



# CHD CHEMICALS LIMITED

Formerly Known As: CHD CHEMICALS PVT. LTD.  
Deals in : Dyes & Chemicals for Textile Industries

Regd. Office: Plot No. 45, 1<sup>st</sup> Floor, Industrial Area, Phase-I, Chandigarh-160002

10<sup>th</sup> October, 2017

To  
Listing department  
BSE LIMITED  
P.J. Towers, Dalal Street  
Fort, Mumbai 400001

**Scrip Code: 539800**

**Subject: Submission of 5<sup>th</sup> Annual Report of the company pursuant to the Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

Dear Sir/Madam

Pursuant to provisions of Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we submit herewith the soft copy of the Annual Report for the Financial Year 2016-17 duly adopted and approved by the shareholders of the Company.

You are requested to kindly take this information on your record.

Thanking You

**For CHD CHEMICALS LIMITED**

For CHD CHEMICALS LTD.

  
Authorised Signatory

**HARSIMRAN JIT KAUR  
COMPANY SECRETARY**

# **5<sup>th</sup> ANNUAL REPORT**

**CHD CHEMICALS LIMITED**

**2016-2017**

## Corporate Information

### BOARD OF DIRECTORS

MS. DIVYA KOTHARI  
Mr. ANKIT KOTHARI  
Mr. INDER SINGH  
Mr. VIJENDER SINGH  
Mr. BAJRANG LAL KEDIA

### AUDITORS

MR. NARESH M KUMAR  
CHARTERED ACCOUNTANTS

### CHIEF FINANCIAL OFFICER:

KAMAL KUMAR SHAH

### SECRETARIAL AUDITOR

Mr. NEERAJ JINDAL & ASSOCIATES

### REGISTERED OFFICE

PLOT NO 45, 1ST FLOOR, INDUSTRIAL AREA  
PHASE I, CHANDIGARH  
PHONE: 0172-5086877  
Website: [www.chdchemicalsltd.com](http://www.chdchemicalsltd.com)  
CIN No.: L24232CH2012PLC034188

### REGISTRARS & TRANSFER AGENT

CAMEO CORPORATE SERVICES LIMITED  
SUBMARAMANIAN BUILDING, NO.1  
CLUB HOUSE ROAD  
TAMIL NADU, CHENNAI  
PHONE: 044 -28460390  
E-MAIL: [CAMEO@CAMEOINDIA.COM](mailto:CAMEO@CAMEOINDIA.COM)

Book Closure: Date: 23rd September, 2017 to 29th September, 2017 (both days inclusive).

## NOTICE

NOTICE is hereby given that the 5<sup>th</sup> Annual General Meeting of the Members of **CHD CHEMICALS LIMITED** will be held on Friday, 29<sup>th</sup> September 2017 at 11.00 A.M. at **Hotel Solitaire**, SCO No. 902 - 903, N.A.C, Housing Board Chowk, Manimajra, Chandigarh, 160101, to transact the following business:

### ORDINARY BUSINESS

#### Item No 1: Adoption of the Audited Financial Statements as at 31<sup>st</sup> March, 2017

To receive, consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March, 2017, the Audited Statement of Profit and Loss Account for the year ended on that date, together with Reports of Auditors and Directors thereon.

#### Item No 2: Declaration of Dividend

To declare a final dividend on the equity shares of the Company.

The Board of Directors has recommended a final dividend of Rs 0.10 per equity share of Rs 10/- each.

#### Item No 3: Appointment of Auditors

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

“RESOLVED THAT pursuant to the provisions of Section 139 and other applicable provisions of the Companies Act, 2013 (“the Act”) and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modifications(s) or re-enactment thereof) and pursuant to the recommendation of the Audit Committee and the Board of Directors, R K Deepak & Co, Chartered Accountants, having Firm Registration Number 003145N and are hereby appointed as the Statutory Auditors of the Company in place of the retiring auditors, Naresh M Kumar & Co ,

Chartered Accountants, to hold office from the conclusion of this Annual General Meeting till the Annual General Meeting to be held in 2022 subject to the ratification by the members of the company at every Annual General meeting and that the Board of Directors be and is hereby authorized to fix their remuneration.”

#### Item No 4: Appointment of Mr Ankit Kothari as a Director liable to retire by rotation:

To appoint a director in place of Mr Ankit Kothari (Din: 06883692), who retires by rotation and being eligible, offers himself for re-appointment.

**By Order of the Board of Directors**

**For CHD CHEMICALS LIMITED.**

SD/-

DIVYA KOTHARI  
Managing Director

DIN – 03592047

Place: CHANDIGARH.

Dated: 31<sup>st</sup> August, 2017.

**NOTES**

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER. PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LATER THAN FORTY EIGHT (48) HOURS BEFORE THE MEETING. PROXIES SUBMITTED ON BEHALF OF LIMITED COMPANIES, SOCIETIES, ETC., MUST BE SUPPORTED BY APPROPRIATE RESOLUTIONS/AUTHORITY, AS APPLICABLE.

2. The relevant Explanatory Statement pursuant to section 102 (1) of the Companies Act, 2013, in respect of Special Business at the meeting, is annexed hereto and forms part of this notice.

3. A person can act as proxy on behalf of Members not exceeding fifty (50) and holding in the aggregate not more than 10% of the total share capital of the Company. In case a proxy is proposed to be appointed by a Member holding more than 10% of the total share capital of the Company carrying voting rights, then such proxy shall not act as a proxy for any other person or shareholder.

4. A person can act as a proxy on behalf of Members not exceeding fifty in number and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A Member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as a proxy and such person shall not act as proxy for any other person or shareholder.

5. Members are requested to bring their attendance slips duly completed and signed mentioning therein details of their DP ID and Client ID/ Folio No.

6. 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 at the Meeting.

7. Relevant documents referred to in the accompanying Notice and in the Explanatory Statements are open for inspection by the Members at the Company's Registered Office on all working days of the Company, during business hours up to the date of the Meeting.

8. Corporate Members intending to send their authorized representatives to attend the Meeting pursuant to Section 113 of the Companies Act, 2013 are requested to send to the Company, a certified copy of the relevant Board Resolution together with their respective specimen

signatures authorizing their representative(s) to attend and vote on their behalf at the Meeting.

9. Annual Reports 2016-17 are being sent by physical mode/electronic mode (in case email address is registered) to all the members of the company. Hard copies of the above mentioned documents are being sent by the permitted mode to those Members who have not registered their e-mail addresses. Members may please note that the Annual Report 2016-17 is also available on the website of the Company viz [www.chdchemicalsltd.com](http://www.chdchemicalsltd.com).

10. The members are requested to handover the enclosed attendance slip duly signed as per their specimen signature(s) registered with the Company for admission to the meeting hall.

11. The members or proxies are requested to bring with them the Annual Report, as extra copy of the same will not be supplied at the meeting as per usual practice.

12. As per Rule 20 (2) of Companies (Management and Administration) amendment rules, 2015 vide Notification Dated 19th March, 2015, A Company Listed under chapter XB(Companies listed on SME exchange) or chapter XC(Companies listed on institutional trading platform without IPO) of ICDR regulations, 2009 and having its equity shares listed on a recognized stock exchange, is out of the ambit of E-voting in its General Meeting and CHD CHEMICALS LIMITED is a BSE SME Listed company and Evoting is not applicable.

13. The Register of Members of the Company shall remain closed from the Saturday, 23rd September, 2017 to Friday, 29th September, 2017(both days inclusive).

14. Dividend as may be declared shall be payable to Members of the Company whose names appear:

(a) as Beneficial Owners as at the close of the business hours on Friday, 22<sup>nd</sup> September, 2017 as per the details to be furnished by the National Securities Depository Limited and Central Depository Services (India) Limited in respect of shares held in electronic form; and

(b) as members in the Register of Members of the Company after giving effect to valid share transfers in the physical form lodged with the Company on or before Friday, 22<sup>nd</sup> September, 2017. Transfer Documents received after Friday, 22<sup>nd</sup> September, 2017 will not be considered for the aforesaid purposes.



**CHD CHEMICALS LIMITED**

15. Please encash your dividend warrants/Cheques immediately on their receipt by you as pursuant to the provisions of the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 and Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Amendment Rules, 2017 ("IEPF Rules") notified by the Ministry of Corporate Affairs (MCA) dividends remaining unclaimed for seven years are required to be transferred to the Investor Education and Protection Fund ("the Fund") established by the Central Government. Also, Shares with respect to above dividend needs to be transferred to the Fund.

16. Members seeking any information with regard to the Accounts are requested to write to the Company at an early date, so as to enable the Management to keep the information ready at the meeting.

For CHD CHEMICALS LIMITED.  
By Order of the Board of Directors

**SD/-**  
DIVYA KOTHARI  
MANAGING DIRECTOR  
DIN – 03592047

Place: CHANDIGARH.  
Dated: 31<sup>st</sup> August, 2017.

**CHD CHEMICALS LIMITED**
**Regd. Office:** PLOT NO 45, 1<sup>ST</sup> FLOOR, INDUSTRIAL AREA, PHASE I, CHANDIGARH – 160001

**Tel.:** 0172-5086877; **CIN:** L24232CH2012PLC034188

**Email:** [info@ccichd.com](mailto:info@ccichd.com) **Website:** [www.chdchemicalsltd.com](http://www.chdchemicalsltd.com)

**Form No. MGT-11 Proxy form**  
**[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]**

Name of the Member(s)		
Registered Address		
E-mail Id	Folio No / Client ID	DP ID

I / We, being the Member(s) of \_\_\_\_\_ Shares of the above named company, hereby appoint:

Name :	E-mail Id:
Address:	
Signature , or failing him	

as my/ our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 05<sup>th</sup> Annual General Meeting of the company, to be held on Friday, the 29<sup>th</sup> day of September, 2017 at 11:00 a.m. at Hotel Solitaire SCO No. 902 - 903, N.A.C, Housing Board Chowk, Manimajra, Chandigarh and at any adjournment thereof in respect of such resolutions as are indicated below:

Sl. No.	Resolution(S)	Vote	
		For	Against
1.	Adoption of statement of Profit & Loss, Balance Sheet, report of Director's and Auditor's for the financial year 31st March, 2017		
2.	Declaration of a Final Dividend on Equity Shares		
3.	Appointment of Statutory Auditors		
4.	Appointment of a Director in place of those retiring by rotation		

\* Applicable for investors holding shares in Electronic form.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 20\_\_\_\_

**Signature of Shareholder  
across Revenue Stamp**
**Signature of Proxy holder**
**Signature of the shareholder**

Affix Revenue Stamps
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**Note:**

- 1) This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting.
- 2) The proxy need not be a member of the company.

**CHD CHEMICALS LIMITED****Regd. Office:** PLOT NO 45,1<sup>ST</sup> FLOOR, INDUSTRIAL AREA, PHASE I, CHANDIGARH – 160001**Tel.:** 0172-5086877; **CIN:** L24232CH2012PLC034188**Email:** [info@ccichd.com](mailto:info@ccichd.com) **Website:** [www.chdchemicalsltd.com](http://www.chdchemicalsltd.com)**ATTENDANCE SLIP**

(To be handed over at the entrance of the meeting hall)

**5<sup>th</sup> Annual General Meeting on Friday, the 29th day of September,2017 at 11:00 a.m. at Hotel Solitaire SCO No. 902 - 903, N.A.C, Housing Board Chowk, Manimajra, Chandigarh.**

Full name of the members attending \_\_\_\_\_

(In block capitals)

Ledger Folio No./Client ID No. \_\_\_\_\_ No. of shares held: \_\_\_\_\_

Name of Proxy \_\_\_\_\_

(To be filled in, if the proxy attends instead of the member)

**I hereby record my presence 5<sup>th</sup> Annual General Meeting on Friday, the 29th day of September,2017 at 11:00 a.m. at Hotel Solitaire SCO No. 902 - 903, N.A.C, Housing Board Chowk, Manimajra, Chandigarh.**

(Member's /Proxy's Signature)

**Note:**

- 1) Members are requested to bring their copies of the Annual Report to the meeting, since further copies will not be available.
- 2) A Proxy need not be a member of the Company.
- 3) In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by Proxy, shall be accepted to the exclusion of the vote of the other joint holders. Seniority shall be determined by the order in which the names stand in the Register of Members.
- 4) The submission by a member of this form of proxy will not preclude such member from attending in person and voting at the meeting.





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**DIRECTORS' REPORT****3. MATERIAL CHANGES AND COMMITMENTS**

Dear Members,

Your Directors take great pleasure in presenting the 5<sup>th</sup> Annual Report of **CHD CHEMICALS LIMITED** the "Company" on business and operations of the Company along with the audited financial statements of accounts for the financial year ended 31<sup>st</sup> March 2017.

**1. FINANCIAL SUMMARY**

The Company's financial performance, for the year ended March 31, 2017 is summarized below:

The Board's Report shall be prepared based on the stand alone financial statements of the company.

Amount in Lacs.

<b>Particulars</b>	<b>2016-2017</b>	<b>2015-2016</b>
Revenue from Operation	4330.34	4036.25
Other Income	4.30	4.93
Depreciation & Amortization	15.74	12.91
Profit before tax	52.78	38.40
Provision for Tax/ (Deferred tax)	18.12	11.24
Net Profit After Tax	34.66	27.16

**2. RESULTS OF OPERATIONS AND THE STATE OF COMPANY'S AFFAIRS**

- The company is engaged in the business of trading of chemicals and dyes.
- The Total revenue for the Current year is Rs. 4330.34 Lacs in comparison to Last year's revenue i.e. Rs. 4036.25 Lacs
- The Profit in the Current year is Rs. 34.66 Lacs which is higher than Rs. 27.16 Lacs last year's.

During the year under review, there has been no change in the nature of the business of the Company. Further, there were no significant and material order passed by the regulators or courts or tribunals impacting the going concern status and Company's operations in future.

Material changes have occurred between Balance Sheet date and the date on which the financial statement are approved by the Board of Directors.

Company has made allotment of 12,15,000 equity shares on 12<sup>th</sup> April, 2017 upon the conversion of convertible warrants.

Company received the trading approval dated 30<sup>th</sup> May, 2017 from the BSE for 24,60,000 equity shares pursuant to the listing application filed for the allotment of 12,45,000 and 12,15,000 equity shares on 29<sup>th</sup> March, 2017 and 12<sup>th</sup> April, 2017 respectively.

**24,60,000 equity shares of the company are listed and permitted to trade on BSE with effective from 31<sup>st</sup> May, 2017**

**4. DIVIDEND**

Your Directors recommend a final dividend of Rs 0.10/- per equity share of face value of Rs 10/- for the financial year 2016-17, subject to the approval of the shareholders at the ensuing Annual General Meeting.

The Dividend if approved at the forth coming Annual General Meeting, will result in the outflow of Rs. 645408/- to the company in addition to Rs. 131390 /- by way of dividend distribution tax.

Further, pursuant to Companies (Accounting Standards) Amendment Rules, 2016 dated March 30, 2016 read with Circular No. 4/2016 dated April 27, 2016 no provision has been made for Dividend in the Books of Accounts. However, details has been covered in **Note 8** of the Notes to Accounts of Financial Statement.

**6. TRANSFER TO GENERAL RESERVES IN TERMS OF SECTION 134(3) (J) OF THE COMPANIES ACT, 2013**

No amount has been transferred to the general reserve during the year under review.

**7. SHARE CAPITAL**

During the Financial Year 2016-17,

Company increased its Share Capital on following occasions:

**(i) Authorized Share Capital**

The members of the company in its extra ordinary general meeting held on 14<sup>th</sup> March, 2017 passed an ordinary resolution to increase the Authorized Share capital of the company from Rs 6.00 Crore to 11.00 Crore by creating additional 50.00 Lakh equity Shares of F.V. RS. 10/- each.

**(ii) Paid up Share Capital:**

Pursuant to the Preferential allotment of 49,00,000 convertible warrants on 23<sup>rd</sup> March, 2017, warrant holders applied for the conversion of some warrants. Subsequently company made allotment of 12, 45,000 equity shares upon the conversion of warrants on 29<sup>th</sup> march, 2017.

The paid up share capital of the company increased from Rs 5,20,90,800 to Rs 6,45,40,800.

**(iii) ISSUE OF SHARES WITH DIFFERENTIAL RIGHTS**

The Company has not issued any shares with differential rights during the year under review. Hence the provisions of Section 43 of the Companies Act, 2013 are not applicable.

**(iv) ISSUE OF SWEAT EQUITY SHARE**

The Company has not issued any sweat equity shares during the year under review. Hence the provisions of Section 54 of the Companies Act, 2013 are not applicable.

**8. DEPOSITS****DETAILS RELATING TO DEPOSITS COVERED UNDER CHAPTER V OF THE ACT**

a	Accepted during the year	:	<b>NIL</b>
b	Remained unpaid or unclaimed as at the end of the year	:	
c	whether there has been any default in repayment of deposits or payment of interest thereon during the year and if so (default), number of such cases and the total amount involved	:	
	i. at the beginning of the year	:	
	ii. maximum during the year	:	
	iii. at the end of the year	:	

**DETAILS OF DEPOSITS WHICH ARE NOT IN COMPLIANCE WITH THE REQUIREMENTS OF CHAPTER V OF THE ACT**

During the Financial Year under review, the Company has not accepted any deposit under Section 73 to 76 of the Companies Act, 2013 read with Companies (Acceptance of Deposits) Rule, 2014 as amended from time to time which are not in compliance with the requirements of Chapter V of the Act.

**9. DIRECTORS AND KEY MANAGERIAL PERSONNEL****Directors**

During the year under review, there was no change in the composition of Directors.

In accordance with Section 152 and other applicable provisions of Companies Act, 2013, Mr. Ankit Kothari (DIN 06883692), being Non-Executive Director, retires by rotation and being eligible offers himself for re-appointment at the ensuing Annual General Meeting. The Board recommends his appointment.

**KEY MANAGERIAL PERSONNEL**

There is no change in the Key Managerial Personnel of the company during the year under review.

**BOARD COMMITTEES**

Details of Board committees and term of reference is provided in the "**Annexure V**" corporate Governance report of the company.

**10. BOARD MEETINGS**

The board met 10 times during the financial year. The intervening gap between any two meetings was within the period prescribed by the Companies Act, 2013. Details of the board meeting are provided in the "**Annexure V**" report on corporate Governance and the same forms part of this report.

**11. DECLARATION BY INDEPENDENT DIRECTORS**

Mr. Vijender Singh and Mr. Bajrang Lal Kedia, Independent Directors of the Company have given their respective declaration as required under Section 149(7) of the Companies Act, 2013 to the effect that they meet the criteria of independence as provided in Section 149(6) of the Companies Act, 2013 and that they abide by the provisions specified in Schedule IV to the Companies Act, 2013. The Board has, taken on record the declarations received from Mr. Vijender Singh and Mr. Bajrang Lal Kedia.



## 12. DIRECTORS' RESPONSIBILITY STATEMENT

Your Directors state that:

a) in the preparation of the annual accounts for the year ended March 31, 2017, the applicable accounting standards read with requirements set out under Schedule III to the Act, have been followed and there are no material departures from the same;

b) The Directors have 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 as at March 31, 2017 and of the profit of the Company for the year ended on that date;

c) The Directors have taken proper and sufficient care for the 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 fraud and other irregularities;

d) The Directors have prepared the annual accounts on a 'going concern' basis;

e) The Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively; and

f) The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

## 13. CORPORATE SOCIAL RESPONSIBILITY

The Company has not developed and implemented any Corporate Social Responsibility initiatives as the provisions of Section 135 of the Companies Act, 2013 are not applicable.

## 14. CONTRACTS AND ARRANGEMENTS WITH RELATED PARTIES

All contracts / arrangements / transactions entered by the Company during the financial year with related parties were in the ordinary course of business and on an arm's length basis, therefore, the provisions of Section 188 of the Companies Act, 2013 were not attracted.

Further, there are no materially significant related party transactions during the year under review made by the Company with Promoters, Directors,

or other designated persons which may have a potential conflict with the interest of the Company at large.

Your Directors draw attention of the members to **Note No. 10** in the Accounting Policies to the Financial Statement which sets out related party disclosures as prescribed under Accounting Standard 18.

Information on transactions with related parties pursuant to Section 134(3)(h) of the Act read with rule 8(2) of the Companies (Accounts) Rules, 2014 are given in "**Annexure - 1**" Form AOC-2 and the same forms part of this report.

## 15. COMPANY'S POLICY RELATING TO DIRECTORS APPOINTMENT, PAYMENT OF REMUNERATION AND DISCHARGE OF THEIR DUTIES

In accordance with Section 178 of the Companies Act, 2013 the Nomination and Remuneration Committee has formulated Remuneration Policy ("the policy"). The objective of the policy is to ensure that Executive Directors and other employees are sufficiently compensated for their performance. The Policy seeks to provide criteria for determining qualifications, positive attributes and independence of a director.

## 16. STATUTORY AUDITORS

Pursuant to the provisions of Section 139(2) and other applicable provisions of the Companies Act, 2013 ("the Act") and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modifications(s) or re-enactment thereof), regarding rotation of Statutory Auditor. M/s Naresh M Kumar & Co Chartered Accountant, Chandigarh, Statutory Auditors of the Company are retiring at the forthcoming Annual General Meeting and in their place M/s R K Deepak & Co., Chartered Accountants, Chandigarh FRN 003145N are being recommended for appointment to the office. M/s R K Deepak & Co have given their consent and eligibility certificate has also been received from them.

## 17. EXPLANATION OR COMMENTS ON QUALIFICATIONS, RESERVATIONS OR ADVERSE REMARKS OR DISCLAIMERS MADE BY THE AUDITORS AND THE PRACTICING COMPANY SECRETARY IN THEIR REPORTS



There was no qualification, reservation or adverse remark made by the statutory Auditor in their report.

As per the Secretarial audit report by the Secretarial Auditor, company did not file the charge form with Registrar of Company for a Vehicle Purchased worth RS 25,00,000 secured by the Hypothecation of the vehicle purchased.

Company was not able to file the form as the required documents was not received by the company from the bank.

#### **18. PARTICULARS OF LOANS GIVEN, INVESTMENTS MADE, GUARANTEES GIVEN AND SECURITIES PROVIDED**

Company has not granted any loans and made investments, or given guarantees or provided securities to other bodies corporate under the provisions of Section 186 the Companies Act, 2013.

#### **19. EXTRACT OF ANNUAL RETURN**

Pursuant to the provisions of Section 134 (3) (a) of the Companies Act, 2013, Extract of the Annual Return for the financial year ended 31st March, 2017 made under the provisions of Section 92 (3) of the Act in Form MGT -9 is annexed herewith as **Annexure II**.

#### **20. TRANSFER OF AMOUNTS TO INVESTOR EDUCATION AND PROTECTION FUND**

Your Company did not have any funds lying unpaid or unclaimed for a period of seven years. Therefore there were no funds which were required to be transferred to Investor Education and Protection Fund (IEPF).

#### **21. STATEMENT INDICATING DEVELOPMENT AND IMPLEMENTATION OF RISK MANAGEMENT**

The Company does not have any Risk Management Policy as the elements of risk threatening the Company's existence are very minimal.

#### **22. DETAILS IN RESPECT OF ADEQUACY OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO THE FINANCIAL STATEMENTS PURSUANT TO RULE 8 (5) (viii) OF COMPANIES (ACCOUNTS) RULES, 2014**

The Company has a formal system of internal control testing which examines both the design effectiveness and operational effectiveness to

ensure reliability of financial and operational information and all statutory / regulatory compliances. The Company has a strong monitoring and reporting process resulting in financial discipline and accountability.

#### **23. PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES**

The information required pursuant to Section 197(12) read with Rule, 5 (1) of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are provided in the "**Annexure-IV**" of the Annual Report.

The Company has not appointed any employee(s) in receipt of remuneration exceeding the limits specified under Rule 5 (2) of Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014.

#### **24. DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013**

The Company has duly set up an Internal Complaints Committee (ICC) in line with the requirements of The Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013, to redress complaints received regarding sexual harassment. The following is a summary of sexual harassment complaints received and disposed off during the year 2016-17.

No of complaints received	:	Nil
No of complaints disposed off:		Nil

#### **25. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO**

The information pertaining to conservation of energy, technology absorption, Foreign exchange Earnings and outgo as required under Section 134 (3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 is furnished in **Annexure "III"**

#### **26. DETAILS OF SIGNIFICANT MATERIAL ORDERS PASSED BY THE REGULATORS / COURTS / TRIBUNAL IMPACTING THE GOING CONCERN STATUS AND COMPANY'S OPERATION IN FUTURE**

There are no significant material orders passed by the Regulators / Courts / Tribunal which would





impact the going concern status of the Company and its future operations.

Hence, disclosure pursuant to Rule 8 (5) (vii) of Companies (Accounts) Rules, 2014 is not required.

**27. DETAILS OF ESTABLISHMENT OF VIGIL MECHANISM FOR DIRECTORS AND EMPLOYEES**

The Company has established a vigil mechanism, through a Whistle Blower Policy, where Directors and employees can voice their genuine concerns or grievances about any unethical or unacceptable business practice. A whistle-blowing mechanism not only helps the Company in detection of fraud, but is also used as a corporate governance tool leading to prevention and deterrence of misconduct. It provides direct access to the employees of the Company to approach the CFO of the company or the Chairman of the Audit Committee, where necessary. The Company ensures that genuine Whistle Blowers are accorded complete protection from any kind of unfair treatment or victimization.

**28. SECRETARIAL AUDIT REPORT**

The Company has appointed Neeraj Jindal & Associates, a firm of Company Secretaries in Practice, to undertake the Secretarial Audit of the Company pursuant to the provisions of Section 204 of the Companies Act 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014. The Report of the Secretarial Auditor is annexed to the Board's Report as Annexure 'A'.

**29. BOARD EVALUATION**

Pursuant to applicable provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board had adopted a formal mechanism for evaluating its own performance and as well as that of its Committees and individual Directors, including the Chairperson of the Board.

**31. MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

Management Discussion and Analysis Report for the year under review, as stipulated under Regulation 34(2)(e) of the SEBI (LORD) 2015, is

presented in **Annexure VI** and the same is for the part of this report.

**32. BUSINESS RESPONSIBILITY REPORT (BRR)**

The Board of Directors of the Company hereby confirms that, according to the provisions of Regulation 34(2)(f) of the Securities Exchange Board of India (Listing Obligation and Disclosure Requirement) Regulation 2015, the give report on Business Responsibility Report (BRR) is not mandatorily applicable to our company, hence not annexed with Annual Report.

**30. DISCLOSURE IN RESPECT OF SCHEME FORMULATED UNDER SECTION 67(3) OF THE COMPANIES ACT, 2013**

Since the Company has not formulated any scheme in terms of Section 67(3) of the Companies Act, 2013, therefore no disclosures are required to be made.

**31. DETAILS OF SUBSIDIARY/JOINT VENTURES/ASSOCIATE COMPANIES:**

There has been no subsidiary/Associate/Joint Venture incorporated/ceased of your company during the financial year 2016-17.

**32. DISCLOSURES PURSUANT TO SECTION 197(14) OF THE COMPANIES ACT, 2013:**

No disclosure under section 197(14) of the Companies Act, 2013 is required, company has no Holding or Subsidiary company as on 31<sup>st</sup> March, 2017.

**33. ACKNOWLEDGEMENT**

The Board of Directors acknowledges with gratitude the co-operation and assistance provided to your company by its bankers, financial institutions, government and other agencies. Your Directors thank the customers, vendors and other business associates for their continued support in the company's growth.

**For and on behalf of Board of Directors**

SD/-

**Divya Kothari  
Managing Director  
DIN – 03592047**

SD/-

**Inder Singh  
Director  
DIN -06486481**

**Place: CHANDIGARH  
Dated: 31<sup>ST</sup> August, 2017**

**“ANNEXURE-A” TO BOARD’S REPORT  
FORM NO. MR-3  
SECRETARIAL AUDIT REPORT  
FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2017**

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

To

**The Members,  
The CHD CHEMICAL LIMITED,  
PLOT NO 45, FIRST FLOOR INDUSTRIAL AREA,  
PHASE I, CHANDIGARH – 160001.**

Dear Sir / Madam,

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good Corporate Governance practice by “**CHD CHEMICAL LIMITED**” (hereinafter called “the Company”), having CIN **L24232CH2012PLC034188**. Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's Books, Papers, Minutes Books, Forms and Returns filed with regulatory authorities and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the financial year ended 31st March, 2017, complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place, to the extent and subject to the reporting made hereinafter:

**We further report** that maintenance of proper and updated Books, Papers, Minutes Books, filing of Forms and Returns with applicable regulatory authorities and maintaining other records is responsibility of management including Key Managerial Personnel's (KMP) and of the Company. Our responsibility is to verify the content of the documents produced before us, make objective evaluation of the content in respect of compliance and report thereon.

We have examined on test basis, the books, papers, minute books, forms and returns filed and other records maintained by the Company and produced before us for the financial year ended 31st March, 2017, according to the provisions of:

- (i) The Companies Act, 2013 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 (to the extent applicable to the Company);

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under restricted to Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings, to the extent the same was applicable to the Company;

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

(a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

(b) Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

(c) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993, regarding the Companies Act and dealing with client;

(d) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015;

(e) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;

(vi) As we have been given to understand that considering activities, there is no specific regulator subject to whose approval company can carry on / continue business operation. We have also in-principally verified systems and mechanism which is in place and followed by the Company to ensure Compliance of other applicable Laws (in addition to the above mentioned Laws (i to v) as applicable to the Company) and we have also relied on the representation made by the Company and its Officers in respect of systems and mechanism formed / followed by the Company for compliances of other applicable Acts, Laws and Regulations and found the satisfactory operation of the same.

We have also examined compliance with the applicable clauses of the Secretarial Standards issued by the Institute of Company Secretaries of India under the provisions of Companies Act, 2013;

**We further Report that**, during the year, it was not mandatory on the part of the Company to comply with the following Regulations/ Guidelines as covered under MR-3

(a) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;

(b) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;

(c) The Securities and Exchange Board of India (Buy Back of Securities) Regulations, 1998;

(d) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

Based on the above said information provided by the Company, we report that during the financial year under report, the Company has substantially complied with the provisions of the above mentioned Act/s including the applicable provisions of the Companies Act, 2013 and



Rules, Regulations, Guidelines, Standards etc. mentioned above subject to the following observation(s):

*(a) During the period under review Company did not File Charge with Registrar of Company for a Vehicle Purchased worth RS 25,00,000 secured by the Hypothecation of the vehicle purchased.*

**We further report that:**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors.

We also report that adequate notice was given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance and a reasonable system exists for Board Members for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through and proper system is in place which facilitates / ensure to capture and record, the dissenting member's views, if any, as part of the minutes.

Based on the representation made by the Company and its Officers explaining us in respect of internal systems and mechanism established by the Company which ensures compliances of other Acts, Laws and Regulations applicable to the Company, we report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

**We further report that** during the year under report, the Company has not undertaken any major event / action having a material bearing on the Company's statutory compliance and affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc. referred to above.

Note: This Report is to be read along with attached Letter provided as "**Annexure - A**"

**For Neeraj Jindal & Associates  
Company Secretaries  
SD/-**

**Date: 31.08.2017  
Place: Chandigarh.**

**CS. Neeraj Jindal  
M.No. F8270  
CP. No. 9056**

**'ANNEXURE A'**

**To**

**The Members,**

**The CHD CHEMICAL LIMITED.**

**PLOT NO 45, FIRST FLOOR INDUSTRIAL AREA,**

**PHASE I, CHANDIGARH – 160001** Dear Sir / Madam,

**Sub: Our Report of even date is to be read along with this letter.**

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

**For Neeraj Jindal & Associates  
Company Secretaries  
SD/-**

**Date: 31.08.2017  
Place: Chandigarh**

**CS. Neeraj Jindal  
M.No. F8270  
CP. No. 9056**

Annexure – I  
**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 transaction under third proviso thereto.

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

SL. No.	Particulars	Details
a)	Name (s) of the related party & nature of relationship	<b>NOT REQUIRED AS THERE ARE NO TRANSACTIONS FALLING UNDER THIS SECTION</b>
b)	Nature of contracts/arrangements/transaction	
c)	Duration of the contracts/arrangements/transaction	
d)	Salient terms of the contracts or arrangements or transaction including the value, if any	
e)	Justification for entering into such contracts or arrangements or transactions'	
f)	Date 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 contracts or arrangements or transactions at Arm's length basis.

SL. No.	Particulars	Details
a)	Name (s) of the related party & nature of relationship	<b>SATVEER KOTHARI</b> <b>FATHER OF MANAGING DIRECTOR</b>
b)	Nature of contracts/arrangements/transaction	<b>SALARY</b>
c)	Duration of the contracts/arrangements/transaction	<b>FIVE YEAR W.E.F 01.08.2014</b>
d)	Salient terms of the contracts or arrangements or transaction including the value, if any	<b>EMPLOYMENT AGREEMENT FOR FIVE YEAR.</b>
e)	Date of approval by the Board	<b>10.07.2014</b>
f)	Amount paid as advances, if any	<b>NIL</b>

**FOR CHD CHEMICALS LIMITED**

**SD/-**

**Divya Kothari**  
**Managing Director**  
**DIN – 03592047**

**SD/-**

**Inder Singh**  
**Director**  
**DIN -06486481**

## Annexure II

### DIRECTORS' REPORT (CONTD) ANNEXURE II TO DIRECTORS' REPORT

#### FORM NO. MGT-9 EXTRACT OF ANNUAL RETURN

as on the financial year ended on March 31st, 2017  
[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

#### I. REGISTRATION AND OTHER DETAILS

Sl. No.	Particulars	Details
1.	Corporate Identification Number	L24232CH2012PLC034188
2.	Registration Date	05-11-2012.
3.	Name of the Company	CHD CHEMICALS LIMITED
4.	Category / Sub-Category of the Company	Public Company Limited by Shares
5.	Address of the Registered office and contact details	Plot NO 45, First Floor, Industrial Area, Phase I, Chandigarh Contact:- 5086877
6.	Whether listed company	Yes
7.	Name, Address and contract details of the Registrar and Transfer Agent, if any	Cameo Corporate Services Limited Subramanian Building, No.1 Club House Road Tamil Nadu, Chennai Phone: 044 -28460390

#### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

**As per Attachment A**

#### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

**As per Attachment B**

#### IV. SHARE HOLDING PATTERN (EQUITY SHARE CAPITAL BREAKUP AS % OF TOTAL EQUITY)

- |   |                     |
|---|---------------------|
| i) Category-wise Share Holding  | As per Attachment C |
| ii) Shareholding of Promoters   | As per Attachment D |
| iii) Change in Promoters' Shareholding ( <i>Specify if there is no change</i> )                                     | As per Attachment E |
| iv) Shareholding Pattern of top ten Shareholders (other than Directors, and Promoters and holders of GDRs and ADRs) | As per Attachment F |
| v) Shareholding of Directors and Key Managerial Personnel   | As per Attachment G |

#### V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment	As per Attachment H
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**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**

- A. Remuneration to Managing Director, Whole-time Directors and/or Manager **As per attachment I**  
 B. Remuneration to other directors **As per Attachment J**  
 C. Remuneration to Key Managerial Personnel other than MD/MANAGER/WTD **As per Attachment K**  
**VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES** **As per Attachment L**

**ATTACHMENT A**
**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:

Sl. No.	Name and Description of main products/services	NIC Code of the product/service *	% to total turnover of the company #
1.	Whole sale of Industrial Chemicals	5149	100%

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

# On the basis of Gross Turnover

**ATTACHMENT B**
**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES**

Sl. No.	Name of Company	Address of Company	CIN/GLN	Holding / Subsidiary /Associate	% of Shares held*	Applicable Section
			NIL			

**ATTACHMENT C**
**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	1436636	0	1436636	27.57%	1536636	0	1536636	23.81%	-3.76%
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	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) (1)</b>	<b>1436636</b>	<b>0</b>	<b>1436636</b>	<b>27.57%</b>	<b>1536636</b>	<b>0</b>	<b>1536636</b>	<b>23.81%</b>	<b>-3.76%</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 Corporate	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>1436636</b>	<b>0</b>	<b>1436636</b>	<b>27.57%</b>	<b>1536636</b>	<b>0</b>	<b>1536636</b>	<b>23.81%</b>	<b>-3.76%</b>
<b>B PUBLIC SHAREHOLDING</b>									
<b>1 Institutions</b>									
a) Mutual Funds	0	0	0	0.00	0	0	0	0.00	0.00
b) Banks / FI	0	0	0	0.00	0	0	0	0.00	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) FIIs	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 <b>MARKET MAKER</b>	100000	0	100000	2.00	80000	0	80000	1.24%	-0.76%
<b>SUB - TOTAL (B) (1)</b>	<b>100000</b>	<b>0</b>	<b>100000</b>	<b>2.00</b>	<b>80000</b>	<b>0</b>	<b>80000</b>	<b>1.24%</b>	<b>-0.76%</b>
<b>2. Non-institutions</b>									
<b>a) Bodies Corporate</b>									
i) Indian	110000	0	110000	2.11	925000	0	925000	14.33	+12.22%
ii) Overseas	0	0	0	0.00	0	0	0	0.00	0.00
<b>b) Individuals</b>									
I) Individual shareholders holding nominal share capital up to Rs. 1 lakh	960000	0	960000	18.42%	590000	0	590000	9.14	-9.28%
II) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	1835868	483487	2319355	44.52%	2608595	470760	3079355	47.72%	+3.2%
<b>c) Others specify</b>									
<b>HUF</b>	80000	203089	283089	5.43%	40000	203089	243089	3.77%	-1.66%
<b>SUB - TOTAL (B) (2)</b>	<b>2985868</b>	<b>686576</b>	<b>3672444</b>	<b>70.50%</b>	<b>4163595</b>	<b>673849</b>	<b>4837444</b>	<b>74.95%</b>	<b>+6.56%</b>
<b>TOTAL PUBLIC SHAREHOLDING (B) = (B)(1) + (B)(2)</b>	<b>3085868</b>	<b>686576</b>	<b>3772444</b>	<b>72.42%</b>	<b>4243595</b>	<b>876938</b>	<b>4917444</b>	<b>76.19%</b>	<b>+3.77%</b>
<b>C. SHARES HELD BY CUSTODIAN FOR GDRS&amp; ADRS</b>	0	0	0	0.00	0	0	0	0.00	0.00
<b>GRANDTOTAL (A+B+C) 1</b>	<b>4522504</b>	<b>686576</b>	<b>5209080</b>	<b>100.00</b>	<b>5780231</b>	<b>673849</b>	<b>6454080</b>	<b>100.00</b>	<b>00.00</b>



**ATTACHMENT D**
**(ii) Shareholding of Promoters**

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year (As on 01-04-2016)			Shareholding at the end of the year (As on 31-03-2017)			
		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	% change in shareholding during the year
1.	<b>DIVYA KOTHARI</b>	1436636	27.57%	0	1536636	23.81%	0	-3.76%
	<b>Total</b>	1436636	27.57%	0	1536636	23.81%	0	-3.76%

**ATTACHMENT E**
**(iii) Change in Promoters' Shareholding**

Sl. No.	Name	Shareholding at the beginning of the year (As on 01-04-2016)/ at the end of the year 31.03.2017		Date	Increase / Decrease in Promoters Shareholding	Reason	Cumulative Shareholding at the beginning of the year (As on 01-04-2016)/ at the end of the year 31.03.2017	
		No. of Shares	% of total Shares of the Company				No. of Shares	% of total Shares of the Company
1.	Divya Kothari	1436636	27.57%	01.04.2016	-	-	-	-
				29.03.2017	100000	Preferential allotment upon conversion of convertible warrants	1536636	23.81
		1536636	23.81%	31.03.2017	-	-	1536636	23.81%

## ATTACHMENT F

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

Sl. No.	For Each of the top ten Shareholders	Shareholding at the beginning of the Year 01.04.2016/ at the end of the year 31.03.2017		Shareholding during the year (01-04-16 to 31-03-17)			Cumulative Shareholding during the year (01-04-16 to 31-03-17)	
		No. of Shares	% of total Shares of the company	Date	Increase/ Decrease In Shareholding	Reason	No. of Shares	% of total Shares of the company
1.	NARESH PAWARIYA	236681	4.54%	01.04.2016				
				29.03.2017	+15000	Allotment*	251681	
		251681	3.89%	31.03.2017			251681	3.89%
2.	JAGDISH PRASAD ARYA	180000	3.45%	01.04.2016				
					+10000	Market purchase	190000	
				29.03.2017	+20000	Allotment*	210000	
		210000	3.25%	31.03.2017			210000	3.25%
3.	KAPIL KUMAR KOTHARI	134227	2.57%	01.04.2016	-			
		134227	2.08%	31.03.2017			134227	2.08%
4.	REENA SHARMA	132500	2.54%	01.04.2016				
				07.10.2016	+20000	Market purchase	152500	
				03.02.2017	+10000	Market purchase	162500	
		162500	2.52%	31.03.2017			162500	2.52%
5.	AJAY BANSAL	120000	2.30%	01.04.2016				
				07.10.2016	+10000	Market purchase	130000	
				29.03.2017	+20000	Allotment*	150000	
		150000	2.32%	31.03.2017			150000	2.32%

6.	KOTHARI TRADE INVESTMENTS PVT LTD.	110000	2.11%	01.04.2016				
				03.02.2017	150000	Market purchase	260000	
				29.03.2017	330000	Allotment*	590000	
		590000	9.14%	31.03.2017			590000	9.14%
7.	ANKIT TRADE & INVESTMENT PRIVATE LIMITED	-	-	01.04.2016	-	-	-	-
				29.03.2017	315000	Allotment*	315000	
		315000	4.88%	31.03.2017			315000	4.88%
8.	KITABWATI KOTHARI	90909	1.7%	01.04.2016				
				29.03.2017	100000	Allotment*	190909	
		190909	2.96%	31.03.2017			190909	2.96%
9.	RANJIT	81081	1.55%	01.04.2016				
				07.10.2016	+10000	Market purchase	91081	
		91081	1.41%	31.03.2017			91081	1.41%
10.	KULDEEP	72727	1.40%	01.04.2016				
				29.03.2017	+20000	Allotment*	92727	
		92727	1.44%	31.03.2017			92727	1.44%

*\*Allotment of 12, 45,000 equity shares has been made on 29.03.2017 pursuant to the conversion of convertible warrants.*

**DIRECTORS' REPORT (CONTD)**
**ATTACHMENT G**
**v) Shareholding of Directors and Key Managerial Personnel**

Sl. No.	For Each of the Directors and KMP	Shareholding at the beginning of the Year 01.04.2016/ end of the year 31.03.2017		Shareholding during the year (01-04-2016 to 31-03-2017)			Cumulative Shareholding during the year (01-04-2016 to 31-03-2017)	
		No. of Shares	% of total Shares of the company	Date	Increase/ Decrease In Shareholding	Reason	No. of Shares	% of total Shares of the
1.	DIVYA KOTHARI MANAGING DIRECTOR	1436636	27.57%	01.04.2016				
				29.03.2017	+100000	Allotment*	1536636	
		1536636	23.81%	31.03.2017			1536636	23.81%
2.	ANKIT KOTHARI DIRECTOR	527181	10.12%	01.04.2016				
				29.03.2017	+30000	Allotment*	557181	
		557181	8.63%	31.03.2017			557181	8.63%
3.	INDER SINGH DIRECTOR	44545	0.85%	01.04.2016				
				29.03.2017	+15000	Allotment*	59545	
		59545	0.92%	31.03.2017			59545	0.92%
4.	KAMAL KUMAR SHAH CHIEF FINANCIAL OFFICER	35909	0.69%	01.04.2016				
				29.03.2017	+10000	Allotment*	45909	
		45909	0.71%	31.03.2017			45909	0.71%
5.	BAJRANG LAL KEDIA INDEPENDENT DIRECTOR	14545	0.28%	01.04.2016				
				03.03.2017	+10000	Market purchase	24545	
		24545	0.38%	31.03.2017			24545	0.38%

ATTACHMENT H

V. INDEBTENDNESS

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

	<i>Amount (INR)</i>			
	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year (01.04.2016)</b>				
i) Principal Amount	20814787.28	0.00	0.00	20814787.28
ii) Interest due but not paid	0.00	0.00	0.00	0.00
iii) Interest accrued but not due	0.00	0.00	0.00	0.00
<b>TOTAL (i+ii+iii)</b>	<b>20814787.28</b>	<b>0.00</b>	<b>0.00</b>	<b>20814787.28</b>
<b>Change in Indebtedness during the financial year</b>				
Addition	5685908.22	0.00	0.00	5685908.22
Reduction	0.00	0.00	0.00	0.00
<b>Net Change</b>	<b>5685908.22</b>	<b>0.00</b>	<b>0.00</b>	<b>5685908.22</b>
<b>Indebtedness at the end of the financial year (31.03.2017)</b>				
i) Principal Amount	26500695.5	0.00	0.00	26500695.5
ii) Interest due but not paid -	0.00	0.00	0.00	0.00
iii) Interest accrued but not due	0.00	0.00	0.00	0.00
<b>TOTAL (i+ii+iii)</b>	<b>26500695.5</b>	<b>0.00</b>	<b>0.00</b>	<b>26500695.5</b>

**ATTACHMENT I**

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**

**A. Remuneration to Managing Director, Whole-time Directors and/or Manager:**

Sl. No.	Particulars of Remuneration	Name of MD/WTD/Manager			Total Amount in Rs.
		DIVYA KOTHARI MANAGING DIRECTOR			
1.	Gross salary	600000			600000
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961				
	(b) Value of perquisite u/s 17(2) of the Income Tax 1961	0			0
	(c) Profits in lieu of Salary under Section 17(3) of the Income-tax Act, 1961	0			0
2.	Stock Option	0			0
3.	Sweat Equity	0			0
4.	Commission - as % of profit - as others, specify	0			0
5	Others, please specify	0			0
	<b>TOTAL (A)</b>	<b>600000</b>			<b>600000</b>
	<b>Ceiling as per the Act</b>	(Remuneration as per the provisions of Section II, Table A of Schedule V of the Companies Act, 2013 approved by members)			

**ATTACHMENT J**
**B. Remuneration to other Directors: NIL**

Sl. No.	Particulars of Remuneration	Name of Directors				
						(Amt. in Rs.) Total Amount
<b>1.</b>	<b>Independent Directors</b>					
	Fee for attending board / committee meetings		0.00		0.00	0.00
	Commission		0.00		0.00	0.00
	Others, please specify		0.00		0.00	0.00
	<b>TOTAL (1)</b>					
<b>2.</b>	<b>Other Non-Executive Directors</b>					
	Fee for attending board / committee meetings		0.00		0.00	0.00
	Commission		0.00		0.00	0.00
	Others, please specify		0.00		0.00	0.00
	<b>TOTAL (2)</b>					
	<b>TOTAL (B)=(1+2)</b>					
	<b>TOTAL MANAGERIAL REMUNERATION*</b>		<b>6,00,000</b>			
	<b>Overall Ceiling as per the Act</b>					

\* Total remuneration to Managing Director, Whole-Time Directors and other Directors (being the total of A and B).

**ATTACHMENT K**
**C. Remuneration to Key Managerial Personnel Other Than MD/Manager/WTD:**

Sl. No.	Particulars of Remuneration	COMPANY SECRETARY HARSIMRAN JIT KAUR	CFO KAMAL KUMAR SHAH	Amount in Rs. Total Amount
1.	<b>Gross salary</b>	<b>216000</b>	<b>720000</b>	<b>936000</b>
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961			
	(b) Value of perquisites u/s 17 (2) of the Income Tax Act, 1961			
	(c) Profits in lieu of salary under Section 17(3) of the Income Tax Act, 1961			
2.	Stock Option			
3.	Sweat Equity			
4.	Commission - as % of profit - others			
5.	Others – please specify			
	<b>Total</b>	<b>216000</b>	<b>720000</b>	<b>936000</b>



**ATTACHMENT L**  
**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			Nil		
Punishment			Nil		
Compounding			Nil		
<b>B. DIRECTORS</b>					
Penalty			Nil		
Punishment			Nil		
Compounding			Nil		
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty			Nil		
Punishment			Nil		
Compounding			Nil		

**Annexure "III" to Directors' Report for the year ended 31st March, 2017****Particulars required under Section 134 (3) (m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014****[A] CONSERVATION OF ENERGY:**

(a) Energy Conservation Measures Taken:

Energy utilisation is primarily for domestic use and assembly activities which is optimised and further steps are being taken by management to emphasise on conservation of energy with all employees.

(b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy: **NIL**

(c) Impact of the measures at (a) & (b) above for reduction of energy consumption & consequent impact on the cost of production of goods: **NIL**

(d) Steps taken by company to use alternate source of energy, if any: **NIL**

(e) Capital investment on energy conservation equipments: **NIL**

(f) Power and Fuel Consumption: **N.A**

	Current Year	Previous Year
<b>Electricity:</b>		
Purchased Unit (million)		
Total Amount (Rs.million)		
Rate/Unit		

**Electricity:**

Purchased Unit (million)  
Total Amount (Rs.million)  
Rate/Unit

**Furnace Oil:**

Purchased Unit (million)  
Qty (Kilo Ltrs)  
Total Amount (Rs. Millions)  
Rate/Unit

**[B] TECHNOLOGY ABSORPTION: (N.A)****[C] RESEARCH & DEVELOPMENT: (N.A)**

a. Specific areas in which R & D was carried out by the Company: **(N.A)**

b. Benefits derived as a result of the above R & D: **(N.A)**

Expenditure on R&D: (N.A)	Current Year (Rs. Lakhs)	Previous Year (Rs.Lakhs)
a) Capital		
b) Recurring		
c) Total		
d) Total as % of Turnover Rate/Unit		

**(D) FOREIGN EXCHANGE EARNINGS AND OUTGO: NIL**

Details of earnings in foreign exchange: nil

Particulars	Current Year 01.04.16–31.03.17	Previous Year 01.04.15 – 31.03.16
Export of Goods calculated on FOB Basis		
Interest and dividend		
Royalty		
Know-how	<b>NIL</b>	<b>NIL</b>
Professional and Consultancy fees		
Other Income		
Total earning in foreign exchange		

Details of expenditure in foreign exchange: nil

Particulars	Current Year 01.04.16–31.03.17	Previous Year 01.04.15 – 31.03.16
Import of Capital Goods calculated on CIF Basis:		
(i) raw material		
(ii) component and spare parts		
(iii) capital goods – Software Purchase		
Expenditure on account of:	<b>NIL</b>	<b>NIL</b>
Royalty		
Know-how		
Professional and Consultancy fees		
Interest		
Other matters		
Dividend paid		
Total expenditure in foreign exchange		

**“ANNEXURE-IV”**  
**DETAILS PERTAINING TO EMPLOYEES AS REQUIRED UNDER SECTION**  
**197(12) OF THE COMPANIES ACT 2013**

**STATEMENT OF PARTICULARS OF EMPLOYEES PURSUANT TO PROVISIONS OF SECTION 197(12) OF THE COMPANIES ACT 2013 READ WITH COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014**

**(1) Ratio of the remuneration of each director to the median remuneration of all the employees of the Company for the financial year;**

S.No	Name of Directors	Remuneration	% Increase in Remuneration	Ratio of remuneration of each Director/ to Median remuneration of employees remuneration of employees
1	Divya Kothari (Managing Director)*	600000	NA	2.5
2	Inder Singh (Director)	NIL	NIL	NIL
3	Ankit Kothari (Director)	NIL	NIL	NIL
4	Vijender Singh (Independent Director)	NIL	NIL	NIL
5	Bajrang Lal Kedia (Independent Director)	NIL	NIL	NIL

**(2) The median remuneration of employees of the Company during the financial year** was Rs. 2,40,000/-

**(3) The percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year:**

There is no increase in remuneration of director, Chief Financial Officer, Company Secretary during the year under review.

**(4) The number of permanent employees on the rolls of company as on 31st March, 2016 and 31st March, 2017 was 16 and 15 respectively.**

**(5) Relationship between average increase in remuneration and company performance:**

There was no change in the total remuneration of Directors, employees and Key Managerial Personnel in financial year 2016-17.

**(6) Variations in the market capitalization of the Company:**

(a) The market capitalization as on March 31, 2017 was Rs. 677.68 Lacs .

(b) Price Earnings ratio of the Company was 9.24 as at March 31, 2016 and as on March 31, 2015 it was 40.74.

Closing date of Financial Year	Issued Capital (shares)	Closing Market Price Per Shares	EPS	PE Ratio	Mrket Capitalization (Rs Lacs)
31.03.2016*	NA	NA	NA	NA	NA
31.03.2017	6454080	10.5	0.54	19.44	677.68
Increase/ Decrease	NA	NA	NA	NA	NA
% Increase/ Decrease	NA	NA	NA	NA	NA

\* 5209080 equity shares of the Company listed on BSE limited (SME Platform) with effect from April 1<sup>st</sup>, 2016.

**(7) The percentage increase in median remuneration of employees in the financial year:**

There is no increase in remuneration of employees during the year under review

**(8) Comparison of Remuneration of the Key Managerial Personnel(s) against the performance of the Company:**

Remuneration of Rs 15,36,000 is paid to the Key Managerial Personnas compare to increase in Net profit of the company during the year over previous year is 27.60%.

**(9) Comparison of average percentile increase in the salaries of employees other than the managerial personnel and managerial personnel:**

There was no percentile increase in the salaries of employees other than the managerial personnel during the year under review.

**(10) Comparison of each remuneration of key Managerial Personnel against the performance of the company:**

S.no	Name of KMP	Remuneration	Comparison of the Remuneration of the KMP against the performance of the Company
1.	Divya Kothari	600000	Profit before Tax increased by 37.44% and Profit After Tax increased by 27.60% in financial year 2016-17
2.	Kamal Kumar Shah	720000	
3.	Harsimran Jit Kaur	216000	

**(11) The key parameters for the variable component of remuneration availed by the directors :**

There is no variable component of remuneration availed by the directors of the company. Directors of the company received fixed remuneration during the year under review.

**(12) Ratio of Remuneration of the highest paid director to that of employees who are not director but receive remuneration in excess of the highest paid director during the year: 1:2**

**(13) Remuneration is as per the remuneration policy of the company.**

## ANNEXURE V CORPORATE GOVERNANCE

Our company stands committed to good corporate governance practices based on the principle such as accountability, transparency in dealings with our stakeholders, emphasis on communication and transparent reporting.

The corporate governance framework is based on an effective independent Board, separation of the Board's supervisory role from the executive management team and constitution of the Board Committees, as required under Law.

Our corporate governance philosophy is based on the following principles:

- ❖ Satisfy the spirit of the law and not just the letter of the law. Corporate governance standards should go beyond the law.
- ❖ Be transparent and maintain a high degree of disclosure levels. When in doubt, disclose.
- ❖ Make a clear distinction between personal conveniences and corporate resources.
- ❖ Communicate externally, in a truthful manner, about how the Company is run internally.
- ❖ Have a simple and transparent corporate structure driven solely by business needs.
- ❖ The Management is the trustee of the shareholders' capital and not the owner.

The Company believes that corporate governance is about creating organizations that succeed in the marketplace with the right approach and values. This will enhance the value for all its stakeholders.

### (1) BOARD OF DIRECTORS

#### COMPOSITION OF THE BOARD

- A) The Board of Directors of the Company (Board) has optimum combination of Executive and Non Executive Directors

The following is the Composition of the Board as at 31st March, 2017:

Category	Name of the Directors	Designation	No of Shares held
<b>Promoter</b>	Divya Kothari	Managing Director	1536636
<b>Non Executive Non Independent Director</b>	Ankit Kothari	Director	557181
	Inder Singh	Director	59545
<b>Independent Director</b>	Bajrang Lal Kedia	Director	24545
	Vijender Singh	Director	NIL

### (b) NO. OF BOARD MEETING HELD AND DATES

<b>1</b>	<b>28.05.2016</b>
<b>2</b>	<b>30.08.2016</b>
<b>3</b>	<b>01.10.2016</b>
<b>4</b>	<b>14.11.2016</b>
<b>5</b>	<b>12.01.2017</b>

<b>6</b>	<b>04.02.2017</b>
<b>7</b>	<b>17.02.2017</b>
<b>8</b>	<b>15.03.2017</b>
<b>9</b>	<b>23.03.2017</b>
<b>10</b>	<b>29.03.2017</b>

The details of directors and their attendance record at the Board Meeting held during the Year under review are as follows:

S.No	Name of Directors	Category	Attendance Of Board Meetings	Attended last AGM	No. Of Other Directorship / Committees Membership/ Chairmanship		
					O.D	C.M	C.C
1.	DIVYA KOTHARI	MANAGING DIRECTOR	8	Yes	1	-	-
2.	INDER SINGH	NON EXECUTIVE DIRECTOR	10	Yes	NA	-	-
3.	ANKIT KOTHARI	NON EXECUTIVE DIRECTOR	10	Yes	NA	--	-
4.	VIJENDER SINGH	NON EXECUTIVE INDEPENDENT DIRECTOR	8	Yes	NA	-	-
5.	BAJRANG LAL KEDIA	NON-EXECUTIVE INDEPENDENT DIRECTOR	9	Yes	NA	-	-

**(O.D.)** Directorship in other Company

**(C.M.)** Committee Membership

**(C.C.)** Committee Chairmanship

## **(2) COMMITTEES OF THE BOARD**

The Board of Directors has constituted 3 Committees of the Board viz.

- Audit Committee
- Nomination & Remuneration Committee
- Stakeholder Relationship Committee

### **AUDIT COMMITTEE**

The Audit Committee of the Company comprises of 3 directors out of which one is Executive Director and two are Non Executive Independent Director.

Composition; Meetings and attendance during the year.

S.NO	Name of Directors	Designation	Number of Meetings During The year	
			Held	Attended
1	MR. VIJENDER SINGH	CHAIRMAN	4	4
2	MR. BAJRANG LAL KEDIA	MEMBER	4	4
3	MS. DIVYA KOTHARI	MEMBER	4	3

The dates on which the meetings were held are as follows:

<b>1</b>	<b>16/05/2016</b>
<b>2</b>	<b>16/08/2016</b>
<b>3</b>	<b>12/11/2016</b>
<b>4</b>	<b>10/02/2017</b>

#### **ROLE OF AUDIT COMMITTEE**

The terms of reference of the Audit Committee are given below:

1. To investigate any activity within its terms of reference.
2. To seek information from any employee.
3. To obtain outside legal or other professional advice.
4. To secure attendance of outsiders with relevant expertise, if it considers necessary.
5. 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.
6. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
7. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
8. Reviewing, with the management, the annual financial statements 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. Qualifications in the draft audit report.
9. Reviewing, with the management, the quarterly financial statements before submission to the board for approval
  10. 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.
  11. Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems.
  12. Review and monitor the auditor's independence and performance, and effectiveness of audit process
  13. 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.
  14. Discussion with internal auditors any significant findings and follow up there on.
  15. 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.
  16. 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.
  17. 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.
  18. To review the functioning of the Whistle Blower mechanism, in case the same is existing.
  19. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience & background, etc. of the candidate.
  20. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.
  21. Mandatorily reviews the following information:
    - a. Management discussion and analysis of financial condition and results of operations;
    - b. Statement of significant related party transactions (as defined by the audit committee), submitted by management;
    - c. Management letters / letters of internal control weaknesses issued by the statutory auditors;
    - d. Internal audit reports relating to internal control weaknesses; and
    - e. The appointment, removal and terms of remuneration of the Chief internal auditor shall be subject to review by the Audit Committee
  22. Review the Financial Statements of its subsidiary company, if any.
  23. Review the composition of the Board of Directors of its Subsidiary Company, if any.



24. Review the Vigil mechanism (whistle blowing) policy.
25. Examination of the financial statement and the auditors' report thereon;
26. Approval or any subsequent modification of transactions of the company with related parties;
27. Scrutiny of inter-corporate loans and investments;
28. Valuation of undertakings or assets of the company, wherever it is necessary;
29. Evaluation of internal financial controls and risk management systems;
30. Monitoring the end use of funds raised through public offers and related matters.
31. Review the use/application of funds raised through an issue (public issues, right issues, preferential issues etc) on a quarterly basis as a part of the quarterly declaration of financial results. Further, review on annual basis statements prepared by the Company for funds utilized for purposes other than those stated in the offer document.

In addition, to carry out such other functions/powers as may be delegated by the Board to the Committee from time to time.

#### STAKEHOLDERS RELATIONSHIP COMMITTEE

During the year ended on 31st March, 2017, the composition of Stakeholders relationship Committee / Investors Grievance committee has been as under:

S.NO	Name of Directors	Designation	Number of Meetings During The year	
			Held	Attended
1	MR. VIJENDER SINGH	CHAIRMAN	1	1
2	MR. BAJRANG LAL KEDIA	MEMBER	1	1
3	MR. INDER SINGH	MEMBER	1	1

During the year under review Stakeholders relationship Committee / Investors Grievance committee meeting was held one time during the year. The necessary quorum was preset in the meeting. The dates of meetings are as follow:

S.NO	Date
1	16/05/2016

#### ROLE OF STAKEHOLDER RELATIONSHIP COMMITTEE

The Stakeholder Relationship Committee of our Board look into:

- The redressal of investors complaints viz. non-receipt of annual report, dividend payments etc.
- Matters related to share transfer, issue of duplicate share certificate, dematerializations.

- Also delegates powers to the executives of our Company to process transfers etc.

The status on various complaints received / replied is reported to the Board of Directors as an Agenda item.

#### **NOMINATION AND REMUNERATION COMMITTEE**

The committee currently comprises of three (3) Directors. Mr. Vijender Singh is the Chairman of the Nomination and Remuneration Committee.

During the year under review Stakeholders relationship Committee / Investors Grievance committee meeting was held one time during the year. The necessary quorum was preset in the meeting. The dates of meetings are as follow:

<b>S.NO</b>	<b>Date</b>
<b>1</b>	<b>17/08/2016</b>

During the year ended on 31st March, 2017, the composition of Nomination and Remuneration Committee has been as under:.

<b>S.NO</b>	<b>Name of Directors</b>	<b>Designation</b>	<b>Number of Meetings During The year</b>	
			<b>Held</b>	<b>Attended</b>
1	MR. VIJENDER SINGH	CHAIRMAN	1	1
2	MR. BAJRANG LAL KEDIA	MEMBER	1	1
3	MR. INDER SINGH	MEMBER	1	1

The terms of reference of the nomination and remuneration committee are as follows:

- The remuneration committee recommends to the board the compensation terms of the executive directors.
- The committee to carry out evolution of every director's performance and recommend to the board his/her appointment and removal based on the performance.
- The committee to identify persons who may be appointed in senior management in accordance with the criteria laid down.
- Framing and implementing on behalf of the Board and on behalf of the shareholders, a credible and transparent policy on remuneration of executive directors including ESOP, Pension Rights and any compensation payment.
- Considering approving and recommending to the Board the changes in designation and increase in salary of the executive directors.
- Ensuring the remuneration policy is good enough to attract, retain and motivate directors.

- Bringing about objectivity in deeming the remuneration package while striking a balance between the interest of the Company and the shareholders.

### (3) INDEPENDENT DIRECTOR MEETINGS

(a) Performance evaluation criteria for independent directors.

- Evaluation of the performance of the Non – Independent Directors and Board of Directors as a whole;
- Evaluation of the performance of the Chairperson of the Company, taking into account the views of the Executive and Non –Executive Directors;
- Evaluation of the quality, content and timeline of flow of information between the management and the board that is necessary for the board to effectively and reasonably perform its duties.

(b) Composition

- Mr. Bajrang Lal Kedia
- Mr. Vijender Singh

(c) Last Independent Directors meeting was held on 31<sup>ST</sup> March, 2017.

### (4) GENERAL BODY MEETINGS

(a) Details of Annual General Meetings (AGMs)

YEAR	VENUE	DATE	TIME
2014	REGISTERED OFFICE	30 <sup>TH</sup> SEPTEMBER, 2014	10.00A.M
2015	REGISTERED OFFICE	30 <sup>TH</sup> SEPTEMBER, 2015	10.30A.M
2016	Hotel Solitaire, Chandigarh	30 <sup>th</sup> September, 2016	11.00 A.M

(b) Details of Special Resolutions passed in previous Annual General Meetings:

DATE OF AGM	NUMBER OF SPECIAL RESOLUTION PASSED	DETAILS OF SPECIAL RESOLUTION PASSED
30 <sup>TH</sup> SEPTEMBER, 2015	Two	<ol style="list-style-type: none"> <li>Conversion of the company to Public company</li> <li>Alteration of the Articles of Association of the company pursuant to conversion into public company</li> </ol>
30 <sup>TH</sup> SEPTEMBER, 2016	One	<ol style="list-style-type: none"> <li>Appointment of Ms Divya Kothari as Managing Director</li> </ol>

### (5) GENERAL INFORMATION TO SHARE HOLDERS

#### i. ANNUAL GENERAL MEETING:

Date	Time	Venue
September 29, 2017	11.00 A.M	Hotel Solitaire , SCO No. 902 - 903, N.A.C, Housing Board Chowk, Manimajra, Chandigarh, 160101

## ii. FINANCIAL CALANDER

<b>Financial Year</b>	April 1, 2016 to March 31, 2017
<b>Book Closure</b>	The Register of Members of the Company shall remain closed from the Saturday 23 September, 2017 to Friday, September 29, 2017 (both days inclusive).

## iii DEMATERIALIZATION OF SHARES AND LIQUIDITY:

As on March 31, 2017, 89.56% of the Company's shares were held in dematerialized form and the remaining 10.44% in physical form. The break up is listed below:

Category	No Of Shares Held	Shareholding(%)
<b>PHYSICAL</b>	<b>673849</b>	<b>10.44%</b>
<b>ELECTRONIC IN NSDL</b>	<b>1732687</b>	<b>26.85%</b>
<b>ELECTRONIC IN CDSL</b>	<b>4047544</b>	<b>62.71%</b>
	<b>6454080</b>	<b>100%</b>

## iv CATEGORIES OF SHAREHOLDING:

Categories	No of shares held	Percentage of shareholding
<b>PROMOTER</b>	<b>1536636</b>	<b>23.81%</b>
<b>MARKET MAKER</b>	<b>80000</b>	<b>1.24%</b>
<b>BODY CORPORATE</b>	<b>925000</b>	<b>14.33%</b>
<b>PUBLIC HOLDING</b>	<b>3639355</b>	<b>56.39%</b>
<b>HUF</b>	<b>273089</b>	<b>4.23%</b>
<b>TOTAL</b>	<b>6454080</b>	<b>100%</b>

## V Payment of Dividend:

Payment of Dividend as recommended by the Directors, if approved at the meeting, will be made to those members whose names are on the Company's register of members on Friday, September 22, 2017, and those whose names appear as Beneficial Owner (in case shares in held in Demat) as at the close of the business hours on Friday, September 22, 2017 as per the details to be furnished by the Depositories, viz. National Securities Depository Limited and Central Depository Services (India) Limited for this purpose.

#### vi STOCK CODE AND ROC CODE

BSE CODE: 539800

ISIN No.: INE043U01010

The Company is registered in the Union Territory of Chandigarh, India

Having Corporate Identity Number (CIN) is: L24232CH2012PLC034188

#### vii REGISTRAR AND SHARE TRANSFER AGENT

##### **CAMEO CORPORATE SERVICES LIMITED**

SUBRAMANIAN BUILDING, NO.1

CLUB HOUSE ROAD

TAMIL NADU, CHENNAI

PHONE: 044 -28460390

E-MAIL: cameo@cameoindia.com

#### viii REGISTRED OFFICE

Plot No 45, 1ST FLOOR, INDUSTRIAL AREA

PHASE I, CHANDIGARH

PHONE: 0172-5086877

Website: [www.chdchemicalsltd.com](http://www.chdchemicalsltd.com)

CIN No.: L24232CH2012PLC034188

#### ix MEANS OF COMMUNICATION

The half yearly financial results are regularly submitted to the Stock Exchange in accordance with provisions of the Listing Regulations and also uploaded on the Company's website – [www.chdchemicalsltd.com](http://www.chdchemicalsltd.com)

#### x MARKET PRICE DATA

The data on price of equity shares of the Company are as under: High, Low during each month in last financial year

Month	High	Low	No of shares
April 16	10.15	6.32	5,70,000
May 16	8.72	8	20000
June 16	8.17	8	30000
July 16	8.72	8	80000
Aug 16	8.72	8	30000
Sep 16	10.46	8	70000
Oct 16	9.91	8.26	60000
Nov 16	8.28	8.26	40000
Dec 16	7.8	7.8	10000
Jan 17	9.25	8.5	80000
Feb 17	10.14	8.5	80000
Mar 17	10.5	9.35	70000

**xi INSIDER TRADING**

The Board has laid down code of conduct for insider trading in compliance with SEBI (Prohibition of Insider Trading) Regulations 2015 .All the directors and senior management personnel who are expected to have access to unpublished price sensitive information concerning the Company is responsible for adherence to this code.

**DECLARATION REGARDING CODE OF CONDUCT**

This is to certify that the Company had laid down code of conduct for all the board members and senior management personnel of the Company. Further certified that the members of the board of directors and senior management personnel have affirmed the compliance with the code applicable to them during the year ended 31st March 2017.

**By Order of the Board of Directors  
For CHD CHEMICALS LIMITED.**

SD/-

**Place: CHANDIGARH.  
Dated: 31<sup>st</sup> August, 2017.**

**DIVYA KOTHARI  
MANAGING DIRECTOR  
DIN – 03592047**

## ANNEXURE VI

### MANAGEMENT DISCUSSION & ANALYSIS

#### Industry Overview

##### OVERVIEW OF CHEMICAL INDUSTRY IN INDIA

The Indian chemical industry is one of the oldest industries in India and has made immense contribution to the industrial and agricultural development of India. It encompasses both large and small-scale units. The fiscal incentives granted to the small-scale units in the mid-1980s provided the thrust to the growth of MSMEs in the sector. The chemical industry serves the needs of sectors such as textiles, leather, plastics, paper, printing inks and food stuffs, among others.

The sector covers over 70,000 commercial products, and provides the feedstock to many downstream industries such as finished drugs, dyestuffs, paper, synthetic rubber, plastics, polyester, paints, pesticides, fertilizers and detergents. Over the years, the industry has been evolving with a shift towards product innovation, brand building and environmental friendliness. Besides, customer focus is gaining significance in the industry.

##### Leading Position Globally

Chemical industry in India is the third largest producer in Asia and sixth largest in the world.

The Indian chemical industry is expected to surge to USD 226 billion by 2020, up by nearly 35 percent from USD 147 billion in 2015.

Indian chemical industry is expected to double its share in global chemical industry to 5-6% by 2021 registering growth of 8-9% in the next decade.

##### High GDP Share

The chemical industry in India is a key constituent of Indian economy, accounting for about 2.11 per cent of the GDP

##### Global Dye Supplier

India accounts for approximately 11 per cent of the world production of dyestuff and dye

intermediates, particularly for reactive acid and direct dyes

##### CHARACTERISTICS OF THE INDIAN CHEMICAL INDUSTRY

- The industry has changed over time to meet the dynamic needs of an emerging economy
- Strong economic growth and rise in per-capita income has meant a steady increase in demand for chemicals
- Expected to clock a growth of 14 per cent over the next decade
- The industry has left behind a low-growth and regulated environment to emerge more mature
- There is strong government support towards R&D; this would benefit the sector

##### Business Overview

Our Company was originally incorporated at Chandigarh as "CHD Chemicals Private Limited" on 5th November, 2012 under the provisions of the Companies Act, 1956.

Our Company was converted in to a Public Limited Company and consequently the name was changed to "CHD Chemicals Limited" vide fresh certificate of incorporation dated 12th November, 2015 issued by the Registrar of Companies, Punjab and Chandigarh.

Our company is engaged in the business of trading and distribution of high quality chemicals and dyes for textiles industry, leather, and paper industries. We also deal in Construction Chemicals.

We are a chemicals and dyes trading and distribution company with a diverse product portfolio. We are in the trading business since our inception.

We are a professionally managed and growing organization which aims at strengthening and establishing itself as the foremost trader of chemicals and dyes for textile and auxiliary. We also aim at achieving greater and long-term growth.

We are engaged in the business of trading in high quality chemicals & dyes for Textile Industry.

The main suppliers of the Company are Huntsman International (India) Pvt. Ltd. and Fine Organic Industries, Mumbai.

### **Huntsman International (India) Pvt. Ltd being a United States base company.**

#### **SWOT**

##### **Strengths**

- Diversified product portfolio
- Strong managerial capability
- Cordial relations with Customers
- Adaptability of company in the fast changing environment
- Sound structured facilities
- Reputed suppliers
- Efficient supply chain management

##### **Weaknesses**

- Higher taxes
- Dependence on suppliers for products availability
- Working capital intensive due to payment delays from customers

##### **Opportunities**

- Large Potential.
- Increasing interest of foreign players in India
- Increasing demand

##### **Threats**

- Competition from other developing countries especially from China
- Rising prices of materials
- Formation of cartels
- Government & regulatory norms
- Fluctuations in the material prices

##### **Outlook**

The long term objective of the Company is to remain strong player in the market with strong emphasis on product and market development.

Your Company is also continuously improving its operational efficiency, and cost control which alone can improve the bottom line in future in highly competitive environment. Further, your Company is hopeful to get advantage of this overall boom likely to happen for the Indian markets and will do all out efforts to secure the bigger share of the increasing market in future.

##### **Internal Control Systems and Their Adequacy**

The Company has proper and adequate systems of internal controls. Regular internal audits and checks are carried out to ensure that the responsibilities are executed effectively and that adequate systems are in place.

##### **Human Resources**

The number of employees in the Company as on the 31<sup>st</sup> March, 2017 was 15. The Company enjoys cordial and harmonious industrial relations. Training programs and various initiatives are being taken to create an environment to enhance individual and team performance.

##### **FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE**

The turnover and other income of the Company during the year is Rs. 433,034,004.43 /- as against Rs. 403,625,193.10 /- in the previous year. The profit from operations before depreciation and tax is Rs. 68,52,234.63/- as against Rs.51,32,108.85 /- in the previous year. The net profit after depreciation, taxation is Rs. 34,65,703.11 /- as against Rs. 27,16,145.69 /- in the previous year.



## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CHD CHEMICALS LIMITED**

### **Report on the Standalone Financial Statements**

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

### **Management's Responsibility for the Standalone Financial Statements**

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

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, except for the effect of the matter mentioned in preceding paragraph, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at 31st March 2017, its profit/loss and its cash flows for the year ended on that date.

### **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 of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure 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, and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014, and
  - e) On the basis of written representations received from the directors as on 31 March, 2017, and taken on record by the Board of Directors, none of the

directors is disqualified as on 31 March, 2017, from being appointed as a director in terms of Section 164(2) of the Act.

- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "**Annexure B**".
- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. Company does not have any pending litigations which would impact its financial position;
  - ii. The Company did not have any long-term contracts including derivatives contracts for which there were any material foreseeable losses;
  - iii. There were no amounts which required to be transferred by the Company to the Investor Education and Protection Fund.
  - (h) The Company has provided requisite disclosure in the financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November 2016 to 30th December 2016. Based on audit procedures and relying on the managements representation we report that the disclosure are in accordance with books of accounts maintained by the Company and as produced to us by the Management – Refer Note 2.12

FOR NARESH M KUMAR & CO.  
CHARTERED ACCOUNTANTS

NARESH KUMAR  
M.No.093076  
FRN 027357N

Date: 29.05.2017  
Place: CHANDIGARH

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

Referred to in paragraph 1 under the heading 'Report on Other Legal & Regulatory Requirement' of our report of even date to the financial statements of the Company for the year ended March 31, 2017:

- 1) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets;
- (b) The Fixed Assets have been physically verified by the management in a phased manner, designed to cover all the items over a period of three years, which in our opinion, is reasonable having regard to the size of the company and nature of its business. Pursuant to the program, a portion of the fixed asset has been physically verified by the management during the year and no material discrepancies between the books records and the physical fixed assets have been noticed.
- (c) The title deeds of immovable properties are held in the name of the company.
- 2) (a) The management has conducted the physical verification of inventory at reasonable intervals.
- b) The discrepancies noticed on physical verification of the inventory as compared to books records which has been properly dealt with in the books of account were not material.
- 3) The Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability partnerships or other parties covered in the Register maintained under section 189 of the Act. Accordingly, the provisions of clause 3 (iii) (a) to (C) of the Order are not applicable to the Company and hence not commented

upon.

- 4) In our opinion and according to the information and explanations given to us, the company has complied with the provisions of section 185 and 186 of the Companies Act, 2013 In respect of loans, investments, guarantees, and security.
- 5) The Company has not accepted any deposits from the public and hence the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the Companies (Acceptance of Deposit) Rules, 2015 with regard to the deposits accepted from the public are not applicable.
- 6) As informed to us, the maintenance of Cost Records has not been specified by the Central Government under sub-section (1) of Section 148 of the Act, in respect of the activities carried on by the company.
- 7) (a) According to information and explanations given to us and on the basis of our examination of the books of account, and records, the Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Income-Tax, Sales tax, Service Tax, Duty of Customs, Duty of Excise, Value added Tax, Cess and any other statutory dues with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the above were in arrears as at March 31, 2017 for a period of more than six months from the date on when they become payable.
- b) According to the information and explanation given to us, there are no dues of income tax, sales tax, service tax, duty of customs, duty of excise, value added tax outstanding on account of any dispute.
- 8) In our opinion and according to the information and explanations given to

- us, the Company has not defaulted in the repayment of dues to banks. The Company has not taken any loan either from financial institutions or from the government and has not issued any debentures.
- 9) Based upon the audit procedures performed and the information and explanations given by the management, the company has raised moneys by way of issue of 4900000 share warrants and received Rs 12250000/- (25% of total amount). Out of this the company converted 1245000 warrants into 1245000 equity shares of Rs 10/- each. The balance warrants of 3655000 are outstanding as on 31.03.2017 and the amount received against these warrants is Rs 9137500.
- 10) Based upon the audit procedures performed and the information and explanations given by the management, we report that no fraud by the Company or on the company by its officers or employees has been noticed or reported during the year.
- 11) Based upon the audit procedures performed and the information and explanations given by the management, the managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act;
- 12) In our opinion, the Company is not a Nidhi Company. Therefore, the provisions of clause 4 (xii) of the Order are not applicable to the Company.
- 13) In our opinion, all transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 and the details have been disclosed in the Financial Statements as required by the applicable accounting standards.
- 14) Based upon the audit procedures performed and the information and explanations given by the management, the company has made preferential allotment/Private Placement of convertible warrants during the year and it has complied with the requirement of Section 42 of the Companies Act, 2013. The amount raised has been used for the purpose for which the funds has been raised.
- 15) Based upon the audit procedures performed and the information and explanations given by the management, the company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, the provisions of clause 3 (xv) of the Order are not applicable to
- 16) the Company and hence not commented upon.
- 17) In our opinion, the company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934 and accordingly, the provisions of clause 3 (xvi) of the Order are not applicable to the Company and hence not commented upon.

FOR NARESH M KUMAR & CO.  
CHARTERED ACCOUNTANTS

NARESH KUMAR  
M.No.093076  
FRN 027357N

Date: 29.05.2017  
Place: CHANDIGARH

## **"Annexure B" to the Independent Auditor's Report of even date on the Standalone Financial Statements of CHD CHEMICALS LIMITED**

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 CHD Chemicals Limited, Chandigarh ("the Company") as of March 31, 2017 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

### **Management's Responsibility for the 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.

### **Auditor's 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.

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

### **Inherent Limitations of Internal Financial Controls over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected.

Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

FOR NARESH M KUMAR & CO.  
CHARTERED ACCOUNTANTS

NARESH KUMAR  
M.No.093076  
FRN 027357N

Date: 29.05.2017  
Place: CHANDIGARH



**BALANCE SHEET FOR THE YEAR ENDED 31.03.2017**

 AMOUNT IN  
 RUPEES

S.NO.	PARTICULARS	NOTE	As at 31 March,2017	As at 31 March,2016
<b>I.</b>	<b>EQUITY AND LIABILITIES</b>			
1)	<b>SHAREHOLDERS' FUNDS</b>			
	A) Share Capital	2.1.1	64,540,800.00	52,090,800.00
	B) Reserves and surplus	2.1.2	11,853,734.45	8,388,031.34
	C) Money Received against Share Warrants	2.1.3	9,137,500.00	0.00
	<b>Sub-Total</b>		<b>85,532,034.45</b>	<b>60,478,831.34</b>
	<b>SHARE APPLICATION MONEY PENDING</b>			
2)	<b>ALLOTMENT</b>	2.2	0.00	0.00
3)	<b>NON CURRENT LIABILITIES</b>			
	A) Long Term Borrowings	2.3.1	1,460,457.00	0.00
	B) Deferred tax Liabilities	2.3.2	122,586.00	0.00
	C) Other Long Term Liabilities	2.3.3	0.00	0.00
	D) Long Term Provisions	2.3.4	0.00	0.00
	<b>Sub-Total</b>		<b>1,583,043.00</b>	<b>0.00</b>
4)	<b>CURRENT LIABILITIES</b>			
	A) Short term borrowings	2.4.1	24,455,294.50	20,814,787.28
	B) Trade payables	2.4.2	113,859,990.39	147,126,558.91
	C) Other Current Liabilities	2.4.3	4,001,786.42	18,124,963.00
	D) Short term provisions	2.4.4	1,633,442.00	1,068,502.00
	<b>Sub-Total</b>		<b>143,950,513.31</b>	<b>187,134,811.19</b>
	<b>Grand Total</b>		<b>231,065,590.76</b>	<b>247,613,642.53</b>
<b>II.</b>	<b>ASSETS</b>			
1)	<b>NON CURRENT ASSETS</b>			
	A) FIXED ASSETS :	2.5.1		
	i) Tangible assets		4,873,474.79	3,217,415.43
	ii) Intangible assets		0.00	0.00
	<b>Sub-Total</b>		<b>4,873,474.79</b>	<b>3,217,415.43</b>
	B) Non-current Investment	2.5.2	0.00	0.00
	C) Deferred tax assets (net)	2.5.3	0.00	0.00
	D) Long term loan and advances	2.5.4	1,846,900.00	1,753,900.00
	E) Other non-current assets	2.5.5	2,405,052.00	1,924,850.00
	<b>Sub-Total</b>		<b>4,251,952.00</b>	<b>3,678,750.00</b>

2)	<b>CURRENT ASSETS</b>			
	A) Current investment	2.6.1	0.00	0.00
	B) Inventories	2.6.2	32,005,468.00	25,981,965.00
	C) Trade receivables	2.6.3	181,466,797.21	179,354,926.57
	D) Cash and cash equivalents	2.6.4	5,260,275.59	32,539,263.49
	E) Short-term loans and advances	2.6.5	927,600.00	925,000.00
	F) Other currents assets	2.6.6	2,280,023.17	1,916,322.04
	<b>Sub-Total</b>		<b>221,940,163.97</b>	<b>240,717,477.10</b>
	<b>Grand Total</b>		<b>231,065,590.76</b>	<b>247,613,642.53</b>

Audited in terms of our report of even date.

FOR NARESH M KUMAR & CO.  
CHARTERED ACCOUNTANTS

NARESH KUMAR

M. NO. 093076

FRN 027357N

DATE :29.05.2017

PLACE : CHANDIGARH

Sd/-

Divya Kothari  
(DIRECTOR)

Sd/-

Inder Singh  
(DIRECTOR)

Sd/-

Kamal Kumar Shah  
(CFO)

Sd/-

Harsimran Jit Kaur  
(CS)



**PROFIT & LOSS A/C FOR THE YEAR ENDED ON 31.03.2017**

S.NO.	PARTICULARS	NOTE	As at 31 March,2017	As at 31 March,2016
I)	<b>INCOMES :</b>			
	A) Revenue from operations	2.8.1	433,034,004.43	403,625,193.10
	B) Other Income	2.8.2	430,007.00	492,827.00
	<b>Total Revenue</b>		<b>433,464,011.43</b>	<b>404,118,020.10</b>
II)	<b>EXPENDITURES :</b>			
	A) Cost of Purchases	2.9.1	410,620,892.68	379,001,414.71
	B Change in inventories of finished goods, work in progress and stock in trade	2.9.2	<b>(6,023,503.00)</b>	<b>18,560.00</b>
	C) Employees benefit expenses	2.9.3	6,868,937.00	8,107,339.00
	D) Finance cost	2.9.4	3,697,672.24	2,537,634.30
	E) Depreciation and amortization expenses	2.9.5	1,573,822.52	1,291,841.16
	F) Other expenses	2.9.6	11,469,310.76	9,795,525.33
	<b>Total expenses</b>		<b>428,207,132.20</b>	<b>400,752,314.50</b>
III)	<b>Profit before exceptional and extraordinary items and tax (I-II)</b>		<b>5,256,879.23</b>	<b>3,365,705.60</b>
IV)	Exceptional items	2.10	21,532.88	474,562.09
V)	Profit before extraordinary items and tax (III-IV)		<b>5,278,412.11</b>	<b>3,840,267.69</b>
VI)	Extraordinary items		0.00	0.00
VII)	<b>PROFIT BEFORE TAX (V-VI)</b>		<b>5,278,412.11</b>	<b>3,840,267.69</b>
VIII)	Tax Expenses			
	A) Current Tax			
	- Income Tax		1,633,442.00	1,124,122.00
	- Less : Earlier year taxes		56,681.00	0.00
	B) Deferred Tax		122,586.00	0.00
IX)	<b>Profit (Loss) for the period from continuing operations(VII-VIII)</b>		<b>3,465,703.11</b>	<b>2,716,145.69</b>
X)	Profit/(Loss) from discontinuing operations		0.00	0.00
XI)	Tax expenses of discontinuing operations		0.00	0.00
XII)	Profit/(Loss) from discontinuing operations (after Tax) (X - XI)		0.00	0.00
XIII)	<b>Profit (Loss) for the period (IX +XII)</b>		<b>3,465,703.11</b>	<b>2,716,145.69</b>
XIV)	<b>Earnings per Equity Share:</b>			
	A) Basic		0.54	0.52

Audited in terms of our report of even date.

FOR NARESH M KUMAR & CO.

CHARTERED ACCOUNTANTS

NARESH KUMAR

M. NO. 093076

DATE :29.05.2017

PLACE : CHANDIGARH

Sd/-

Divya Kothari  
(DIRECTOR)

Sd/-

Inder Singh  
(DIRECTOR)

Sd/-

Kamal Kumar Shah  
(CFO)

Sd/-

Harsimran Jit Kaur  
(CS)

## CASH FLOW STATEMENT FOR THE YEAR ENDED ON 31.03.2017

Particulars	31.03.2017	31.03.2016
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net profit before taxes	5278412	3840268
Adjustment for:		
Add: Depreciation & Amortization	1573823	1291841
Add: Interest & Finance Charges	3697672	2537634
Operating Profit before Working capital changes	<b>10549907</b>	<b>7669743</b>
Adjustments for:		
Decrease (Increase) in Trade & Other Receivables	-2111871	-24161535
Decrease (Increase) in Short Term Loans & Advances	-2600	-111600
Decrease (Increase) in Inventories	-6023503	18560
Decrease (Increase) in Other Current Assets	-363701	1128183
Increase (Decrease) in Trade Payables	-33266569	9786232
Increase (Decrease) in Other Current Liabilities & Provisions	-14123177	16614417
Net Changes in Working Capital	<b>-55891420</b>	<b>3274257</b>
Cash Generated from Operations	-45341513	10944000
Taxes	1134407	1124622
<b>Net Cash Flow from Operating Activities (A)</b>	<b>-46475920</b>	<b>9819378</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Sale / (Purchase) of Fixed Assets	-2465361	1069448
Decrease (Increase) in Investments	-	-
Decrease (Increase) in Other Non Current Assets	-1235500	-2001276
<b>Net Cash Flow from Investing Activities (B)</b>	<b>-3700861</b>	<b>-931828</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Issue of share capital and Proceeds / (Refund) from Share Application Money	21587500	19800000
Interest & Finance Charges	-3697672	-2537634
Increase / (Repayment) of Long Term Borrowings	1460457	-372527
Increase / (Repayment) of Short Term Borrowings	3640507	2412633
Decrease (Increase) in Long Term Loans & Advances	-93000	-242700
Decrease (Increase) in Long Term Liabilities	0	-425000
<b>Net Cash Flow from Financing Activities (C)</b>	<b>22897792</b>	<b>18634771</b>
<b>Net Increase / (Decrease) in Cash &amp; Cash Equivalents</b>	<b>-27278989</b>	<b>27522321</b>
Cash and cash equivalents at the beginning of the year / Period	<b>32539264</b>	<b>5016943</b>
Cash and cash equivalents at the end of the year/ Period	<b>5260275</b>	<b>32539264</b>

**CHD CHEMICALS LTD.**
**2. NOTES ON ACCOUNT OF THE YEAR ENDED 31 March, 2017**

The previous period figures have been regrouped and reclassified, wherever necessary to conform to the current presentation.

**2.1 SHAREHOLDERS FUND**
**2.1.1 SHARE CAPITAL**

Particulars	As at	As at
	31 March,2017	31 March,2016
<b>A) Authorized:</b>		
11000000 Equity Shares of Rs. 10/- each	110,000,000.00	60,000,000.00
<b>Total</b>	110,000,000.00	60,000,000.00
<b>B) Issued, Subscribed and Paid-Up:</b>		
6454080 Equity Shares of Rs. 10/- each*	64,540,800.00	52,090,800.00
<b>Total</b>	64,540,800.00	52,090,800.00

\* The Company has only one class of equity shares, fully paid, having a par value of Rs. 10/- each. Each holder of equity shares is entitled to one vote per share. During the Current year 2016-17 the company has issued 1245000 equity shares of face value of Rs 10/- at par by conversion of 1245000 warrants.

**2.1.1.1 Reconciliation of number of share outstanding :**

Particulars	As at	As at
	31 March,2017	31 March,2016
<b>A) Equity Shares</b>		
Number of shares at the beginning	5,209,080.00	3,409,080.00
Add : Share issued during the year	1,245,000.00	1,800,000.00
<b>NUMBER OF Share at the end</b>	<b>6,454,080.00</b>	<b>5,209,080.00</b>
<b>NUMBER OF Share at the end</b>	<b>6,454,080.00</b>	<b>5,209,080.00</b>

### 2.1.1.2 Details of shareholders holding more than 5% shares in the company

Particulars	As at 31 March,2016	% holdin g in the shares	As at 31 March,2017	% holding in the shares
<b>A) Equity Shares of Rs 10 each fully paid up</b>				
Ms. Divya Kothari	1,436,636.00	27.58	1,536,636.00	23.81
Mr. Ankit Kothari	527,181.00	10.12	557,181.00	8.63
Mr Naresh Pawariya	216,681.00	6.36	251,681.00	3.90
M/s Kothari Trade Investment Private Ltd	110,000.00	2.11	590,000.00	9.14

### 2.1.2 RESERVE AND SURPLUS

Particulars	As at 31 March,2017	As at 31 March,2016
<b>A) Profit &amp; Loss Account</b>		
Opening Balance	5,678,951.34	2,962,805.65
Add: Net profit after tax transferred from Statement of Profit and Loss	3,465,703.11	2,716,145.69
<b>Total</b>	<b>9,144,654.45</b>	<b>5,678,951.34</b>
B) Share premium	2,709,080.00	2,709,080.00
<b>Total Reserve &amp; surplus</b>	<b>11,853,734.45</b>	<b>8,388,031.34</b>

### 2.1.3 AMOUNT RECEIVED AGAINST SHARE WARRANTS

Particulars	As at	As at
	31 March,2017	31 March,2016
A) Share Warrants Issued	9,137,500.00	0.00
<b>TOTAL</b>	<b>9,137,500.00</b>	<b>0.00</b>

During the Current FY 2016-17 the company has issued 4900000 share warrants and received Rs 12250000/- (25% of total amount). Out of this the company converted 1245000 warrants into 1245000 equity shares of Rs 10/- each. The balance warrants of 3655000 are outstanding as on 31.03.2017 and amount received against these warrants is Rs 9137500.

Out of the above said 4900000 warrants, 2100000 warrants are issued to promoters group.

#### 2.1 Share Application Money Pending Allotment

Particulars	As at	As at
	31 March,2017	31 March,2016
A) Share Application Money Pending Allotment * (Non Refundable)	0.00	0.00
<b>TOTAL</b>	<b>0.00</b>	<b>0.00</b>

### 2.3 Non Current Liabilities

#### 2.3.1 Long Term Borrowings

Particulars	As at	As at	As at	As at
	31 March,2017	31 March,2017	31 March,2016	31 March,2016
	NON CURRENT	CURRENT	NON CURRENT	CURRENT
<b>I) Secured</b>				
<b>A) Term Loans from Banks</b>				
ii) ICICI FORTUNER CAR LOAN	1,460,457.00	584,944.00	0.00	0.00
<b>II) Un secured</b>				
<b>A) Term Loans from NBFC</b>				
i) Others	0.00	0.00	0.00	0.00
<b>TOTAL</b>	<b>1,460,457.00</b>	<b>584,944.00</b>	<b>0.00</b>	<b>0.00</b>

### 2.3.2 DEFERRED TAXES LIABILITIES

Particulars	As at 31 March,2017	As at 31 March,2016
A) Deferred tax Liability *	122,586.00	0.00
<b>TOTAL</b>	<b>122,586.00</b>	<b>0.00</b>

### 2.3.3 Other Long Term Liabilities

Particulars	As at 31 March,2017	As at 31 March,2016
<b>UNSECURED LOAN :</b>		
A) From Director	0.00	0.00
<b>TOTAL</b>	<b>0.00</b>	<b>0.00</b>

### 2.3.4 Long Term Provisions

Particulars	As at 31 March,2017	As at 31 March,2016
A) Others Long Term Provisions	0.00	0.00
<b>TOTAL</b>	<b>0.00</b>	<b>0.00</b>

## 2.4 Current Liabilities

### 2.4.1 Short Term Borrowings

Particulars	As at 31 March,2017	As at 31 March,2016
<b>I) Secured *</b>		
A) Working Capital Loans : Banks (Rupees Loan)		
i) Axis Bank Ltd OCC	24,455,294.50	20,814,787.28
<b>TOTAL</b>	<b>24,455,294.50</b>	<b>20,814,787.28</b>

\* Secured by Hypothecation of all stocks and Book Debts & further personally guaranteed by the Directors of the company.

#### 2.4.2 Trade Payables

Particulars	As at 31 March,2017	As at 31 March,2016
<b>I) Sundry Creditors :</b> (Unsecured)		
A) Micro, Small & Medium Enterprises		
B) Others :		
i) Payables outstanding	113,859,990.39	147,126,558.91
<b>TOTAL</b>	<b>113,859,990.39</b>	<b>147,126,558.91</b>

#### 2.4.3 Other Current Liabilities

Particulars	As at 31 March,2017	As at 31 March,2016
A) CURRENT MATURITIES OF TERM LOAN	584,944.00	0.00
B) Statutory Liabilities	194,786.42	161,638.00
C) Cheque Issued but not presented	1,469,766.00	16,067,644.00
D) Other Liabilities	1,752,290.00	1,895,681.00
<b>TOTAL</b>	<b>4,001,786.42</b>	<b>18,124,963.00</b>

#### 2.4.4 SHORT-TERM PROVISIONS

Particulars	As at 31 March,2017	As at 31 March,2016
A) Provision for employee Benefits	0.00	0.00
B) Others	1,633,442.00	1,068,502.00
<b>TOTAL</b>	<b>1,633,442.00</b>	<b>1,068,502.00</b>

### 2.5 NON CURRENT ASSETS

#### 2.5.1 FIXED ASSETS

Particulars	As at 31 March,2017	As at 31 March,2016
<b>I) TANGIBLE ASSETS</b>		
A) Gross Block	4,621,348.00	6,083,877.00
Add : During The Year	3,153,051.00	129,990.00
Less : Sale	960,898.00	1,592,519.00
Net Gross Block	6,813,501.00	4,621,348.00
Less : Accumulated Depreciation	1,940,026.21	1,403,932.57
<b>Sub-Total</b>	<b>4,873,474.79</b>	<b>3,217,415.43</b>
<b>II) INTANGIBLE ASSETS</b>	0.00	0.00
<b>TOTAL</b>	<b>4,873,474.79</b>	<b>3,217,415.43</b>

**2.5.2 NON CURRENT INVESTMENTS**

Particulars	As at 31 March,2017	As at 31 March,2016
A) Other Non-Current Investments	0.00	0.00
<b>TOTAL</b>	<b>0.00</b>	<b>0.00</b>

**2.5.3 DEFERRED TAX ASSETS**

Particulars	As at 31 March,2017	As at 31 March,2016
A) Deferred tax Asset	0.00	0.00
<b>TOTAL</b>	<b>0.00</b>	<b>0.00</b>

Particulars	As at 31 March,2017	As at 31 March,2016
A) Security Deposits	1,846,900.00	1,753,900.00
<b>TOTAL</b>	<b>1,846,900.00</b>	<b>1,753,900.00</b>

**2.5.5 OTHER NON-CURRENT ASSETS**

Particulars	As at 31 March,2017	As at 31 March,2016
<b>A) Others :</b>		
i) Deferred Revenue Expenses upto the extent not written off	0.00	0.00
Opening Balance	1,924,850.00	431,772.00
Incurred during the year	1,235,500.00	2,001,276.00
Written off during the year	755,298.00	508,198.00
Balance carried over	2,405,052.00	1,924,850.00
<b>TOTAL</b>	<b>2,405,052.00</b>	<b>1,924,850.00</b>



## 2.6 CURRENT ASSETS

### 2.6.1 CURRENT INVESTMENTS

Particulars	As at 31 March,2017	As at 31 March,2016
A) Others :	0.00	0.00
<b>TOTAL</b>	<b>0.00</b>	<b>0.00</b>

### 2.6.2 Inventories\*

Particulars	As at 31 March,2017	As at 31 March,2016
A) Stocks of Finished goods	32,005,468.00	25,981,965.00
<b>TOTAL</b>	<b>32,005,468.00</b>	<b>25,981,965.00</b>

\* As certified & valued by the management of the company on the date of Balance Sheet.

### 2.6.3 Trade Receivables

Particulars	As at 31 March,2017	As at 31 March,2016
A) Sundry Debtors		
i) Over Six Months	16,607,991.90	5,502,034.90
ii) Others	164,858,805.31	173,852,891.67
<b>Sub-Total</b>	<b>181,466,797.21</b>	<b>179,354,926.57</b>
Less: Provision for doubtful debts	-	-
<b>TOTAL</b>	<b>181,466,797.21</b>	<b>179,354,926.57</b>

(Unsecured, considered good unless otherwise stated)

### 2.6.4 CASH AND CASH EQUIVALENTS

Particulars	As at 31 March,2017	As at 31 March,2016
A) Cash in hand	18,937.20	558,955.20
B) Cheque In Hand	0.00	2,693,275.00
C) Balance with Banks	813,304.39	25,152,105.29
D) Fixed Deposit with Banks	4,428,034.00	4,134,928.00
<b>TOTAL</b>	<b>5,260,275.59</b>	<b>32,539,263.49</b>

**2.6.5 SHORT TERM LOANS AND ADVANCES**

Particulars	As at 31 March,2017	As at 31 March,2016
A) Others - Loan, Advances	927,600.00	925,000.00
<b>TOTAL</b>	<b>927,600.00</b>	<b>925,000.00</b>

**2.6.6 OTHER CURRENT ASSETS**

Particulars	As at 31 March,2017	As at 31 March,2016
A) Interest Receivable	17,638.00	123,081.00
B) VAT Receivable	307,533.35	221,686.47
CST	0.00	13,899.75
C) Others (All assets which are not classified above)	1,954,851.82	1,557,654.82
<b>TOTAL</b>	<b>2,280,023.17</b>	<b>1,916,322.04</b>

(Unsecured, considered good unless otherwise stated)

**2.7 CONTINGENT LIABILITIES & COMMITMENTS\***

Particulars	As at 31 March,2017	As at 31 March,2016
A) Contingent Liabilities		
i) Bank Guarantee	25,000,000.00	25,000,000.00
B) Commitments		

**2.8.1 REVENUE FROM OPERATION**

Particulars	As at 31 March,2017	As at 31 March,2016
A) Gross Sales	433,034,004.43	403,625,193.10
Net Sales <b>Total</b>	<b>433,034,004.43</b>	<b>403,625,193.10</b>
B) Other Operating Incomes	<b>0.00</b>	<b>0.00</b>
<b>TOTAL</b>	<b>433,034,004.43</b>	<b>403,625,193.10</b>

## 2.8.2 OTHER INCOME

Particulars	As at 31 March,2017	As at 31 March,2016
A) Interest	430,007.00	492,827.00
B) Other Non Operating Income	0.00	0.00
<b>TOTAL</b>	<b>430,007.00</b>	<b>492,827.00</b>

## 2.9 EXPENDITURES

## 2.9.1 COST OF MATERIAL CONSUMED

Particulars	As at 31 March,2017	As at 31 March,2016
A) PURCHASE	410,620,892.68	379,001,414.71
<b>TOTAL</b>	<b>410,620,892.68</b>	<b>379,001,414.71</b>

Particulars	As at 31 March,2017	As at 31 March,2016
<b>A) Opening Stock :</b>		
i) Finished Goods	25,981,965.00	26,000,525.00
	<b>25,981,965.00</b>	<b>26,000,525.00</b>
<b>B) Closing Stock :</b>		
i) Finished Goods	32,005,468.00	25,981,965.00
	<b>32,005,468.00</b>	<b>25,981,965.00</b>
<b>INCREASE(-)/DECREASE(+) IN STOCKS (A-B)</b>	<b>(6,023,503.00)</b>	<b>18,560.00</b>

**2.9.6 OTHER EXPENSES**

Particulars		As at 31 March,2017	As at 31 March,2016
<b>II) ADMINISTRATIVE AND OTHER EXPENSES :</b>			
i)	ADMINISTRATION EXPENSES	179,774.00	285,172.00
ii)	CHARITY & DONATION A/C	5,100.00	11,000.00
iii)	SOFTWARE UPDATION /COMPUTER EXP /WEBSITE DEVELOPMENT	28,249.00	19,041.00
iv)	CONVEYANCE EXP A/C	247,895.00	724,825.00
v)	ELECTRICITY & WATER	51,134.00	73,244.00
vi)	OFFICE MODIFICATION	0.00	0.00
vii)	MISC EXPENSES	2,495.95	586.31
viii)	POSTAGE & TELEGRAM EXP	78,757.00	237,250.00
ix)	PRINTING & STATIONARY A/C	161,002.00	409,256.00
x)	RENT ACCOUNT	512,750.00	683,991.00
XI)	TELEPHONE EXPENSES	210,050.00	313,421.00
Xii)	TOUR & TRAVEL EXP	806,271.00	1,303,206.00
Xiii)	VEHICLE RUNNING & MAINTT	577,652.00	954,436.00
Xiv)	INSURANCE	48,328.00	66,452.00
XV)	CERTIFICATION CHAREGS	102,905.00	99,655.00
XVI)	INCOME TAX	0.00	0.00
Xvii)	LEGAL & PROFETIONAL EXP	301,976.45	58,010.00
Xviii)	RECRUITMENT EXP	0.00	0.00
XiX)	ROC FEES	47,370.00	11,200.00
XX)	RATE & TAXES	176,759.45	75,215.00
	<b>TOTAL(II)</b>	<b>3,538,468.85</b>	<b>5,325,960.31</b>
<b>III) SELLING &amp; DISTRIBUTION EXPENSES :</b>			
i)	SAMPLING EXPENCES	4,313.00	104,155.00
ii)	SALES PROMOTION	1,057,897.48	712,443.00
iii)	FREIGHT OUTWARD A/C REBATE & DISCOUNT	224,614.00	638,658.00
iv)	ALLOWED	4,584,232.43	142,674.02
v)	GODOWN RENT	618,210.00	462,838.00
vi)	SALES INCENTIVE LAB EXPENCE/ TESTING	1,299,705.00	1,021,350.00
vii)	CHARGES	40,520.00	250,375.00
viii)	PACKING EXPENCES	72,580.00	399,472.00
ix)	ADVERTISEMENT EXP.	13,770.00	0.00
X)	DIWALI EXP	15,000.00	737,600.00
	<b>TOTAL(III)</b>	<b>7,930,841.91</b>	<b>4,469,565.02</b>
	<b>TOTAL(I+II+III)</b>	<b>11,469,310.76</b>	<b>9,795,525.33</b>

**2.10 EXCEPTIONAL ITEMS & PRIOR PERIOD ITEMS**

Particulars	As at	As at
	31 March,2017	31 March,2016
A) Prior Period Expenditure	0.00	0.00
B) Prior Period Income	0.00	0.00
C) Profit on sale of Vehicle	21,532.88	474,562.09
<b>TOTAL</b>	<b>21,532.88</b>	<b>474,562.09</b>

**2.11 ADDITIOANAL DISCLOSURES**
**2.11.2 OTHER INFORMATION**

Particulars	As at	As at
	31 March,2017	31 March,2016
a) Directors Remuneration i) Ms Divya Kothari	600000.00	177419.00
	<b>600000.00</b>	<b>177419.00</b>

**2.12 DISCLOSURE IN RESPECT OF SPECIFIED BANK NOTES HELD & TRANSACTED**

Particulars	OTHER DENOMINATED NOTES	TOTAL
Closing Cash in hand as on 08.11.2016	32443.00	73,443.0
Permitted Receipts	0.00	0.00
Permitted Payments	340.00	3840
Amount deposited in Bank	0.00	37500
Closing Cash in hand as on 30.12.2016	32103.00	32,103.0

Specified Bank Notes (SBNs) is defined as Bank Notes of denomination of existing series of the value of five hundred Rupees and One thousand Rupees.

The disclosure with respect to permitted receipts, permitted payments and amount deposited in banks and closing cash In hand as on 30.12.2016 is understood to be applicable for SBNs only.

**DATE : 29.05.2017**
**Sd/-**
**Sd/-**
**Sd/-**
**Sd/-**
**PLACE : CHANDIGARH**
**(DIRECTOR)**
**(DIRECTOR)**
**(CFO)**
**(Company Secretary)**

<b>CHD CHEMICALS PVT LTD</b>											
<b>Fixed Asset Schedule 'A' to Balance Sheet (As per Companies Act, 2013)</b>											
<b>Particulars</b>	<b>Gross Block</b>				<b>Rate Of Dep</b>	<b>Depreciation</b>				<b>Net Block</b>	
	<b>Amount As On 31st March 2016</b>	<b>Additions</b>	<b>Deletions</b>	<b>Amount As On 31st March 2017</b>		<b>Amount As On 31st March 2016</b>	<b>During the year</b>	<b>Withdrawn during the year</b>	<b>Amount as on 31st March 2017</b>	<b>W.D.V. as on 31st March 2017</b>	<b>W.D.V. as on 31st March 2016</b>
Computers	126,570	-	-	126,570		100,757	12,200	-	112,957	13,613	25,813
Furniture & Fixtures	5,461	-	-	5,461		1,242	564	-	1,806	3,655	4,219
Office Equipments	266,240	36,453	-	302,693		67,189	58,045	-	125,234	177,459	199,051
Vehicles	4,223,077	3,116,598	960,898	6,378,777		1,234,744	747,716	282,431	1,700,029	4,678,748	2,988,333
<b>Total</b>	<b>4,621,348</b>	<b>3,153,051</b>	<b>960,898</b>	<b>6,813,501</b>		<b>1,403,933</b>	<b>818,525</b>	<b>282,431</b>	<b>1,940,026</b>	<b>4,873,475</b>	<b>3,217,415</b>
<b>Previous Year</b>	<b>6083877</b>	<b>129990</b>	<b>1592519</b>	<b>4621348</b>		<b>1013371</b>	<b>783643</b>	<b>393081</b>	<b>1403933</b>	<b>3217415</b>	<b>5070507</b>

## **CHD CHEMICALS LTD**

### **FINANCIAL YEAR 2016-17**

#### DISCLOSURE OF ACCOUNTING POLICIES AND GENERAL PROFILE OF COMPANY

#### **1. NATURE OF OPERATION:-**

CHD CHEMICALS LTD (herein after referred to as 'The Company' is a doing trading of CHEMICALS.

#### **2. SIGNIFICANT ACCOUNTING POLICIES**

##### a) Basis of Preparation:

The financial statements have been prepared to comply in all material respects with the mandatory Accounting Standards issued by the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 2013, except where otherwise stated. The financial statements have been prepared under the historical cost convention, except where otherwise stated, and on an accrual basis. The accounting policies have been consistently applied by the Company and are consistent with those used in previous year.

b) Accrual System of Accounting is followed to record income and expenditures.

c) Fixed Assets are shown at Historical cost. Cost of the fixed assets comprises purchase price, duties, levies and direct / indirect attributable cost of bringing the assets to its working condition for intended use. Borrowing cost related to acquisition or construction of the qualifying fixed assets for the period up to the completion of their acquisition and installation are included in the cost of the assets. Expenditure for addition, improvement and renewals are capitalized and expenditure for repair and maintenance are charged to Profit & Loss Account.

##### d) Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

e) Sales are recognized on the basis of dispatch of goods to the customers and are accounted for net of return, discounts, VAT and CST, where applicable.

f) Depreciation on Fixed Assets provided on straight-line basis in accordance to the provisions of Schedule II of the Companies Act, 2013.

g) All the related incomes & expenditures clubbed to respective single head and shown in the profit & loss account.

h) During the Current FY 2016-17 the company has issued 4900000 share warrants and received Rs 12250000/-(25% of total amount). Out of the above said 4900000 warrants, 2100000 warrants are issued to promoters group. Out of this the company converted 1245000 warrants into 1245000 equity shares of Rs 10/- each. The balance warrants of 3655000 are outstanding as on 31.03.2017 and the amount received against these warrants is Rs 9137500.

i) Valuation of Inventories :-

i) Stocks are valued at cost or market price whichever is lower.

j) Foreign Currency Transactions

No Transaction in Foreign Currency.

k) Borrowing Cost

Interest & other costs incurred by the company in connection with the borrowing of funds are recognized as expenses in the period in which they are incurred unless activities that are necessary to prepare the qualifying assets for its intended use are in progress.

l) Government Grants

The company has not received any Government grants during the year.

3. **Contingent Liabilities not provided for in respect of:-**

Inland letter of Letter issued by Axis Bank Rs Nil

Bank Guarantee issued by Axis bank Nil (Rs 2.50 crore in previous year).

4. **RETIREMENT BENEFITS**

The company is not liable to pay retirement benefits.

5. **LEASES**

The company at present does not have any operational lease contract.

6. **SEGMENT REPORTING**

Based on the guiding principle given in the Accounting Standard – 17 “Segment Reporting” issued by The Institute of Chartered Accountants of India, the Company in single business segment of Trading.

7. In the opinion of Board of Directors and to the best of their knowledge and belief, the value on realization of current assets, loans and advances in the ordinary course of business would not be less than the amount at which they are stated in Balance Sheet. The provision for all known liabilities is adequate and is neither excess nor short of the amount reasonably necessary.



8. **Dividends**

The Board of directors in their meeting held on 29.05.2017 proposed a final dividend of Rs 0.10 per share for the financial year ended 31.03.2017. This is subject to the approval of the shareholders in the next Annual General Meeting of the company.

The Central Government in consultation with National Advisory Committee of Accounting Standards vide notification dated March 30, 2016 and Circular No. 04/2016 dated April 27, 2016 had amended Companies (Accounting Standards) Rules, 2006 ('principal rules'). According to the amended rules, the proposed dividend is not recorded as a liability. Accordingly, the proposed dividend of Rs. 645408 and tax thereon of Rs. 131390 are not recognised as liability in annual accounts of F.Y.2016-17. However, the same will be recognised as liability on approval of shareholders at ensuing Annual General Meeting.

9. **RELATED PARTY DISCLOSURES**

Disclosures as required by Accounting Standard – 18 “Related Party Disclosures” issued by The Institute of Chartered Accountants of India are given below:-

List of Related Party:-

<b>S. No</b>	<b>Name</b>	<b>Relation</b>
1 2 3 4 5 6 7	Divya Kothari Ankit Kothari Inder Singh Vijender Singh Bajrang Lal Kedia Kamal Kumar Shah Harsimran Jit Kaur	Directors/ Key Managerial Personnel
8 9 10 11 12 13 14	Kitabwati Kothari Satyaveer Singh Kothari Suman Sihag Chanda Kedia Sumangla Shah Aditya Shah Surinder Kaur	Relatives Of Key Management Personnel
15 16 17	M/S A.D. Sales Corp. M/S Bharat Udyog M/S Ankit Trade & Investments Private Limited	Companies/Entity Owned Or Significantly Influenced By Directors/Relatives Of Directors

Related Party Transactions :-

(Rs. In LAKHS)

<b>Nature of Transactions</b>	<b>31<sup>st</sup> March, 2017</b>	<b>31<sup>st</sup> March, 2016</b>
Transaction during the year	Amount	
<b>REMUNERATION</b>		
DIVYA KOTHARI	6.00	1.77
SATYAVEER SINGH KOTHARI	12.00	11.25
<b>SHARES ALLOTTED</b>		
DIVYA KOTHARI	10.00	-
KITABWATI KOTHARI	10.00	-
ANKIT KOTHARI	3.00	-
INDER SINGH	1.5	-
ANKIT TRADE & INVESTMENT PRIVATE LIMITED	31.5	-
SUMAN SIHAG	-	2.20
CHANDA KEDIA	-	2.20
BAJRANG LAL KEDIA	-	1.10
SUMANGLA SHAH	1.00	2.20
ADITYA SHAH	-	1.10
SURINDER KAUR	-	1.10
KAMAL KUMAR SHAH	1.00	-
<b>LOANS &amp; ADVANCES REPAID</b>		
DIVYA KOTHARI	-	4.25
<b>PAYMENT RECEIVED AGAINST WARRANTS ALLOTTED</b>		
DIVYA KOTHARI	12.5	-
KITABWATI KOTHARI	2.5	-
ANKIT KOTHARI	1.75	-
INDER SINGH	1.37	-
ANKIT TRADE & INVESTMENT PRIVATE LIMITED	22.13	-
SUMANGLA SHAH	0.63	-
KAMAL KUMAR SHAH	1.00	-

10. Outstanding balances in sundry debtors & creditors are subject to confirmation from the parties.
11. Figures in brackets represent figures of previous year.
12. Previous year's figures have been regrouped and/or rearranged wherever considered necessary.

AS PER OUR REPORT OF EVEN DATE ATTACHED.

FOR NARESH M KUMAR & CO.

CHARTERED ACCOUNTANTS

(NARESH KUMAR)

Membership No: 093076

Place : Chandigarh

SD/-

SD/-

SD/-

SD/-

Date : 29.05.2017

Director

Director

CFO

Company Secretary