. In calculating the sensitivity, project unit credit method at the end of the reporting period has been applied.

**(vii) Expected future cash flows**

The expected maturity analysis is as follows :

	For year ended 31.03.2018 ₹ in lakhs	For year ended 31.03.2017 ₹ in lakhs
Expected benefits for year 1	20.32	27.04
Expected benefits for year 2	4.75	4.63
Expected benefits for year 3	7.32	5.19
Expected benefits for year 4	2.96	1.32
Expected benefits for year 5	12.83	25.59
Expected benefits for year 6 and above	722.23	608.01

**43 Related Party Disclosures**

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

## a) Relationship:

i. **Subsidiary Companies:**

Chembond Water Technologies Ltd., Protochem Industries Pvt. Ltd., Chembond Clean Water Technologies Ltd., Chembond Industrial Coatings Ltd, Chembond Polymers & Materials Ltd, Chembond Calvatis Industrial Hygiene Systems Ltd., Phiroze Sethna Pvt. Ltd., Chembond Chemicals (Malaysia) SDN.BHD, and Gramos Chemicals India Pvt. Ltd.

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,

## Notes on Financial Statements for the year ended 31st March, 2018

Mahendra K.Ghelani, Sushil U.Lakhani, Jawahar I.Mehta, Dr.Prakash Trivedi and 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, 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., GTK Intermediates Pvt. Ltd., Visan Holdings Pvt. Ltd., and Oriano Clean Energy Pvt Ltd.

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

(₹ in lakhs)

For the year ended / as at Description of the nature of transactions	31/03/2018				31/03/2017			
	Subsidiary	Associates	KMP	Total	Subsidiary	Associates	KMP	Total
<b>Sales of Goods</b>	<b>6,164.12</b>	<b>295.30</b>	<b>15.23</b>	<b>6,474.65</b>	<b>4,515.71</b>	<b>302.41</b>	<b>42.80</b>	<b>4,860.92</b>
Chembond Water Technologies Ltd.	5,394.61			5,394.61	4,289.84			4,289.84
Protochem Industries Pvt. Ltd.	650.69			650.69	217.77			217.77
Chembond Clean Water Technologies Ltd.	0.48			0.48	0.12			0.12
Chembond Calvatis Industrial Hygiene Systems Ltd.	75.87			75.87	7.98			7.98
Chembond Distribution Ltd.		295.30		295.30		302.41		302.41
Finor Piplaj Chemicals Ltd.			15.23	15.23			42.80	42.80
Phiroze Sethna Pvt. Ltd.	42.47			42.47				
<b>Purchase of Goods</b>	<b>302.37</b>	<b>112.78</b>	<b>1,022.15</b>	<b>1,437.30</b>	<b>323.71</b>	<b>96.46</b>	<b>1,026.63</b>	<b>1,446.80</b>
Chembond Water Technologies Ltd.	2.57			2.57	17.59			17.59
Protochem Industries Pvt. Ltd.	215.36			215.36	299.48			299.48
Chembond Clean Water Technologies Ltd.	7.23			7.23	1.81			1.81
Chembond Industrial Coatings Ltd.	0.00			0.00	4.83			4.83
Chembond Distribution Ltd.		112.78		112.78		96.46		96.46
Finor Piplaj Chemicals Ltd.			1,022.15	1,022.15			1,026.63	1,026.63
Phiroze Sethna Pvt. Ltd.	67.74			67.74				0.00
Chembond Polymers and Materials Ltd.	9.47			9.47				0.00
<b>Purchase of Fixed Assets</b>	<b>0.97</b>	<b>0.00</b>	<b>0.00</b>	<b>0.97</b>	<b>3.21</b>	<b>0.00</b>	<b>0.00</b>	<b>3.21</b>
Chembond Clean Water Technologies Ltd.	0.97			0.97	3.21			3.21
<b>Sale of Fixed Assets</b>	<b>135.23</b>	<b>0.00</b>	<b>0.00</b>	<b>135.23</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
Chembond Water Technologies Ltd.	135.23			135.23				
<b>Reimbursement of Expenses</b>	<b>417.91</b>	<b>0.00</b>	<b>0.00</b>	<b>417.91</b>	<b>375.30</b>	<b>0.00</b>	<b>0.00</b>	<b>375.30</b>
Chembond Water Technologies Ltd.	417.91			417.91	375.30			375.30
<b>Factory Maintenance</b>	<b>0.00</b>	<b>0.00</b>	<b>49.22</b>	<b>49.22</b>	<b>0.00</b>	<b>0.00</b>	<b>85.60</b>	<b>85.60</b>
Finor Piplaj Chemicals Ltd.			49.22	49.22			85.60	85.60
<b>Rent Income</b>	<b>8.24</b>	<b>0.24</b>	<b>11.67</b>	<b>20.15</b>	<b>7.04</b>	<b>0.24</b>	<b>4.78</b>	<b>12.06</b>
Chembond Water Technologies Ltd.	4.50			4.50	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	0.20			0.20
Chembond Polymers and Materials Ltd.	0.24			0.24	0.24			0.24
Chembond Distribution Ltd.		0.24		0.24		0.24		0.24
Finor Piplaj Chemicals Ltd.			2.43	2.43			0.72	0.72
Oriano Clean Energy Pvt. Ltd.			9.24	9.24			4.06	4.06
<b>Corporate Gurantee Fees Income</b>	<b>15.00</b>	<b>0.00</b>	<b>0.00</b>	<b>15.00</b>	<b>13.50</b>	<b>0.00</b>	<b>0.00</b>	<b>13.50</b>
Chembond Water Technologies Ltd.	12.50			12.50	11.00			11.00
Chembond Clean Water Technologies Ltd.	2.50			2.50	2.50			2.50
<b>Dividend Income</b>	<b>230.17</b>	<b>0.00</b>	<b>0.00</b>	<b>230.17</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
Chembond Water Technologies Ltd.	230.17			230.17				0.00
<b>Rental Expenses</b>	<b>0.91</b>	<b>0.00</b>	<b>6.00</b>	<b>6.91</b>	<b>0.00</b>	<b>0.00</b>	<b>6.00</b>	<b>6.00</b>
Chembond Water Technologies Ltd.	0.91			0.91				
Finor Piplaj Chemicals Ltd.			6.00	6.00			6.00	6.00

## Notes on Financial Statements for the year ended 31st March, 2018

(₹ in lakhs)

For the year ended / as at	31/03/2018				31/03/2017			
	Subsidiary	Associates	KMP	Total	Subsidiary	Associates	KMP	Total
<b>Director Remuneration</b>	<b>0.00</b>	<b>0.00</b>	<b>113.82</b>	<b>113.82</b>	<b>0.00</b>	<b>0.00</b>	<b>98.82</b>	<b>98.82</b>
Sameer V. Shah			77.82	77.82			62.82	62.82
Nirmal V. Shah			36.00	36.00			36.00	36.00
<b>Director Sitting Fees</b>	<b>0.00</b>	<b>0.00</b>	<b>29.00</b>	<b>29.00</b>	<b>0.00</b>	<b>0.00</b>	<b>48.40</b>	<b>48.40</b>
Ashwin Nagarwadia			15.00	15.00			25.50	25.50
Perviz H. Dastur			6.80	6.80			14.50	14.50
Mahendra Ghelani			3.00	3.00			3.00	3.00
Jawahar I Mehta			0.20	0.20			1.00	1.00
O.P Malhotra			0.00	0.00			0.40	0.40
Sushil Lakhani			2.00	2.00			2.00	2.00
Saraswati Sankar			1.00	1.00			1.00	1.00
Dr.Prakash Trivedi			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>
Dr.Vinod D. Shah			30.00	30.00			30.00	30.00
<b>Legal &amp; Professional Fees</b>	<b>0.00</b>	<b>0.00</b>	<b>177.69</b>	<b>177.69</b>	<b>0.00</b>	<b>0.00</b>	<b>324.60</b>	<b>324.60</b>
Dr.Vinod D. Shah			150.00	150.00			300.00	300.00
Bhadresh D. Shah			27.69	27.69			24.60	24.60
<b>WTC/Enzyme/Industrial Coatings Compensation/Protochem Compensation Expenses</b>	<b>229.45</b>	<b>0.00</b>	<b>0.00</b>	<b>229.45</b>	<b>156.47</b>	<b>0.00</b>	<b>0.00</b>	<b>156.47</b>
Chembond Water Technologies Ltd.	84.37			84.37	70.42			70.42
Protochem Industries Pvt. Ltd.	72.00			72.00	72.00			72.00
Chembond Industrial Coatings Ltd.	73.08			73.08	14.05			14.05
<b>Royalty</b>	<b>0.00</b>	<b>0.00</b>	<b>34.23</b>	<b>34.23</b>	<b>0.00</b>	<b>0.00</b>	<b>35.31</b>	<b>35.31</b>
S and N Ventures Ltd.			34.23	34.23			35.31	35.31
<b>Bad Debts recovered</b>	<b>151.29</b>	<b>0.00</b>	<b>0.00</b>	<b>151.29</b>	<b>56.40</b>	<b>0.00</b>	<b>0.00</b>	<b>56.40</b>
Chembond Clean Water Technologies Ltd.	69.91			69.91	36.80			36.80
Chembond Industrial Coatings Ltd.	81.38			81.38	19.60			19.60
<b>Balance at the end of the year</b>								
<b>A. Sundry Debtors</b>	<b>1,341.33</b>	<b>263.26</b>	<b>0.00</b>	<b>1,604.59</b>	<b>1,146.26</b>	<b>450.77</b>	<b>0.00</b>	<b>1,597.03</b>
Chembond Water Technologies Ltd.	1,091.14			1,091.14	1,021.26			1,021.26
Chembond Clean Water Technologies Ltd.	4.98			4.98	6.70			6.70
Chembond Distribution Ltd.		263.26		263.26		450.77		450.77
Chembond Calvatis Industrial Hygiene Systems Ltd.	59.12			59.12	11.86			11.86
Chembond Chemicals (Malaysia) SDN.BHD.	7.48			7.48	2.06			2.06
Protochem Industries Pvt. Ltd.	178.61			178.61	104.39			104.39
<b>B. Sundry Creditors</b>	<b>36.52</b>	<b>0.00</b>	<b>261.52</b>	<b>298.04</b>	<b>7.09</b>	<b>0.00</b>	<b>210.91</b>	<b>217.99</b>
Chembond Polymers and Materials Ltd.	9.47			9.47	7.09			7.09
Chembond Calvatis Industrial Hygiene Systems Ltd.				0.00				0.00
S and N Ventures Ltd.			3.69	3.69			10.52	10.52
Finor Piplaj Chemicals Ltd.			257.83	257.83			200.39	200.39
Phiroze Sethna Pvt. Ltd.	27.04			27.04				
<b>C. Investments</b>	<b>10,900.70</b>	<b>23.50</b>	<b>0.00</b>	<b>10,924.20</b>	<b>2,107.49</b>	<b>23.50</b>	<b>0.00</b>	<b>2,130.99</b>
Chembond Water Technologies Ltd.	4,887.86			4,887.86	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 Polymers & Materials Ltd.	138.96			138.96	138.96			138.96
Chembond Chemicals (Malaysia) SDN.BHD	47.73			47.73	47.73			47.73
Phiroze Sethna Pvt. Ltd.	4,065.65			4,065.65	-			-

## Notes on Financial Statements for the year ended 31st March, 2018

### 44 Capital Management

For the purpose of the Company's capital management, capital includes issued capital and all other equity reserves attributable to the equity shareholders of the Company. The primary objective of the Company when managing capital is to safeguard its ability to continue as a going concern and to maintain an optimal capital structure so as to maximize shareholder value.

As at 31st March, 2018, the Company has only one class of equity shares and has low debt. Consequent to such capital structure, there are no externally imposed capital requirements. In order to maintain or achieve an optimal capital structure, the Company allocates its capital for distribution as dividend or re-investment into business based on its long term financial plans.

### 45 Tax Reconciliation

	2017-2018 (₹ in lakhs)	2016-2017 (₹ in lakhs)
(a) The income tax expense consists of the followings:		
Current Income Tax	321.77	53.98
Deferred Tax Expense	(274.95)	224.49
<b>Tax expense for the year</b>	<b>46.81</b>	<b>278.47</b>
(b) Reconciliation of tax expense and the accounting profit multiplied by India's tax Rate		
Profit before income tax expense	1,406.12	1,729.97
Indian statutory income tax rate (MAT)	21.34%	20.01%
Expected Income Tax expenses	300.09	346.12
Part A		
Tax effect of amounts which are not deductible (allowable) in calculating taxable income:		
Income exempt from income taxes	-53.74	-9.82
Additional allowances/deduction	4.28	-19.20
Transition gain	72.09	-262.24
Others	-0.96	-0.88
<b>Current Tax (A)</b>	<b>321.77</b>	<b>53.98</b>
Part B		
Deferred Tax Effect at the rate of:	29.12%	30.90%
Depreciation	(75.59)	(5.93)
Investments at Fair Value	(144.13)	189.71
Less:		
Gratuity	(2.76)	(3.77)
MAT Credit	66.08	41.96
Other Deferred tax Asset	3.46	-
Provision for Doubtful Debts	(11.54)	(78.89)
<b>Deferred Tax (B)</b>	<b>(274.95)</b>	<b>224.49</b>
<b>Tax Expense (A+B)</b>	<b>46.81</b>	<b>278.47</b>

## Notes on Financial Statements for the year ended 31st March, 2018

**46 Contingent Liabilities not provided for are in respect of :**

Particulars	As at 31/03/2018 (₹ in lakhs)	As at 31/03/2017 (₹ in lakhs)	As at 31/03/2016 (₹ in lakhs)
a. Income Tax matter under Appeal (₹ 50.10 lakhs already paid)	63.49	50.10	50.10
b. Outstanding L.C & Bank Guarantees issued by Bankers.	200.32	79.28	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.	1,950.00	900.00	900.00
d. Claim against the Company not acknowledged as debts	-	9.60	9.60
e. Excise matter under Appeal (₹ 1.12 lakhs already paid as predeposit for appeal)	14.90	632.81	-
f. Sales tax matter under appeal (₹ 4.12 lakhs since paid as predeposit for appeal)	7.09	-	-

**47** 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

**For M/s B.D. Jokhakar & CO.**

Chartered Accountants  
Firm Registration Number : 104345W

**Raman Jokhakar**

Partner  
Membership Number :103241  
Mumbai, 30th May 2018

**On behalf of the Board of Directors****Sameer V. Shah**

Chairman  
& Managing Director

**Rashmi S. Gavli**

Chief Financial Officer

Mumbai, 30th May 2018

**Nirmal V. Shah**

Vice Chairman  
& Managing Director

**Suchita Singh**

Company Secretary

**Mahendra K. Ghelani**

Director

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF CHEMBOND CHEMICALS LIMITED

#### Report on the Consolidated Indian Accounting Standards (Ind AS) Financial Statements

We have audited the accompanying consolidated Ind AS financial statements of Chembond Chemicals Limited (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), comprising the Consolidated Balance Sheet as at 31st March, 2018, the Consolidated Statement of Profit and Loss (including other comprehensive income), the Consolidated Cash Flow Statement, Consolidated Statement of Changes in Equity, for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements").

#### Management's Responsibility for the Consolidated Ind AS Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated Ind AS 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 (including other comprehensive income), consolidated cash flows and consolidated statement of changes in equity of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act read with relevant rules issued thereunder. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group 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 consolidated Ind AS 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 Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

#### Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated Ind AS 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 thereunder.

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 consolidated Ind AS 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 Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated Ind AS 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 Ind AS 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-paragraphs (a) and (b) of the Other Matters paragraph below, are sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

#### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated Ind AS 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 financial position of the Group as at 31st March, 2018, and their consolidated profit (including other comprehensive income), their consolidated cash flows and the consolidated statement of changes in equity for the year ended on that date.

#### Other Matters

- (a) We did not audit the financial statements of Nine subsidiaries and one step down subsidiaries whose financial statements reflect total assets of ₹ 11,221.83 lakhs as at 31st March, 2018, total revenues (including other income) of ₹ 17,983.04 lakhs and net cash flows amounting to ₹ (118.04) lakhs for the year ended on that date, as considered in the consolidated Ind AS financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management

and our opinion on the consolidated Ind AS 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.

- (b) The comparative financial information of the Holding Company for the year ended 31st March 2017 and the transition date opening balance sheet as at 1st April 2016 included in these consolidated Ind AS financial statements, are based on the previously issued statutory financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006 audited by predecessor auditor whose report for the year ended 31st March 2017 and 31st March 2016 dated 06th May 2017 and 28th May 2016, respectively expressed an unmodified opinion on those consolidated financial statements, as adjusted for the differences in the accounting principles adopted by the Company on transition to the Ind AS, which have been audited by another Chartered Accountant. The report of another Chartered Accountant on the comparative financial information and the opening balance sheet dated 28<sup>th</sup> May 2018 expressed an unmodified opinion.

Our opinion on the consolidated Ind AS financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matter with respect to our reliance on the work done and the reports of the other auditors.

### Report on Other Legal and Regulatory Requirements

1. As required by Section 143 (3) of the Act, based on our audit and on the consideration of the report of other auditors on separate financial statements and the other financial information of subsidiaries, referred to in Other Matters paragraph above, 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 Ind AS financial statements.
  - (b) In our opinion proper books of accounts as required by law relating to the preparation of the aforesaid consolidated Ind AS 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, the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements.
  - (d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act.
  - (e) On the basis of the written representations received from the Directors of the Holding Company as on March 31, 2018, and taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of the subsidiary companies 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, 2018, 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 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 Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The consolidated Ind AS financial statements disclose the impact of pending litigations on the consolidated financial position of the Group - Refer Note 44 to the consolidated Ind AS financial statements.
    - ii. The Group did not have any material foreseeable losses on long-term contracts including derivative contracts.
    - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies incorporated in India.

**For B. D. Jekhakar & Co.**  
Chartered Accountants  
**Firm Registration No: 104345W**

**Raman Jekhakar**  
Partner  
**Membership No. 103241**

**Place: Mumbai**  
**Date: 30<sup>th</sup> May, 2018**



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

(Referred to in paragraph 1(f) under "Report on Other Legal and Regulatory Requirements" section of the Independent Auditor's Report on Consolidated Ind AS financial statements of even date)

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

In conjunction with our audit of the consolidated Ind AS financial statements of the Holding Company for the year ended 31<sup>st</sup> March, 2018, we have audited the internal financial controls over financial reporting of Chembond Chemicals Limited ("the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") which are incorporated in India as of March 31, 2018.

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

The respective Board of Directors of the Holding Company and its subsidiary companies, which are companies 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 Holding Company and its subsidiary companies 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 Holding 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 auditors in terms of their reports referred to in Other Matter paragraph below is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Company.

#### **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 consolidated Ind AS 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 Holding company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated Ind AS financial statements in accordance with

generally accepted accounting principles, and that receipts and expenditures of the Holding company are being made only in accordance with authorisations of management and directors of the Holding company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Holding company's assets that could have a material effect on the consolidated Ind AS 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 Holding Company and its subsidiaries 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, 2018, based on the internal control over financial reporting criteria established by the Holding Company and its subsidiaries 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.

#### **Other Matter**

Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the Internal Financial Controls over financial reporting in so far as it relates to 8 subsidiary companies and one step down subsidiary, which are companies incorporated in India, is based on the corresponding reports of the Auditors of such companies incorporated in India.

Our opinion is not qualified in respect of this matter.

**For B. D. Jekhakar & Co.**

*Chartered Accountants*

**Firm Registration No: 104345W**

**Place: Mumbai**

**Date: 30<sup>th</sup> May, 2018**

**Raman Jekhakar**

**Partner**

**Membership No. 103241**

## Consolidated Balance Sheet as at 31st March 2018

	Notes	As at 31/03/2018 (₹ in lakhs)	As at 31/03/2017 (₹ in lakhs)	As at 01/04/2016 (₹ in lakhs)
<b>Assets</b>				
<b>Non-current assets</b>				
(a) Property, plant and equipment	2	4,629.11	4,235.90	4,034.46
(b) Capital work-in-progress	2	66.56	167.15	174.38
(c) Goodwill	2	6,091.20	579.44	566.76
(d) Other Intangible Assets	2	93.46	97.20	112.89
(e) Financial Assets				
i) Investments	3	5,181.19	6,836.77	6,867.09
ii) Other financial assets	4	714.72	322.53	483.32
(f) Income tax asset (net)	5	369.23	177.16	254.39
(g) Other non-current assets	6	71.03	76.10	85.86
<b>Total Non-current assets</b>		<b>17,216.50</b>	12,492.25	12,579.16
<b>Current Assets</b>				
(a) Inventories	7	2,453.58	2,802.10	2,450.49
(b) Financial Assets				
i) Investments	8	2,466.46	8,150.60	2,324.94
ii) Trade receivables	9	8,077.22	6,723.92	6,062.04
iii) Cash and cash equivalents	10	994.99	360.56	536.56
iv) Bank balances other than (iii) above	11	761.38	1,074.42	714.44
v) Loans	12	41.05	93.11	95.24
vi) Other financial assets	13	117.32	147.40	176.45
(d) Other current assets	14	386.51	213.27	4,889.49
<b>Total current assets</b>		<b>15,298.51</b>	19,565.37	17,249.65
<b>Total</b>		<b>32,515.01</b>	32,057.62	29,828.81
<b>Equity And Liabilities</b>				
<b>Equity</b>				
(a) Share capital	15	672.41	672.41	669.69
(b) Other equity	16	24,162.33	22,335.46	20,183.93
<b>Total Equity</b>		<b>24,834.74</b>	23,007.87	20,853.62
Non Controlling Interest	17	167.74	1,716.95	1,334.82
<b>Non-Current Liabilities</b>				
(a) Financial liabilities				
i) Borrowings	18	49.40	41.67	75.85
(b) Provisions	19	151.05	117.84	94.00
(c) Deferred tax liabilities (net)	20	136.02	525.87	361.76
<b>Total Non-current liabilities</b>		<b>336.47</b>	685.38	531.61
<b>Current liabilities</b>				
(a) Financial liabilities				
i) Borrowings	21	859.57	846.58	1,013.94
ii) Trade payables	22	5,108.85	4,490.29	4,725.38
iii) Other financial liabilities	23	615.57	715.84	649.03
(b) Other current liabilities	24	306.07	419.44	454.19
(c) Provisions	25	286.02	175.27	266.22
<b>Total current liabilities</b>		<b>7,176.08</b>	6,647.42	7,108.76
<b>Total</b>		<b>32,515.01</b>	32,057.62	29,828.81
Significant Accounting Policies and Notes on Financial Statements	1-45			

As per our attached report of even date

On behalf of the Board of Directors

For M/s B.D. Jekhakar &amp; CO.

Chartered Accountants

Firm Registration Number : 104345W

Sameer V. Shah

Chairman

&amp; Managing Director

Nirmal V. Shah

Vice Chairman

&amp; Managing Director

Mahendra K. Ghelani

Director

Raman Jekhakar

Partner

Membership Number : 103241

Mumbai, 30th May 2018

Rashmi S. Gavli

Chief Financial Officer

Mumbai, 30th May 2018

Suchita Singh

Company Secretary

## Consolidated Statement of Profit and Loss for the year ended 31st March 2018

	Notes	2017-2018 (₹ in lakhs)	2016-2017 (₹ in lakhs)
Revenue From Operations	26	33,422.81	32,086.11
Other Income	27	1,064.02	1,829.86
<b>Total Revenue</b>		<b>34,486.83</b>	<b>33,915.97</b>
<b>Expenses :</b>			
Cost of Materials Consumed	28	18,890.11	17,206.41
Purchases of Stock-in-trade	29	1,641.16	1,592.10
Changes in Inventories of Finished goods, Work-in-progress and Stock-in-Trade	30	362.78	32.26
Excise Duty		675.52	3,006.93
Employee Benefits Expenses	31	4,300.10	3,800.85
Finance Costs	32	118.21	116.67
Depreciation and Amortisation Expenses	33	410.67	381.56
Other Expenses	34	5,298.02	4,757.76
<b>Total Expenses</b>		<b>31,696.55</b>	<b>30,894.55</b>
<b>Profit before Tax</b>		<b>2,790.28</b>	<b>3,021.42</b>
Current Tax		716.91	509.86
Deferred Tax		(283.41)	225.83
<b>Total Tax Expenses</b>		<b>433.50</b>	<b>735.69</b>
<b>Profit for the Year</b>		<b>2,356.77</b>	<b>2,285.73</b>
<b>Other Comprehensive Income</b>			
1 i) Items that will not be reclassified to profit or loss		9.14	(10.56)
ii) Income Tax relating to items that will not be reclassified to profit or loss		(2.63)	3.20
2 i) Items that will be reclassified to profit or loss		-	-
ii) Income Tax relating to items that will be reclassified to profit or loss		-	-
<b>Other Comprehensive Income (1+2)</b>		<b>6.51</b>	<b>(7.36)</b>
<b>Total Comprehensive Income</b>		<b>2,363.28</b>	<b>2,278.36</b>
Profit attributable to:			
Owners of the Company		2,197.23	1,933.01
Non Controlling Interests		159.54	352.72
Other Comprehensive Income attributable to-			
Owners of the Company		6.53	(5.28)
Non Controlling Interests		(0.02)	(2.08)
Total Comprehensive Income attributable to-			
Owners of the Company		2,203.75	1,927.73
Non Controlling Interests		159.53	350.63
Earning Per Equity Share of Face Value of ₹ 5 each	35		
Basic (in ₹)		16.34	14.40
Diluted (in ₹)		16.34	14.40

1-45

As per our attached report of even date

**For M/s B.D. Jekhakar & CO.**Chartered Accountants  
Firm Registration Number : 104345W**Raman Jekhakar**Partner  
Membership Number : 103241  
Mumbai, 30th May 2018**On behalf of the Board of Directors****Sameer V. Shah**Chairman  
& Managing Director**Rashmi S. Gavli**

Chief Financial Officer

Mumbai, 30th May 2018

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

Company Secretary

**Mahendra K. Ghelani**

Director

## Statement of Changes in Equity for the year ended 31<sup>ST</sup> March 2018

### (a) Equity share capital

	No. of Shares	(₹ in lakhs)
Balance as at 1st April 2016	66,96,894	669.69
Changes in equity share capital		
- Subdivision of Equity Shares from face Value ₹ 10 to ₹ 5/- Per Share	66,96,894	-
- ESOP Share issued	54,500	2.73
Balance as at 31st March 2017	1,34,48,288	672.41
Changes in equity share capital	-	-
Balance as at 31 March 2018	1,34,48,288	672.41

### (b) Other Equity

Particulars	Reserves and Surplus					OCI Remeasurements of the net defined benefit Plans	Total other equity	Non- Controlling interests
	Capital Reserve on Consolidation	General Reserve	Share Premium	Employees Shares Options Outstanding	Retained earnings			
<b>Balance as at 1st April 2016</b>	<b>14.72</b>	<b>1,026.03</b>	<b>574.08</b>	<b>16.11</b>	<b>18,548.85</b>	<b>4.13</b>	<b>20,183.93</b>	<b>1,334.82</b>
Profit for the year	-	-	-	-	1,933.01	-	1,933.01	352.72
Other comprehensive income for the year	-	-	-	-	-	(5.28)	(5.28)	(2.08)
<b>Total comprehensive income for the year</b>	-	-	-	-	1,933.01	(5.28)	1,927.73	350.63
Transfer to non Controlling Interest from General Reserve	-	(31.50)	-	-	-	-	(31.50)	31.50
Effect of previous year transaction	-	-	-	-	238.20	-	238.20	-
Deduction during the year	-	-	-	-	5.75	-	5.75	-
Employees Shares Option Lapsed	-	-	-	16.11	-	-	16.11	-
Share Premium received on ESOP Shares Issue	-	-	38.97	-	-	-	38.97	-
<b>Balance as at 31st March 2017</b>	<b>14.72</b>	<b>1,064.53</b>	<b>613.05</b>	<b>-</b>	<b>20,644.31</b>	<b>(1.15)</b>	<b>22,335.46</b>	<b>1,716.95</b>
Profit for the year	-	-	-	-	2,197.22	-	2,197.22	159.54
Other comprehensive income for the year	-	-	-	-	-	6.53	6.53	(0.02)
<b>Total comprehensive income for the year</b>	-	-	-	-	2,197.22	6.53	2,203.75	159.53
Dividend Paid	-	-	-	-	221.90	-	221.90	-
Tax on Dividend Paid	-	-	-	-	92.03	-	92.03	-
Set off of Dividend Tax in respect of Dividend from Subsidiary Company	-	-	-	-	(45.17)	-	(45.17)	-
Deduction during the year	-	-	-	-	108.12	-	108.12	1,708.74
<b>Balance as at 31st March 2018</b>	<b>14.72</b>	<b>1,064.53</b>	<b>613.05</b>	<b>-</b>	<b>22,464.65</b>	<b>5.38</b>	<b>24,162.33</b>	<b>167.74</b>

As per our attached report of even date

#### For M/s B.D. Jokhakar & CO.

Chartered Accountants  
Firm Registration Number : 104345W

#### Raman Jokhakar

Partner  
Membership Number 103241  
Mumbai, 30th May 2018

#### On behalf of the Board of Directors

#### Sameer V. Shah

Chairman  
& Managing Director

#### Rashmi S. Gavli

Chief Financial Officer

Mumbai, 30th May 2018

#### Nirmal V. Shah

Vice Chairman  
& Managing Director

#### Suchita Singh

Company Secretary

#### Mahendra K. Ghelani

Director

## Consolidated Cash Flow Statement for the year ended 31st March 2018

	2017-2018 (₹ in lakhs)	2016-2017 (₹ in lakhs)
<b>A Cash Flow from Operating Activities</b>		
Profit before tax	2,790.28	3,021.42
Adjustments for :		
Depreciation and amortisation	410.67	381.56
Loss on Sale of Property, Plant and equipments	10.94	2.93
Employee ESOP compensation	-	(16.11)
Finance Cost	118.21	116.67
	<b>539.82</b>	485.05
Less :		
Foreign Exchange Fluctuation	40.72	70.36
Net Gain on sale of Investments	1,692.31	246.76
Fair valuation of Investments (Net)	(932.08)	1,301.43
Effect of previous year transaction/Preacquisition profits	1,806.72	(232.45)
Dividend Received	36.86	63.03
	<b>(2,644.53)</b>	(1,449.12)
Operating Profit before working capital changes	<b>685.57</b>	2,057.35
Adjustments for :		
Trade and Other Receivables	(1,831.52)	(515.64)
Inventories	347.23	(351.87)
Trade and Other Payables	514.85	(104.92)
	<b>(969.44)</b>	(972.43)
Cash generated from operations	<b>(283.87)</b>	1,084.92
Income taxes paid (Net of Refund)	<b>(944.14)</b>	(596.35)
<b>Net Cash from Operating Activities (A)</b>	<b>(1,228.01)</b>	488.57
<b>B Cash Flow from Investing Activities</b>		
Payment to acquire Property, plant & equipments	(6,365.28)	(587.48)
Proceeds from Sale of Property, plant & equipments	143.04	11.79
Purchase of Investment	(8,444.87)	(12,043.85)
Sale of Investment	16,544.83	12,528.44
Dividend Income	36.86	63.03
<b>Net Cash used in Investing Activities (B)</b>	<b>1,914.58</b>	(28.07)
<b>C Cash Flow from Financing Activities</b>		
Proceeds/(Repayment) of Short Term Borrowings	14.06	(167.35)
ESOP Shares Allotted	-	2.72
Share Premium on ESOP Shares Allotted	-	38.97
Dividend paid	(221.90)	-
Tax on dividend paid	(46.86)	-
Proceeds/(Repayment) of Long Term Borrowings	7.73	(34.18)
Finance Cost	(118.21)	(116.67)
<b>Net Cash from Financing Activities (C)</b>	<b>(365.18)</b>	(276.51)
<b>Net (Decrease)/Increase in Cash &amp; Cash Activities (A+B+C)</b>	<b>321.39</b>	183.98
Cash and Cash Equivalents and Other Bank Balances as on Opening	1,434.98	1,251.00
Cash and Cash Equivalents and Other Bank Balances as on Closing (Refer Note 10,11)	1,756.37	1,434.98

## Consolidated Cash Flow Statement for the year ended 31st March 2018

Amendment to Ind AS 7-

Amendment to Ind AS 7 effective from 01 April, 2017 require the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the Balance sheet for liabilities arising from financing activities, to meet disclosure requirement. Accordingly, the Company has given the said disclosure as below:

Particulars	Note No.	As at 01/04/2017 (₹ in lakhs)	Cashflow	Foreign Exchange Movement	As at 31/03/2018 (₹ in lakhs)
Non-current liabilities					
- Borrowings	18	41.67	7.73	-	49.40
Current Liabilities					
- Borrowings	21	846.58	14.06	(1.07)	859.57
- Other financial liabilities					
Unpaid dividends	23	7.89	0.20	-	8.10
<b>Total</b>		<b>896.14</b>	<b>21.99</b>	<b>(1.07)</b>	<b>917.06</b>

As per our attached report of even date

**For M/s B.D. Jokhakar & CO.**  
Chartered Accountants  
Firm Registration Number : 104345W

**Raman Jokhakar**  
Partner  
Membership Number 103241  
Mumbai, 30th May 2018

**On behalf of the Board of Directors**

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

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

**Mahendra K. Ghelani**  
Director

**Rashmi S. Gavli**  
Chief Financial Officer

**Suchita Singh**  
Company Secretary

Mumbai, 30th May 2018

## Notes to Consolidated Financial Statements for the year ended 31st March, 2018

### COMPANY INFORMATION

Chembond Chemicals Limited (the Company) is a public limited Company domiciled in India and incorporated under the provisions of the Companies Act, 1956. Its shares are listed on the BSE Limited (BSE). The Registered office address of the Company is situated at Chembond Centre, EL-71, MIDC Mahape, Navi Mumbai -400710, Maharashtra.

These consolidated financial statements comprise the Company and its subsidiaries (collectively the 'Group' and individually 'Group companies').

The group is engaged in manufacturing of Speciality Chemicals.

#### 1. Significant Accounting Policies

##### 1.1 Basis of preparation of consolidated financial statements and presentation

The consolidated financial statements of the Company are prepared in Compliance with Indian Accounting Standards ('Ind AS') notified under Section 133 of the Companies Act, 2013, read together with the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016 and other relevant provisions of the Act. The consolidated Statements are prepared under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values,

These consolidated financial statements are the first consolidated financial statements of the Company under Ind AS. The date of transition to IND AS is 1st April 2016. In Accordance with Ind AS 101, First-Time Adoption of Indian Accounting Standards the Company has given an explanation on how the transition from previous GAAP to Ind AS has affected the Company's Balance Sheet, financial performance and cash flows. (Refer Note No.37).

The accounting policies have been applied consistently over all the periods presented in these consolidated financial statements except where a newly-issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

The consolidated financial statements are prepared in INR, which is the company's functional currency.

##### 1.2 Basis of consolidation

Subsidiaries are all entities over which the Company has control. Control exist when the company is exposed to or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The group combines the financial statements of the parent and its subsidiaries line by line adding together like items of assets, liabilities, equity, income and expenses. Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries has been changed wherever necessary to ensure consistency with the policies adopted by the group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit and loss, consolidated statement of changes in equity and balance sheet respectively.

Sr. No	Name of the Subsidiary Company & Associates	Country of Incorporation	Proportion of ownership interest either directly or through subsidiary
	<b>Direct Subsidiaries</b>		
1.	Chembond Water Technologies Limited (Formerly known Chembond Solenis Water Technologies Limited) (CWTL)	India	100.00%
2.	Protochem Industries Pvt.Limited (PIPL)	India	100.00%
3.	Chembond Clean Water Technologies Limited (CCWTL)	India	70.17%
4.	Chembond Industrial Coatings Limited (CICL)	India	100.00%
5.	Chembond Polymers and Materials Limited(Formerly Known Chembond Enzyme Company Limited (CPML)	India	100.00%



## Notes to Consolidated Financial Statements for the year ended 31st March, 2018

Sr. No	Name of the Subsidiary Company & Associates	Country of Incorporation	Proportion of ownership interest either directly or through subsidiary
6.	Chembond Calvatis Industrial Hygiene Systems Limited (CCIHSL)	India	55.00%
7.	Chembond Chemicals (Malaysia) SDN. BHD.	Malaysia	100.00%
8.	Phiroze Sethna Private Limited (PSPL)	India	100.00%
9.	Chembond Distribution Limited (CDL) – Associate #	India	47.00%
	<b>Indirect Subsidiary</b>		
10.	Gramos Chemicals India Private Limited (GCIPL)	India	100.00%

# Based on Control assessment carried out by the group under Ind AS 110, the associate entity met the criteria of control, therefore this have been assessed as subsidiary and is consolidated on a line by line basis and accordingly, elimination of intra group Income, expenses, receivables and payables were recorded in consolidated financial statements.

### 1.3 Summary of significant accounting policies

#### a) Property, Plant and Equipment :

Property, plant and equipment (PPE) are stated at historical cost less accumulated depreciation and accumulated impairment losses if any except freehold land which is carried at historical cost.

Historical cost comprises of its purchase price including taxes (other than those subsequently recoverable from tax authorities), duties, freight and other directly attributable costs related to the acquisition or construction of the respective assets. Profit or Loss on disposal of tangible assets is recognised in the Statement of Profit and Loss.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to the Statement of Profit and Loss during the reporting period in which they are incurred.

#### b) Intangible Assets :

Intangible Assets are stated at historical cost less accumulated amortisation and accumulated impairment loss, if any. Profit or Loss on disposal of intangible assets is recognised in the Statement of Profit and Loss.

#### c) Capital Work in Progress & Capital Advances :

Capital work-in-progress comprises the cost of assets that are yet not ready for their intended use at the balance sheet date. Advances given towards acquisition of fixed assets outstanding at each balance sheet date are classified as Capital Advances under Other Non-Current Assets.

#### d) Depreciation and Amortisation :

Depreciation on PPE (other than free hold and lease hold land) has been provided based on useful life of the assets in accordance with Schedule II of the Companies Act, 2013, on Straight Line Method. Freehold land is not depreciated. Leasehold land and leasehold improvements are amortized over the primary period of lease. Depreciation methods, useful lives and residual value are reviewed at each reporting date and adjusted prospectively, if appropriate.

Depreciation in the case of Subsidiary Companies, Chembond Water Technologies Ltd. (CSWTL), Chembond Clean Water Technologies Ltd. (CCWTL), Chembond Calvatis Industrial Hygiene Systems Ltd. (CCIHSL), Chembond Distribution Ltd. (CDL), Phiroze Sethna Pvt. Ltd.(PSPL) and Gramos Chemicals India Pvt. Ltd.(GCIPL) 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.

## Notes to Consolidated Financial Statements for the year ended 31st March, 2018

### e) Revenue Recognition :

Revenue is measured at the fair value of consideration received or receivable. Amounts disclosed as revenue are inclusive of excise duty and net of returns, trade discount or rebates and applicable taxes and duties collected on behalf of the government and which are levied on such sales.

The Company recognises revenue when the amount of revenue can be reliably measured and it is probable that future economic benefits will flow to the Company.

- i. Revenue from sale of goods is recognised on transfer of all significant risks and rewards of ownership to the buyer as per terms of Contract.
- ii. Revenue from services is recognised pro-rata as and when services are rendered.
- iii. Interest income is recognised using effective interest method on time proportion basis taking in to account the amount outstanding.
- iv. Dividend income from investment is recognised when the Company's right to receive is established by the reporting date, which is generally when shareholders approve the dividend.

### f) Leases :

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

#### Company as a Lessee :

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Group is classified as a finance lease.

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit and loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on the borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognised as an expense in the statement of profit and loss on straight line basis over the lease term.

#### Company as a lessor :

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income from operating lease is recognised on a straight-line basis over the term of the relevant lease.

Leases are classified as finance leases when substantially all of the risks and rewards of ownership transfer from the Group to the lessee. Amounts due from lessees under finance leases are recorded as receivables at the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of lease.

### g) Inventory :

Inventories are valued at lower of the cost determined on weighted average basis or net realisable value. The comparison of cost and net realisable value is made on an item-by-item basis. Damaged, unserviceable and inert stocks are valued at net realizable value.

Cost of raw materials, packing materials and stores spares and consumables Stocks is determined so as to exclude from the cost, taxes and duties which are subsequently recoverable from the taxing authorities.

Cost of finished goods and work-in-progress includes the cost of materials, an appropriate allocation of overheads and other costs incurred in bringing the inventories to their present location and condition.

## Notes to Consolidated Financial Statements for the year ended 31st March, 2018

### h) Impairment of Assets :

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if event or changes are indicative in circumstances indicate that they might be impaired. Assets that have a definite useful life are tested for impairment whenever events or changes in circumstances that indicate that the carrying amount may not be recoverable. Management periodically assesses using external and internal sources, whether there is an indication that an asset may be impaired. An Impairment loss is recognised for the amount by which the assets carrying amount exceeds its 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.

### i) Financial Instruments :

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial instruments also include derivative contracts such as foreign currency foreign exchange forward contracts, futures and currency options.

#### a. Financial assets :

##### Classification :

The Company shall classify financial assets as subsequently measured at amortised cost, fair value through other comprehensive income (FVOCI) or fair value through profit and loss (FVTPL) on the basis of its business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

##### Initial recognition and measurement :

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

#### Debt instruments :

- A 'debt instrument' is measured at the amortised cost if both the following conditions are met:
  - a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
  - b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.
- After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit and loss.
- Debt instruments included within the fair value through profit and loss (FVTPL) category are measured at fair value with all changes recognized in the statement of profit and loss.

#### Equity instruments :

- The Company subsequently measures all equity investments in companies/Mutual funds other than equity investments in subsidiaries, at fair value. Dividends from such investments are recognised in profit and loss as other income when the Company's right to receive payments is established.

#### De-recognition :

A financial asset derecognised only when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.
- When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that

## Notes to Consolidated Financial Statements for the year ended 31st March, 2018

case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

- Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

### **Impairment of financial assets :**

In accordance with Ind-AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, and bank balance
- Trade receivables or any contractual right to receive cash or another financial asset that result from transaction that are within the scope of Ind AS 18.- The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

### **b. Financial liabilities :**

#### **Initial recognition and measurement :**

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts.

#### **Financial liabilities at fair value through profit and loss :**

Financial liabilities at fair value through profit and loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit and loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind-AS 109.

Gains or losses on liabilities held for trading are recognised in the profit and loss.

#### **Derecognition :**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

### **C. Hedge accounting :**

Forward exchange contracts entered to hedge highly probable forecast revenues are recorded using the principles of hedge accounting as per Ind AS 109. Such forward exchange contracts which qualify for cash flow hedge accounting and where the conditions of Ind AS 109 have been met are initially measured at fair value and are re-measured at subsequent reporting dates. Changes in the fair value of these derivatives that are designated and effective as hedges of the future cash flows are recognized directly under shareholder's funds in the cash flow hedging reserve and the ineffective portion is recognised immediately in the statement of profit and loss.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes the Group's risk management objective and strategy for undertaking hedge, the hedging/economic relationship, the hedged item or transaction, the nature of the risk being hedged, hedge ratio and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value of cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedge accounting is discontinued when the hedging instrument expires or is sold or terminated or exercised or no longer qualifies for hedge accounting. Cumulative gain or loss on the hedging instrument recognised in shareholder's funds is transferred to statement of profit and loss when the forecasted transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in shareholder's funds is transferred to the statement of profit and loss.

## Notes to Consolidated Financial Statements for the year ended 31st March, 2018

### j) Fair Value Measurement :

The Company's measures Financial Instruments at fair value at each Balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- a) In the principal market for the asset or liability, or
- b) In the absence of a principal market, In the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- a) Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- b) Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- c) Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the consolidated financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

### k) Foreign Currency Transactions and Translation :

Transactions in foreign currencies entered into by the Company are accounted in the functional currency at the exchange rates prevailing on the date of the transaction. Monetary assets and liabilities denominated in foreign currency are translated at functional currency closing rate of exchange at the reporting date. Exchange differences arising on foreign exchange transactions settled during the year are recognised in the statement of profit and loss.

### l) Trade Receivables :

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

### m) Income Taxes :

Income tax expenses comprises of current and deferred tax expense and is recognised in the statement of profit or loss except to the extent that it relates to items recognized directly in equity or in OCI, in which case, the tax is also recognised in directly in equity or OCI respectively.

#### Current tax:

Current tax is the amount expected tax payable or recoverable on the taxable profit or loss for the year and any adjustment to the tax payable or recoverable in respect of previous years. It is measured using tax rates enacted or substantively enacted by the end of reporting period. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate

#### Deferred tax:

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit under Income Tax Act, 1961.

## Notes to Consolidated Financial Statements for the year ended 31st March, 2018

Deferred tax assets and liabilities are measured at the tax rates that have been enacted or substantively enacted by the Balance Sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The carrying amount of Deferred tax liabilities and assets are reviewed at the end of each reporting period.

### n) **Cash and Cash Equivalents :**

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash in hand, demand deposits with banks, other short term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown in current liabilities in the balance sheet.

### o) **Employee Benefits :**

#### **Short Term Employee Benefits :**

All employee benefits payable wholly within twelve months of rendering the service are classified as short term employee benefits and they are recognized in the period in which the employee renders the related service. The Company recognizes the undiscounted amount of short term employee benefits expected to be paid in exchange for services rendered as a liability (accrued expense) after deducting any amount already paid. The Company does not allow any accumulation of leave balance or encashment thereof.

#### **Post-Employment Benefits:**

#### I. **Defined Contribution plans:**

Defined contribution plans are Employee's Provident Fund scheme, Employee state insurance scheme for all applicable employees and superannuation scheme for eligible employees. The Company contribution for the year paid / payable to a defined contribution plan as an expense in the Statement of Profit and Loss.

#### II. **Defined Benefit plans:**

##### **Pension Scheme :**

The Company operates a defined benefit pension plan for certain specified employees and is payable upon the employee satisfying certain conditions, as approved by the Board of Directors.

##### **Gratuity :**

The Company operates a defined benefit gratuity plan for employees. The Company contributes to a separate entity (a fund) administered by LIC, towards meeting the Gratuity obligation.

The cost of providing defined benefits is determined using the Projected Unit Credit method with actuarial valuations being carried out at each reporting date. The defined benefit obligations recognized in the Balance Sheet represent the present value of the defined benefit obligations as reduced by the fair value of plan assets, if applicable. Any defined benefit asset (negative defined benefit obligations resulting from this calculation) is recognized representing the present value of available refunds and reductions in future contributions to the plan.

All expenses represented by current service cost, past service cost, if any, and net interest on the defined benefit liability / (asset) are recognized in the statement of profit and loss. Remeasurements of the net defined benefit liability/ (asset) comprising actuarial gains and losses and the return on the plan assets (excluding amounts included in net interest on the net defined benefit liability/asset), are recognized in Other Comprehensive Income. Such remeasurements are not reclassified to the Statement of Profit and Loss in the subsequent periods.

The Company presents the above liability/(asset) as current and non-current in the Balance Sheet as per actuarial valuation by the independent actuary.

### p) **Research and Development :**

Revenue expenditure on Research and Development is charged to Profit and Loss Account as incurred. Capital expenditure on assets acquired for Research and Development is added to PPE and depreciated in accordance with the policies stated for Property, Plant and Equipment and Intangible Assets.

### q) **Borrowing Cost :**

Borrowing costs, that are, attributable to the acquisition, construction or production of qualifying are capitalized as part of the costs of such assets. A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use or sale. All other borrowing costs are expensed in the period in which they occur. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

## Notes to Consolidated Financial Statements for the year ended 31st March, 2018

### r) Earnings per share :

Earnings per share (EPS) is calculated by dividing the net profit for the year attributable to the equity shareholders by weighted average number of equity shares outstanding during the year.

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

### s) Current / Non-Current Classification:

For the purpose of current / non-current classification of assets and liabilities, the Company has ascertained its normal operating cycle as 12 months and other criteria set out in the Schedule III to the Companies Act, 2013. This is based on the nature of product/services and the time taken between the acquisition of assets for processing and their realization in cash and cash equivalents.

### t) 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 recognised 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 recognised, nor disclosed.

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

### u) Key accounting estimates and judgements :

The preparation of the Company's consolidated financial statements requires the management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The areas involving critical estimates or judgements are:

- a) Estimation of taxes
- b) Determination of the estimated useful lives of intangible assets and determining intangible assets having an indefinite useful life.
- c) Determination of the estimated useful lives of tangible assets and the assessment as to which components of the cost may be capitalized
- d) Recognition and measurement of defined benefit obligations, key actuarial assumptions
- e) Recognition and measurement of provisions and contingencies, key assumptions about the likelihood and magnitude of an outflow of resources
- f) Fair value of financial instruments



## Notes to Consolidated Financial Statements for the year ended 31st March, 2018

## 2 Property, plant and equipment, Intangibles and Capital work in progress as at 31st March 2018

(₹ in lakhs)

Description	Gross Block (At Cost)					Depreciation Including Amortisation					Net Block	
	As at 1.04.2017	Investment in Subsidiary	Additions	Deductions	As at 31.03.2018	As at 1.04.2017	Investment in Subsidiary	Additions	Deductions	As at 31.03.2018	As at 31.03.2018	As at 31.03.2017
<b>Property, plant and equipment</b>												
<b>Tangible Assets</b>												
Leasehold Land	72.28	1.02	-	-	73.30	1.04	0.03	1.05	-	2.12	71.18	71.24
Freehold Land	83.84	63.45	3.30	-	150.59	-	-	-	-	0.00	150.59	83.84
Buildings	2,317.86	196.40	36.70	-	2,550.96	71.16	30.42	79.01	-	180.59	2,370.37	2,246.70
Equipment & Machinery	1,580.01	13.44	486.89	283.01	1,797.34	180.20	3.13	203.08	156.93	229.48	1,567.86	1,399.81
Computers	111.53	1.31	32.97	30.74	115.07	18.18	0.35	42.86	29.20	32.19	82.88	93.35
Furniture & Fixtures	134.57	2.83	11.69	0.40	148.68	21.46	1.10	22.70	0.35	44.92	103.77	113.11
Motor Cars	99.21	16.57	34.16	15.60	134.35	16.18	7.98	19.52	14.82	28.87	105.48	83.03
Electric Fittings & Installations	169.79	6.60	72.36	49.92	198.84	24.98	2.55	25.23	30.90	21.86	176.97	144.81
<b>Sub-total</b>	4,569.10	301.62	678.07	379.66	5,169.13	333.21	45.57	393.44	232.19	540.03	4,629.11	4,235.90
<b>Intangible Assets</b>												
Goodwill	579.44	-	5,511.76	-	6,091.20	-	-	-	-	-	6,091.20	579.44
Technical Know How	49.24	-	-	-	49.24	7.04	-	7.04	-	14.08	35.16	42.20
Computer Software	64.47	-	13.50	-	77.97	9.47	-	10.20	-	19.67	58.30	55.00
<b>Sub-total</b>	693.17	-	5,525.26	-	6,218.41	16.51	-	17.24	-	33.75	6,184.66	676.64
<b>Total</b>	5,262.27	301.62	6,203.33	379.66	11,387.53	349.72	45.57	410.67	232.19	573.78	10,813.77	4,912.54
Capital Work in Progress											66.56	167.15

## Property, plant and equipment, Intangibles and Capital work in progress as at 31st March 2017

(₹ in lakhs)

Description	Gross Block (At Cost)				As at 31.03.2017	Depreciation Including Amortisation				Net Block		
	As at 01.04.2016	Additions	Deductions			As at 01.04.2016	Additions	Deductions	As at 31.03.2017	As at 31.03.2017	As at 31.03.2016	
<b>Property, plant and equipment</b>												
<b>Tangible Assets</b>												
Leasehold Land	72.28	-	-	-	72.28	-	1.04	-	-	1.04	71.24	72.28
Freehold Land	83.84	-	-	-	83.84	-	-	-	-	-	83.84	83.84
Buildings	2,244.85	73.01	-	-	2,317.86	-	71.16	-	-	71.16	2,246.70	2,244.85
Equipment & Machinery	1,207.23	405.39	32.61	-	1,580.01	-	198.26	18.05	-	180.20	1,399.81	1,207.23
Computers	59.32	66.69	14.48	-	111.53	-	31.97	13.79	-	18.18	93.35	59.32
Furniture & Fixtures	128.49	6.08	-	-	134.57	-	21.46	-	-	21.46	113.11	128.49
Motor Cars	99.21	-	-	-	99.21	-	16.18	-	-	16.18	83.03	99.21
Electric Fittings & Installations	139.23	30.56	-	-	169.79	-	24.98	-	-	24.98	144.81	139.23
<b>Sub-total</b>	4,034.46	581.74	47.09	-	4,569.11	-	365.05	31.84	-	333.21	4,235.90	4,034.46
<b>Intangible Assets</b>												
Goodwill	566.75	12.68	-	-	579.44	-	-	-	-	-	579.44	566.76
Technical Know How	49.24	-	-	-	49.24	-	7.04	-	-	7.04	42.20	49.24
Computer Software	63.65	0.82	-	-	64.47	-	9.47	-	-	9.47	55.00	63.65
<b>Sub-total</b>	679.64	13.50	-	-	693.15	-	16.51	-	-	16.51	676.64	679.64
<b>Total</b>	4,714.10	595.24	47.09	-	5,262.25	0.00	381.56	31.84	-	349.72	4,912.54	4,714.10
Capital Work in Progress											167.15	174.38

The company has availed the deemed cost exemption as per Ind AS 101, in relation to the property plant and equipment on the date of transition and hence the net block carrying amount has been considered as the gross block carrying amount on that date.



## Notes to Consolidated Financial Statements for the year ended 31st March, 2018

	<b>As at 31/03/2018 (₹ in lakhs)</b>	As at 31/03/2017 (₹ in lakhs)	As at 01/04/2016 (₹ in lakhs)
<b>3 Investments (Non-Current)</b>			
<b>Investment in Government Securities amortised at cost (Unquoted)</b>			
Investment in National Saving Certificate	0.56	0.56	1.11
500 (500) Bonds of National Highways Authority of India Ltd. of ₹ 10,000/- each fully paid up	50.00	50.00	50.00
<b>Other Investments amortised at Cost (Unquoted)</b>			
2,848 (2,848) Equity Shares of Tarapur Environment Protection Organisation Ltd. of ₹ 100/- each fully paid up.	4.50	4.50	4.50
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	100.00
<b>Investments in Equity Shares carried at fair value through Profit and Loss</b>			
<b>Quoted</b>			
1,075 (1,075) Equity Shares of Kotak Mahindra Bank Ltd. of ₹ 5/- each fully paid up.	11.26	9.38	480.47
Nil (23,926) Equity Shares of Colgate Palmolive (India) Ltd. of ₹ 1/- each fully paid up.	-	238.87	419.62
Nil (75,000) Equity Shares of Marico Ltd. of ₹ 1/- each fully paid up.	-	-	181.88
16,200 (32,400) Equity Shares of Hindustan Petroleum Corporation Ltd. of ₹ 10/- each fully paid up.	55.75	170.25	-
3,600 (Nil) Equity Shares of Godrej Consumer Products Ltd. of ₹ 1/- each fully paid up.	39.33	-	-
7,250 (Nil) Equity Shares of HDFC Limited of ₹ 2/- each fully paid up	132.27	-	-
1,900 (Nil) Equity Shares Tata Consultancy Services Limited of Re. 1/- each fully paid up	54.14	-	-
<b>Investments in Gilt fund carried at fair value through Profit and Loss</b>			
<b>Quoted</b>			
34,44,368.286 (34,44,368.286) Units of SBI Magnum Gilt Fund-Short Term-Regular plan Growth	1,267.37	1,200.34	1,070.49
16,57,088.694 (16,57,088.694) Units of SBI Magnum Gilt Fund-Long Term-Regular plan Growth	631.53	611.42	531.76
21,27,192.007 (47,71,186.232) Units of ICICI Prudential Short Term Gilt Fund-Growth	765.98	1,826.75	1,656.23
27,93,842.371 (27,93,842.371) Units of Reliance Gilt Securities Fund-Growth Plan Growth option	636.78	611.06	540.88
31,17,743.926 (46,01,436.659) Units of HDFC Gilt Fund Long Term - Growth	1,092.08	1,552.47	1,409.11
Nil (8,75,009.661) Units of HDFC Gilt Fund Short Term - Growth	-	238.17	218.59
2,11,411.931 (Nil) Units of Kotak Select Focus Fund- Growth	67.26	-	-
69,722.504 (Nil) Units of Mirae Assets India Opportunities Fund Regular- Growth plan	31.25	-	-
<b>Other Investments</b>			
<b>Quoted (carried at fair value through Profit and Loss)</b>			
20,00,000 (20,00,000) units of Kotak FMP Series 187 - Growth	241.12	223.02	202.47
<b>Total</b>	<b>5,181.19</b>	<b>6,836.77</b>	<b>6,867.09</b>
Aggregate amount of Quoted Investments and market value there of	<b>5,026.12</b>	<b>6,681.70</b>	<b>6,711.49</b>
Aggregate amount of Unquoted Investments	<b>155.07</b>	155.07	155.60
Aggregate amount of Impairment in value of investment	-	-	-

## Notes to Consolidated Financial Statements for the year ended 31st March, 2018

	As at 31/03/2018 (₹ in lakhs)	As at 31/03/2017 (₹ in lakhs)	As at 01/04/2016 (₹ in lakhs)
<b>4 Other Non- Current Financial Assets</b> (Unsecured & considered good)			
Fixed Deposit of Maturity of More than 12 Months	660.39	275.39	434.22
Other Deposits	54.32	47.14	49.10
<b>Total</b>	<b>714.72</b>	<b>322.53</b>	<b>483.32</b>
<b>5 Income tax asset (net)</b> Income Tax (Net of Provision)	369.23	177.16	254.39
<b>Total</b>	<b>369.23</b>	<b>177.16</b>	<b>254.39</b>
<b>6 Other non-current assets</b>			
Capital Advances	23.56	15.59	15.58
Other Advances	3.97	3.34	-
Prepaid expenses	4.68	1.37	0.83
VAT Refund Receivable	38.82	55.80	69.45
<b>Total</b>	<b>71.03</b>	<b>76.10</b>	<b>85.86</b>
<b>7 Inventories</b> <b>(At lower of Cost and Net Realisable Value)</b>			
Raw Material	1,653.76	1,688.24	1,296.71
Packing Material	120.29	97.60	98.28
Finished Goods	513.36	744.08	762.75
Stock-in-Trade	168.64	264.59	271.06
Stock in Transit	2.94	11.70	25.53
	<b>2,458.99</b>	<b>2,806.22</b>	<b>2,454.35</b>
Less: Stock Reserve	5.41	4.12	3.86
<b>Total</b>	<b>2,453.58</b>	<b>2,802.10</b>	<b>2,450.49</b>
<b>8 Investments (Current)</b> <b>Investments in Equity Shares carried at fair value through Profit and Loss</b>			
<b>Quoted</b>			
9,206 (17,601) Equity Shares of Coromandel International Ltd. of ₹ 1/- each fully paid up.	48.35	54.89	-
18,298 (18,298) Equity Shares of Kalpatru Power Transmission Ltd. of ₹ 2/- each fully paid up.	88.61	59.05	-
28,561 (33,539) Equity Shares of Kec International Ltd. of ₹ 2/- each fully paid up.	111.32	69.96	-
15,627 (15,627) Equity Shares of Simplex Infrastructures Ltd. of ₹ 2/- each fully paid up.	82.95	48.14	-
3,305 (3,305) Equity Shares of Sundaram Finance Ltd. of ₹ 10/- each fully paid up.	55.43	53.37	-
8,131 (8,131) Equity Shares of Carbondum Universal Ltd. of ₹ 1/- each fully paid up.	28.25	23.62	-
Nil (3,130) Equity Shares of Sun Pharmaceutical Industries Ltd. of ₹ 1/- each fully paid up.	-	21.54	-

## Notes to Consolidated Financial Statements for the year ended 31st March, 2018

	As at 31/03/2018 (₹ in lakhs)	As at 31/03/2017 (₹ in lakhs)	As at 01/04/2016 (₹ in lakhs)
3,155 (Nil) Equity Shares of Container Corporation of India Ltd. of ₹ 10/- each fully paid up.	<b>39.28</b>	-	-
16,604 (Nil) Equity Shares of ICICI Bank Ltd. of ₹ 10/- each fully paid up.	<b>46.22</b>	-	-
3,960 (Nil) Equity Shares of Tata Communications Ltd. of ₹ 10/- each fully paid up.	<b>24.56</b>	-	-
3,305 (Nil) Equity Shares of Sundaram Finance Holding Ltd. of ₹ 5/- each fully paid up.	<b>10.26</b>	-	-
<b>Investments in Mutual Funds carried at fair value through Profit and Loss</b>			
47.209 (45.219) Units of Reliance Liquid Fund -Treasury Plan - Daily Dividend	<b>0.72</b>	0.66	0.66
1,31,955.602(1,59,772.760)Units of ICICI Prudential Liquid Plan-Daily Dividend	<b>137.08</b>	157.23	150.01
Nil (35,778.175) Units of ICICI Prudential Focused bluechip equity fund-Growth	-	12.29	9.83
26215.8611 (8,719.9648) Units of Kotak Floater Short term-Growth (Regular Plan)	<b>867.20</b>	232.28	3.56
Nil (281.400) Units of Birla Sun Life Cash Plus-Growth Regular Plan	-	0.73	30.46
Nil (Nil) Units of L&T Liquid Fund-Growth	-	-	1,256.91
Nil (Nil Units of SBI premier Liquid fund - Regular Plan - Growth	-	-	95.60
Nil (1,87,783.643) Units of Tata Balanced Fund Regular Plan -Growth	-	359.95	305.61
Nil (7,38,490.922) Units of Reliance Regular Savings Fund-Balanced Plan - Growth Plan Growth Option	-	351.20	295.07
Nil (177.745) Units of HDFC Liquid Fund- Growth	-	5.69	5.32
16,043.070 (22,856.271) Units of Reliance Liquidity Fund-Growth plan Growth option	<b>160.66</b>	230.34	171.91
Nil (27,20,852.759) Units of Kotak Equity Arbitrage Fund RP-Growth	-	637.27	-
Nil (8,61,618.729) Units of ICICI Equity Arbitrage Fund Growth	-	187.41	-
Nil (12,46,439.81) Units of Birla Sunlife Short Term Fund Growth	-	776.18	-
Nil (43,02,934.808) Units of HDFC Short Term Opportunities Growth	-	774.01	-
Nil (1,63,99,293.866) Units of IDFC Corporate Bond Fund Regular Plan Growth	-	1,832.05	-
Nil (40,82,826.949) Units of L&T Short Term Opportunities Funds Growth	-	638.95	-
8,965.49 (43,965.49) Units of Franklin India Prima Plus -Growth	<b>51.51</b>	228.87	-
1,56,277.345 (8,31,277.345) Units of Kotak Select Focus Fund Regular Plan Growth	<b>96.40</b>	238.93	-
1,35,931.375 (6,73,931.375) Units of SBI Blue Chip Fund Regular Plan Growth	<b>50.60</b>	226.25	-
62,226.441 (1,35,931.375) Units of HDFC Core and Satellite Fund -Growth	<b>48.64</b>	225.24	-

## Notes to Consolidated Financial Statements for the year ended 31st March, 2018

	As at 31/03/2018 (₹ in lakhs)	As at 31/03/2017 (₹ in lakhs)	As at 01/04/2016 (₹ in lakhs)
Nil (5,16,145.016) Units of Birla Sun Life Medium Term Plan Growth	-	105.34	-
2,25,408.723 (10,39,408.723) Units of DSP Black Rock Focus 25 Fund Growth	49.30	211.99	-
Nil (19,16,296.183) Units of Kotak medium Term Fund Regular Plan Growth	-	259.42	-
Nil (3,74,368.254) Units of ICICI prudentianl Short Term Growth Option	-	127.74	-
9,725(Nil) Units Aditya Birla Sun Life ' 95 Balanced - Growth (₹ 10)	71.66	-	-
48,686(Nil) Units HDFC Balanced Fund-Regular Plan Growth (₹ 10)	70.99	-	-
7,390(Nil) Units HDFC Equity Fund-Regular Plan Growth (₹ 10)	43.72	-	-
2,78,510(Nil) Units L & T India Prudence Fund-Growth (₹ 10)	71.22	-	-
1,00,295(Nil) Units Mirae Asset Equity Fund Fund-Regular Growth (₹ 10)	44.94	-	-
1,83,143(Nil) Units Motilal Oswal MOST Focused Multicap 35 Fund-Regular Growth (₹10)	48.17	-	-
1,27,019(Nil) Units SBI Blue Chip Fund-Regular Plan Growth (₹ 10)	47.28	-	-
57,933(Nil) Units SBI Magnum Balance Fund-Regular Plan Growth(₹ 10)	71.14	-	-
<b>Total</b>	<b>2,466.46</b>	8,150.60	2,324.94
Aggregate amount of Quoted Investments and Market Value thereof	<b>2,466.46</b>	8,150.60	2,324.94
<b>9 Trade Receivables</b> (Unsecured)			
Unsecured Considered Good	8,145.47	6,820.94	6,269.25
Less : Provision for Doubtful Debts	68.25	97.02	207.21
<b>Total</b>	<b>8,077.22</b>	6,723.92	6,062.04
a For Related party transactions Refer Note No.41			
<b>10 Cash and Cash equivalents</b>			
Balances with banks			
In Current Accounts	991.75	357.34	532.05
Cash on hand	3.25	3.22	4.51
<b>Total</b>	<b>994.99</b>	360.56	536.56
<b>11 Bank balances other than cash and cash equivalents</b>			
Margin money (Including deposits with original maturity of more than 3 months and less than 12 months )	436.06	704.60	347.75
In Unpaid Dividend Accounts	325.32	369.82	366.69
<b>Total</b>	<b>761.38</b>	1,074.42	714.44
<b>12 Loans</b> (Unsecured & considered good)			
Loan and advance to Employees	28.60	10.11	22.95
Loans and Advances others	12.45	83.00	72.29
<b>Total</b>	<b>41.05</b>	93.11	95.24

## Notes to Consolidated Financial Statements for the year ended 31st March, 2018

	As at 31/03/2018 (₹ in lakhs)	As at 31/03/2017 (₹ in lakhs)	As at 01/04/2016 (₹ in lakhs)
<b>13 Other Current Financial Assets</b>			
(Unsecured & considered good)			
Security Deposits	82.50	97.61	108.83
Deposit - Excise	34.82	49.78	67.62
<b>Total</b>	<b>117.32</b>	<b>147.40</b>	<b>176.45</b>
<b>14 Other Current Assets</b>			
Mutual Fund sale proceeds receivable	-	-	4,750.64
Accrued Interest on NHA1 Bonds	3.00	3.00	1.22
Prepaid expenses	49.06	44.53	50.09
Advances for supply of goods and services	117.24	45.41	28.36
Balances with government authorities	195.94	99.35	54.08
Other Current Assets	21.27	20.98	5.10
<b>Total</b>	<b>386.51</b>	<b>213.27</b>	<b>4,889.49</b>
<b>15 Share Capital</b>			
<b>Authorised</b>			
2,00,00,000 (P.Y 2,00,00,000) Equity Shares of ₹ 5/- each	1,000.00	1,000.00	1,000.00
<b>Issued, Subscribed and Paid up</b>			
134,48,288 (P.Y 134,48,288) Equity Shares of ₹ 5/- each fully paid up	672.41	672.41	669.69
<b>Total</b>	<b>672.41</b>	<b>672.41</b>	<b>669.69</b>
<b>a Reconciliation of the equity shares outstanding at the beginning and at the end of the reporting year:</b>			
Number of shares outstanding at the beginning of the year	1,34,48,288	66,96,894	66,96,894
Additions during the year			
- Subdivision of Equity Shares from face Value ₹ 10 to ₹ 5/- Per Share	-	66,96,894	-
- ESOP Share issued	-	54,500	-
Deductions during the year	-	-	-
Number of shares outstanding at the end of the year	1,34,48,288	1,34,48,288	66,96,894
<b>b Details of Shareholders holding more than 5% Shares</b>			
<b>Name of the Shareholder</b>	<b>No of Shares</b>	No of Shares	No of Shares
Dr. Vinod D. Shah	19,38,562	19,38,562	19,34,062
% held	14.41%	14.41%	14.44%
Padma V. Shah	14,95,114	14,95,114	14,95,114
% held	11.12%	11.12%	11.16%
Visan Holding & Financial Services Pvt. Ltd.	12,37,916	12,37,916	12,37,616
% held	9.21%	9.21%	9.24%
Ashwin R. Nagarwadia	10,81,264	10,81,264	10,81,264
% held	8.04%	8.04%	8.07%

## Notes to Consolidated Financial Statements for the year ended 31st March, 2018

**c Terms and 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 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.

	<b>As at 31/03/2018 (₹ in lakhs)</b>	As at 31/03/2017 (₹ in lakhs)	As at 01/04/2016 (₹ in lakhs)
<b>16 Other Equity</b>			
<b>Capital Reserve on Consolidation</b>			
As per last year	14.72	14.72	14.72
Less : Transfer to Profit & Loss A/c	-	-	-
	<b>14.72</b>	14.72	14.72
<b>General Reserve</b>			
As per last year	1,064.53	1,026.03	987.53
Add: Transfer from Profit & Loss A/c	-	70.00	70.00
Less: Transfer to Minority Interest	-	31.50	31.50
	<b>1,064.53</b>	1,064.53	1,026.03
<b>Share Premium</b>			
As per last year	613.05	574.08	521.91
Add: Received on ESOP Shares Issue	-	38.97	52.17
	<b>613.05</b>	613.05	574.08
<b>Employees Shares Options Outstanding</b>			
Shares Option Outstanding	-	23.75	29.40
Less: Option Lapsed	-	23.75	5.65
	<b>0.00</b>	0.00	23.75
Less: Deferred Compensation	-	-	7.64
	-	-	16.11
<b>Retained Earnings</b>			
As per last year	20,644.31	18,548.85	3,901.19
Add: Effect of previous year transaction	-	238.20	-
Add: Profit for the Year	2,197.22	1,933.01	15,409.62
Deduction during the year	108.12	5.75	-
	<b>22,733.41</b>	20,714.31	19,310.81
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	-	-	122.45
Previous Year Dividend	-	-	0.48
Tax on previous Year Dividend	-	-	0.58
Dividend Paid	221.90	-	-
Tax on Dividend Paid	92.03	-	-
	<b>22,464.65</b>	20,644.31	18,548.85
<b>Other Comprehensive Income (OCI)</b>			
Remeasurements of the net defined benefit Plans			
As per last year	(1.15)	4.13	4.13
Addition during the year	6.51	(7.36)	-
Less: Non Controlling Interest	(0.02)	(2.08)	-
	<b>5.38</b>	(1.15)	4.13
<b>Total</b>	<b>24,162.33</b>	22,335.46	20,183.93

## Notes to Consolidated Financial Statements for the year ended 31st March, 2018

	As at 31/03/2018 (₹ in lakhs)	As at 31/03/2017 (₹ in lakhs)	As at 01/04/2016 (₹ in lakhs)
<b>17 Non Controlling Interest</b>			
<b>Share Capital</b>			
Opening Balance	294.58	294.58	272.08
Addition during the year	-	-	22.50
Deduction during the year	22.50	-	-
	<b>272.08</b>	294.58	294.58
<b>Share Premium</b>			
As per last year	4.05	4.05	-
Add: Received during the year	-	-	4.05
	<b>4.05</b>	4.05	4.05
<b>General Reserve</b>			
Opening Balance	360.44	328.94	297.44
Addition during the year	-	31.50	31.50
Deduction during the year	342.55	-	-
	<b>17.89</b>	360.44	328.94
<b>Retained Earnings</b>			
Opening Balance	1,057.89	707.26	618.32
Less : Dividend Paid	-	-	189.45
Addition during the year	159.54	352.72	278.39
Add: Non Controlling Interest (OCI)	(0.02)	(2.08)	-
Deduction during the year	1,343.69	-	-
	<b>(126.27)</b>	1,057.89	707.26
<b>Total</b>	<b>167.74</b>	1,716.95	1,334.82
<b>18 Borrowings</b>			
<b>Secured</b>			
Term Loan from Banks	-	-	-
	-	-	-
<b>Unsecured</b>			
Loans from Related Parties	-	1.48	43.10
Loans from Others	49.40	40.19	32.75
	<b>49.40</b>	41.67	75.85
<b>Total</b>	<b>49.40</b>	41.67	75.85
<b>19 Provisions- Non Current</b>			
Provision for Gratuity	151.05	117.84	94.00
<b>Total</b>	<b>151.05</b>	117.84	94.00

## Notes to Consolidated Financial Statements for the year ended 31st March, 2018

	As at 31/03/2018 (₹ in lakhs)	As at 31/03/2017 (₹ in lakhs)	As at 01/04/2016 (₹ in lakhs)
<b>20 Deferred Tax Liability (Net)</b>			
<b>Deferred tax Liability</b>			
Depreciation	467.92	532.78	540.37
Investments at Fair Value	151.98	301.49	111.36
	<b>619.90</b>	834.27	651.73
<b>Deferred tax Asset</b>			
Gratuity	33.32	25.92	29.69
MAT Credit	426.66	252.50	151.41
Other Deferred tax Asset	5.46	-	-
Provision for Doubtful Debts	18.44	29.98	108.87
	<b>483.88</b>	308.40	289.97
<b>Total</b>	<b>136.02</b>	525.87	361.76
<b>21 Current Borrowings</b>			
(Repayable on demand)			
<b>Secured</b>			
Over Draft Facilities from Banks	222.81	221.61	324.14
Working Capital Loan from Banks	392.45	114.40	194.40
Buyers Credit Loan from Banks	54.44	-	284.34
<b>Unsecured</b>			
Buyers Credit Loan from Banks	189.87	510.57	211.06
<b>Total</b>	<b>859.57</b>	846.58	1,013.94

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 Property, Plant and Equipments.

**22 Trade Payables**

Micro, Small and Medium Enterprises	33.90	52.60	39.45
Others	5,074.95	4,437.69	4,685.93
<b>Total</b>	<b>5,108.85</b>	4,490.29	4,725.38

a For Related party transaction Refer Note No.41

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	33.90	52.60	39.45
Interest accrued and due to suppliers under MSMED Act, 2006 on the above amount	1.38	1.14	2.48
Payment made to suppliers (other than interest) beyond the appointed day, during the year	136.77	137.61	162.20
Interest paid/adjusted to suppliers under MSMED Act, 2006 (other than section 16)	1.14	2.48	2.40
Interest paid/adjusted to suppliers under MSMED Act, 2006 (Section 16)	NIL	NIL	NIL
Interest due and payable to suppliers under MSMED Act, 2006 for payments already made	1.38	1.14	2.48
Interest accrued and remaining unpaid at the end of the year to suppliers under MSMED Act, 2006	1.38	1.14	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 to Consolidated Financial Statements for the year ended 31st March, 2018

	As at 31/03/2018 (₹ in lakhs)	As at 31/03/2017 (₹ in lakhs)	As at 01/04/2016 (₹ in lakhs)
<b>23 Other Current Financial Liabilities</b>			
Current Maturities of Long Term Debt	-	-	-
Other Payables	583.46	673.25	607.11
Creditors for Capital Expenditure	24.02	34.70	30.37
Unclaimed Dividend *	8.10	7.89	11.54
<b>Total</b>	<b>615.57</b>	<b>715.84</b>	<b>649.03</b>
* Not due for Deposit to Investor Education and Protection Fund			
<b>24 Other Current Liabilities</b>			
Advance Received From Customers	45.54	119.50	94.28
Statutory Dues	220.73	199.02	232.19
Other payable	39.79	100.92	127.72
<b>Total</b>	<b>306.07</b>	<b>419.44</b>	<b>454.19</b>
<b>25 Short-term Provisions</b>			
Provision for Gratuity	14.47	-	-
Provision for Employee Benefits Payable	229.94	202.32	194.46
Provision for Current Tax (Net of Advance Tax)	41.61	(27.05)	71.75
Proposed dividend	-	-	-
Tax on proposed dividend	-	-	-
<b>Total</b>	<b>286.02</b>	<b>175.27</b>	<b>266.22</b>
		<b>2017-18</b> (₹ in lakhs)	2016-17 (₹ in lakhs)
<b>26 Revenue from Operations</b>			
<b>Sales (Gross of Excise Duty)</b>		<b>31,911.11</b>	30,922.25
<b>Sales of Services</b>			
Technical Service Income		<b>1,442.68</b>	1,055.30
<b>Other Operating revenue</b>			
Bad Debts Recovered		<b>4.18</b>	(0.00)
Provision for Doubtful Debts (No Longer required)		<b>33.70</b>	96.70
Miscellaneous Income		<b>31.14</b>	11.85
Other Operating revenue		<b>69.02</b>	108.56
<b>Total</b>		<b>33,422.81</b>	32,086.11
<b>27 Other Income</b>			
Dividend from Equity Investments		<b>8.09</b>	17.92
Dividend from Mutual Funds		<b>28.77</b>	45.11
		<b>36.86</b>	63.03
Profit from Sale of Mutual Funds		<b>1,622.44</b>	164.46
Profit on Sale of Equity Investments		<b>69.87</b>	82.29
Gross Interest {TDS ₹ 0.46 lakhs (P.Y ₹ 1.26 lakhs)}		<b>101.41</b>	109.34
Gross Rental Income {TDS ₹ 1.75 lakhs (P.Y ₹ 2.84 lakhs)}		<b>13.26</b>	7.06
Foreign Exchange Fluctuation Gain/ (Loss)		<b>40.72</b>	70.36
Miscellaneous Income		<b>111.54</b>	31.89
Fair valuation of Investments (Net)		<b>(932.08)</b>	1,301.43
<b>Total</b>		<b>1,064.02</b>	1,829.86

## Notes to Consolidated Financial Statements for the year ended 31st March, 2018

	2017-18 (₹ in lakhs)	2016-17 (₹ in lakhs)
<b>28 Cost of Materials Consumed</b>		
Raw Materials Consumed	17,371.60	15,707.74
Packing Material	1,518.51	1,498.67
<b>Total</b>	<b>18,890.11</b>	<b>17,206.41</b>
<b>29 Purchases of Stock-in-trade</b>		
Purchases of Stock-in-trade	1,641.16	1,592.10
<b>Total</b>	<b>1,641.16</b>	<b>1,592.10</b>
<b>30 Changes in inventory of Finished goods, Work in progress and Stock-in-trade</b>		
Finished products/ Stock in Trade (At Close)	669.74	994.80
Finished products/ Stock in Trade (At commencement)	1,032.52	1,027.06
<b>Total</b>	<b>362.78</b>	<b>32.26</b>
<b>31 Employee benefit expenses</b>		
Director Remuneration	135.22	110.12
Salaries & Wages	3,742.84	3,353.71
Employee ESOP compensation	-	(16.11)
Contribution to Provident & other funds	280.29	207.20
Staff Welfare Expenses	141.75	145.94
<b>Total</b>	<b>4,300.10</b>	<b>3,800.85</b>
For Related party transaction Refer Note No.41		
<b>32 Finance Cost</b>		
Interest Expense		
- Banks	67.65	67.15
- MSMED	1.38	1.14
- Others	0.52	1.30
Bank Guarantee fees & charges	48.66	47.08
<b>Total</b>	<b>118.21</b>	<b>116.67</b>
<b>33 Depreciation and Amortisation expenses</b>		
Depreciation and Amortisation Expenses	410.67	381.56
<b>Total</b>	<b>410.67</b>	<b>381.56</b>
<b>34 Other Expenses</b>		
<b>Manufacturing Expenses</b>		
Consumable stores	45.88	39.08
Octroi	0.37	0.75
Power, Fuel & Water Charges	104.71	99.38
Research and Development	134.16	107.33
Lab Expenses	17.15	19.50
Repairs and Renewals to Plant & Machinery	32.71	33.23
Godown Rent	33.70	29.93
Labour Charges	583.81	520.68
Security Expenses	80.57	72.49
Factory Maintenance	98.38	139.90
Technical Service Charges	437.45	375.23
<b>A</b>	<b>1,568.91</b>	<b>1,437.50</b>

## Notes to Consolidated Financial Statements for the year ended 31st March, 2018

	2017-18 (₹ in lakhs)	2016-17 (₹ in lakhs)
<b>Administrative Expenses</b>		
Director's Sitting Fees	36.75	49.40
Rates & Taxes	70.22	75.93
Electricity charges	40.78	38.33
Printing and stationary	28.66	36.15
Telephone & Postage Expenses	86.66	92.95
Insurance	42.27	49.66
Motor car expenses	55.78	43.08
Auditors Remuneration (See note a)	21.57	11.92
Legal, Professional & consultancy fees	641.05	623.83
Repairs & Maintenance Buildings	44.71	7.18
Repairs & Maintenance Others	153.17	140.05
Miscellaneous expenses	75.23	64.38
Donation	0.30	17.93
Corporate Social responsibility	21.00	18.40
Sales Tax & Other Taxes	11.28	10.05
Loss on Sale of Fixed Asset	10.94	2.93
Provision for Doubtful Debts	1.10	-
Input Service Tax Disallowed	10.22	21.00
Input GST Disallowed	23.69	3.26
Swachh Bharat Cess Expense	2.62	8.37
Bad Debts Written Off	235.64	40.45
<b>B</b>	<b>1,613.62</b>	1,355.27
<b>Selling and Distribution Expenses</b>		
Carriage outwards	820.98	598.66
Rent	73.80	78.29
Commission on sales	197.87	178.87
Travelling Expenses	499.40	429.71
Conveyance Expenses	177.35	167.00
Royalty Expenses	58.35	248.20
Advertising & Publicity Expenses	24.80	23.60
Warehousing Charges	11.88	10.44
Packing Expenses	7.22	4.65
Sales Promotion Expenses	243.83	225.58
<b>C</b>	<b>2,115.48</b>	1,964.99
<b>Total (A+B+C)</b>	<b>5,298.02</b>	4,757.76
<b>a. Auditor's Remuneration consists of:</b>		
Statutory Audit Fees	13.23	7.08
Tax Audit Fees	4.09	2.89
Taxation and Other Matters	4.25	1.95
<b>Total</b>	<b>21.57</b>	11.92

## Notes to Consolidated Financial Statements for the year ended 31st March, 2018

## b. 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 31/03/2018</b> (₹ in lakhs)	Total Minimum Lease Payment Outstanding as on 31/03/2017 (₹ in lakhs)
Due within one year	<b>41.57</b>	72.94
Due later than one year and not later than five years	<b>17.75</b>	53.95
Due later than five years	-	-
Lease payments recognised in the Statement of Profit & Loss	<b>107.50</b>	108.21

## 35 Earnings Per Share

Net Profit available to Equity Shareholders (₹ In Lakhs)

Total number of Equity Shares (Face value of ₹ 5/- each fully paid up)

Weighted No. of Equity Shares

Basic Earnings per Share (in Rupees)

Diluted No. of Equity Shares

Diluted Earnings per Share (in Rupees)

	<b>2017-2018</b>	2016-2017
Net Profit available to Equity Shareholders (₹ In Lakhs)	<b>2,197.23</b>	1,933.01
Total number of Equity Shares (Face value of ₹ 5/- each fully paid up)	<b>1,34,48,288</b>	1,34,48,288
Weighted No. of Equity Shares	<b>1,34,48,288</b>	1,34,28,280
Basic Earnings per Share (in Rupees)	<b>16.34</b>	14.40
Diluted No. of Equity Shares	<b>1,34,48,288</b>	1,34,28,280
Diluted Earnings per Share (in Rupees)	<b>16.34</b>	14.40

## 36 Segment Reporting

"The Company is engaged in the manufacture of Specialty Chemicals, which in the context of Ind AS 108- Operating segment specified under section 133 of the Companies Act, 2013 is considered as a single business segment of the company.

## 37 First Time adoption of Ind AS

## I. Transition to Ind AS

These are the Company's first consolidated financial statements prepared in accordance with Ind AS.

The accounting policies set out in note 1.3 have been applied in preparing the consolidated financial statements for the year ended 31 March 2018, the comparative information presented in these consolidated financial statements for the year ended 31 March 2017 and in the presentation of an opening Ind AS balance sheet at 1 April 2016 (the Company's date of transition). In preparing its opening Ind AS balance sheet, the Company has adjusted the amount reported previously in consolidated financial statements prepared in accordance with the accounting standards notified under Companies (Accounting Standards) Rules, 2006 (as amended) and other relevant provisions of the Act (previous GAAP or Indian GAAP). An explanation of how the transition from previous GAAP to Ind AS has affected the company's financial position and financial performance is set out in the following tables and notes.

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.	Particulars	Country of Incorporation	% of Holding
1	Chembond Water Technologies Limited	India	55.00%
2	Protochem Industries Private Limited	India	100.00%
3	Chembond Clean Water Technologies Limited	India	70.17%
4	Chembond Industrial Coatings Limited	India	100.00%
5	Chembond Polymers and Materials Limited	India	100.00%
6	Chembond Calvatis Industrial Hygiene Systems Limited	India	55.00%
7	Chembond Distribution Limited #	India	47.00%
8	Chembond Chemicals (Malaysia) SDN. BHD.	Malaysia	100.00%

# Based on Control assessment carried out by the group under Ind AS 110, the associate entity met the criteria of control, therefore this have been assessed as subsidiary and is consolidated on a line by line basis and accordingly, elimination of intra group Income, expenses, receivables and payables were recorded in consolidated financial statement.

## Notes to Consolidated Financial Statements for the year ended 31st March, 2018

### II. Exemptions from retrospective application

Ind AS 101 allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. The Company has applied the following exemptions:

#### a) Deemed cost for Property, Plant and Equipment (PPE), Intangible assets

Ind AS 101 permits a first time adopters to continue with the carrying value for all its property, plant and equipment and intangible assets as recognised in the consolidated financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition.

Accordingly, the company has elected to measure all of its PPE and intangible asset at their previous GAAP carrying values.

#### b) Deemed cost for investment in subsidiary

The Company has elected to use the previous GAAP carrying amount of its investment in subsidiary on the date of transition as its deemed cost on that date, in its separate consolidated financial statements.

The remaining voluntary exemptions as per Ind AS 101 - First time adoption either do not apply or are not relevant to the Company.

### III. Exceptions from full retrospective application:

#### a) Hedge accounting

Hedge accounting is applied from 1 April 2017 and therefore previous period comparative i.e., F.Y. 2016-17 has not been restated and the same will continue to reflect fair value through profit and loss accounting.

#### b) Estimates

Upon an assessment of the estimates made under Indian GAAP, the Company has concluded that there was no necessity to revise such estimates under Ind AS, except where estimates were required by Ind AS and not required by Indian GAAP.

The company made estimate for following items in accordance with Ind AS at the date of transition as these were not required under

- Investment in equity instruments carried at FVTPL; and
- Investment in debt instruments carried at FVTPL.

#### c) Classification and measurement of financial assets

The Company has classified and measured the financial assets (investment in debt instruments) on the basis of facts and circumstances that exist at the date of transition to Ind AS.

#### d) Non Controlling Interests (NCI)

Ind AS 110 requires that total comprehensive income should be attributed to the owners of the parent and the NCI even if this results in the NCI having a negative balance. Ind AS 101 requires this requirement to be applied prospectively from the date of transition to Ind AS. Consequently, the group has applied the above requirement prospectively.

### IV. Derecognition of Financial Assets and Financial liabilities

The company has applied derecognition requirement of Financial Assets and Financial Liabilities prospectively for the transactions occurring on or After 1 st April 2016

The remaining mandatory exceptions either do not apply or are not relevant to the Company.

## Notes to Consolidated Financial Statements for the year ended 31st March, 2018

## V. Reconciliations under Ind AS 101

## (a) Reconciliation of Equity

Particulars	Notes	I GAAP as at 31/03/2017	Effect of transition to Ind AS	Ind AS as at 31/03/2017	I GAAP as at 1/04/2016	Effect of transition to Ind AS	Ind AS as at 1/04/2016
		(₹ in lakhs)	(₹ in lakhs)	(₹ in lakhs)	(₹ in lakhs)	(₹ in lakhs)	(₹ in lakhs)
<b>Assets</b>							
Non-current assets							
(a) Property, plant and equipment	7	4,236.70	(0.80)	4,235.90	4,034.20	0.26	4,034.46
(b) Capital work-in-progress		167.15	-	167.15	174.38	-	174.38
(d) Goodwill		579.44	-	579.44	566.76	-	566.76
(c) Other Intangible Assets		97.20	0.01	97.20	112.88	0.01	112.89
(d) Financial Assets							
i) Investments	1,2	5,770.62	1,066.15	6,836.77	6,542.95	324.15	6,867.09
ii) Other financial assets		322.53	-	322.53	483.32	-	483.32
(e) Income tax asset (net)	7	175.05	2.10	177.16	226.96	27.43	254.39
(f) Other non-current assets	7	75.36	0.74	76.10	85.86	-	85.86
Current Assets							
(a) Inventories	7	2,703.03	99.07	2,802.10	2,285.55	164.94	2,450.49
(b) Financial Assets							
i) Investments	1,2	7,521.24	629.36	8,150.60	2,255.02	69.93	2,324.94
ii) Trade receivables	7	6,391.51	332.41	6,723.92	5,850.26	211.78	6,062.04
iii) Cash and cash equivalents	7	351.32	9.24	360.56	532.56	4.00	536.56
iv) Bank balances other than above	7	1,074.13	0.29	1,074.42	714.16	0.29	714.44
v) Loans	7	92.97	0.13	93.11	95.24	-	95.24
vi) Other financial assets	7,8	147.00	0.40	147.40	176.45	-	176.45
(c) Other current assets	7	201.80	11.47	213.27	4,882.74	6.75	4,889.49
<b>Total Assets</b>		<b>29,907.06</b>	<b>2,150.57</b>	<b>32,057.62</b>	<b>29,019.28</b>	<b>809.53</b>	<b>29,828.81</b>
<b>Equity and Liabilities</b>							
Equity							
(a) Share capital		672.41	-	672.41	669.69	-	669.69
(b) Other equity	1-9	20,704.13	1,631.33	22,335.46	19,973.08	210.85	20,183.93
Non Controlling Interest	1-9	1,721.40	(4.44)	1,716.95	1,404.95	(70.13)	1,334.82
Non-Current Liabilities							
(a) Financial liabilities							
i) Borrowings		41.67	-	41.67	63.41	12.44	75.85
(b) Provisions		117.84	-	117.84	94.00	-	94.00
(c) Deferred tax liabilities (Net)	6,7	262.31	263.56	525.87	239.41	122.35	361.76
Current liabilities							
(a) Financial liabilities							
i) Borrowings	7	834.17	12.41	846.58	1,013.94	-	1,013.94
ii) Trade payables	7	3,985.79	504.50	4,490.29	4,207.41	517.98	4,725.38
iii) Other financial liabilities		715.84	-	715.84	649.03	-	649.03
(b) Other current liabilities	7	410.66	8.78	419.44	446.02	8.17	454.19
(c) Provisions	4,7	440.84	(265.57)	175.27	258.35	7.87	266.22
<b>Total Equity and Liabilities</b>		<b>29,907.06</b>	<b>2,150.57</b>	<b>32,057.62</b>	<b>29,019.28</b>	<b>809.53</b>	<b>29,828.81</b>

## Notes to Consolidated Financial Statements for the year ended 31st March, 2018

### (b) Reconciliation of Profit and Loss for the year ended 31 st March 2017

Particulars	Notes	IGAAP 2016-2017 (₹ in lakhs)	Effect of transition to Ind AS (₹ in lakhs)	Ind AS 2016-2017 (₹ in lakhs)
Revenue From Operations	3	27,746.29	4,339.81	32,086.11
Other Income	1,2,7,8	483.31	1,346.55	1,829.86
<b>Total Revenue</b>		<b>28,229.60</b>	<b>5,686.37</b>	<b>33,915.97</b>
Expenses :				
Cost of Materials Consumed	7	17,206.41	-	17,206.41
Purchases of Stock-in-trade	7	434.17	1,157.93	1,592.10
Changes in Inventories of Finished goods, Work-in-progress and Stock-in-Trade	7	(8.33)	40.58	32.26
Excise Duty	3,7	-	3,006.93	3,006.93
Employee Benefits Expense	5,7	3,791.58	9.28	3,800.85
Finance Costs	7	102.26	14.41	116.67
Depreciation and Amortisation expense	7	380.47	1.09	381.56
Other Expenses	7,8	4,716.66	41.11	4,757.76
<b>Total Expenses</b>		<b>26,623.22</b>	<b>4,271.33</b>	<b>30,894.55</b>
<b>Profit before Tax</b>		<b>1,606.38</b>	<b>1,415.04</b>	<b>3,021.42</b>
Current Tax	5,7	507.24	2.62	509.86
Deferred Tax	6,7	38.17	187.66	225.83
<b>Total Tax Expense</b>		<b>545.41</b>	<b>190.28</b>	<b>735.69</b>
<b>Profit for the Year</b>		<b>1,060.97</b>	<b>1,224.76</b>	<b>2,285.73</b>
Other Comprehensive Income				
i) Items that will not be reclassified to profit or loss	5,7	-	(10.56)	(10.56)
ii) Income Tax relating to items that will not be reclassified to profit or loss	5,7	-	3.20	3.20
i) Items that will be reclassified to profit or loss		-	-	-
ii) Income Tax relating to items that will be reclassified to profit or loss		-	-	-
<b>Other Comprehensive Income (1+2)</b>		<b>-</b>	<b>(7.36)</b>	<b>(7.36)</b>
<b>Total Comprehensive Income</b>		<b>1,060.97</b>	<b>1,217.40</b>	<b>2,278.36</b>

### (c) Reconciliation of total Comprehensive income for the year ended on 31st March 2016

Particulars	Year Ended 2016-17 (₹ in lakhs)
<b>Net profit as per Previous GAAP</b>	<b>1060.69</b>
a. Effect of fair valuation of financial instruments	1301.32
b. Remeasurement cost of net defined benefit liability (Net of tax)	(7.36)
c. Depreciation on leasehold land	(1.04)
d. Deferred tax on Ind AS adjustments	(188.11)
e. Consolidation of Associate	101.04
f. Other Adjustments	19.18
<b>Net profit as per Ind AS</b>	<b>2,285.72</b>
Other comprehensive income	(7.36)
<b>Total Comprehensive income under Ind AS</b>	<b>2,278.36</b>

## Notes to Consolidated Financial Statements for the year ended 31st March, 2018

**(d) Reconciliation of Total Equity as at 1st April 2016 and 31st March 2017**

Particulars	As at 31/03/2017 (₹ in lakhs)	As at 1/04/2016 (₹ in lakhs)
<b>Total Equity as per Indian GAAP</b>	<b>21,376.55</b>	<b>20,642.77</b>
<b>Summary of Ind AS adjustments</b>		
a. Effect of fair valuation of financial instruments	1,694.72	393.54
b. Consolidation of Associate	(26.08)	(127.12)
c. Remeasurement cost of net defined benefit liability (Net of tax)	(0.07)	-
d. Depreciation on leasehold land	(1.01)	-
e. Deferred tax on Ind AS adjustments	(309.50)	(125.70)
f. Proposed Dividend on Equity shares and tax thereon reversed to retained earning account	268.76	-
g. Other comprehensive income	0.07	-
h. Non Controlling Interest	4.43	70.13
<b>Total Ind AS adjustments</b>	<b>1,631.32</b>	<b>210.85</b>
<b>Total Equity as per Ind AS</b>	<b>23,007.87</b>	<b>20,853.62</b>

**(e) Reconciliation of statement of Cash Flow ;**

There are no material adjustments to the statement of cash flow as reported under previous GAAP

**(f) Notes to the reconciliation:****1 Fair valuation of investments in Mutual Funds**

Under Indian GAAP, investments in mutual funds were classified as non current investments or current investments based on the intended holding period and realisability. Current investments were measured at lower of cost or market price as of each reporting date while non current investments were measured at cost reduced for diminution.

Under Ind AS, these investments are required to be measured at fair value. The resulting fair value changes of these investments have been recognised in retained earnings as at the date of transition and subsequently in the profit or loss for the year ended 31 March 2017.

**2 Fair valuation of Investment in quoted equity shares**

Under Indian GAAP, investments in quoted equity shares were classified as non current investments or current investments based on the intended holding period and realisability. Current investments were measured at lower of cost or market price as of each reporting date while non current investments were measured at cost reduced for diminution.

Under Ind AS, these investments are required to be measured at Fair Value through Other Comprehensive Income (FVOCI) or Profit and Loss (FVTPL) and the company has elected to measure it at FVTPL. The resulting fair value changes of these investments have been recognised in retained earnings as at the date of transition and subsequently in the profit or loss for the year ended 31 March 2017.

**3 Revenue from Operations and Excise Duty**

Under Indian GAAP, excise duty on sale of products was presented net basis whereas as per Ind AS, same needs to be presented on gross basis. Hence, excise duty on sale of products has been separately presented on the face of statement of profit and loss account

**4 Proposed Dividend**

Under Indian GAAP, proposed dividends are recognised as a liability in the period to which they relate, irrespective of when they are declared. Under Ind-AS, a proposed dividend is recognised as a liability in the period in which it is declared by the company (usually when approved by shareholders in a general meeting) or paid.



## Notes to Consolidated Financial Statements for the year ended 31st March, 2018

In the case of the Company, the declaration of dividend occurs after transition date. Therefore, the liability recorded for this dividend has been derecognised against retained earnings.

### 5 Employee Benefit Expenses

Under Indian GAAP, actuarial gain or losses were recognised in Profit and loss account. Under Ind AS, the actuarial gain or losses for part of remeasurement of the net defined benefit liability/asset and is recognised in other comprehensive income (OCI). Consequently the deferred tax effect of the same has also been recognised in Other comprehensive income (OCI) under IND AS instead of profit or loss.

### 6 Deferred tax Adjustments

Indian GAAP requires deferred tax accounting using the income statement approach, which focuses on differences between taxable profits and accounting profits for the period. Ind AS 12 requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. The application of the balance sheet approach has resulted in recognition of deferred tax on new temporary differences which was not required under Indian GAAP.

### 7 Consolidation of Associate

Under Indian GAAP, associate were accounted as per equity method. As per Ind AS, the associate entity could meet the criteria of control, as per Ind AS 110 and are consolidated fully and accordingly, elimination of intra group receivables and payables were recorded in consolidated financial statements.

### 8 Fair Valuations of Deposits

Under Indian GAAP, the deposits were shown at amortised cost. Under Ind AS, the deposits with certain maturity are measured at fair value.

### 9 Other equity

Adjustments to retained earnings and other comprehensive income (OCI) has been made in accordance with Ind As, For the above mentioned line items.

## 38 Financial instruments – Fair values and risk management

### A. Accounting classification and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

(₹ in lakhs)

	As at 31 March 2018							
	Carrying amount				Fair value			
	Fair value through profit and loss	Fair value through other comprehensive income	Amortised Cost	Total	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>								
Cash and cash equivalents (Including other bank balances)			1,756.37	1,756.37				-
Investments								
- Mutual Funds	6,664.62			6,664.62	6,664.62			6,664.62
- Equity Shares (Quoted)	827.97			827.97	827.97			827.97
- Equity Shares (Unquoted)			4.50	4.50				-
- Preference shares and bonds			150.56	150.56				-
Trade and other receivables			8,077.22	8,077.22				-
Loans			41.05	41.05				-
Other financial assets			832.04	832.04				-
<b>Total</b>	<b>7,492.59</b>	<b>-</b>	<b>10,861.73</b>	<b>18,354.32</b>	<b>7,492.59</b>	<b>-</b>	<b>-</b>	<b>7,492.59</b>

## Notes to Consolidated Financial Statements for the year ended 31st March, 2018

(₹ in lakhs)

	As at 31 March 2018							
	Carrying amount				Fair value			
	Fair value through profit and loss	Fair value through other comprehensive income	Amortised Cost	Total	Level 1	Level 2	Level 3	Total
<b>Financial liabilities</b>								
Long term borrowings (Including current maturity of Long term borrowings)			49.40	49.40				
Short term borrowings			859.57	859.57				-
Trade and other payables			5,108.85	5,108.85				-
Other financial liabilities			615.57	615.57				-
<b>Total</b>	-	-	<b>6,633.38</b>	<b>6,633.38</b>	-	-	-	-

(₹ in lakhs)

	As at 31 March 2017							
	Carrying amount				Fair value			
	Fair value through profit and loss	Fair value through other comprehensive income	Amortised Cost	Total	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>								
Cash and cash equivalents (Including other bank balances)			1,434.98	1,434.98				-
Investments								
- Mutual Funds	14,083.26			14,083.26	14,083.26			<b>14,083.26</b>
- Equity Shares (Quoted)	749.05			749.05	749.05			<b>749.05</b>
- Equity Shares (Unquoted)			4.50	4.50				-
- Preference shares and bonds			150.56	150.56				-
Trade and other receivables			6,723.92	6,723.92				-
Loans			93.11	93.11				-
Other financial assets			469.93	469.93				-
<b>Total</b>	<b>14,832.31</b>	-	<b>8,876.99</b>	<b>23,709.30</b>	<b>14,832.31</b>	-	-	<b>14,832.31</b>
<b>Financial liabilities</b>								
Long term borrowings (Including current maturity of Long term borrowings)			41.67	41.67				
Short term borrowings			846.58	846.58				-
Trade and other payables			4,490.29	4,490.29				-
Other financial liabilities			715.84	715.84				-
<b>Total</b>	-	-	<b>6,094.38</b>	<b>6,094.38</b>	-	-	-	-

## Notes to Consolidated Financial Statements for the year ended 31st March, 2018

(₹ in lakhs)

	As at 1 April 2016							
	Carrying amount				Fair value			
	Fair value through profit and loss	Fair value through other comprehensive income	Amortised Cost	Total	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>								
Cash and cash equivalents (Including other bank balances)			1,251.00	1,251.00				-
Investments								
- Mutual Funds	7,954.46			7,954	7,954.46			<b>7,954.46</b>
- Equity Shares (Quoted)	1,081.96			1,082	1,081.96			<b>1,081.96</b>
- Equity Shares (Unquoted)			4.50	4.50				-
- Preference shares and bonds			151.11	151.11				-
Trade and other receivables			6,062.04	6,062.04				-
Loans			95.24	95.24				-
Other financial assets			659.77	659.77				-
<b>Total</b>	<b>9,036.42</b>	<b>-</b>	<b>8,223.66</b>	<b>17,260.08</b>	<b>9,036.42</b>	<b>-</b>	<b>-</b>	<b>9,036.42</b>
<b>Financial liabilities</b>								
Long term borrowings (Including current maturity of Long term borrowings)			75.85	75.85				
Short term borrowings			1,013.94	1,013.94				-
Trade and other payables			4,725.39	4,725.39				-
Other financial liabilities			649.03	649.03				-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>6,464.22</b>	<b>6,464.22</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Fair values for financial instruments carried at amortised cost approximates the carrying amount, accordingly the fair values of such financial assets and financial liabilities have not been disclosed separately.

### B. Measurement of fair values

In the Balance Sheet, using a three level fair-value-hierarchy (which reflects the significance of inputs used in the measurements). The hierarchy gives the highest priority to un-adjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and lowest priority to un-observable inputs (Level 3 measurements). Fair value of derivative financial assets and liabilities are estimated by discounting expected future contractual cash flows using prevailing market interest rate curves. The three levels of the fair-value-hierarchy under Ind AS 107 are described below:

Level 1: Hierarchy includes financial instruments measured using quoted prices.

Level 2: The fair value of financial instruments that are not traded in an active market are determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs are not based on observable market data, the instrument is included in level 3. e.g. unlisted equity securities.

#### Transfers between Levels

There are no transfers between the levels

### C. Financial risk management

The Company's activities expose it to Credit risk, liquidity risk and market risk.

## Notes to Consolidated Financial Statements for the year ended 31st March, 2018

### i. Risk management framework

Risk Management is an integral part of the Company's plans and operations. The Company's board of directors has overall responsibility for the establishment and oversight of the Company risk management framework. The board of directors is responsible for developing and monitoring the Company risk management policies.

Reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

### ii. Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counter party to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and investments in debt securities, cash and cash equivalents, mutual funds, bonds etc.

The carrying amount of financial assets represents the maximum credit exposure.

#### Trade and other receivables

Credit risk is the risk of possible default by the counter party resulting in a financial loss.

The Company manages credit risk through various internal policies and procedures set forth for effective control over credit exposure. These are managed by way of setting various credit approvals, evaluation of financial condition before supply terms, setting credit limits, industry trends, ageing analysis and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business.

Based on prior experience and an assessment of the current economic environment, management believes that sufficient provision is made for credit risk wherever credit is extended to customers.

#### Cash and cash equivalents

Credit risk from balances with banks is managed by the Company's treasury department in accordance with the Company's policy. Investment of surplus funds are made in mainly in mutual funds with good returns and with high credit ratings assigned by International and domestic credit ratings agencies.

Other than trade and other receivables, the Company has no other financial assets that are past due but not impaired.

### iii. Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company manages its liquidity risk by ensuring, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risk to the Company's reputation.

The Company has obtained fund and non-fund based working capital lines from various banks. The Company also constantly monitors funding options available in the debt and capital markets with a view to maintaining financial flexibility. Accordingly, liquidity risk is perceived to be low.

The following table shows the maturity analysis of financial liabilities of the Company based on contractually agreed undiscounted cash flows as at the Balance Sheet date:

(₹ in lakhs)					
Sr No	As at 31st March, 2018	Notes	Carrying Values	Less than 12 Months	More than 12 Months
1	Borrowings ( Non Current)	19	49.40	-	49.40
2	Borrowings	21	859.57	859.57	-
3	Trade payables	22	5,108.85	5,108.85	-
4	Other Financial Liability	23	615.57	615.57	-
5	Other Current Liabilities	24	306.07	306.07	-
	<b>Total</b>		<b>6,939.46</b>	<b>6,890.06</b>	<b>49.40</b>

## Notes to Consolidated Financial Statements for the year ended 31st March, 2018

Sr No	As at 31st March, 2017	Notes	Carrying Values	Less than 12 Months	More than 12 Months
1	Borrowings ( Non Current)	19	41.67	-	41.67
2	Borrowings	21	846.58	846.58	-
3	Trade payables	22	4,490.29	4,490.29	-
4	Other Financial Liability	23	715.84	715.84	-
5	Other Current Liabilities	24	419.44	419.44	-
	<b>Total</b>		<b>6,513.82</b>	<b>6,472.15</b>	<b>41.67</b>

Sr No	As at 31st March, 2016	Notes	Carrying Values	Less than 12 Months	More than 12 Months
1	Borrowings ( Non Current)	19	75.85	-	75.85
2	Borrowings	21	1,013.94	1,013.94	-
3	Trade payables	22	4,725.38	4,725.38	-
4	Other Financial Liability	23	649.03	649.03	-
5	Other Current Liabilities	24	454.19	454.19	-
	<b>Total</b>		<b>6,918.39</b>	<b>6,842.54</b>	<b>75.85</b>

**iv. Market risk**

Market risk is the risk of loss of future earnings, fair values or future cash flows that may result from adverse changes in market rates and prices (such as interest rates, foreign currency exchange rates ). Market risk is attributable to all market risk-sensitive financial instruments, all foreign currency receivables and payables and all short term and long-term debt. The Company is exposed to market risk primarily related to foreign exchange rate risk, interest rate risk and the market value of its investments. Thus, the Company's exposure to market risk is a function of investing and borrowing activities and revenue generating and operating activities in foreign currencies.

**a) Currency risk**

The Company is exposed to currency risk to the extent that there is a mismatch between the currencies in which sales, purchase, and other expenses are denominated and the functional currency of the Company. The functional currency of the Company is Indian Rupees (INR). The currencies in which these transactions are primarily denominated are EURO and USD.

**Exposure to currency risk**

The summary quantitative data about the Company's exposure to currency risk as reported to the management of the Company is as follows:

- 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 31/03/2018 (₹ in lakhs)		As at 31/3/2017 (₹ in lakhs)		As at 31/3/2016 (₹ in lakhs)	
		Foreign Currency	Indian Currency	Foreign Currency	Indian Currency	Foreign Currency	Indian Currency
USD	Buy	-	-	4.70	309.10	2.50	166.78

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

US Dollars	Buy	6.36	413.89	8.33	540.08	7.46	495.10
Euro	Buy	1.60	128.96	1.95	135.17	1.66	124.64
US Dollars	Sell	0.67	43.57	0.16	10.24	0.67	45.90

## Notes to Consolidated Financial Statements for the year ended 31st March, 2018

**b) Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Investment committee manages and constantly reviews the interest rate movements in the market. This risk is mitigated by the Company by investing the funds in various tenors depending on the liquidity needs of the Company. The Company's exposures to interest rate risk is not significant.

**39 Employee Benefit obligations****(A) Defined Benefit Plan**

The Company's obligation towards the Gratuity Fund is a Defined Benefit Plan. Based on the actuarial valuation obtained in this respect, details of Actuarial Valuation are as follows:

	<b>As at 31/03/2018 Gratuity (Funded plan)</b>	<b>(₹ in lakhs) As at 31/03/2017 Gratuity (Funded plan)</b>
<b>(i) Change in Defined Benefit Obligation</b>		
Opening defined benefit obligation	663.70	346.26
Amount recognised in profit and loss		
Current service cost	54.33	37.46
Interest cost	42.40	27.70
Amount recognised in other comprehensive income		
Actuarial loss / (gain) arising from:	0.18	-
Return on Plan Assets	-	-
Financial assumptions	(12.50)	11.82
Other	25.74	-
Benefits paid	(28.66)	(22.11)
Closing defined benefit obligation	745.19	401.13
<b>(ii) Change in Fair Value of Assets</b>		
Opening fair value of plan assets	517.38	250.74
Amount recognised in profit and loss		
Interest income	32.59	20.06
Amount recognised in other comprehensive income		
Actuarial gain / (loss)		
Return on Plan Assets, Excluding Interest Income	22.56	1.23
Other		
Contributions by employer	35.81	33.37
Benefits paid	(28.66)	(22.11)
Closing fair value of plan assets	579.68	283.29
Actual return on Plan Assets	55.16	21.29
<b>(iii) Plan assets comprise the following</b>	<b>Unquoted</b>	<b>Unquoted</b>
Insurance fund (100%)	579.68	283.29
<b>(iv) Principal actuarial assumptions used</b>	<b>%</b>	<b>%</b>
Discount rate	7.75	7.75
Withdrawal Rate	1.00	1.00
Future Salary Increase	5.00	5.00

## Notes to Consolidated Financial Statements for the year ended 31st March, 2018

	<b>As at 31/03/2018 ₹ In lakhs</b>	As at 31/03/2017 ₹ In lakhs	As at 01/04/2016 ₹ In lakhs
<b>(v) Amount recognised in the Balance Sheet</b>			
Present value of obligations as at year end	<b>745.19</b>	401.13	346.28
Fair value of plan assets as at year end	<b>579.68</b>	283.29	252.28
Net (asset) / liability recognised as at year end	<b>165.52</b>	117.85	94.00
Recognised under :			
Short term provisions	<b>14.47</b>	-	-
Long term provisions	<b>151.05</b>	117.84	94.00
<b>Total</b>	<b>165.52</b>	117.84	94.00

**(vi) Sensitivity analysis**

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

	<b>As at 31/03/2018 ₹ In lakhs</b>		As at 31/03/2017 ₹ In lakhs	
	<b>Increase</b>	<b>Decrease</b>	<b>Increase</b>	<b>Decrease</b>
Discount rate (1% movement) - Gratuity	<b>(22.91)</b>	<b>45.05</b>	(31.21)	37.30
Future salary growth (1% movement) - Gratuity	<b>56.81</b>	<b>(29.46)</b>	37.91	(32.20)

The above sensitivity analysis have been calculated to show the movement in defined benefit obligation in isolation and assuming there are no other changes in market conditions at the reporting date. In practice, generally it does not occur. When we change one variable, it affects to others. In calculating the sensitivity, project unit credit method at the end of the reporting period has been applied.

**(vii) Expected future cash flows**

The expected maturity analysis is as follows :

	<b>For year ended 31/03/2018 ₹ In lakhs</b>	For year ended 31/03/2017 ₹ In lakhs
Expected benefits for year 1	<b>240.42</b>	47.40
Expected benefits for year 2	<b>32.21</b>	18.93
Expected benefits for year 3	<b>26.48</b>	22.36
Expected benefits for year 4	<b>26.93</b>	12.31
Expected benefits for year 5	<b>43.11</b>	54.76
Expected benefits for year 6 and above	<b>1925.84</b>	1519.83

## Notes to Consolidated Financial Statements for the year ended 31st March, 2018

## 40 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		Share in Other comprehensive income		Share in total comprehensive income	
		31 <sup>st</sup> March 2018		31 <sup>st</sup> March 2018		31 <sup>st</sup> March 2018		31 <sup>st</sup> March 2018	
		As % of consolidated net assets	Amount (₹ in lakhs)	As % of consolidated profit or loss	Amount (₹ in lakhs)	As % of consolidated profit or loss	Amount (₹ in lakhs)	As % of consolidated profit or loss	Amount (₹ in lakhs)
<b>Parent</b>									
	Chembond Chemicals Ltd.	90.92%	22,579.76	61.86%	1,359.30	61.77%	4.03	61.86%	1,363.34
<b>Indian Subsidiaries</b>									
1	Chembond Water Technologies Limited	17.11%	4,250.28	33.07%	726.72	52.68%	3.44	33.13%	730.16
2	Protochem Industries Private Limited	2.92%	725.82	3.52%	77.24	-12.77%	-0.83	3.47%	76.41
3	Chembond Clean Water Technologies Limited	1.07%	266.37	11.95%	262.66	-0.88%	-0.06	11.92%	262.60
4	Chembond Industrial Coatings Limited	0.20%	50.01	2.22%	48.87	0.00%	0.00	2.22%	48.87
5	Chembond Polymers and Materials Limited	0.69%	171.46	0.22%	4.86	0.00%	0.00	0.22%	4.86
6	Chembond Calvatis Industrial Hygiene Systems Limited	0.23%	57.15	0.49%	10.72	0.00%	0.00	0.49%	10.72
7	Chembond Chemicals (Malaysia) SDN. BHD.	0.15%	37.33	-0.07%	-1.56	0.00%	0.00	-0.07%	-1.56
8	Phiroze Sethna Private Limited	4.83%	1,199.51	5.30%	116.55	-1.07%	-0.07	5.29%	116.48
9	Chembond Distribution Limited	0.48%	118.06	6.56%	144.09	0.00%	0.00	6.54%	144.09
10	Gramos Chemical India Private Limited	2.38%	591.86	2.61%	57.38	0.00%	0.00	2.60%	57.38
	Non Controlling interest in all subsidiaries	-0.68%	(167.74)	-7.26%	-159.55	0.26%	0.02	-7.24%	-159.53
	<b>Consolidation adjustments/Eliminations</b>	-20.31%	(5,045.13)	-20.48%	(450.07)	0.00%	-	-20.42%	-450.07
	<b>Total</b>	100.00%	24,834.75	100.00%	2,197.22	100.00%	6.53	100.00%	2,203.75

## 41 RELATED PARTY DISCLOSURES

Related party disclosures as required under Ind AS 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. (Upto 27th April 2017) ; Calvatis GmbH

ii. 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, Saraswati Sankar

Relatives

Dr. Vinod D Shah, Mrs Padma V. Shah, Mrs Gulu P. Dastur, Dr. Shilpa S. Shah, Mrs Mamta N. Shah, Mrs Alpana S. Shah, Mrs Jyoti N. Mehta, Mrs 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 Pvt. Ltd. Visan Trust, Protochem Investments Pvt. Ltd., GTK Intermediates Pvt. Ltd. and Oriano Clean Energy Pvt. Ltd.



## Notes to Consolidated Financial Statements for the year ended 31st March, 2018

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 Description of the nature of transactions	31.03.2018			31.03.2017		
	Joint Venture	KMP	Total	Joint Venture	KMP	Total
<b>Sales of Goods</b>	-	<b>44.82</b>	<b>44.82</b>	-	<b>66.96</b>	<b>66.96</b>
Chembond Chemicals Ltd.		15.23	15.23		42.80	42.80
Chembond Water Technologies Ltd.		25.48	25.48		22.24	22.24
Protochem Industries Pvt. Ltd.		-	-		0.22	0.22
Chembond Clean Water Technologies Ltd.		4.11	4.11		1.70	1.70
<b>Purchase of Goods</b>	-	<b>1,022.15</b>	<b>1022.15</b>	-	<b>1,091.74</b>	<b>1,091.74</b>
Chembond Chemicals Ltd.		1,022.15	1,022.15		1,026.63	1,026.63
Protochem Industries Pvt. Ltd.		-	-		65.11	65.11
<b>Factory Maintenance</b>	-	<b>49.22</b>	<b>49.22</b>	-	<b>85.60</b>	<b>85.60</b>
Chembond Chemicals Ltd.		49.22	49.22		85.60	85.60
<b>Rent Income</b>	-	<b>11.67</b>	<b>11.67</b>	-	<b>4.78</b>	<b>4.78</b>
Chembond Chemicals Ltd.		11.67	11.67		4.78	4.78
<b>Interest Expenses</b>	-	-	-	-	<b>0.55</b>	<b>0.55</b>
Chembond Clean Water Technologies Ltd.		-	-		0.55	0.55
<b>Donation</b>	-	-	-	-	<b>18.40</b>	<b>18.40</b>
Chembond Water Technologies Ltd.		-	-		18.40	18.40
<b>Rental Expenses</b>	-	<b>9.00</b>	<b>9.00</b>	-	<b>13.97</b>	<b>13.97</b>
Chembond Chemicals Ltd.		6.00	6.00		6.00	6.00
Chembond Water Technologies Ltd.		3.00	3.00		3.00	3.00
Protochem Industries Pvt. Ltd.		-	-		4.97	4.97
<b>Director Remuneration</b>	-	<b>158.29</b>	<b>158.29</b>	-	<b>143.49</b>	<b>143.49</b>
Chembond Chemicals Ltd.		113.82	113.82		98.82	98.82
Chembond Water Technologies Ltd.		44.47	44.47		44.67	44.67
<b>Director Sitting Fees</b>	-	<b>29.00</b>	<b>29.00</b>	-	<b>49.40</b>	<b>49.40</b>
Chembond Chemicals Ltd.		29.00	29.00		48.40	48.40
Protochem Industries Pvt. Ltd.		-	-		1.00	1.00
<b>Retirement Benefits</b>	-	<b>30.00</b>	<b>30.00</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>177.69</b>	<b>177.69</b>	-	<b>324.60</b>	<b>324.60</b>
Chembond Chemicals Ltd.		177.69	177.69		324.60	324.60
<b>Royalty</b>	<b>24.11</b>	<b>34.23</b>	<b>58.35</b>	<b>212.89</b>	<b>35.31</b>	<b>248.20</b>
Chembond Water Technologies Ltd.	24.11		24.11	212.89		212.89
Chembond Chemicals Ltd.		34.23	34.23		35.31	35.31
<b>Loan Taken</b>	-	-	-	-	<b>20.00</b>	<b>20.00</b>
Chembond Clean Water Technologies Ltd.		-	-		20.00	20.00
<b>Loan Repaid</b>	-	-	-	-	<b>20.00</b>	<b>20.00</b>
Chembond Clean Water Technologies Ltd.		-	-		20.00	20.00
<b>Balances at the year end</b>						
<b>Sundry Debtors</b>	-	-	-	-	<b>1.29</b>	<b>1.29</b>
Protochem Industries Pvt. Ltd.		-	-		0.38	0.38
Chembond Clean Water Technologies Ltd.		-	-		0.91	0.91
<b>Sundry Creditors</b>	-	<b>308.46</b>	<b>308.46</b>	<b>191.83</b>	<b>257.85</b>	<b>449.68</b>
Chembond Chemicals Ltd.		261.52	261.52		210.91	210.91
Chembond Water Technologies Ltd.		-	-	191.83	-	191.83
Protochem Industries Pvt. Ltd.		46.94	46.94		46.94	46.94

## Notes to Consolidated Financial Statements for the year ended 31st March, 2018

**42 Capital Management**

For the purpose of the Company's capital management, capital includes issued capital and all other equity reserves attributable to the equity shareholders of the Company. The primary objective of the Company when managing capital is to safeguard its ability to continue as a going concern and to maintain an optimal capital structure so as to maximize shareholder value.

As at 31st March, 2018, the Company has only one class of equity shares and has low debt. Consequent to such capital structure, there are no externally imposed capital requirements. In order to maintain or achieve an optimal capital structure, the Company allocates its capital for distribution as dividend or re-investment into business based on its long term financial plans.

**43 Tax Reconciliation**

	<b>2017-2018</b> <b>(₹ in lakhs)</b>	2016-2017 <b>(₹ in lakhs)</b>
(a) The income tax expense consists of the followings:		
Current Income Tax	<b>716.91</b>	509.86
Deferred Tax Expense	<b>(283.41)</b>	225.83
<b>Tax expense for the year</b>	<b>433.50</b>	735.69
(b) Reconciliation of tax expense and the accounting profit multiplied by India's tax Rate		
Profit before income tax expense	<b>2,790.28</b>	3,021.42
Expected Income Tax expenses	<b>842.85</b>	790.93
Part A		
Tax effect of amounts which are not deductible (allowable) in calculating taxable income:		
Income exempt from income taxes	<b>(108.89)</b>	(14.18)
Additional allowances/deduction	<b>9.73</b>	(6.68)
Transition gain	<b>96.06</b>	(262.24)
Short/Excess Provision for earlier years	<b>(26.31)</b>	33.94
Others	<b>(96.54)</b>	(31.90)
<b>Current Tax (A)</b>	<b>716.91</b>	509.86
Part B		
Deferred Tax Effect at the rate of:	<b>29.12%</b>	30.90%
Depreciation	<b>(57.37)</b>	(5.01)
Investments at Fair Value	<b>(151.60)</b>	190.13
Less:		
Gratuity	<b>7.40</b>	(3.77)
MAT Credit	<b>78.57</b>	41.96
Other Deferred tax Asset	-	-
Provision for Doubtful Debts	<b>(11.54)</b>	(78.89)
<b>Deferred Tax (B)</b>	<b>(283.41)</b>	225.83
<b>Tax Expense (A+B)</b>	<b>433.50</b>	735.69

## Notes to Consolidated Financial Statements for the year ended 31st March, 2018

Particulars	As at 31/03/2018 (₹ in lakhs)	As at 31/3/2017 (₹ in lakhs)	As at 31/3/2016 (₹ in lakhs)
<b>44 Contingent Liabilities not provided for are in respect of :</b>			
a. Income Tax matter under Appeal (₹ 50.10 Lakhs already paid)	<b>79.78</b>	56.29	139.84
b. Outstanding L.C & Bank Guarantees issued by Bankers.	<b>1,172.80</b>	1,288.21	1,255.44
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>1,950.00</b>	900.00	900.00
d. Claim against the Company not acknowledged as debts	-	9.60	9.60
e. Excise matter under Appeal (₹ 1.12 lakhs already paid as predeposit for appeal)	<b>14.90</b>	632.81	-
f. Sales tax matter under appeal (₹ 4.12 lakhs since paid as predeposit for appeal)	<b>33.12</b>	26.54	26.54

**45** 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

**For M/s B.D. Jokhakar & CO.**

Chartered Accountants

Firm Registration Number : 104345W

**Raman Jokhakar**

Partner

Membership Number : 103241

Mumbai, 30th May 2018

**On behalf of the Board of Directors**

**Sameer V. Shah**

Chairman

& Managing Director

**Rashmi S. Gavli**

Chief Financial Officer

Mumbai, 30th May 2018

**Nirmal V. Shah**

Vice Chairman

& Managing Director

**Suchita Singh**

Company Secretary

**Mahendra K. Ghelani**

Director

## Notice

**NOTICE** is hereby given that the Forty Third Annual General Meeting of the Members of Chembond Chemicals Limited (CIN: L24100MH1975PLC018235) will be held on Saturday, 11<sup>th</sup> August, 2018, at 2.30 P.M. at EL-37, MIDC Mahape, Navi Mumbai 400 710 to transact the following business:

### ORDINARY BUSINESS

1. To consider and adopt
  - (a) the audited financial statements of the Company for the financial year ended 31<sup>st</sup> March, 2018 and the reports of the Board of Directors and Auditors thereon; and
  - (b) the audited consolidated financial statements of the Company for the financial year ended 31<sup>st</sup> March, 2018 together with the report of the Auditors thereon:
2. To declare dividend on Equity Shares.
3. To appoint a Director in place of Mr. Nirmal V. Shah (DIN: 00083853), who retires by rotation and, being eligible, offers himself for re-appointment.

### SPECIAL BUSINESS

#### 4. Appointment of Statutory Auditor to fill casual vacancy

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(8) read with the Companies (Audit and Auditors) Rules, 2014 and other applicable provisions, if any, of the Companies Act, 2013, (“the Act”) (including any statutory modification(s), clarifications, exemptions or re-enactments thereof for the time being in force) M/s. Bathiya & Associates LLP, Chartered Accountants, (Firm Registration No. 101046W/W100063), who have given their consent letter along with required certificate under Section 141 of the Act to the effect that their appointment, if made, would be within the limits specified under Section 139 of the Act be and are hereby appointed as Statutory Auditors of the Company to fill the casual vacancy caused by the resignation of M/s. B. D. Jokhakar & Co, Chartered Accountants, (Firm Registration No: 104345W);

**RESOLVED FURTHER THAT** M/s. Bathiya & Associates, LLP, Chartered Accountants, (Firm Registration No. 101046W/W100063), be and are hereby appointed as Statutory Auditors of the Company to hold the office from 17<sup>th</sup> July, 2018, until the conclusion of the 43<sup>rd</sup> Annual General Meeting (AGM) of the Company, at such remuneration plus applicable taxes, and out of pocket expenses, as may be determined and recommended by the Audit Committee in consultation with the Auditors and duly approved by the Board of Directors of the Company.”

#### 5. Appointment of Statutory Auditor

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 139 of the Act read with the Companies (Audit and Auditors) Rules, 2014 and other applicable provisions, if any, (including any statutory modification(s), clarifications, exemptions or re-enactments thereof for the time being in force) M/s. Bathiya & Associates LLP, Chartered Accountants, (Firms Registration No. 101046W/W100063), be and are hereby appointed as Statutory Auditors of the Company to hold office for a period of five years, from the conclusion of the 43<sup>rd</sup> AGM till the conclusion of the 48<sup>th</sup> AGM of the Company to be held in the year 2023, at such remuneration plus applicable taxes and out of pocket expenses, as may be determined and recommended by the Audit Committee in consultation with the Auditors and duly approved by the Board of Directors of the Company.”

#### 6. To ratify / approve remuneration to 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 read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) Mr. R. S. Raghavan, Cost Accountant, Pune, (Firm Registration No. 100098), appointed by the Board of Directors of the Company, to conduct the audit of the cost records of the Company for the F.Y. ended 31<sup>st</sup> March, 2018 and

F.Y. ending 31<sup>st</sup> March, 2019 be paid a remuneration of ₹ 79,860/- (Rupees Seventy Nine Thousand Eight Hundred and Sixty only) and ₹ 87,846/- (Rupees Eighty Seven Thousand Eight Hundred and Forty Six only) respectively, plus Goods and Service Tax and reimbursement of out of pocket expenses incurred by them in connection with the aforesaid audit.”

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

Suchita Singh  
Company Secretary

Mumbai

17<sup>th</sup> July, 2018

**REGISTERED OFFICE:**

EL-71, Chembond Centre,  
MIDC, Mahape,

Navi Mumbai- 400 710

Maharashtra India.

Tel: +91 22 6264 3000

Fax: +91 22 2768 1294

Email: info@chembondindia.com

Website : www.chembondindia.com

CIN : L24100MH1975PLC018235

**NOTES:**

- 1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**

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.

Provided that 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.

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.

2. The relative Explanatory Statement pursuant to Section 102 of the Act setting out material facts concerning the business under Item Nos. 4 to 6 of the Notice, is annexed hereto. The relevant details, pursuant to Regulations 26(4) and 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”) and Secretarial Standard on General Meetings issued by the Institute of Company Secretaries of India, in respect of Directors seeking appointment/ re-appointment at this AGM are also annexed to this Report.
3. The Company's Equity shares are listed on BSE Limited (BSE). Further the Listing fees in respect of equity shares of the Company have been paid to BSE for F.Y. 2018-19.
4. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
5. Members are requested to bring their attendance slip along with their copy of the Annual Report to the Meeting.
6. The register of members and the share transfer books of the Company will remain closed from Monday, 6<sup>th</sup> August, 2018 to Friday, 10<sup>th</sup> August, 2018 (both days inclusive) in connection with the AGM.
7. The Directors have recommended a dividend of ₹1.85/- per equity share, which on approval by the members at the 43<sup>rd</sup> AGM scheduled to be held on Saturday, 11<sup>th</sup> August, 2018, will be paid on or before 14<sup>th</sup> August, 2018 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 1<sup>st</sup> August, 2018 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 1<sup>st</sup> August, 2018 as per details furnished by National Securities Depository Limited and Central Depository Services (India) Limited for the purpose.

8. Mr. Nirmal V. Shah is interested in the Ordinary Resolution set out at Item No. 3, of the Notice with regard to his re-appointment. Mr. Sameer V. Shah, Chairman and Managing Director, being related to Mr. Nirmal V. Shah, may be deemed to be interested in the resolution set out at Item No. 3 of the Notice. Save and except the above, none of the other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the Ordinary/Special Business set out under Item Nos. 1 to 6 of the Notice.
9. 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 – M/s. TSR Darashaw Limited (TSRDL).
10. Adhering to the various requirements set out in the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, as amended, the Company has, during the financial year 2017-18, transferred to the IEPF Authority all shares in respect of which dividend had remained unpaid or unclaimed for 7 (seven) consecutive years or more as on the due date of transfer, i.e. 31<sup>st</sup> October, 2017. Details of shares transferred to the IEPF Authority are available on the website of the Company and the same can be accessed through the link: <http://www.chembondindia.com/unclaimed-dividend.html> . The said details have also been uploaded on the website of the IEPF Authority and the same can be accessed through the link: [www.iepf.gov.in](http://www.iepf.gov.in) .
- Members may note that shares as well as unclaimed dividends transferred to IEPF Authority can be claimed back from them. Concerned members/investors are advised to visit the weblink: <http://iepf.gov.in/IEPFA/refund.html> or contact the Company or the Registrar & Transfer Agent (RTA) of the Company, (TSRDL) for claiming unclaimed dividends for lodging claim for refund of shares and / or dividend from the IEPF Authority.
- Please refer to 'Unpaid / Unclaimed Dividends' in the Corporate Governance Report forming part of the Annual Report, for due date of transfer of unclaimed dividend to IEPF.
11. 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 RTA, TSRDL to provide efficient and better services. Members holding shares in physical form are requested to intimate such changes to TSRDL.
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. We request members to forward their queries pertaining to Annual Accounts and other Sections of Annual Report by e-mail to [cs@chembondindia.com](mailto:cs@chembondindia.com) atleast 10 days in advance for enabling us to furnish appropriate details.
15. The Securities and Exchange Board of India (SEBI) vide its notification dated 20<sup>th</sup> April, 2018, has mandated the submission of Permanent Account Number (PAN) and / or Bank Account details for updation of the same against their folio number. Members holding shares in electronic form are, therefore, requested to submit the PAN / Bank

account details to their Depository Participant(s) with whom they are maintaining their demat accounts. The Company has sent reminder, through its RTA, to the Members whose details are incomplete. Members are requested to complete their KYC at the earliest.

16. The Securities and Exchange Board of India ('SEBI') vide its notification dated 8<sup>th</sup> June, 2018, amended SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, which mandates that transfer of securities with effect from 5<sup>th</sup> December, 2018 would be in dematerialized form only. In view of the above and to avail various benefits of dematerialisation, members are advised to dematerialise shares held by them in physical form. Members can contact the Company or TSRDL for assistance in this regard.
17. Electronic copy of the Notice of the 43<sup>rd</sup> AGM 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 43<sup>rd</sup> AGM 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.
18. Members may also note that the Notice of the 43<sup>rd</sup> AGM and the Annual Report for the financial year 2017-18 will also be available for download on the Company's website [www.chembondindia.com](http://www.chembondindia.com). The physical copies of the aforesaid documents will also be available at the Company's Registered Office in Navi Mumbai 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) / [info@chembondindia.com](mailto:info@chembondindia.com).
19. **E-voting:** Pursuant to Section 108 of the Act, read with the Companies (Management and Administration) Rules, 2014 as amended and Regulation 44 of the 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 (remote e-voting) and the business may be transacted through such voting.

The Company has entered into an agreement with Central Depository Services Limited (CDSL) for facilitating e-voting. The process of remote e-voting is appended hereto.

The voting rights of shareholders shall be in proportion to their share of the paid-up equity share capital of the Company as on the cut-off date of 4<sup>th</sup> August, 2018. 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) 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).

The instructions for members for voting electronically are as under:

- i. The e-voting period will commence at 9.00 a.m. on Wednesday, 8<sup>th</sup> August, 2018 and will end at 5.00 p.m. on Friday, 10<sup>th</sup> August, 2018. 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. 4<sup>th</sup> August, 2018 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.
- ii. Log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com) during the voting period.
- iii. Click on "Shareholders / Members" tab.
- iv. 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(s) in Physical Form should enter Folio Number registered with the Company.
- v. Next enter the Image Verification as displayed and click on Login.
- vi. 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.
- vii. 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 (Applicable for both demat shareholders as well as physical shareholders).</p> <ul style="list-style-type: none"> <li>• 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 the 8 digits of the sequence no. in the PAN field.</li> <li>• 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.</li> </ul>
Dividend Bank details or Date of Birth	<p>Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login.</p> <p>If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in the instruction(iv).</p>

- viii. After entering these details appropriately, click on "SUBMIT" tab.
- ix. Members holding shares in physical form will then directly reach 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.

- x. For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- xi. Click on the EVSN for "CHEMBOND CHEMICALS LIMITED" on which you choose to vote.
- xii. 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.
- xiii. Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire resolution details.
- xiv. 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.
- xv. Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- xvi. You can also take out print of the votes cast by clicking on "Click here to print" option on the Voting page.
- xvii. If a demat account holder has forgotten the changed login 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.
- xviii. Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store, Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.



- xix. Note for Non-Individual members and custodians
- Non-individual members (i.e. other than Individuals, HUF, NRI etc.) and Custodian 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 linked in the login 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.
- xx. 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.com](http://www.evotingindia.com) under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
- All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Deputy Manager, (CDSL) Central Depository Services (India) Limited, A Wing, 25th Floor, Marathon Futorex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or call 1800225533.
20. Pursuant to the provisions of SEBI Listing Regulations the details of Director seeking appointment / re-appointment in the AGM is given in Corporate Governance Section of the Annual Report.
21. **Poll at the meeting:** The Members who have already cast their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again.
22. The facility for voting, either through electronic voting system or ballot paper shall also be made available at the AGM and the Members attending the meeting who have not already cast their vote by remote e-voting shall be able to exercise their right to vote at the AGM.
23. 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 in the Notice.
24. 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.
25. 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.
26. The route map showing directions to reach the venue of the AGM is annexed.

**EXPLANATORY STATEMENT PURSUANT TO SECTION 102(2) OF THE COMPANIES ACT, 2013****ITEM NO. 4**

The Members of the Company at its 42<sup>nd</sup> AGM held on 24<sup>th</sup> June, 2017 had appointed M/s. B. D. Jokhakar & Co., Chartered Accountants, Firm Membership No. 104345W, Mumbai as the Statutory Auditors of the Company for a period of 5 years to hold office from the conclusion of 42<sup>nd</sup> AGM till the conclusion of 47<sup>th</sup> AGM of the Company to be held in the year 2022 . M/s. B. D. Jokhakar & Co., Chartered Accountants, Firm Membership No. 104345W, Mumbai vide their letter dated 17<sup>th</sup> July, 2018 has resigned from the position of Statutory Auditor of the Company, resulting into a casual vacancy in the office of Statutory Auditor of the Company as envisaged by section 139(8) of the Act. The Board of Directors at its meeting held on 17<sup>th</sup> July, 2018, as per the recommendation of the Audit Committee, and pursuant to the provisions of Section 139(8) of the Act, have appointed M/s. Bathiya & Associates, LLP, Chartered Accountants, (Firm Registration No. 101046W/W100063), to hold office as the Statutory Auditors of the Company till the conclusion of 43<sup>rd</sup> AGM and to fill the casual vacancy caused by the resignation of M/s. B. D. Jokhakar & Co., Chartered Accountants subject to the approval by the members at the 43<sup>rd</sup> AGM of the Company, at such remuneration plus applicable taxes, and out of pocket expenses, as may be determined and recommended by the Audit Committee in consultation with the Auditors and duly approved by the Board of Directors of the Company. M/s. Bathiya & Associates, LLP, Chartered Accountants, (Firm Registration No. 101046W/W100063), 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 Section 139(1), Section 141(2) and Section 141(3) of the Act and the provisions of the Companies (Audit and Auditors) Rules, 2014.

None of the Directors, Key Managerial Personnel and their relatives are in any way, concerned or interested, financially or otherwise, in the aforesaid Ordinary Resolution.

The Board recommends passing an Ordinary Resolution as set out in the Item No. 4 of the accompanying Notice for approval by the Members.

**ITEM NO. 5**

The Board of Directors at its meeting held on 17<sup>th</sup> July, 2018, as per the recommendation of the Audit Committee and pursuant to Section 139 and other applicable provisions, if any, of the Act read with the Companies (Audit and Auditors) Rules, 2014 and other applicable provisions if any, recommended the appointment of M/s. Bathiya & Associates, LLP, Chartered Accountants, (Firm Registration No. 101046W/W100063), as Statutory Auditors of the Company to hold office for a term of five years, from the conclusion of the 43<sup>rd</sup> AGM, till the conclusion of the 48<sup>th</sup> AGM of the Company to be held in the year 2023, at such remuneration plus applicable taxes, and out of pocket expenses, as may be determined and recommended by the Audit Committee in consultation with the Auditors and duly approved by the Board of Directors of the Company. The Company has received consent letter and eligibility certificate from M/s. Bathiya & Associates, LLP, Chartered Accountants, (Firm Registration No. 101046W/W100063), to act as Statutory Auditors of the Company along with a confirmation that, their appointment, if made, would be within the limits prescribed under the Act.

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 Section 139(1), Section 141(2) and Section 141(3) of the Act and the provisions of the Companies (Audit and Auditors) Rules, 2014.

None of the Directors, Key Managerial Personnel and their relatives are in any way, concerned or interested, financially or otherwise, in the aforesaid Ordinary Resolution.

The Board recommends passing an Ordinary Resolution as set out in the Item No. 5 of the accompanying Notice for approval by the Members.

**ITEM NO. 6**

Pursuant to Section 148 of the Act and rules framed thereunder, the Company is required to maintain Cost records to be audited 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 2017-18 and 2018-19. Mr. R. S. Raghavan has furnished a certificate regarding his eligibility for such appointment. He has vast experience in the field of cost audit. Ratification of members is sought for payment of remuneration of ₹ 79,860/- (Rupees Seventy Nine Thousand Eight Hundred and Sixty only) and ₹ 87,846/- (Rupees Eighty Seven Thousand Eight Hundred and Forty Six only), plus Goods and Service Tax and reimbursement of out of pocket expenses incurred by them in connection with the aforesaid audit for the financial 2017-18 and 2018-19 respectively.

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.

None of the Directors and Key Managerial Personnel of the Company or their respective relatives are concerned or interested in the said Resolution.

The Board recommends passing an Ordinary Resolution as set out in the Item No. 6 of the accompanying Notice for ratification / approval by the Members.

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

**Suchita Singh**  
Company Secretary

Mumbai

17<sup>th</sup> July, 2018

**REGISTERED OFFICE:**

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

Tel: +91 22 6264 3000

Fax: +91 22 2768 1294

Email: [info@chembondindia.com](mailto:info@chembondindia.com)

Website : [www.chembondindia.com](http://www.chembondindia.com)

CIN : L24100MH1975PLC018235

# Chembond Chemicals Limited

**Corporate Identification No.(CIN):** L24100MH1975PLC018235

**Registered Office:** Chembond Centre, EL-71, Mahape, MIDC, Navi Mumbai 400 710

**Telephone:** +91 22 62643000; **Fax:** +91 22 27681294 **Website:** www.chembondindia.com

## ATTENDANCE SLIP

(To be presented at the entrance duly signed)

**43<sup>rd</sup> Annual General Meeting on Saturday, 11<sup>th</sup> August, 2018 at 2.30 P.M. at  
Chembond Centre, EL-37, Chembond Centre, MIDC, Mahape, Navi Mumbai - 400710**

Folio No./DPID & Client ID:

Name :

Address :

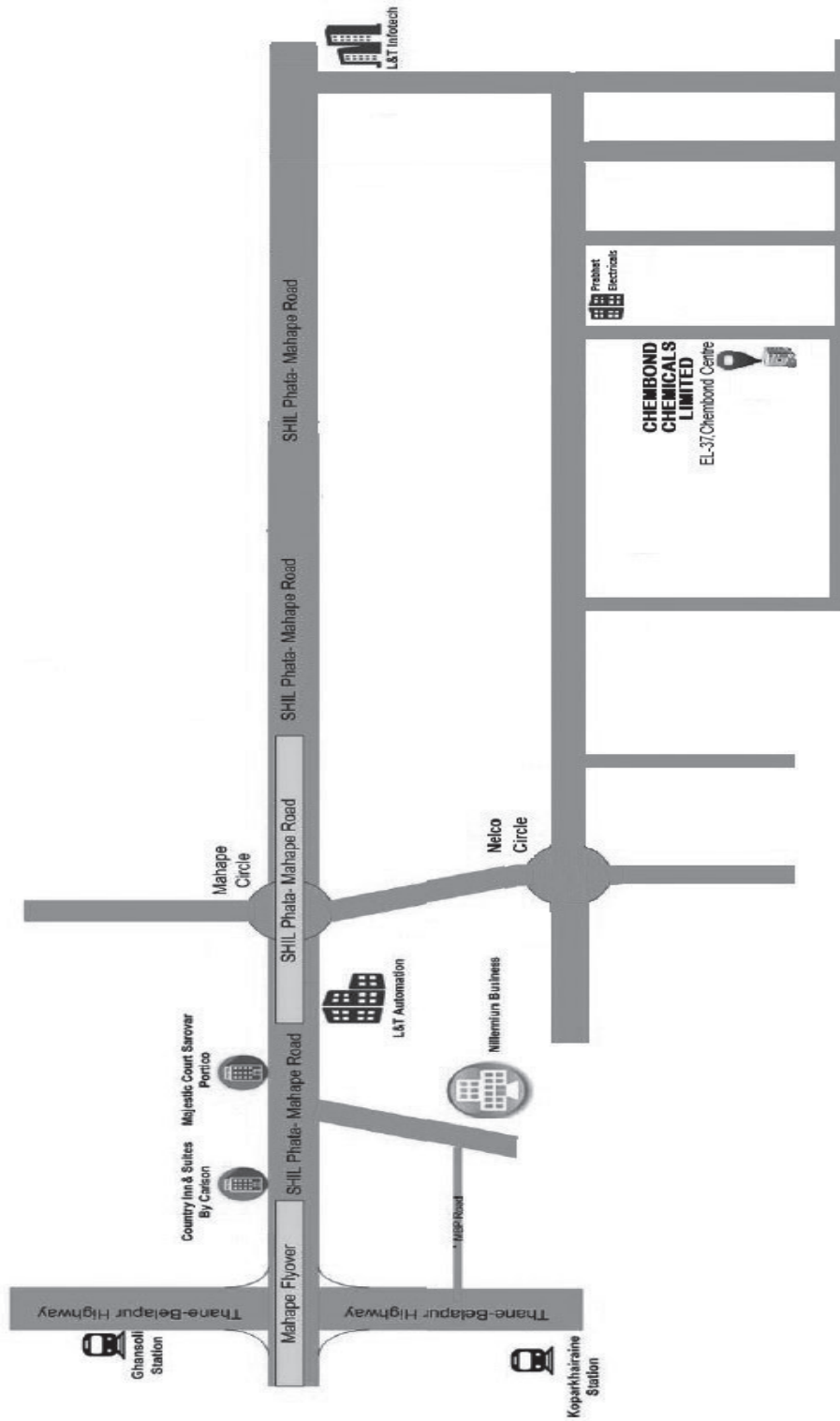
I hereby record my presence at the 43<sup>rd</sup> Annual General Meeting of the Company to be held on Saturday, 11<sup>th</sup> August, 2018 at 2.30 p.m. at EL-37, Mahape, MIDC, Navi Mumbai 400 710.

**SIGNATURE OF THE ATTENDING MEMBER/PROXY:** \_\_\_\_\_

### Notes:

1. Please refer to the instructions printed under the Notes to the Notice of the 43<sup>rd</sup> Annual General Meeting.
2. The e-voting period start from 9.00 a.m. on Wednesday, 8<sup>th</sup> August, 2018 and ends at 5.00 p.m. on Friday, 10<sup>th</sup> August, 2018. 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 62643000; 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 43<sup>rd</sup> Annual General Meeting of the Company to be held on Saturday, 11<sup>th</sup> August, 2018 at 2.30 p.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) for the year ended 31st March, 2018 and Report of Board of Directors and Auditors thereon.
2. To declare dividend on Equity Shares.
3. To appoint of a Director in place of Mr. Nirmal V. Shah (DIN: 00083853), who retires by rotation and, being eligible, offers himself for re-appointment.

### Special Business

4. To appoint M/s. Bathiya & Associates LLP, Chartered Accountants (FRN: 101046W/W100063) as Statutory Auditors of the Company to fill in casual vacancy.
5. To appoint M/s. Bathiya & Associates LLP, Chartered Accountants (FRN: 101046W/W100063) as Statutory Auditors of the Company for a term of 5 years.
6. To ratify payment of remuneration to the Cost Auditors.

Signed this..... day of .....,2018

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.









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Chembond Chemicals Limited



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