

Chembond Chemicals Limited

44th Annual Report 2018-19

chembondindia.com



Board of Directors

Mr. Ashwin R. Nagarwadia	Non-executive Director
Mr. Mahendra K. Ghelani	Independent Director
Mr. Nirmal V. Shah	Vice Chairman & MD
Dr. Prakash D. Trivedi	Independent Director
Mr. Sameer V. Shah	Chairman & MD
Mrs. Saraswati Sankar	Independent Director
Mr. Sushil U. Lakhani	Independent Director

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Chief Financial Officer

Rashmi S. Gavli

Company Secretary

Suchita H. Singh

Statutory Auditor

Bathiya & Associates LLP
Chartered Accountants

Cost Auditor

R. Srinivasa Raghavan

Secretarial Auditor

Virendra G. Bhatt

Bankers

HDFC Bank Limited
Bank of India
Kotak Mahindra Bank

Registrar & Transfer Agents

TSR Darashaw Consultants Private Limited
(formerly known as TSR Darashaw Limited)

Plants

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

Registered Office

Chembond Centre,
EL 71, MIDC, Mahape,
Navi Mumbai 400710
Tel.: +91 22 62643000
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Website : www.chembondindia.com
CIN : L24100MH1975PLC018235

Management Discussion and Analysis

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

- i. Chembond Water Technologies Limited
- ii. Chembond Material Technologies Private Limited
- iii. Chembond Biosciences Limited
- iv. Chembond Clean Water Technologies Limited
- v. Chembond Polymers and Materials Limited
- vi. Chembond Calvatis Industrial Hygiene Systems Limited
- vii. Chembond Chemicals (Malaysia) Sdn. Bhd.
- viii. Phiroze Sethna Private Limited
- ix. Chembond Distribution Limited, and
- x. Gramos Chemicals India Private Limited (Step-down Subsidiary)

This discussion, therefore, covers the financial results and other developments from April 2018 to March 2019, in respect of the Group. The financial year 2018-19 has been referred to as “the year” and the financial year 2017-18 has been referred to as “the previous year.” Some statements in this discussion describing the projections, estimates, expectations or outlook may be forward looking. Actual results may, however, differ materially from those stated owing to various factors such as changes in government regulations, tax regimes, economic developments, exchange rates and interest rates fluctuations, impact of competition, demand and supply constraints etc.

During the year under review, your Company has achieved Revenue from operations of ₹15,629 lakhs on standalone basis and ₹30,131 lakhs on consolidated basis. The comparative figures are tabulated below.

Financial and Operational Performance

Comparative numbers and ratio analysis tables below have been arrived at by adjusting for excise duty from the sales of Q1 2018-19. Most businesses of the Company improved their performance over the prior year. The dip in sales is due to the planned discontinuation of toll manufacturing.

Standalone

The highlights of standalone performance are as follows:

Particulars	2018-19	2017-18
Net Sales	14,967	22,938
Product Margin	3,804	4,648
Gross Margin	2,734	3,230
Selling & Administration Costs	2,938	2,809
Employee Costs	1,957	1,866
EBITDA	1,023	1,748
PBT	633	1,359

Ratio Analysis

Particulars	2018-19	2017-18
Product Margin, % of Sales	25.42	20.26
Gross Margin, % of Sales	18.27	14.08
Selling & Admin Costs, % of Sales	19.63	12.25
Employee Costs, % of Sales	13.08	8.13
% of EBITDA to Sales	6.84	7.62
Earnings per Share (Basic & Diluted)	4.71	10.11
Debt/Equity	0.00	0.02

Consolidated

The highlights of the consolidated performance are as follows:
(₹ in Lakhs)

Particulars	2018-19	2017-18
Net Sales	27,509	31,236
Product Margin	10,749	10,342
Gross Margin	8,599	8,315
Selling & Administration Costs	8,671	7,572
Employee Costs	5,109	4,300
EBITDA	2,943	3,319
PBT	1,984	2,357

Ratio Analysis

Particulars	2018-19	2017-18
Product Margin, % of Sales	39.07	33.11
Gross Margin, % of Sales	31.26	26.62
Selling & Admin Costs, % of Sales	31.52	24.24
Employee Costs, % of Sales	18.57	13.77
% of EBITDA to Sales	10.70	10.63
Earnings per Share (Basic & Diluted)	12.88	16.34
Debt/Equity	0.03	0.04

Industry Structure & Developments

Global Economy

Global economic activity which began with a strong foothold, slowed in the second half of 2018 owing to escalation in tariffs by US and China, stalled Brexit negotiations and slowdown across

developed nations. Global growth is projected to slow from 3.6% in 2018 to 3.3% in 2019. Growth has weakened, trade tensions remain elevated amongst nations and several developing economies have experienced financial stress.

Indian Economy

Emerging and Developing markets of Asia maintained their robust performance, growing at 6.5% in 2018–19. India's economy expanded at 7.1% in 2018 vis-à-vis 6.7% in 2017, whereas China's growth deteriorated from 6.9% in 2017 to 6.6% in 2018 (Source: IMF).

The World Bank predicted that India's GDP will grow at 7.3% during 2018-19 and by 7.5% for the next two years as drags from demonetization and introduction of Goods and Services Tax diminish (source: IMF WEO).

India continues to be one of the fastest growing major economies in the world and is expected to be among the world's top three economic powers in the next 10-15 years.

Today, India is the world's seventh largest economy in real terms, backed by strong demand, positive consumption pattern and rising disposable income.

Chemical Industry

The chemical industry is the backbone of India's industrial and agricultural development. This highly knowledge and capital-intensive industry is the mainstay of industrial and agricultural development, and provides building blocks for downstream industries such as textiles, papers, paints, soaps, detergents, and pharmaceuticals, among others. The chemical industry in India is highly diversified, covering more than 80,000 commercial products. It is broadly classified into basic chemicals, specialty chemicals and agrochemicals.

Your Company deals in Specialty Chemicals.

Opportunities and Threats

Your Company has a well set up infrastructure in respect to manufacturing capacities, human resources, technical expertise, etc. which are a key factor for future growth of its business. The Company can bank on its in-house R&D for development of new products, backward integration, quality improvement and cost reduction.

Opportunities

1. The advantage of being a professionally managed local company allows the Company to tailor solutions and products to Indian conditions.
2. In house technical expertise to develop solutions for customers.

3. A large domestic market fuelled by rising incomes in urban and rural areas.
4. Expansion in the manufacturing capacities by customers to cater to growing demand.

Threats

1. Global companies investing in India increases competition.
2. Chemical companies are affected by environmental regulations and public perception of the industry. However, awareness about the regulations and means for proper measure to safeguard the environment will add to value creation and growth.
3. It becomes difficult to position the chemical industry as a sustainable and secure workplace due to the barrier created in the mindset of people about its ill effects.
4. Threats from low cost manufacturers and introduction of automated processes.
5. Cost of compliance makes operations uneconomical and inviable.

Risks & Concerns

The growth of the specialty chemical industry is driven by R&D activities and a need for constant innovation in the product spectrum. On the other hand, strong R&D set-up ensures quality management and cost reductions. Since your Company has its own R&D Centre, the above concerns are well addressed.

The Company is exposed to health, safety, security and environmental risks, given the diversity and complexity of the industry in which the Company operates. The Management's commitment towards employee health, safety and security extends beyond accidents and occupational health hazards to social well-being of employees. The Company conducts environment, health and safety audits periodically to get assurance on Company's framework protocol on Environment, Health and Safety and regulatory compliances. The Company has also prepared and adopted an Environment, Health and Safety Policy entailing the commitment of the Company towards high standards of environment, health, and safety. The evolution of the regulatory environment across the globe has resulted into increased regulatory scrutiny that raises minimum standards required by the Company necessitating increased investment in compliance. However, the Company considers the regulatory requirements as a source of competitive advantage and therefore strives to abide by the changing regulatory standards to consolidate its position in business and integrate these aspects in its business strategy.

Macro-economic conditions like the policy decisions of the government, currency fluctuations and volatility in commodity

prices like crude oil can affect the business of the Company. However, since Company's revenue generating sources are diversified into various sectors backed up by the strong domestic demand such risks are mitigated to some extent.

Business Snapshot

Water Treatment

Your Company offers industrial water treatment and reclamation solutions through its subsidiaries **Chembond Water Technologies Ltd.** and **Chembond Clean Water Technologies Ltd.** Our chemical and/or equipment solutions are coupled with advanced monitoring techniques and proactive technical support to better serve our customers. Our capabilities include - treating source water and making it suitable for use in industry; treating recirculating cooling water and enhancing its productivity while preventing it from deteriorating plant performance; maintaining steam generation equipment efficiency with our boiler feed water treatment solutions; and enabling wastewater re-use. Our NSF approved reverse osmosis membrane treatment and evaporator treatment products allow enhanced water recovery and zero liquid discharge operations.

The water business grew well during the year and in spite of the fiercely competitive field, the company could hold its own and improve margins over the previous year.

Construction Chemicals

The Indian infrastructure sector continues to be in the growth phase propelled by government spending. Your company's cautious expansion strategy has been yielding desired results. Topline has grown and cash flow has improved. During the year, we introduced new products for concrete curing to cater to the changing market requirements. Product demonstrations and successful trials have led to new customer acquisitions. The goal for the next financial year is to continue the growth momentum in this segment while enhancing the margins. We continue to maintain tight credit controls and remain selective about our customers.

Biotech

The Animal Health & Nutrition business passed through a turbulent year with the poultry industry recording poor growth due to higher feed prices and other regional issues. Sales to some corporate customers were also lower due to a change in strategy. Despite the above, sales and gross margins were higher. We have continued to invest in product management, new territories, and new segments, like dairy and aqua, which will benefit the Company in the long term. Developmental activities in the areas of enzymes and probiotics for varied applications are also continuing. In order to provide a thrust to this business and in recognition of the growth potential in this segment, this business will be conducted under a 100% percent subsidiary, **Chembond Biosciences Ltd.**

Material Technologies

Your Company's Material Technologies division and its subsidiaries manufacture a wide range of products that cater to similar customers and use the synergies of your Company's relationships with major customers and our senior management. The **Metal Treatment Chemicals** business had a successful launch this year with acceptance among a wide range of engineering, steel, appliance, and automotive vendors. The **Industrial** and **High Performance Coatings** business recorded strong growth in this year with successes in waterborne coatings, coatings for the transportation sector and floor coatings. **Engineering Adhesives** is one of the areas your Company looks to for future industry leadership and is finding increased acceptance among major corporate customers and users of pre-applied adhesives. The **Defense** and **Maintenance Repair & Overhaul (MRO)** business recorded increased penetration and growth however on a small base. The above mentioned businesses will operate under the subsidiary, **Chembond Material Technologies Pvt. Ltd.** (earlier known as Protochem Industries Private Ltd.). The **Automotive Sealants** business, which operates under a subsidiary, **Phiroze Sethna Pvt. Ltd.**, was affected by the sharp slowdown in the automotive industry. The outlook remains poor for at least the first half of the current year and efforts continue, with some successes, to increase market share. The same is the case with the **Paint Booth** Solutions business, which operates under the subsidiary, **Gramos Chemicals India Pvt. Ltd.**

Industrial Hygiene

Chembond Calvatis Industrial Hygiene Systems Ltd. is a Joint Venture between Chembond (55%) and Calvatis GmbH, Germany (45%). The Company offers industrial hygiene and cleaning products and solutions primarily to the dairy, food processing and beverage and brewing industries.

The Company has established Bottle Cleaning application in Brewery Industry and garnered a substantial business from a major brewing company in the past one year. There has been steady growth in the segment of food processing, poultry & dairy. The team has been reinforced with new recruits in the year to manage the growing sales & customer base. Developing new applications in all the segments is an on going process and shall remain the focus of the Company in the coming year.

Polymers

Our vision at **Chembond Polymers and Materials Ltd.** is to deliver safe and innovative solutions that meet today's growing demands for engineering polymers. To be a premier provider of polymers in the Indian market place, offering innovative solutions to meet the challenges of today and tomorrow. We combine high quality products with research to deliver solutions with a lower environmental impact. Researchers at your Company have developed a process for making thermoplastics for injection

and extrusion molding that are based, in part, on renewable resources. While the scale up of the polyamide pilot process is facing delays due to approvals, your Company has developed several customers using our compounding facility and sales of our patented adhesion promoter are significantly higher.

Research & Development

DSIR certification was renewed this year for R&D facilities / activities at Mahape, Mumbai and Dudhwada, Gujarat. Our know-how and expertise allow a high level of reactivity which results in highly qualified Technical Service, close to customer and market and prepared to offer support and tailor made solutions that are adapted to a large number of demanding applications and increasing performances targets.

Manufacturing

The Company operates multi-product manufacturing plants at Tarapur, Baddi, Dudhwada, Ranipet, Mahape, Rabale and Thane to serve customers across the country. Enhancements are made regularly at all plants to incorporate state of the art technologies for improving upon quality and on-time delivery standards. The plants which came into the Chembond fold as a result of recent acquisitions are being debottlenecked and upgraded rapidly to meet our internal productivity and health, safety and environment norms. The teams at all plants are well versed with chemical manufacturing and the use of global best manufacturing practices.

Safety, Health, Environment and Quality

Our focus remains undeterred when it comes to providing a safe and healthy workplace to our employees, caring for the environment by adhering to and exceeding statutory norms, and to our diverse customers to whom we aim to be a “supplier of choice”. All manufacturing plants and functions have targets for improving upon existing safety, quality and customer service metrics.

A dedicated safety team conducts risk assessments of all sites to identify occupational hazards and define control measures to reduce the risk to acceptable levels as per the OHSAS 18001:2007 standard. The Company continues to maintain its upgraded Quality Management Systems certification as per revised standards to ISO 9001:2015, IATF 16949:2016. We have also upgraded our Environment Management System to meet revised standards of ISO 14001:2015.

Going forward, we desire to take our safety, health and environmental performance to the next level by preparing to meet “Responsible Care” benchmarks.

Human Resources

The manpower strength of your Company as on 31st March, 2019 is 233 employees, with the average age of the workforce around 35

years. In 2018-19 employee relations in your Company continued to be harmonious in all plants and establishments. The focus has been on to create values in the employees which drive them with Vision of the company proactively by creating ownership attitude towards the company objectives. Your Company has tied up with renowned educational institutes/colleges for fresh campus recruitment at regional levels to offer opportunities to the best talent available in the job market regionally.

The individual & departmental performance parameters are linked to Company’s objective & departmental annual goals for 2019-20 mutually through well defined Key Result Areas and Key Performance Indicators.

Learning & Development initiatives have been focused with practical approach & workshops to enhance key competencies of workforce at all the levels including regional site, plant level employees which is helping them to explore their potential at work place and demonstrate skills and leadership.

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

Internal Control Systems and their Adequacy

Chembond has a sound Internal Control System, which ensures reliability, effectiveness and efficiency of the work done. Also, as mandated by the Companies Act, 2013, the Company has implemented the Internal Financial Control (IFC) framework to ensure proper Internal Controls over financial reporting. The internal control system is further supplemented by Internal Audit carried out by an independent firm of Chartered Accountants and periodic review by Management. The Internal Audit process is designed to review the adequacy of internal control checks in the system and covers all the significant areas of the Company’s operations.

The Audit Committee reviews the adequacy and effectiveness of the internal control systems and tracks the implementation of corrective actions. Significant audit observations and corrective actions taken by the Management are presented to the Audit Committee.

Corporate Social Responsibility (CSR)

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

Chembond Children’s Centre was formed over fifteen years ago with meaningful education of economically underserved sections, especially girls, as one of the core functional areas for

CSR activities. The Chembond Children's Centre runs non-formal educational centres at Pasthal and Shirgaon near Tarapur. The objective of the Centre is to augment school curriculum by providing individual attention to students and improving the self-esteem of girls via skills like the martial arts, dance, painting, chess, gymnastics, and sewing. In addition to the above, the Centre conducts camps and workshops in the areas of health care, life skills, and assists students in obtaining scholarships. Details pertaining to CSR Committee, Policy etc. are given in the Director's Report.

Outlook

Over the past 4 or 5 years your Company has undergone several major changes. The divestment of its share in one joint venture, buyout of a partner in another joint venture, introduction of engineering polymers, adhesives, and some acquisitions. The Company has been ambitious in making these decisions. With the national initiatives - to double GDP in five years, Make in India, and with the significant investments in infrastructure, there will be ample opportunities for the businesses of your Company. To support this, the Company is also endowed with excellent talent, good manufacturing practices and facilities, and sound financials. The strategy and backbone is in place, the focus will be on execution!

Forward Looking Statements

This report contains statements, which may constitute 'forward looking statements' within the meaning of the applicable securities laws and regulations. Forward looking statements are based on certain assumptions and expectations of the future events. Actual results could differ materially from those expressed or implied. Important factors that could impact the Company's performance include, among others, economic conditions affecting the demand / supply and price conditions in the markets in which the Company operates, changes in the Government policies, regulations, tax laws, other statutes and incidental factors. The Company undertakes no obligations to update or revise forward-looking statements based on any subsequent developments, information or events.

On behalf of the Board

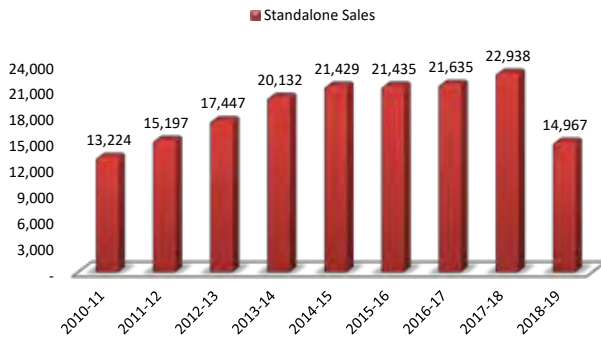
Sameer V. Shah
Chairman and Managing
Director

Nirmal V. Shah
Vice Chairman and
Managing Director

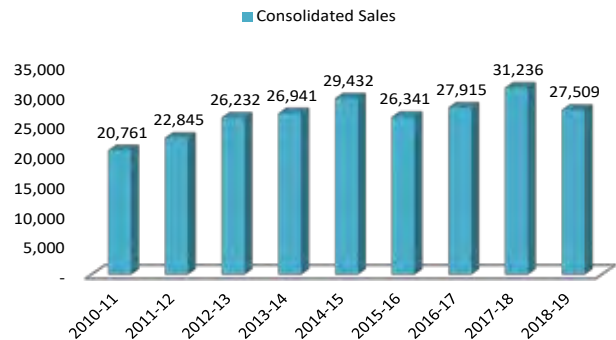
Mumbai
18th May, 2019

Highlights

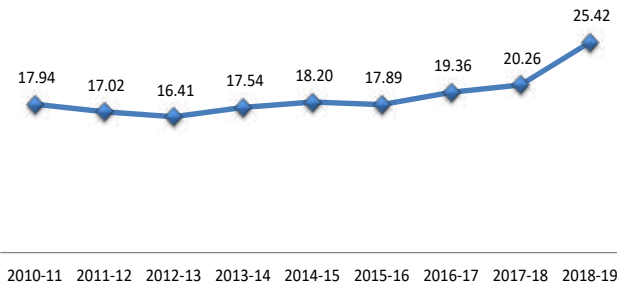
Standalone



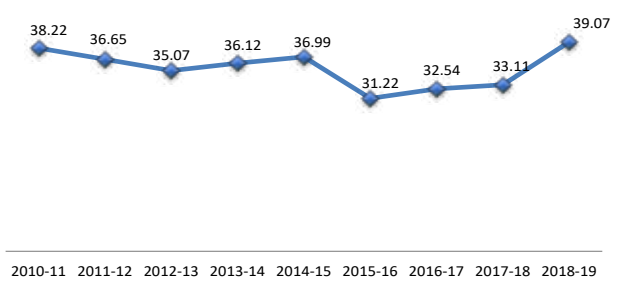
Consolidated



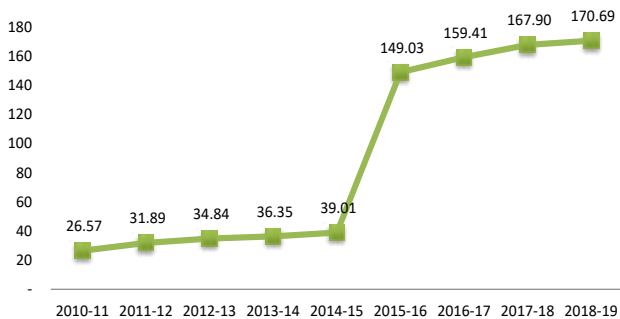
Product Margin (in %)



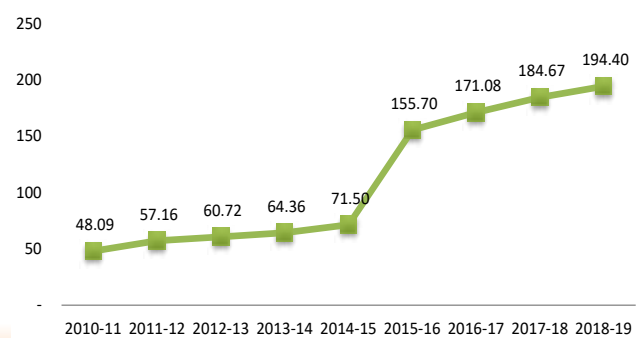
Product Margin (in %)



Book Value



Book Value



for the years ending on March, 2019

all numbers in ₹ Lakhs except Book Value per share and EPS

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

Numbers adjusted for Subdivision of Shares in 2016-17 from face value of ₹10 each to ₹ 5 each

10 Years' Financial Performance Consolidated

(₹ in Lakhs except per share data and ratios)

Highlights	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10
Operating Result										
Revenue From Operations	30,130.94	33,422.81	32,086.11	27,104.71	30,022.85	27,445.96	26,606.44	23,128.40	21,027.41	17,725.32
Other Income	393.14	1,064.02	1,829.86	3,321.25	138.04	120.77	120.52	138.64	142.62	116.67
Finance Cost	78.20	118.21	116.67	181.36	361.08	402.88	451.71	364.08	311.06	303.55
Depreciation	423.98	410.67	381.56	354.51	432.32	281.39	259.28	209.93	185.98	176.86
PBT	2,440.59	2,790.28	3,021.42	19,484.02	2,007.90	1,518.98	1,576.76	2,035.06	2,478.30	2,232.90
PAT	1,983.64	2,356.77	2,285.73	15,650.25	1,440.27	912.41	790.19	1,360.56	1,647.17	1,451.99
Dividend on Equity Shares	248.79	221.90	0.00	601.97	199.81	199.81	189.82	149.47	136.75	111.30
Financial Position										
Equity Share Capital	672.41	672.41	672.41	669.69	666.04	666.04	666.04	636.04	636.04	636.04
Reserves (Less Revaluation Reserve & Misc exp)	25,471.56	24,162.33	22,335.46	20,183.93	8,858.60	7,907.32	7,422.93	6,635.28	5,481.55	4,369.37
Net Worth	26,143.97	24,834.75	23,007.87	20,853.62	9,524.64	8,573.36	8,088.97	7,271.32	6,117.59	5,005.41
Borrowings	670.22	908.96	888.25	1,089.79	2,495.24	3,307.28	2,948.21	3,668.79	2,442.80	2,265.22
Net Block (Asset)	10,921.78	10,813.77	4,912.55	4,714.11	5,147.03	5,361.52	4,725.00	4,122.79	3,335.20	3,312.54
Ratios										
Return on Average Networth % (RONW) & (PAT divided by Average Networth)	7.78%	9.85%	10.42%	103.04%	15.92%	10.95%	10.29%	20.32%	29.62%	32.42%
Return on Average Capital Employed % (ROCE) & (PBIT divided by Average Fund Employed Excluding Def tax liab)	9.58%	11.72%	13.69%	115.72%	17.88%	15.22%	16.90%	24.46%	34.97%	37.26%
Gross Gearing % (Debt as a percentage of Debt plus Equity)	2.50%	3.53%	3.72%	4.97%	20.76%	27.71%	26.58%	33.36%	28.34%	30.89%
Current Ratio (Current Assets divided by Current Liabilities**)	3.47	2.42	3.37	2.83	2.16	2.09	2.20	2.32	2.42	2.21
Asset Turnover Ratio (Net Sales divided by Total Assets)	0.94	1.03	1.00	0.91	1.48	1.34	1.45	1.32	1.49	1.46
Earning Per Share (Basic)*	12.88	16.34	14.40	115.04	9.29	5.83	5.57	9.85	10.63	9.75
Dividend Per Share	1.85	1.65	0	9.00	3.00	3.00	2.85	2.35	2.15	1.75
Book Value Per Share*	194.40	184.67	171.08	155.70	71.50	64.36	60.72	57.16	48.09	39.35

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

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

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

10 Years' Financial Performance Standalone

(₹ in Lakhs except per share data and ratios)

Highlights	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10
Operating Result										
Revenue From Operations	15,628.96	23,779.03	24,367.32	21,563.77	21,674.90	20,356.05	17,689.98	15,368.80	13,453.49	11,494.26
Other Income	564.58	1,048.47	1,682.00	3,480.99	329.92	288.28	424.35	398.84	332.07	262.39
Finance Cost	29.12	54.60	63.88	118.75	273.51	304.20	291.70	237.81	249.84	238.29
Depreciation	287.77	287.18	274.10	268.57	276.21	192.13	181.95	138.53	118.75	111.43
PBT	706.27	1,406.12	1,729.97	1,8567.35	573.72	410.80	419.47	801.03	815.74	647.36
PAT	633.15	1,359.31	1,451.50	1,5122.59	558.33	392.43	347.76	664.23	645.48	517.31
Dividend on Equity Shares	248.79	221.90	0.00	601.97	199.81	199.81	189.82	149.47	136.75	111.30
Financial Position										
Equity Share Capital	672.41	672.41	672.41	669.69	666.04	666.04	666.04	636.04	636.04	636.04
Reserves (Less Revaluation Reserve & Misc exp)	22,282.45	21,907.35	20,765.91	19,291.49	4,529.93	4,175.53	3,974.92	3,421.20	2,744.35	2,237.64
Net Worth	22,954.86	22,579.77	21,438.32	19,961.18	5,195.97	4,841.57	4,640.97	4,057.24	3,380.39	2,873.68
Borrowings	0.00	467.12	732.18	819.54	2,176.85	2,481.42	2,298.03	2,138.50	1,626.14	2,062.56
Net Block (Asset)	3,763.63	3,805.35	3,936.97	3,680.86	3,617.61	3,820.63	3,403.46	2,881.72	2,114.24	2,088.41
Ratios										
Return on Average Networth %(RONW) & (PAT divided by Average Networth)	2.78%	6.18%	7.01%	120.23%	11.12%	8.28%	8.00%	17.86%	20.64%	19.39%
Return on Average Capital Employed % (ROCE) & (PBIT divided by Average Fund Employed Excluding Def tax liab)	2.90%	6.46%	8.35%	132.63%	11.47%	9.96%	10.74%	18.35%	21.18%	18.61%
Gross Gearing % (Debt as a percentage of Debt plus Equity)	0.00%	2.03%	3.30%	3.94%	29.53%	33.64%	32.85%	34.20%	32.11%	41.27%
Current Ratio (Current Assets divided by Current Liabilities**)	4.33	1.78	3.13	2.93	1.37	1.31	1.46	1.53	1.72	1.69
Asset Turnover Ratio	0.62	0.85	0.89	0.85	1.76	1.58	1.57	1.58	1.72	1.48
(Net Sales divided by Total Assets)										
Earning Per Share (Basic)*	4.71	10.11	10.81	113.23	4.19	2.95	2.73	5.22	5.08	4.07
Dividend Per Share	1.85	1.65	0	9.00	3.00	3.00	2.85	2.35	2.15	1.75
Book Value per Share*	170.69	167.90	159.41	149.03	39.01	36.35	34.84	31.89	26.57	22.59

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

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

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

Board's Report

To,
The Members,

Your Directors take pleasure in presenting the 44th Annual Report on the business and operations of your Company together with the Audited Financial Statements for the year ended 31st March, 2019.

1. State of Company's Affairs

Financial Results

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

(₹ in lakhs)

Particulars	Standalone		Consolidated	
	2018-19	2017-18	2018-19	2017-18
Revenue from Operations	15,628.96	23,779.03	30,130.94	33,422.81
Less: Excise Duty	-	561.87	-	675.52
Revenue from Operations (Net of Excise Duty)	15,628.96	23,217.16	30,130.94	32,747.29
Profit for the year	633.15	1,359.31	1,732.22	2,197.23
Add: Balance as per last year	20,660.20	19,522.79	22,464.65	20,644.31
Add: Effect of previous year transaction	-	-	4.54	-
Less: Deduction during the year	-	-	106.71	108.12
Total	21,293.36	20,882.10	24,094.70	22,733.41
Appropriation				
General Reserves	-	-	70.00	-
Set off of Dividend Tax in respect of dividend from Subsidiary Company	(49.53)	(45.17)	(49.53)	(45.17)
Dividend Paid	248.79	221.90	248.79	221.90
Tax on Dividend Paid	51.14	45.17	100.67	92.03
Balance carried to Balance Sheet	21,042.95	20,660.20	23,724.77	22,464.66
Total	21,293.36	20,882.10	24,094.70	22,733.41

2. Results of Operations

➤ Income

During the year under review, consolidated revenue from operations was ₹ 30,130.94 Lakhs as compared to ₹ 32,747.29 Lakhs in the previous year. On the standalone basis, your Company's revenue from operations was ₹ 15,628.96 Lakhs as compared to ₹ 23,217.16 Lakhs in the previous year.

➤ Profit Before Tax

Consolidated profit before tax for the year was ₹ 2,440.58 Lakhs as against ₹ 2,790.28 Lakhs in the previous year. On a standalone basis, your Company's profit before tax for the current year was ₹ 706.26 Lakhs as against ₹ 1,406.12 Lakhs in the previous year.

➤ Profit After Tax

Consolidated profit after tax for the year was ₹ 1,983.64 Lakhs as against ₹ 2,356.77 Lakhs in the previous year. On the standalone basis, your Company's profit after tax for the current year was ₹ 633.15 Lakhs as against ₹ 1,359.31 Lakhs in the previous year.

3. Recent Developments at Micro and Macro Economic Levels

The macro environment remained mixed in 2018. Various Government initiatives, including Make in India, Digital India, increased spending on infrastructure and increased focus on rural development were expected to support increase in domestic demand but there has been a visible decline in growth in the second half of the year. The decline in trade and manufacturing activity across automotive and other sectors was actually quite significant. Other factors were increased trade tensions among major economies and tightening of the credit flow in the system. Prime Minister Narendra Modi has declared that he wants India to be a “\$5 trillion economy” by 2024, this means that the Indian economy will need to double in size in the next five years. This is a challenging but achievable goal and achieving such growth targets will require a combination of government policy, corporate initiatives, industry-academic partnerships, prudent investments, and greater international access. Indian industry is well positioned to tap future opportunities through multiple levers such as foreign customers confidence, growth in domestic consumption, better pricing and margins thereof, increased capacities, compliance with environmental regulations among others

4. Dividend

The Board of Directors has recommended a final dividend of ₹ 2.00/- per share for the financial year ended 31st March, 2019. The outflow on account of dividend payment amounts to ₹ 268.97 Lakhs.

5. Share Capital

The movement of Equity Capital is as under:

Particulars	No. of Equity Shares
Equity Capital as on 1 st April, 2018	13,448,288
Increase/ Decrease during the year	Nil
Equity Capital as on 31 st March, 2019	13,448,288

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

6. Fixed Deposits

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

7. Transfer to Reserves

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

8. Directors and Key Managerial Personnel

At present your Company has seven Directors consisting of four Independent Directors including a woman Director, two Executive Directors and one Non-executive Director.

Dr. Vinod D. Shah, the Founder of the Company and a Director since its inception, passed away on May 27, 2018. The Company owes its existence and dominant position to his vision and foresight, which saw the Company attain market leadership in its businesses. His technical qualifications and experience, research oriented bent of mind, and passion for pushing scientific developments resulted in the continuous adoption of new technologies, and saw the Company enter several new business areas. The fact that your Company is widely recognised today as a technology company is almost entirely due to his work and guidance. Dr. Shah’s business acumen also meant that the Company was always in a very strong financial position. The Board places on record its sincerest gratitude to the Founder and Promoter of your Company and assures the Members that it will strive to continue in the pursuit of these lofty principles.

Due to advancing age and personal reasons, Mr. Perviz H. Dastur (DIN: 00961016) resigned as a Director of the Company on 11th August 2018. Mr. Dastur joined your Company's Board in 1997. As a qualified Chartered Accountant with an MBA (Stanford) and his subsequent experience as CFO of Ingersoll Rand India, Mr. Dastur provided deep insights into the working of professional companies and their financial practices. The Board places on record its appreciation for the contributions made by Mr. Perviz Dastur during his 21 years association with the Company.

In accordance with the provisions of Section 152(6) of the Act, Mr. Ashwin R. Nagarwadia (DIN:00466681) Non-executive Director, retires by rotation and being eligible, offers himself for re-appointment. His background is given in the Corporate Governance Report, which forms a part of this report. Since Mr. Nagarwadia is above seventy-five years in age, Your Company has obtained an approval of shareholders on 25th March 2019 by way of a special resolution through a Postal Ballot for the continuation of the Directorship of Mr. Nagarwadia as a Non-executive Director with effect from 1st April, 2019.

Mr. Mahendra K. Ghelani (DIN: 01108297) and Mr. Sushil U. Lakhani (DIN: 01578957) Independent Directors of the Company were appointed at the 39th Annual General Meeting (AGM) of the Company held on 9th August, 2014 for a term of five years i.e. from 9th August, 2014 upto 8th August, 2019. Further, Mrs. Saraswati Sankar (DIN: 07133249) and Dr. Prakash D. Trivedi (DIN:00231288) were appointed as Independent Directors for a term of 5 years i.e. from 24th March, 2015 upto 23rd March, 2020 and 21st May 2015 upto 20th May 2020, respectively. Being eligible for re-appointment, the Board of your Company has re-appointed them for a second term of five years. The matter is being placed for approval of Members by way of special resolution at the ensuing AGM.

The Board has also approved the continuation of Directorship of Mr. Ashwin R. Nagarwadia and Mr. Mahendra K. Ghelani beyond the age of seventy-five years which is also placed for approval by Members by way of special resolution at the ensuing AGM.

Mr. Sameer V. Shah (DIN: 00105721) and Mr. Nirmal V. Shah (DIN: 00083853), Chairman and Managing Director and Vice Chairman and Managing Director of the Company, respectively were appointed for a period of three years commencing from 1st August, 2016 to 31st July, 2019, at the Board meeting held on 28th May, 2016 which was further approved by Members at the 41st AGM held on 30th July, 2016. Based on the recommendation of the Nomination and Remuneration Committee, the Board of your Company has re-appointed them for further period of three years w. e. f. 1st August, 2019 to 31st July, 2022 at their meeting held on 18th May, 2019. The matter is being placed for your approval at the ensuing 44th AGM.

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

9. Inter-se relationship between Directors

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

10. Declaration by Independent Directors

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

11. Policy on Directors appointment and Remuneration

The Company has put in place an appropriate policy on appointment and remuneration of Directors and other matters provided under Section 178(3) of the Act. This policy is uploaded on the Company's website www.chembondindia.com. Salient features of the policy on remuneration of Directors have been disclosed in the Corporate Governance section of this Annual Report.

12. Number of Board Meetings

Five (5) meetings of the Board were held during the year, details of which are furnished in the Corporate Governance Report .

13. Performance Evaluation and its Criteria

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

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

The Independent Directors at its separate meeting held on 15th February, 2019, reviewed the performance of Non-Independent Directors and performance of the Board as a whole, performance of the Chairman of the Company taking into account the views of Executive and Non-executive Directors and assessed the quality, quantity and timeliness of flow of information to the Board to perform their duties effectively and reasonably.

14. Directors' Responsibility Statement

Pursuant to Section 134(5) of the Act, the Board of Directors, to the best of their knowledge and ability, in respect of the year ended 31st March, 2019, confirm that:

- (a) in the preparation of the annual accounts, the applicable accounting standards have been followed and there are no material departures;
- (b) they selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that period;
- (c) they took proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) they prepared the annual accounts on a going concern basis;
- (e) they laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- (f) they devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

15. Audit Committee

The details in respect of composition of the Audit Committee and other information are included in the Corporate Governance Report.

16. Auditor's and Auditor's Report

Statutory Auditor

M/s. Bathiya & Associates, LLP, Chartered Accountants, (FRN:101046W/W100063) were appointed as the Statutory Auditor of the Company for a period of 5 consecutive years at the 43rd AGM held on 11th August, 2018 until the conclusion of 48th AGM to be held in the FY 2023 on a remuneration mutually agreed upon by the Board of Directors and the Statutory Auditor.

Cost Auditor

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

The Board of Directors, on the recommendation of Audit Committee, has appointed Mr. R. Srinivas Raghavan, Practicing Cost Accountant, Pune (Firm Regn. No.: 100098) as the Cost Auditor to audit the cost records of the Company for FY 2019-20. The Company is seeking the ratification/approval of the Members for the remuneration to be paid to Mr. R. Srinivas Raghavan, Practicing Cost Accountant for the FY ended 31st March, 2020.

The relevant Cost Audit Report for the FY 2017-18 was filed with Ministry of Corporate Affairs on 20th September, 2018 in Form CRA-4.

Secretarial Auditor and Secretarial Audit Report

Pursuant to the provisions of Section 204 of the Act and the Rules made thereunder, the Board of Directors of the Company has appointed Mr. Virendra G. Bhatt, Practicing Company Secretary (C.P. No.: 124) to undertake the Secretarial Audit of the Company for the year ended 31st March, 2019. The Secretarial Audit Report for the Financial Year ended 31st March, 2019 has been annexed as Annexure 1.

There are no Secretarial Audit observations / qualification for the year under review.

17. Subsidiaries and Step-down Subsidiaries

The Company has been carrying on its domestic and international operations through its subsidiaries and step-down subsidiary as detailed below:

Your Company has nine subsidiaries and one step-down subsidiary namely;

- i. Chembond Water Technologies Limited,
- ii. Chembond Material Technologies Private Limited,
- iii. Chembond Biosciences Limited,
- iv. Chembond Clean Water Technologies Limited,
- v. Chembond Polymers and Materials Limited,
- vi. Chembond Calvatis Industrial Hygiene Systems Limited,
- vii. Chembond Distribution Limited,
- viii. Chembond Chemicals (Malaysia) Sdn. Bhd. ,
- ix. Phiroze Sethna Private Limited and
- x. Gramos Chemicals India Private Limited (Step Down Subsidiary).

The details of financial performance of the subsidiaries and step-down subsidiary companies are given in AOC-1 (Annexure 2).

18. Remuneration to Directors and Key Managerial Personnel

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

19. Particulars of employees

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

20. Remuneration to Managing Director from Wholly Owned Subsidiary (WOS)

During the financial year 2018-19, Mr. Nirmal V. Shah, Vice Chairman & Managing Director, received remuneration of ₹ 44.55 Lakhs from Chembond Water Technologies Limited, WOS Company.

21. Policies and Disclosure Requirements

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

All Directors and Senior Management Personnel have affirmed their adherence to the provisions of the Code of Conduct during the financial year 2018-19.

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

22. Risk Management

The Company has its Risk Management Plan & Policy in place which is also displayed on the website of the Company. In the opinion of the Board, during the financial year 2018-19, no elements of risk which may threaten the existence of the Company were noticed by the Board. The Committee monitors the risk management plan and ensures its effectiveness. The details of Committee are set out in the Corporate Governance Report.

23. Internal Financial Control System

The Board is responsible for establishing and maintaining adequate internal financial control as per Section 134 of the Act. Your Company has in place an adequate system of internal controls to ensure compliance with various policies, practices and statutes. It has procedures covering all financial and operating functions and processes. These have been designed to provide a reasonable assurance with regards to maintaining of proper accounting controls for ensuring reliability of financial reporting, monitoring of operations, protecting assets from unauthorized use or losses and compliance with regulations. Key controls have been tested during the year and corrective and preventive actions are taken for any weakness.

During the year no frauds have been detected or reported to Audit Committee of the Company.

24. Corporate Governance & Vigil Mechanism

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

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

25. Corporate Social Responsibility (CSR)

The criteria prescribed under Section 135 of the Act with respect to constituting CSR Committee, adopting CSR policy and spending amount on CSR activities in accordance with the Act is applicable to your Company from FY 2018-19. The Company had however voluntarily framed CSR Policy and constituted CSR Committee, as good corporate governance practice.

The key philosophy of all CSR initiatives of the Company is guided by three core commitments of Scale, Impact and Sustainability. During the year, the Company has spent ₹ 9.90 Lakhs on CSR activities. The Company has identified focus areas of engagement which have been enumerated in the Annual Report on CSR Activities attached as Annexure 5.

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

26. Particulars of Related Party Transactions

All transactions entered into with related parties during the financial year were in the ordinary course of business and on arm's length basis and do not attract the provisions of Section 188(1) of the Act. Suitable disclosures as required by the Indian Accounting Standards (IndAS-24) have been made in the notes to the Financial Statements. The Board has a policy for related

party transactions which has been uploaded on the Company's website <http://www.chembondindia.com/policy.html>. Necessary disclosures in Form AOC-2 are attached as Annexure 6.

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

The particulars relating to conservation of energy, technology absorption and foreign exchange earnings and outgo, as required to be disclosed under the Act, are provided in Annexure 7.

28. Particulars of Loans, Guarantees and Investments

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

29. Promoters

The Promoter Groups holding in the Company as on 31st March, 2019 was 63.91% of the Company's paid-up Equity Capital. The Members may note that the shareholding and other details of Promoters has been provided in Extract of Annual Return as mentioned in point no. 30 below.

30. Extract of the Annual Return as on 31st March, 2019

The details forming part of the extract of the Annual Return in Form MGT-9, as required under Section 92 of the Act, is annexed as Annexure 8 and is also available on the Company's website viz. http://www.chembondindia.com/pdf/Audit-Report/Extract%20of%20Annual%20Return_MGT9_310319.pdf

31. Management Discussion and Analysis Report

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

32. Prevention, Prohibition and Redressal of Sexual Harassment of Women

The Company has in place an Anti-Sexual Harassment Policy in line with the requirements of the Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013. Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary and trainees) are covered under this policy who are also provided training about the Act.

During the year under review, one complaint was received which was resolved within the stipulated time period.

33. Material changes and commitment

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

34. Significant and Material Orders

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

35. Compliance with Secretarial Standards

The Company has complied with the applicable Secretarial Standards.

36. Acknowledgements

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

On behalf of the Board

Sameer V. Shah

Chairman and Managing Director

Nirmal V. Shah

Vice Chairman and Managing Director

Mumbai

18th May, 2019

Annexure 1
Form No. MR-3
SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2019

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

To,
The Members,
Chembond Chemicals Limited

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

Based on my verification of the Company's statutory registers, papers, minute books, forms and returns filed with the Registrar of Companies ("ROC") and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company during the audit period covering the financial year ended on 31st March, 2019, has prima facie complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the statutory registers, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2019 according to the provisions of:

- (i) The Companies Act, 2013 ('the Act') and the rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (iv) Foreign Exchange Management Act, 1999 and the Rules and Regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - (c) The Securities and Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015
 - Though the following laws are prescribed in the format of Secretarial Audit Report, the same were not applicable to the Company for the financial year ended 31st March, 2019:-
 - (a) The Securities and Exchange Board of India (Issue and listing of Debt securities) Regulations, 2008;
 - (b) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
 - (c) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018;
 - (d) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
 - (e) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
 - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- (vi) I further report that, based on the Compliance Report of various Laws submitted by Department Heads of the Company, the Company has proper system to comply with the applicable laws.
- (vii) I have also examined compliance with the applicable clauses of the Secretarial Standards 1 & 2 issued by the Institute of Company Secretaries of India.

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

I further report that:-

- a) I rely on statutory auditor's reports in relation to the financial statements and accuracy of financial figures for Goods and Services Tax (GST) Related Party Transactions, Provident Fund, ESIC, etc. as disclosed under financial statements, Ind AS 24 and note on foreign currency transactions during my audit period. I rely on observation and qualification if any made by statutory auditor's of the Company in his report.
- b) The Board of Directors of the company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
- c) As per the information provided prima facie adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance and a system exists for seeking and obtaining further information and clarifications on agenda items before the meeting and for meaningful participation at the meeting.
- d) As per the information provided and as per minute book, majority decision is carried through unanimously, while the dissenting members' views are captured and recorded in the minutes.
- e) There are prima facie 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.
- f) The management is responsible for compliances of all business laws. This responsibility includes maintenance of statutory registers/records required by the concerned authorities and internal control of the concerned department.
- g) The Company has entered into forward contracts to hedge the foreign currency risks arising from amounts designated in foreign currency. The counter party to such forward contract is bank
- h) During the period under review, as per the information provided by the Compliance Officer, prima facie there were no instances of transaction by the Designated Persons in the securities of the Company during the closure of window.

I further report that during the audit period, there were no instances of:

- i. Public/ Rights/ Preferential issue of shares/debentures/ sweat equity, etc.
- ii. Redemption / Buy- back of securities.
- iii. Major decisions taken by the Members in pursuance to Section 180 of the Companies Act, 2013 which would have major bearing on the Company's affairs.
- iv. Merger / amalgamation / reconstruction etc.
- v. Foreign Technical Collaborations.

I further report that:

1. Maintenance of Secretarial record is the responsibility of the Management of the Company. My responsibility is to express an opinion on these Secretarial Records based on my audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in the Secretarial records. I believe that the processes and practices, I followed provide a reasonable basis for my opinion.
3. Where ever required, I have obtained the Management representation about the compliance of Laws, Rules and Regulations and happening of events etc.
4. The compliance of the provisions of Corporate and other applicable Laws, Rules, Regulations, Standards is the responsibility of the Management. My examination was limited to the verification of procedures on test basis.

The Secretarial Audit report is neither an assurance as to the future viability of the Company nor the efficacy or effectiveness with which the Management has conducted the affairs of the Company.

Place: Mumbai
Date: 18th May, 2019

Virendra Bhatt
ACS No – 1157
COP No – 124

Annexure 2
Form AOC-1
Statement containing salient features of the financial statement of subsidiaries as on 31st March, 2019

Part "A": Subsidiaries

Sr. No.	Name of subsidiary	Date since when the subsidiary was incorporated or acquired	Reporting Period	Reporting Currency	Share Capital	Reserves & Surplus	Total Assets	Total Liabilities	Investments	Turnover	Profit Before Taxation	Provision for Taxation	Profit after Taxation	% of Share holding
1	Chembond Clean Water Technologies Limited	17.04.10 to 31.03.19	01.04.18 to 31.03.19	INR	827.81	(108.61)	924.18	924.18	-	1,370.86	411.41	(41.43)	452.84	100*
2	Chembond Water Technologies Limited (formerly known as Chembond Solenis Water Technologies Limited)	12.12.84 to 31.03.19	01.04.18 to 31.03.19	INR	50.00	4,764.14	7,622.13	7,622.13	649.36	1,3247.99	1,218.89	362.99	855.90	100
3	Chembond Biosciences Limited (formerly known as Chembond Industrial Coatings Limited)	01.07.11 to 31.03.19	01.04.18 To 31.03.19	INR	190	17.47	592.82	592.82	-	259.13	65.28	(13.60)	62.45	100
4	Chembond Material Technologies Private Limited (formerly known as Protochem Industries Private Limited)	24.03.00 to 31.03.19	01.04.18 to 31.03.19	INR	100.00	518.45	1,912.28	1,912.28	-	1,621.38	(103.05)	1.63	(104.69)	100
5	Chembond Calvatis Industrial Hygiene Systems Limited	12.12.08 to 31.03.19	01.04.18 to 31.03.19	INR	49.99	82.87	202.92	202.92	41.23	426.06	96.16	20.45	75.71	55
6	Chembond Polymers and Materials Limited (formerly known as Chembond Enzyme Company Limited)	14.12.06 to 31.03.19	01.04.18 to 31.03.19	INR	30.00	509.27	709.01	709.01	248.32	260.16	23.59	3.58	20	100
7	Chembond Chemicals (Malaysia) SDN. BHD. (formerly known as Chembond Water SDN. BHD.)	24.02.16 to 31.03.19	01.04.18 to 31.03.19	RM**	29.30	16.81	55.59	55.59	-	123.99	13.59	5.06	8.53	100
8	Phiroze Sethna Private Limited	17.11.17 to 31.03.19	01.04.18 to 31.03.19	INR	4.00	1,245.94	1,601.90	1,601.90	832.05	2,366.78	68.52	(5.85)	74.37	100
9	Gramos Chemicals India Private Limited [§]	17.11.17 to 31.03.19	01.04.18 to 31.03.19	INR	48.00	723.98	823.24	823.24	283.43	802.34	182.18	1.08	181.10	100
10	Chembond Distribution Limited	15.09.18 to 31.03.19	01.04.18 to 31.03.19	INR	5.00	197.17	640.80	640.80	0.55	1,880.42	131.95	47.84	84.11	100#

*52% is owned by Your Company and 48% is owned by Chembond Water Technologies Limited (A Wholly-owned subsidiary of your Company).

§ Step-down subsidiary company of Your Company.

Shareholding increased to 100% in September, 2018, pursuant to acquisition of additional shares by your Company in Chembond Distribution Limited (CDL). Post-acquisition CDL is Wholly-owned Subsidiary of your Company.

**Malaysia Ringgit - 1 RM = INR 16.95 as on 31.03.19

1. Name of Subsidiaries which are yet to commence operations: None.

2. Names of Subsidiaries which have been liquidated and sold during the year: None

Annexure 3

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

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

Name	Designation	Ratio to median remuneration
Sameer V. Shah	Chairman and Managing Director	16.52:1
Nirmal V. Shah	Vice Chairman and Managing Director	8.02:1

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

Name	Designation	% increase
Sameer V. Shah	Chairman and Managing Director	0
Nirmal V. Shah	Vice Chairman and Managing Director	0
Rashmi S. Gavli	Chief Financial Officer	15.2%
Suchita H. Singh	Company Secretary	5.8%*

* not comparable since it is for part of the year.

- c) The percentage increase in the median remuneration of employees: 17.6%
- d) The number of permanent employees: 233
- e) Average percentile increase made in the salaries of employees other than key managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:

Average increase made in the salaries of employees other than key managerial personnel during the year is 10.67% versus 8.4% increase in managerial remuneration.

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

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

Annexure 4**AUDITORS CERTIFICATE ON CORPORATE GOVERNANCE**

To,
The Members of Chembond Chemicals Limited

I have examined the compliance of Corporate Governance by **Chembond Chemicals Limited** ('the Company') for the year ended 31st March, 2019, as stipulated in Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI Listing Regulations') as referred to in Regulation 15(2) of the SEBI Listing Regulations for the year ended 31st March, 2019.

The compliance of conditions of Corporate Governance is the responsibility of the Company's Management. My examination has been limited to a review of the procedures and implementations thereof, adopted by the Company for ensuring the Compliance with the conditions of Corporate Governance as stipulated in the said Regulations. It is neither an audit nor an expression of Corporate Governance as stipulated in the above-mentioned SEBI Listing Regulations, as applicable.

In my opinion and to the best of my information and according to the explanation given to me and based on the representations made by the Management, I certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned SEBI Listing Regulations, as applicable.

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

Virendra Bhatt
Practicing Company Secretary
ACS :1157 CP:124

Place : Mumbai
Date : 18th May, 2019

Annexure 5

Annual Report on Corporate Social Responsibility (CSR) activities for the financial year 2018-19 (Pursuant to Companies (Corporate Social Responsibility Policy) Rules, 2014)

1.	A brief outline of the Company's CSR Policy including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR Policy and Projects or Programs.	The Company has done various CSR activities through Visan Trust in the areas of education to underprivileged children, healthcare, women empowerment, health training and vocational training center etc. Some of the Projects are Visan Trust Girls Education Project and Chembond Children's Centre which runs non-formal education centres at Pasthal and Shirgaon near Tarapur.
2.	Composition of Committee	Mr. Nirmal V. Shah - Chairman* Mr. Sameer V. Shah - Member Mr. Ashwin R. Nagarwadia - Member Mr. Sushil U. Lakhani - Member Mr. Mahendra K. Ghelani - Chairman**
3.	Average Net Profit of the Company for the last 3 FY's	₹ 493.66 lakhs
4.	Prescribed CSR Expenditure (2% of the amount mentioned in item 3 above)	₹ 9.87 lakhs
5.	Details of CSR spent during the Financial Year a. Total amount to be spent for the Financial year. b. Amount unspent, if any. c. Manner in which the amount spent during the Financial year.	₹ 9.87 lakhs Nil Details provided in the table given below.
6.	Reason for not spending the amount earmarked.	NA

* Appointed w.e.f. 3rd February, 2019

** Ceased to be the Chairman and Member of the Committee w.e.f. 3rd February, 2019.

Details Of amount spent On CSR activities during the financial year 2018-19

(₹ in lakhs)

Sr. No.	CSR Project or activity identified	Sector in which the project is covered (Clause no. of Schedule VII to the Companies Act, 2013)	Project or Program (1) Local area or other (2) specify the State and District where projects or programs was undertaken	Amount Outlay (Budget) Project or Program wise	Amount spent on the Projects or Programs Sub heads: (1) Direct Expenditure on Projects or Programs (2) Overheads	Cumulative Expenditure upto the reporting period i.e. FY 2018-19	Amount spent through Implementing Agency
1	Promotion of Education, Women empowerment and vocational training	Education Clause (ii) Women Empowerment (iii) Vocational Training (vii)	Pasthal and Shirgaon near Tarapur, Maharashtra	9.90	9.90	9.90	9.90

**Annexure 6
Form No. AOC-2**

**[Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2)
of the Companies (Accounts) Rules, 2014]**

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

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

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

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

a)	Name(s) of the related party and nature of relationship	Chembond Water Technologies Limited (Wholly-owned Subsidiary)
b)	Nature of contracts/arrangements/transactions	Sale of Goods and other Services
c)	Duration of the contracts / arrangements/transactions	-
d)	Salient terms of the contracts or arrangements or transactions including the value, if any	As per Agreements or mutual arrangements.
e)	Justification for entering into such contracts or arrangements or transactions	As per Agreement and for regular business.
f)	Date(s) of approval by the Board	Board Meeting dated 30 th May, 2018
g)	Amount paid as advances, if any:	-

Annexure 7
Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

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

(A) Conservation of Energy

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

(B) Technology Absorption

(i) The efforts made towards Technology Absorption:

The Company has an on-going process of Research & Development and the Company continues its efforts to assimilate group technology for introducing new products and improving product quality. The management is focused on introduction of high-end technology within the country and abroad.

(ii) The benefits derived like product improvement, cost reduction, product development or import substitution:

In view of the measures taken by the Company, the consumption of energy reduced by satisfactory levels.

(iii) In case of imported technology (imported during the last three years reckoned from beginning of the financial year):

The details of technology imported:
The year of import:
Whether the technology has been fully absorbed:
If not fully absorbed, areas where absorption has not taken place, and the reasons thereof: } NA

(iv) The expenditure incurred on Research & Development

(₹ in lakhs)

Particulars	2018-19	2017-18
Revenue Expenditure	132.86	130.34
Capital Expenditure	95.36	24.88
Total	228.22	155.22

(C) Foreign Exchange Earnings and Outgo:

(₹ in lakhs)

Particulars	2018-19	2017-18
Total Foreign Exchange Earned in terms of actual inflows	116.27	455.02
Total Foreign Exchange Outgo in terms of actual outflows	2,033.63	6,774.88

On behalf of the Board

Sameer V. Shah
Chairman & Managing Director

Nirmal V. Shah
Vice Chairman & Managing Director

Mumbai
18th May, 2019

Annexure 8
Form MGT-9

The Extract of the Annual Return as on the financial year ended 31.03.2019

I. Registration and other details

CIN	L24100MH1975PLC018235
Registration Date	22 nd March, 1975
Name of the Company	Chembond Chemicals Limited
Category / Sub-Category of the Company	Company having Share Capital
Address of the Registered Office and Contact details	EL-71, Chembond Centre, MIDC, Mahape, Navi Mumbai 400710 Contact Person: Suchita H. Singh Company Secretary and Compliance Officer Email: cs@chembondindia.com Tel No. (+9122) 6264 3000 Fax No. (+9122) 2768 1294
Whether listed Company	Yes (Listed on BSE Limited)
Name, address and contact details of Registrar and Transfer Agent, if any	TSR Darashaw Limited, 6-10, Haji Moosa Patrawala Indl. Estate, 20, Dr. E Moses Road, Mahalaxmi, Mumbai – 400 011. Contact Person : Ms. Madhuri Narang Tel: 022 – 6656 8484 Fax: 022 – 6656 8494 E-mail : csg-unit@tsrdarashaw.com Web : www.tsrdarashaw.com

II. Principal Business Activities of the Company

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

Sr. No.	Name and Description of main products / services	NIC Code of the Product/ service*	% to total turnover of the Company
1	Chemicals	2029	82.65

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

III. Particulars of Holding, Subsidiary and Step-down Subsidiary

Name and address of the Company	CIN/GLN	Holding/ subsidiary/ associate	% of shares held	Applicable section
Chembond Water Technologies Limited EL-71, Chembond Centre, MIDC, Mahape, Navi Mumbai 400710	U24110MH1984PLC143564	Subsidiary	100	2(87)
Chembond Clean Water Technologies Limited EL-37, Chembond Centre, MIDC, Mahape, Navi Mumbai 400710	U29248MH2010PLC202124	Subsidiary	52	2(87)
Chembond Material Technologies Private Limited A-737/5, TTC MIDC area, Mahape village, Thane Belapur road, Vashi, Navi Mumbai 400710	U24200MH2000PTC125231	Subsidiary	100	2(87)

Name and address of the Company	CIN/GLN	Holding/ subsidiary/ associate	% of shares held	Applicable section
Chembond Biosciences Limited EL-71, Chembond Centre, MIDC, Mahape, Navi Mumbai 400710	U36100MH2011PLC219324	Subsidiary	100	2(87)
Chembond Polymers and Materials Limited EL-71, Chembond Centre, MIDC, Mahape, Navi Mumbai 400710	U24117MH2006PLC166224	Subsidiary	100	2(87)
Chembond Calvatis Industrial Hygiene Systems Limited EL-71, Chembond Centre, MIDC, Mahape, Navi Mumbai 400710	U73100MH2008PLC188852	Subsidiary	55	2(87)
Chembond Distribution Limited* EL-71, Chembond Centre, MIDC, Mahape, Navi Mumbai 400710	U24117MH2006PLC166227	Subsidiary	100	2(87)
Chembond Chemicals (Malaysia) Sdn. Bhd. Suite 39.1.6, First Floor, Jalan Kenari 17C, Bandar Puchong Jaya, 47100 Puchong, Selangor Darul Ehsan, Malaysia	Foreign Company	Subsidiary	100	2(87)
Phiroze Sethna Private Limited Royal Insurance Building, 1 st Floor, 14, Jamshedji Tata Road, Mumbai 400020	U25209MH1975PTC018396	Subsidiary	100	2(87)
Gramos Chemicals India Private Limited W-268, TTC Industrial Area, Rabale, Navi Mumbai 400701	U99999MH1985PTC035486	Step-down Subsidiary	100	2(87)

*In September, 2018, Chembond Distribution Limited became a wholly owned subsidiary (WOS) of your Company pursuant to acquisition of additional 53% shares by your Company.

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 1 st April, 2018				No. of Shares held at the end of the year 31 st March, 2019				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual / HUF	70,88,661	0	70,88,661	52.71	69,24,651	0	69,24,651	51.49	(1.22)
b) Central Govt.	0	0	0	0.00	0	0	0	0	0.00
c) State Govt.(s)	0	0	0	0.00	0	0	0	0	0.00
d) Bodies Corporate	15,44,601	0	15,44,601	11.49	16,70,400	0	16,70,400	12.42	0.94
e) Banks / FI	0	0	0	0.00	0	0	0	0	0.00
f) Any Other....	0	0	0	0.00	0	0	0	0	0.00
Sub-total (A) (1):	86,33,262	0	86,33,262	64.20	85,95,051	0	85,95,051	63.91	(0.28)
(2) Foreign									
a) NRIs - Individuals	0	0	0	0.00	0	0	0	0.00	0.00
b) Other - Individuals	0	0	0	0.00	0	0	0	0.00	0.00
c) Bodies Corp.	0	0	0	0.00	0	0	0	0.00	0.00
d) Banks / FI	0	0	0	0.00	0	0	0	0.00	0.00
e) Any Other....	0	0	0	0.00	0	0	0	0.00	0.00

Category of Shareholders	No. of Shares held at the beginning of the year 1 st April, 2018				No. of Shares held at the end of the year 31 st March, 2019				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
Sub-total (A) (2):	0	0	0	0.00	0	0	0	0.00	0.00
Total shareholding of Promoter (A) = (A)(1)+(A) (2)	86,33,262	0	86,33,262	64.20	85,95,051	0	85,95,051	63.91	(0.28)
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	0	0	0	0.00	0	0	0	0.00	0.00
b) Banks / FI	0	47,600	47,600	0.35	0	47,600	47,600	0.35	0.00
c) Central Govt	0	0	0	0.00	0	0	0	0.00	0.00
d) State Govt(s)	0	0	0	0.00	0	0	0	0.00	0.00
e) Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
f) Insurance Companies	0	0	0	0.00	0	0	0	0.00	0.00
g) FIs	0	0	0	0.00	0	0	0	0.00	0.00
h) Foreign Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
i) Others (specify)	0	0	0	0.00	0	0	0	0.00	0.00
Sub-total (B)(1):	0	47,600	47,600	0.35	0	47,600	47,600	0.35	0.00
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	12,40,358	400	12,40,758	9.23	974,228	400	974,628	7.25	(1.98)
ii) Overseas	0	0	0	0.00	0	0	0	0.00	0.00
b) Individuals				0.00				0.00	0.00
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	20,94,000	1,95,484	22,89,484	17.02	23,82,026	165,124	25,47,150	18.94	1.92
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	11,48,009	49,520	11,97,529	8.90	12,07,255	49,520	12,56,775	9.35	0.44
c) Others (specify)									
IEPF Account	17,884	0	17,884	0.13	27,084	0	27,084	0.20	0.07
FPI-CORPS	21,343	0	21,343	0.16	0	0	0	0	(0.16)
BC-NBFC	428	0	428	0.00	0	0	0	0	0.00
Directors	0	0	0	0.00	0	0	0	0	0.00
Sub-total (B)(2):	45,22,022	2,45,404	47,67,426	35.45	45,90,593	2,15,044	48,05,637	35.73	0.28
Total Public Shareholding (B) = (B)(1)+(B)(2)	45,22,022	2,93,004	48,15,026	35.80	45,90,593	2,62,644	48,53,237	36.09	0.28
TOTAL (A)+(B)	1,31,55,284	2,93,004	1,34,48,288	100.00	1,31,85,644	2,62,644	1,34,48,288	100.00	0.00
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0.00	0	0	0	0.00	0.00
Promoter and Promoter Group	0	0	0	0.00	0	0	0	0.00	0.00
Public	0	0	0	0.00	0	0	0	0.00	0.00
Grand Total (A+B+C)	1,31,55,284	2,93,004	1,34,48,288	100.00	1,31,85,644	2,62,644	1,34,48,288	100.00	0.00

(ii) Shareholding of Promoters

Sr. No	Shareholder's Name	Shareholding at the beginning of the year 1 st April, 2018			Share holding at the end of the year 31 st March, 2019			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	Alpana Sandeep Shah	1,03,550	0.77	0.00	1,28,550	0.96	0.00	0.19
2	Amrita Sameer Shah	43,368	0.32	0.00	43,368	0.32	0.00	0.00
3	Ashwin R. Nagarwadia	10,81,264	8.04	0.00	5,66,240	4.21	0.00	(3.83)
4	Jyoti N. Mehta	69,480	0.52	0.00	94,480	0.70	0.00	0.18
5	Kshitija N. Shah	21,650	0.16	0.00	21,650	0.16	0.00	0.00
6	Mallika S. Shah	33,600	0.25	0.00	33,600	0.25	0.00	0.00
7	Mamta N. Shah	95,300	0.71	0.00	95,300	0.71	0.00	0.00
8	Nikhil Jaysukhlal Mehta	40,400	0.30	0.00	40,400	0.30	0.00	0.00
9	Nikhil Jaysukhlal Mehta (HUF)	8,400	0.06	0.00	8,400	0.06	0.00	0.00
10	Nirmal V. Shah	6,30,569	4.69	0.00	16,45,230	12.23	0.00	7.54
11	Nirmal V. Shah (HUF)	4,341	0.03	0.00	4,341	0.03	0.00	0.00
12	Padma V. Shah	14,95,114	11.12	0.00	15,17,410	11.28	0.00	0.16
13	Parul Shah	55,600	0.41	0.00	55,600	0.41	0.00	0.00
14	Raunaq S. Shah	6,800	0.05	0.00	6,800	0.05	0.00	0.00
15	Sameer V. Shah	5,16,915	3.84	0.00	15,31,274	11.39	0.00	7.55
16	Sameer V Shah (HUF)	1,03,456	0.77	0.00	1,03,456	0.77	0.00	0.00
17	Sandip Shah	62,960	0.47	0.00	63,960	0.48	0.00	0.01
18	Sandeep H Shah (HUF)	21,224	0.16	0.00	21,724	0.16	0.00	0.00
19	Bhadresh Shah	1,88,934	1.40	0.00	1,88,934	1.40	0.00	0.00
20	Kalpana Sunil Shah	43,200	0.32	0.00	43,200	0.32	0.00	0.00
21	Sunil Dahyalal Shah	51,000	0.38	0.00	51,000	0.38	0.00	0.00
22	Shilpa Sameer Shah	75,174	0.56	0.00	75,174	0.56	0.00	0.00
23	Trupti A. Nagarwadia	2,97,000	2.21	0.00	0.00	0.00	0.00	(2.21)
24	Vinod D. Shah	19,38,562	14.41	0.00	0.00	0.00	0.00	(14.41)
25	Vinod D. Shah (HUF)	1,00,800	0.75	0.00	1,00,800	0.75	0.00	0.00
26	Visan Holdings Pvt Ltd	12,37,916	9.21	0.00	12,94,619	9.63	0.00	0.42
27	Finor Piplaj Chemicals Ltd	1,33,200	0.99	0.00	1,84,446	1.37	0.00	0.38
28	S and N Ventures Ltd	1,73,485	1.29	0.00	1,91,335	1.42	0.00	0.13
29	Kumud Ashwin Nagarwadia	0.00	0.00	0.00	4,83,760	3.60	0.00	3.60
	TOTAL	86,33,262	64.20	0.00	85,95,051	63.91	0.00	(0.29)

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

Sr. No	Name of the Shareholder	Shareholding at the beginning of the year (01-04-2018) / At the end of the year (31-03-2019)		Transaction details			Cumulative holding during the year	
		No of Shares	% of total Shares of the Company	Date	Reason	Increase / decrease in Shareholding	No. of Shares	% of total Shares of the Company
1	Alpana Sandeepbhai Shah							
	At the beginning of the year	1,03,550	0.77	24-08-2018	Inter-se Transfer	25,000	1,28,550	0.96
	At the end of the year	1,28,550	0.96					
2	Amrita Sameer Shah							
	At the beginning of the year	43,368	0.32					
	At the end of the year	43,368	0.32					
3	Ashwin Ratilal Nagarwadia							
	At the beginning of the year	10,81,264	8.04	27-04-2018	Sale	-79,051	10,02,213	7.45
				11-05-2018	Sale	-15,453	9,86,760	7.34
				18-05-2018	Sale	-60,000	9,26,760	6.89
				29-06-2018	Sale	-42,496	8,84,264	6.58
				06-07-2018	Sale	-47,504	8,36,760	6.22
				06-07-2018	Inter-se Transfer	-186,760	6,50,000	4.83
				15-02-2019	Sale	-83,760	5,66,240	4.21
	At the end of the year	5,66,240	4.21					
4	Jyoti N. Mehta							
	At the beginning of the year	69,480	0.52	24-08-2018	Inter-se Transfer	25,000	94,480	0.70
	At the end of the year	94,480	0.70					
5	Kshitija N. Shah							
	At the beginning of the year	21,650	0.16					
	At the end of the year	21,650	0.16					
6	Mallika S. Shah							
	At the beginning of the year	33,600	0.25					
	At the end of the year	33,600	0.25					
7	Mamta N. Shah							
	At the beginning of the year	95,300	0.71					
	At the end of the year	95,300	0.71					
8	Nikhil Jaysukhlal Mehta							
	At the beginning of the year	40,400	0.30					
	At the end of the year	40,400	0.30					
9	Nikhil Jaysukhlal Mehta (HUF)							
	At the beginning of the year	8,400	0.06					
	At the end of the year	8,400	0.06					
10	Nirmal V. Shah							
	At the beginning of the year	6,30,569	4.69	14-09-2018	Inter-se Transfer	7,69,560	14,00,129	10.41
				26-10-2018		2,26,721	16,26,850	12.10
				16-11-2018	Purchase	250	16,27,100	12.10
				15-02-2019	Purchase	18,130	16,45,230	12.23
	At the end of the year	16,45,230	12.23					
11	Nirmal V. Shah (HUF)							
	At the beginning of the year	4,341	0.03					

Sr. No	Name of the Shareholder	Shareholding at the beginning of the year (01-04-2018) / At the end of the year (31-03-2019)		Transaction details			Cumulative holding during the year	
		No of Shares	% of total Shares of the Company	Date	Reason	Increase / decrease in Shareholding	No. of Shares	% of total Shares of the Company
	At the end of the year	4,341	0.03					
12	Padma V. Shah							
	At the beginning of the year	14,95,114	11.12	13-07-2018	Purchase	22,296	15,17,410	11.28
				20-07-2018	Transmission	15,89,120	31,06,530	23.10
				24-08-2018	Inter-se Transfer	-50,000	30,56,530	22.73
				14-09-2018		-15,39,120	15,17,410	11.28
				28-09-2018	Transmission	4,53,442	19,70,852	14.66
				26-10-2018	Inter-se Transfer	-4,53,442	15,17,410	11.28
	At the end of the year	15,17,410	11.28					
13	Parul Shah							
	At the beginning of the year	55,600	0.41					
	At the end of the year	55,600	0.41					
14	Raunaq S. Shah							
	At the beginning of the year	6,800	0.05					
	At the end of the year	6,800	0.05					
15	Sameer V. Shah							
	At the beginning of the year	5,16,915	3.84	14-09-2018	Inter-se Transfer	7,69,560	12,86,475	9.57
				26-10-2018		2,26,721	15,13,196	11.25
				15-02-2019	Purchase	18,078	15,31,274	11.39
	At the end of the year	15,31,274	11.39					
16	Sameer V. Shah (HUF)							
	At the beginning of the year	1,03,456	0.77					
	At the end of the year	1,03,456	0.77					
17	Sandip Shah							
	At the beginning of the year	62,960	0.47	29-03-2019	Purchase	1000	63,960	0.48
	At the end of the year	63,960	0.48					
18	Sandeep Shah (HUF)							
	At the beginning of the year	21,224	0.16	04-05-2018	Purchase	250	21,474	0.16
				11-05-2018	Purchase	250	21,724	0.16
	At the end of the year	21,724	0.16					
19	Bhadresh Shah							
	At the beginning of the year	1,88,934	1.40					
	At the end of the year	1,88,934	1.40					
20	Kalpna Sunil Shah							
	At the beginning of the year	43,200	0.32					
	At the end of the year	43,200	0.32					
21	Sunil Dahyalal Shah							
	At the beginning of the year	51,000	0.38					
	At the end of the year	51,000	0.38					
22	Shilpa Sameer Shah							
	At the beginning of the year	75,174	0.56					
	At the end of the year	75,174	0.56					
23	Trupti A. Nagarwadia							
	At the beginning of the year	2,97,000	2.21	28-09-2018	Inter-se Transfer	2,97,000	0	0

Sr. No	Name of the Shareholder	Shareholding at the beginning of the year (01-04-2018) / At the end of the year (31-03-2019)		Transaction details			Cumulative holding during the year	
		No of Shares	% of total Shares of the Company	Date	Reason	Increase / decrease in Shareholding	No. of Shares	% of total Shares of the Company
	At the end of the year	0	0					
24	Vinod D. Shah							
	At the beginning of the year	19,38,562	14.41	04-05-2018	Purchase	35,000	19,73,562	14.68
				11-05-2018	Purchase	9,000	19,82,562	14.74
				18-05-2018	Purchase	60,000	20,42,562	15.19
				20-07-2018	Transmission	-15,89,120	4,53,442	3.37
			28-09-2018	Transmission	-4,53,442	0	0.00	
	At the end of the year	0	0.00					
25	Vinod D. Shah (HUF)							
	At the beginning of the year	1,00,800	0.75					
	At the end of the year	1,00,800	0.75					
26	Visan Holdings Private Limited							
	At the beginning of the year	12,37,916	9.21	18-05-2018	Purchase	149	12,38,065	9.21
				13-07-2018	Purchase	5,254	12,43,319	9.25
				09-11-2018	Purchase	500	12,43,819	9.25
				16-11-2018	Purchase	550	12,44,369	9.25
				30-11-2018	Purchase	1,000	12,45,369	9.26
				15-02-2019	Purchase	48,000	12,93,369	9.62
				22-03-2019	Purchase	500	12,93,869	9.62
				29-03-2019	Purchase	750	12,94,619	9.63
	At the end of the year	12,94,619	9.63					
27	Finor Piplaj Chemicals Limited							
	At the beginning of the year	1,33,200	0.99	04-05-2018	Purchase	3,322	1,36,522	1.02
				11-05-2018	Purchase	5,428	1,41,950	1.06
				29-06-2018	Purchase	42,496	1,84,446	1.37
	At the end of the year	1,84,446	1.37					
28	S and N Ventures Limited							
	At the beginning of the year	1,73,485	1.29	13-07-2018	Purchase	17,850		
	At the end of the year	1,91,335	1.42					
29	Kumud Ashwin Nagarwadia							
	At the beginning of the year	0	0.00	06-07-2018	Inter-se Transfer	186,760	186,760	1.39
				28-09-2018	Inter-se Transfer	297,000	483,760	3.60
	At the end of the year	483,760	3.60					

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

Sr. No	Name of the Shareholder	Shareholding at the beginning of the year (01-04-2018) / At the end of the year (31-03-2019)		Transaction details			Cumulative holding during the year	
		No of Shares	% of total Shares of the Company	Date	Reason	Increase / decrease in Shareholding	No. of Shares	% of total Shares of the Company
1	Ajay Chinubhai Laloo							
	At the beginning of the year	2,19,764	1.63	17-08-2018	Purchase	6,000	2,25,674	1.68

Sr. No	Name of the Shareholder	Shareholding at the beginning of the year (01-04-2018) / At the end of the year (31-03-2019)		Transaction details			Cumulative holding during the year	
		No of Shares	% of total Shares of the Company	Date	Reason	Increase / decrease in Shareholding	No. of Shares	% of total Shares of the Company
	At the end of the year	2,25,674	1.68					
2	Banda Real Estate Private Limited							
	At the beginning of the year	1,96,500	1.46	24-08-2018	Sale	-1,138	1,95,362	1.45
				18-01-2019	Purchase	4,498	1,99,860	1.49
				15-02-2019	Sale	-12400	1,87,460	1.39
	At the end of the year	1,87,460	1.39					
3	Chartered Finance and Leasing Limited							
	At the beginning of the year	1,69,058	1.26					
	At the end of the year	1,69,058	1.26					
4	Girish Gulati (HUF)							
	At the beginning of the year	1,06,288	0.79	17-08-2018	Sale	-10,000	96,288	0.72
	At the end of the year	96,288	0.72					
5	Mr. Shrigopal Maheshwari							
	At the beginning of the year	75,000	0.56					
	At the end of the year	75,000	0.56					
6	Meena Bharat Sheth							
	At the beginning of the year	73,445	0.55	18-05-2018	Purchase	5,171	78,616	0.58
				25-05-2018	Purchase	5,000	83,616	0.62
				01-06-2018	Purchase	1,369	84,985	0.63
				08-06-2018	Purchase	2,708	87,693	0.65
				20-07-2018	Purchase	14,400	1,02,093	0.76
				21-12-2018	Purchase	297	1,02,390	0.76
				28-12-2018	Purchase	4,000	1,06,390	0.79
				08-02-2019	Purchase	1,218	1,07,608	0.80
				15-02-2019	Purchase	2,157	1,09,765	0.82
				22-03-2019	Sale	-35,894	73,871	0.55
				29-03-2019	Purchase	5,560	79,431	0.59
	At the end of the year	79,431	0.59					
7	V. M. Salgaocar Corporation Private Limited							
	At the beginning of the year	71,800	0.53	05-10-2018	Purchase	1,434	73,234	0.54
				12-10-2018	Purchase	1,200	74,434	0.55
				11-01-2019	Purchase	1,708	76,142	0.57
				18-01-2019	Purchase	3,510	79,652	0.59
				15-02-2019	Sale	-10,281	69,371	0.52
				22-03-2019	Purchase	983	70,354	0.52
	At the end of the year	70,354	0.52					
8	ARA Trusteeship Company Private Limited							
	At the beginning of the year	63,742	0.47	20-07-2018	Purchase	4,461	68,203	0.51
	At the end of the year	68,203	0.51					
9	Atul Nagindas Sanghvi							
	At the beginning of the year	49,900	0.37	01-06-2018	Purchase	4,000	53,900	0.40
				15-06-2018	Purchase	10,000	63,900	0.48
				13-07-2018	Purchase	10,100	74,000	0.55
	At the end of the year	74,000	0.55					
10	Sanjay Madantal Sanghvi							
	At the beginning of the year	53,000	0.39	08-06-2018	Purchase	3,985	56,985	0.42
				15-06-2018	Purchase	9	56,994	0.42
				22-06-2018	Purchase	6	57,000	0.42

Sr. No	Name of the Shareholder	Shareholding at the beginning of the year (01-04-2018) / At the end of the year (31-03-2019)		Transaction details			Cumulative holding during the year	
		No of Shares	% of total Shares of the Company	Date	Reason	Increase / decrease in Shareholding	No. of Shares	% of total Shares of the Company
				17-08-2018	Purchase	1,015	58,015	0.43
				09-11-2018	Purchase	3,000	61,015	0.45
				30-11-2018	Purchase	30	61,045	0.45
				22-03-2019	Purchase	129	61,174	0.45
	At the end of the year	61,174	0.45					

(v) Shareholding of Directors and Key Managerial Personnel

Sr. No	Name of the Shareholder	Shareholding at the beginning of the year (01-04-2018) / At the end of the year (31-03-2019)		Transaction details			Cumulative holding during the year	
		No of Shares	% of total Shares of the Company	Date	Reason	Increase / decrease in Shareholding	No. of Shares	% of total Shares of the company
1	Nirmal V. Shah							
	At the beginning of the year	6,30,569	4.69	14-09-2018	Inter-se Transfer	7,69,560	14,00,129	10.41
				26-10-2018		2,26,721	16,26,850	12.10
				16-11-2018	Purchase	250	16,27,100	12.10
				15-02-2019	Purchase	18,130	16,45,230	12.23
	At the end of the year	16,45,230	12.23					
2	Sameer V. Shah							
	At the beginning of the year	5,16,915	3.84	14-09-2018	Inter-se Transfer	7,69,560	12,86,475	9.57
				26-10-2018		2,26,721	15,13,196	11.25
				15-02-2019	Purchase	18,078	15,31,274	11.39
	At the end of the year	15,31,274	11.39					
3	Mr. Ashwin R. Nagarwadia							
	At the beginning of the year	10,81,264	8.04	27-04-2018	Sale	-79,051	10,02,213	7.45
				11-05-2018	Sale	-15,453	9,86,760	7.34
				18-05-2018	Sale	-60,000	9,26,760	6.89
				29-06-2018	Sale	-42,496	8,84,264	6.58
				06-07-2018	Sale	-47,504	8,36,760	6.22
				06-07-2018	Inter-se Transfer	-1,86,760	6,50,000	4.83
				15-02-2019	Sale	-83,760	5,66,240	4.21
	At the end of the year	5,66,240	4.21					
4	Rashmi S. Gavli							
	At the beginning of the year	3530	0.03					
	At the end of the year	3530	0.03					
5	Suchita H. Singh							
	At the beginning of the year	0	0.00					
	At the end of the year	0	0.00					

V. Indebtedness

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

(₹ in lakhs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	277.25	189.87	0	467.12
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	0	1.00	0	1.00
Total (i+ii+iii)	277.25	190.87	0	468.12
Change in Indebtedness during the financial year				
Addition	116.32	47.73	0.00	164.05
Reduction	393.57	238.60	0.00	632.17
Net Change	(277.25)	(190.87)	0.00	(468.12)
Indebtedness at the end of the financial year				
i) Principal Amount	0	0	0	0
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	0	0	0	0
Total (i+ii+iii)	0	0	0	0

VI. Remuneration of Directors And Key Managerial Personnel**A. Remuneration to Managing Director, Whole-time Directors and/or Manager**

(₹ in lakhs)

Sr. No.	Particulars of Remuneration	Mr. Sameer V. Shah (MD)	Mr. Nirmal V. Shah (MD)	Total Amount
1.	Gross salary			
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	77.82	36.00	113.82
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-
	(c) Profits in lieu of salary under Section 17(3) Income-tax Act, 1961	-	-	-
2.	Stock Options	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission			
	- as % of profit			
	- others, specify	-	-	-
5.	Others, please specify	-	-	-
	Total (A)	77.82	36.00	113.82
	Ceiling as per the Act	84.00*	84.00*	168.00

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

B. Remuneration to Other Directors

(₹ in lakhs)

Sr. No.	Particulars of Remuneration	Name of Directors						Total Amount
		Mr. Mahendra K. Ghelani	Mr. Sushil U. Lakhani	Mrs. Saraswati Sankar	Dr. Prakash D. Trivedi	Mr. Perviz H. Dastur*	Mr. Ashwin R. Nagarwadia	
1	Independent Directors							-
	-Fee for attending board / committee meetings	3.00	2.00	1.2	1.00	0.4	6.00	13.60
	-Commission	-	-	-	-	-	-	-
	-Others, please specify	N.A.	N.A.	N.A.	N.A.	-	-	N.A.
	Total (B) (1)	3.00	2.00	1.20	1.00	0.4	6.00	13.60
2	Other Non Executive Directors							
	-Fee for attending board / committee meetings	-	-	-	-	-	-	-
	-Commission	-	-	-	-	-	-	-
	-Others, please specify	-	-	-	-	-	-	-
	Total (B)(2)	-	-	-	-	-	-	-
	Total (B)(1)+(B)(2)	3.00	2.00	1.20	1.00	0.4	6.00	13.60
	Total Managerial Remuneration	13.60						
	Overall Ceiling as per the Act	As stipulated in the Companies Act, 2013						

*Mr. Perviz H. Dastur (DIN: 00961016) resigned as a Non-executive Director of the Company w.e.f. 11th August, 2018.

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

(₹ in lakhs)

Sr. No.	Particulars of Remuneration	Key Managerial Personnel		
		Chief Financial Officer	Company Secretary	Total Amount
1.	Gross salary	47.57	11.10	58.67
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961			
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961			
2.	Stock Options	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission			
	- as % of profit	-	-	-
	- others, specify...	-	-	-
5.	Others	-	-	-
	Total (C)	47.57	11.10	58.67

VII. Penalties / Punishment/ Compounding of Offences:

Type	Section of the Companies Act	Brief Description	Details of Penalty /Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty			NONE		
None					
Punishment					
Compounding					
B. DIRECTORS					
Penalty			NONE		
None					
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty			NONE		
None					
Punishment					
Compounding					

On behalf of the Board

Sameer V. Shah
Chairman & Managing Director

Nirmal V. Shah
Vice Chairman & Managing Director

Mumbai
18th May, 2019

Report on Corporate Governance

The detailed report on Corporate Governance for the financial year ended 31st March, 2019 as per Regulation 34(3) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the Listing Regulations), in the prescribed format is given below.

1. Company's Philosophy on Corporate Governance

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

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

The Company emphasizes the need for full transparency and accountability and conducting its business in a highly professional and ethical manner.

2. Board of Directors

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

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

A. The composition of the Board as on 31st March, 2019 and details of Board and Annual General Meetings held, the attendance of the Directors, Committee Chairmanship / Directorship etc. is as follows:

Name of the Directors	PD / NPD*	ED / NED / ID / NID*	No. of Board Meetings		Attendance at last AGM	Other Companies as on 31 st March 2019				Directorship in other listed entity (Category of Directorship)
			Held	Attended		Board Directorship **	Board Chairmanship **	Committee Memberships ***	Committee Chairmanships***	
Sameer V. Shah (DIN:00105721)	PD	ED / NID	5	5	Yes	7	-	-	-	-
Nirmal V. Shah (DIN:00083853)	PD	ED / NID	5	5	Yes	8	-	1	1	-
Ashwin R. Nagarwadia (DIN:00466681)	PD	NED / NID	5	2	No	3	-	2	-	Hitech Corporation Ltd. (NED/NID)
Perviz H. Dastur# (DIN:00961016)	PD	NED / NID	3	1	Yes	-	-	-	-	NA
Mahendra K. Ghelani (DIN:01108297)	NPD	NED / ID	5	5	Yes	1	-	1	-	-

Name of the Directors	PD / NPD*	ED / NED / ID / NID*	No. of Board Meetings		Attendance at last AGM	Other Companies as on 31 st March 2019				Directorship in other listed entity (Category of Directorship)
			Held	Attended		Board Directorship **	Board Chairmanship **	Committee Memberships ***	Committee Chairmanships***	
Sushil U. Lakhani (DIN:01578957)	NPD	NED / ID	5	5	Yes	1	-	-	-	-
Saraswati Sankar (DIN:07133249)	NPD	NED / ID	5	4	Yes	-	-	-	-	-
Prakash D. Trivedi (DIN:00231288)	NPD	NED / ID	5	3	Yes	1	-	-	-	-

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

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

*** Considered Membership/Chairmanship of Audit Committee and Stakeholders’ Relationship Committee of other Indian Public Limited Companies.

#Mr. Perviz H. Dastur (DIN: 00961016) resigned as a Non-executive Director of the Company w.e.f. close of working hours on 11th August, 2018.

Note :

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

B. Details of Board Meetings held during the year

Dates of Board Meeting	30-May-18	17-July-18	11-Aug-18	03-Nov-18	02-Feb-19
Board Strength	8	8	8	7	7
No. of Directors Present	6	4	7	7	6

C. Skill Matrix of the Board of Directors

Pursuant to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended), the Skill Matrix of the Board of Directors of your Company is given below –

List of core skills / expertise identified by the Board of Directors	Name of Directors of the Company						
	Mr. Sameer V. Shah	Mr. Nirmal V. Shah	Mr. Ashwin R. Nagarwadia	Mr. Mahendra K. Ghelani	Mr. Sushil U. Lakhani	Mrs. Saraswati Sankar	Dr. Prakash D. Trivedi
Business Strategy	✓	✓	✓	✓	✓		✓
Industry Experience	✓	✓	✓				✓
General Management	✓	✓	✓	✓	✓	✓	✓
Accounting/Auditing				✓	✓	✓	
Corporate Finance				✓	✓	✓	
Legal / Secretarial / Compliance				✓	✓	✓	
Human Resource Management	✓	✓	✓	✓	✓	✓	✓
Risk Management	✓	✓	✓	✓	✓	✓	✓
Information Technology	✓	✓		✓	✓	✓	
Marketing	✓	✓	✓				✓

D. Separate meeting of Independent Directors

In accordance with the provisions of Schedule IV of the Act a separate meeting of the Independent Directors was held during the year on 15th February, 2019 for transacting stipulated business. The meeting chaired by Mr. Mahendra K. Ghelani was attended by Mr. Sushil U. Lakhani and Dr. Prakash D. Trivedi. The Independent Directors discussed matters pertaining to the Company's affairs and functioning of the Board and the evaluation of the Members of Board.

E. Independent Directors confirmation by the Board

All Independent Directors have given declarations that they meet the criteria of independence as laid down under Section 149(6) of the Act and Regulation 16(1)(b) of the Listing Regulations. In the opinion of the Board, the Independent Directors fulfil the conditions of independence specified in Section 149(6) of the Act and Regulation 16(1)(b) of the Listing Regulations. A formal letter of appointment to Independent Directors as provided in the Act has been issued and disclosed on website of the Company viz. www.chembondindia.com.

F. Number of Independent Directorships

As per Regulation 17A of the Listing Regulations, Independent Directors of the Company do not serve as Independent Director in more than seven listed Companies. Further, the Managing Director of the Company does not serve as an Independent Director in any listed entity.

G. Familiarization Programme

During the FY 2018-19, Company organized two in-house familiarization programs for the Independent Directors on regular basis. The details of such familiarization programme for Independent Directors are disclosed on the website of the Company i.e. www.chembondindia.com.

H. Details of Directors being re-appointed

Mr. Ashwin R. Nagarwadia (DIN: 00466681), Non-executive Director retires by rotation at the ensuing Annual General Meeting (AGM) and being eligible, offers himself for re-appointment.

Mr. Mahendra K. Ghelani (DIN: 01108297) and Mr. Sushil U. Lakhani (DIN: 01578957) were appointed as Independent Directors of the Company w.e.f. 9th August, 2014 for a period of 5 years. Further, Mrs. Saraswati Sankar (DIN: 07133249) and Dr. Prakash D. Trivedi (DIN: 00231288) were appointed as Independent Directors w.e.f. 24th March, 2015 and 21st May, 2015 respectively for a term of 5 years. Being eligible for re-appointment and based on the recommendation of the Nomination and Remuneration Committee, the Board of Directors at its meeting held on 18th May, 2019 approved their re-appointment for a second term of five consecutive years, subject to approval of shareholders at the ensuing AGM.

Mr. Sameer V. Shah (DIN: 00105721) and Mr. Nirmal V. Shah (DIN: 00083853) were appointed as Chairman and Managing Director and Vice Chairman and Managing Director respectively, for a period of 3 years w.e.f. 1st August, 2016. Their term expires on 31st July, 2019. Based on the recommendation of the Nomination and Remuneration Committee the Board of Directors at its meeting held on 18th May, 2019 approved re-appointment of Mr. Sameer V. Shah and Mr. Nirmal V. Shah as Chairman and Managing Director and Vice Chairman and Managing Director respectively, w.e.f. from 1st August, 2019 till 31st July, 2022 and remuneration payable, subject to approval of shareholders at the ensuing AGM.

A brief resume of Directors re-appointed / eligible for re-appointment along with the additional information required under Regulation 36 (3) of the Listing Regulations has been provided at the end of this report.

D. Code of Conduct

The Board has laid down a code of conduct for all the Members of the Board and senior management of the Company which is also posted on the Company's website at www.chembondindia.com. All Board Members and senior management have complied with the code of conduct for the year ended 31st March, 2019. The Annual Report contains a declaration to this effect signed by the Chairman and Managing Director.

3. Audit Committee

A. Powers of Audit Committee:

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

B. Role / Terms of Reference:

- I. The role of the Audit Committee includes the following:
 - i. oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
 - ii. recommendation for appointment, remuneration and terms of appointment of auditors;
 - iii. approval of payment to statutory auditors for any other services rendered by the Statutory Auditors;
 - iv. reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:
 - (a) matters required to be included in the Director's responsibility statement to be included in the Board's report in terms of Clause (c) of sub-section (3) of Section 134 of the Act;
 - (b) changes, if any, in accounting policies and practices and reasons for the same;
 - (c) major accounting entries involving estimates based on the exercise of judgment by management;
 - (d) significant adjustments made in the financial statements arising out of audit findings;
 - (e) compliance with listing and other legal requirements relating to financial statements;
 - (f) disclosure of any related party transactions;
 - (g) modified opinion(s) in the draft audit report;
 - v. reviewing, with the management, the quarterly financial statements before submission to the board for approval;
 - vi. reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the board to take up steps in this matter;
 - vii. reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
 - viii. approval or any subsequent modification of transactions of the Company with related parties;
 - ix. scrutiny of inter-corporate loans and investments;
 - x. valuation of undertakings or assets of the Company, wherever it is necessary;
 - xi. evaluation of internal financial controls and risk management systems;
 - xii. reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
 - xiii. reviewing the adequacy of internal audit function, if any, including the structure of internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;

- xiv. discussion with internal auditors of any significant findings and follow up there on;
 - xv. reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
 - xvi. discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
 - xvii. to look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
 - xviii. to review the functioning of the whistle blower mechanism;
 - xix. approval of appointment of Chief Financial Officer after assessing the qualifications, experience and background, etc. of the candidate;
 - xx. carrying out any other function as is mentioned in the terms of reference of the audit committee.
- II. The Audit Committee shall mandatorily review the following information:
- i. management discussion and analysis of financial condition and results of operations;
 - ii. statement of significant related party transactions (as defined by the audit committee), submitted by management;
 - iii. management letters / letters of internal control weaknesses issued by the statutory auditors;
 - iv. internal audit reports relating to internal control weaknesses;
 - v. the appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the audit committee; and
 - vi. statement of deviations:
 - a. quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1) of the Listing Regulations.
 - b. annual statement of funds utilized for purposes other than those stated in the offer document /prospectus / notice in terms of Regulation 32(7) of the Listing Regulations.

C. Composition of Audit Committee and attendance of Members:

Name of the Member	Designation	Meetings / Attendance				
		30-May-18	17-Jul-18	11-Aug-18	03-Nov-18	02-Feb-19
Mahendra K. Ghelani	Chairman	P	P	P	P	P
Perviz H. Dastur*	Member	A	A	P	NA	NA
Sushil U. Lakhani	Member	P	P	P	P	P
Saraswati Sankar	Member	P	A	P	P	P
Prakash D. Trivedi**	Member	P	A	P	P	A
Nirmal V. Shah***	Member	NA	NA	NA	NA	NA

*Resigned as a Director of the Company w.e.f. closing of working hours on 11th August, 2018

** Was Member of the Committee from 31st May, 2018 till 3rd February, 2019

*** Was appointed as a Member of the Committee w.e.f. 3rd February, 2019

P – Present, A - Absent

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

Mr. Mahendra K. Ghelani, Chairman of the Audit Committee attended the 43rd AGM of the Company held on 11th August, 2018.

4. Nomination and Remuneration Committee

a. Role / Terms of Reference:

- i. Formulation of the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board of Directors a policy relating to, the remuneration of the Directors, Key Managerial Personnel and other Employees;
- ii. Formulation of criteria for evaluation of performance of Independent Directors and the Board of Directors;
- iii. Devising a policy on diversity of Board of Directors;
- iv. Identifying persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board of Directors their appointment and removal;
- v. Whether to extend or continue the term of appointment of the Independent Director, based on the report of performance evaluation of Independent Directors;
- vi. Providing of the following information to the shareholders in case of appointment of new Director or re-appointment of a Director:
 - a. Brief resume of the Director;
 - b. Nature of expertise in specific functional areas;
 - c. Disclosure of relationships between Directors inter-se;
 - d. Names of listed entities in which the person also holds the Directorship and the Membership of Committees of the Board; and
 - e. Shareholding of Non-executive Directors.
- vii. Providing of General shareholder information in the Annual Report;
- viii. Review of HR Policies / Initiatives & senior level appointments;
- ix. Administer and supervise Employees Stock Option Schemes including allotment of shares arising out of conversion of Employee Stock Option Scheme(s) or under any other Employee Compensation Scheme;
- x. Frame suitable Policies and systems for implementation, take appropriate decisions and monitor implementation of the following Regulations:
 - a. SEBI (Prohibition of Insider Trading) Regulations, 2015; and
 - b. SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market) Regulations, 2003;
- xi. Perform such other functions consistent with regulatory requirements.

b. Composition as on 31st March, 2019 of Nomination and Remuneration Committee (NRC) and Attendance of Members:

Name of the Member	Designation	No. of meetings attended	
		30-May-18	02-Feb-19
Mahendra K. Ghelani	Chairman	P	P
Ashwin R. Nagarwadia	Member	A	P
Saraswati Sankar*	Member	NA	A
Sushil U. Lakhani	Member	P	A
Prakash D. Trivedi**	Member	NA	A
Sameer V. Shah***	Member	NA	NA

P – Present, A - Absent

* Appointed as a Member of the Committee w.e.f. 31st May, 2018.

** Was Member of the Committee from 31st May, 2018 till 3rd February, 2019.

*** Was appointed as a Member of the Committee w.e.f. 3rd February, 2019.

c. Performance Evaluation criteria for Independent Directors

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

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

- The NRC shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and recommend to the Board his / her appointment.
- A person should possess adequate qualification, expertise and experience for the position he / she is considered for appointment. The NRC has discretion to decide whether qualification, expertise and experience possessed by a person is sufficient / satisfactory for the concerned position.
- The provisions of the Act and the Listing Regulations should be adhered to while considering the appointment of a Director or KMP or Senior Management Personnel.

B. Independent Director (ID):

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

5 Remuneration of Directors:**i) Remuneration to Directors:**

₹ In lakhs

Name of Director	Basic	Perquisites / Allowances	Bonus	Incentive / Commission	Sitting Fees	Total	Service Contract / Notice Period / Severance Fees / Pension	No. of shares held as on 31.03.19
a. Executive Directors								
Mr. Sameer V. Shah	30.84	25.82	6.16	15.00	NA	77.82	Not liable to retire by rotation @	15,31,274
Mr. Nirmal V. Shah	18.00	14.40	3.60	-	NA	36.00	Retirement by rotation @	16,45,230
b. Non-executive Directors								
Perviz H. Dastur*	-	-	-	-	0.40	0.40	-	-
Ashwin R. Nagarwadia	-	-	-	-	6.00	6.00	-	5,66,240
Mahendra K. Ghelani	-	-	-	-	3.00	3.00	\$	-
Sushil U. Lakhani	-	-	-	-	2.00	2.00	\$	-
Saraswati Sankar	-	-	-	-	1.20	1.20	\$	-
Prakash D. Trivedi **	-	-	-	-	1.00	1.00	\$	-

* Ceased to be a Director (Non-executive) of the Company with effect from close of working hours on 11th August, 2018.

** Professional Fees of ₹ 6,60,000 p.a. is paid to Dr. Prakash D.Trivedi towards professional services rendered by him.

@ 3 years w.e.f. 1st August, 2019 / NA / Nil / Nil

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

Note:

1. Currently, the Company does not have any Stock Option plan(s) / scheme(s).
2. Apart from the above, the Company does not have any other pecuniary relationship or transactions with the Directors.

6. Remuneration Policy

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

A. Remuneration Process:

- The NRC considers and determines the Remuneration Policy, based on the performance and ensures that the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate members of the Board / Management.
- NRC ensure that remuneration is based on performance benchmarks.
- NRC also ensures that the remuneration to Directors, KMPs, and Senior Management Personnel of the Company involves a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals.

B. Executive Directors:

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

C. Non-executive Directors:

- Criteria for making payments to Non-executive Directors is disseminated on the website of the Company at www.chembondindia.com.
- Sitting fee, reimbursement of expenses and profit related commission:

A Director is eligible to receive remuneration by way of sitting fees for attending meetings of Board or Committee thereof as per Section 197(5) of the Act.

Independent Director shall be eligible for reimbursement of expenses, if any, for participation in the Board and other meetings and profit related commission as may be approved.

- Stock Options:

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

7. Stakeholders' Relationship Committee

The constitution of Stakeholders' Relationship Committee as of 31st March, 2019 is as follows:

Name of the Member	Designation	No. of meetings held	No. of meetings attended
Mahendra K. Ghelani*	Chairman	NA	NA
Sameer V. Shah	Member	5	5
Nirmal V. Shah	Member	5	4
Ashwin R. Nagarwadia**	Member	5	3

* Was appointed as a Member / Chairman of the Committee w.e.f. 3rd February, 2019.

** Ceased to be Chairman of the Committee w.e.f. 3rd February, 2019.

The Committee deals with matters relating to transfer / transmission of Shares, issue of duplicate share certificates, review of shares dematerialized and matters relating to transfer of shares to IEPF account of the Government. Mrs. Suchita H. Singh, Company Secretary & Compliance Officer is responsible for coordinating all such matters and those relating to share transfer and shareholders grievances with the Registrar and Transfer Agent.

The Company has designated an e-mail id “cs@chembondindia.com” exclusively for the purpose of registering complaints by investors electronically.

This e-mail id is displayed on the Company’s website i.e. <http://www.chembondindia.com/investor-grievance.html>.

During the year, the Company did not receive any shareholder complaints.

8. Other Committees

A. Corporate Social Responsibility (CSR) Committee

The composition of CSR Committee is as detailed below:

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

* Was appointed as a Member & Chairman of the Committee w.e.f. 3rd February, 2019

** Ceased to be Member of the Committee w.e.f. 3rd February, 2019

The CSR Committee has the power to frame the CSR policy and review it from time to time, to ensure effective implementation and monitoring of the CSR activities as per the approved policy, plans & budget, to ensure compliance with the capital Law, Rules & Regulations governing the CSR.

B. Risk Management Committee (Non-Mandatory Committee)

The composition of Risk Management Committee is as detailed below:

Name of the Member	Designation	No. of meetings held	No. of meetings attended
Sameer V. Shah#	Chairman	NA	NA
Mahendra K. Ghelani§	Member	3	3
Ashwin R. Nagarwadia	Member	3	3
Sushil U. Lakhani	Member	3	0
Perviz H.Dastur*	Member	NA	NA
Saraswati Sankar**	Member	3	0

Was appointed as a Member & Chairman of the Committee w.e.f. 3rd February, 2019.

§ Ceased to be Chairman of the Committee w.e.f. 3rd February, 2019.

*Resigned as a Director of the Company w.e.f. close of working hours on 11th August, 2018.

** Ceased to be Member of the Committee w.e.f. 3rd February, 2019.

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

C. Executive Committee (Non-Mandatory Committee)

The composition of Executive Committee is as detailed below:

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

The Board of Directors has delegated to the Executive Committee the authority to supervise and monitor the day-to-day affairs of the Company. The Executive Committee of the Board of Directors of the Company reviews in detail the business of the Company. The Head of Departments (HOD), Business/Divisional Heads are invited to the same to present the business details / information.

D. Research & Development & Technical Committee (Non-Mandatory Committee)

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

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

During the year under review one Committee Meeting was held.

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

E. Investment Committee (Non-Mandatory Committee)

The composition of Investment Committee is as detailed below:

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

* Resigned as a Director of the Company w.e.f. close of working hours on 11th August, 2018.

The Committee has been constituted with a view to effectively use the funds. The Investment Committee has a number of other responsibilities, but they are generally categorized into two key areas: developing sound investment objectives and ensuring that it is implemented efficiently and effectively.

9. Whistle Blower Policy

The Company is committed to adhere to the highest standards of ethical, moral and legal conduct of business operations. The Company has a Vigil Mechanism & Whistle Blower Policy which encourages its employees who have concerns about suspected misconduct to come forward and express these concerns without fear of punishment or unfair treatment. A Vigil (Whistle Blower) Mechanism provides a channel to the employees and Directors to report to the management concerns about unethical behavior, actual or suspected fraud or violation of the codes of conduct or policies. The Audit Committee of the Company oversees the

vigil mechanism. The policy on Vigil Mechanism & Whistle Blower Policy may be accessed on the Company's website at the link: [http://www.chembondindia.com/Investors/Policy/Vigil Mechanism & Whistle Blower Policy](http://www.chembondindia.com/Investors/Policy/Vigil%20Mechanism%20&%20Whistle%20Blower%20Policy).

10. Subsidiary and Step Down Subsidiary Companies

The Company has nine subsidiaries and one step down subsidiary namely :

- i. Chembond Water Technologies Limited,
- ii. Chembond Material Technologies Private Limited,
- iii. Chembond Biosciences Limited,
- iv. Chembond Clean Water Technologies Limited,
- v. Chembond Polymers and Materials Limited ,
- vi. Chembond Calvatis Industrial Hygiene Systems Limited,
- vii. Chembond Chemicals (Malaysia) Sdn. Bhd.,
- viii. Phiroze Sethna Private Limited,
- ix. Chembond Distribution Limited and
- x. Gramos Chemicals India Private Limited (Step Down Subsidiary) .

Mr. Mahendra K. Ghelani, Independent Director of Chembond Chemicals Limited is on the Board of material subsidiaries of the Company, Chembond Water Technologies Limited and Chembond Material Technologies Private Limited. The Audit Committee of the Company reviews the financial statements of the subsidiaries. The Minutes of the Board meetings of subsidiaries are placed at the Board Meetings of your Company.

11. General Body Meetings

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

Year	AGM / EGM	LOCATION	DATE	TIME	SPECIAL RESOLUTION(S) PASSED
2016	AGM	EL-37, Chembond Centre, Mahape, MIDC, Navi Mumbai 400 710.	30.07.2016	3.00 p.m.	1) To re-appoint Mr. Sameer V. Shah (DIN: 00105721) as Chairman & Managing Director of the Company for a period of three years. 2) To re-appoint Mr. Nirmal V. Shah (DIN: 00083853) as Vice chairman & Managing Director of the Company for a period of three years. 3) Alteration of the authorized share capital (Article 4) in the Articles of Association of the Company. 4) Alteration of Article 19 (a) in the Articles of Association of the Company relating to surrender of old share certificate(s) in case of sub-division and consolidation.
2017	AGM	EL-37, Chembond Centre, Mahape, MIDC, Navi Mumbai 400 710.	24.06.2017	11.30 a.m.	1) To approve payment of commission to Non-executive Directors. 2) To approve Related Party Transactions.
2018	AGM	EL-37, Chembond Centre, Mahape, MIDC, Navi Mumbai 400 710	11.08.2018	2.30 p.m	NA
2019	Postal Ballot	Navi Mumbai	25.03.2019	-	1) Continuation of Directorship of Mr. Ashwin Nagarwadia (DIN: 00466681) beyond the age of 75 years. 2) Alteration in the Memorandum of Association. 3) Adoption of new Articles of Association.

- ii) Postal Ballot was conducted during the year, results of which were declared on 25th March, 2019.

- iii) Person who conducted the Postal Ballot exercise: Mr. Virendra G. Bhatt, Practicing Company Secretary.
- iv) Whether special resolutions are proposed to be conducted through postal ballot: No Special resolution is proposed to be conducted.
- v) Postal Ballot whenever conducted will be carried out as per the procedure mentioned in Rule 22 of Companies (Management and Administration) Rules, 2014, including any amendment thereof.
- vi) Details of Extra Ordinary General Meeting held in last 3 years : No Extra Ordinary General Meetings were held in last 3 years.

12. Means of Communication

a. Quarterly Results

The quarterly, half-yearly and yearly financial results are submitted to BSE Limited within 30 minutes after the conclusion of the Board meeting.

b. Publication of Quarterly Results

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

c. Website where displayed:

The results are also displayed on the website of the Company at www.chembondindia.com and uploaded on the website of BSE Limited.

d. Whether it also displays official news releases:

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

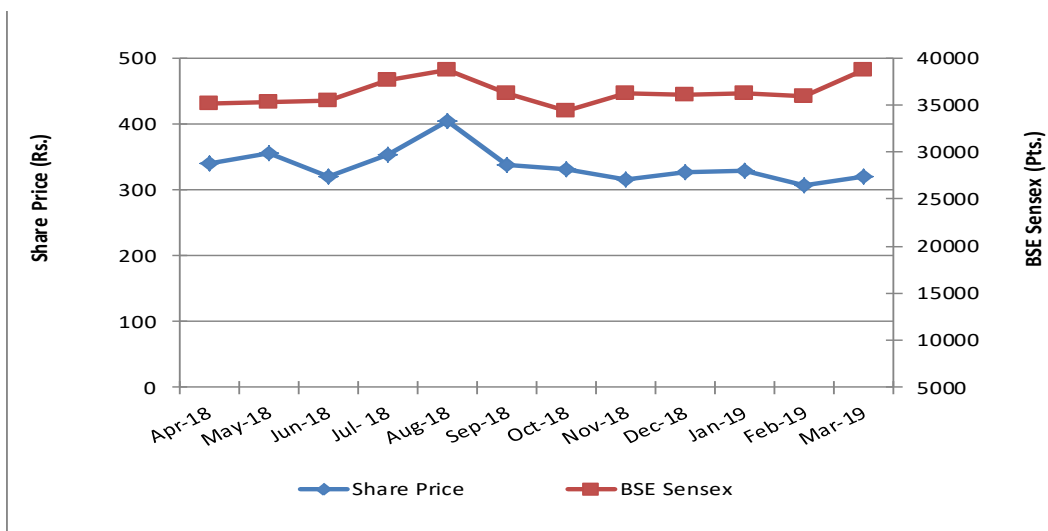
13. General Shareholders Information

a.	Corporate Identification Number (CIN)	L24100MH1975PLC018235
b.	Date, Time & Venue of Annual General Meeting	Saturday, 3 rd August, 2019 at 2.30 pm at EL-37, MIDC, Mahape, Navi Mumbai
c.	Financial Year	The Financial Year Covers the period from 1 st April, 2018 to 31 st March, 2019
d.	Financial Calendar for 2019-2020 (tentative & subject to change)	Financial Reporting for the quarter ending 30.06.2019 on or before 14 th August, 2019 30.09.2019 on or before 14 th November, 2019 31.12.2019 on or before 14 th February, 2020 31.03.2020 on or before 30 th May, 2020
e.	Dividend Payment date	Final dividend, if declared shall be paid/credited on or before 7 th August, 2019
f.	Listing on Stock Exchange	BSE Limited
	Stock Exchange Address	P.J. Towers, Dalal Street, Fort, Mumbai – 400 001
	Stock Code	530871
	ISIN	INE995D01025
	Confirmation about payment of Annual Listing fee to Stock Exchange	Listing fees paid for FY 2019-20.

g.	Market Price data	Month	High	Low	Volume (No. of shares)
		April 2018	369.90	300.00	3,88,094
May 2018	392.00	315.00	4,36,913		
June 2018	364.75	300.10	2,13,543		
July 2018	364.90	311.25	1,59,489		
August 2018	447.50	331.30	1,88,283		
September 2018	423.45	322.10	1,00,265		
October 2018	369.95	314.10	1,14,039		
November 2018	338.00	300.20	75,298		
December 2018	337.00	310.05	32,954		
January 2019	358.00	315.00	64,784		
February 2019	334.90	295.00	1,41,975		
March 2019	329.70	280.00	1,87,885		

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

MONTH	Chembond Chemicals Limited	BSE Sensex
April 2018	340.65	35160.36
May 2018	356.45	35322.38
June 2018	319.75	35423.48
July 2018	352.10	37606.58
August 2018	404.20	38645.07
September 2018	337.80	36227.14
October 2018	329.90	34442.05
November 2018	315.50	36194.30
December 2018	327.45	36068.33
January 2019	329.00	36256.69
February 2019	307.55	35867.44
March 2019	319.70	38672.91



i.	Registrar and Share Transfer Agent	TSR Darashaw Limited 6-10, Haji Moosa Patrawala Industrial Estate, 20, Dr. E Moses Road, Mahalaxmi, Mumbai – 400 011. Tel : 022 – 6656 8484 Fax : 022 – 6656 8494 E-mail : csg-unit@tsrdarashaw.com Web : www.tsrdarashaw.com
j.	Share Transfer System	Registrar and Transfer Agent carry out share transfer activities. Share transfers are processed and the share certificates duly endorsed are returned within a period of 15 days from the date of receipt, subject to the documents being valid and complete in all respect. The Company obtains from a Practising Company Secretary a half yearly certificate of compliance with the share transfer formalities as required under Regulation 40(9) of the Listing Regulations and files a copy of the compliance certificate with the Stock Exchanges where the shares of the Company are listed.

Distribution of shareholding as on 31st March, 2019.

Distribution of shares according to size of holding

No. of Equity Shares Held	No. of Shareholders	% of Shareholders	No. of shares	% of Shareholding
1 - 2000	3083	89.10	1051983	7.82
2001 - 3000	85	2.46	216397	1.61
3001 - 4000	56	1.62	200886	1.49
4001 - 5000	29	0.84	130852	0.97
5001- 10000	102	2.95	756163	5.62
10001 - 20000	39	1.13	573092	4.26
20001 - 30000	16	0.46	383178	2.85
30001 - 40000	7	0.20	241328	1.79
40001 - 50000	9	0.26	408768	3.04
50001 - 100000	17	0.49	1187345	8.83
100001 & above	17	0.49	8298296	61.71
Total	3460	100.00	13,448,288	100.00

Distribution of Shares by categories of shareholders:

Category of Shareholding as of 31 st March, 2019	No. of Shares	% of total shares
Promoters & their relatives	8,595,051	63.90
Banks/ FIs/Insurance Co. (Central/ State Govt./ Non- Govt. Institutions)	47,600	0.35
Corporate Bodies	974,628	7.25
NRIs/OCBs	151,942	1.13
IEPF Account	27,084	0.20
FPI-CORPS	0	0.00
Indian Public	3,651,983	27.16
Total	13,448,288	100.00

Top 10 Shareholders:

Sr. No.	Name of the Shareholder	Category	No. of Shares	% of shareholding
1	Ajay Chinubhai Laloo	Individual	225,764	1.68
2	Banda Real Estate Pvt. Ltd.	Body Corporate	187,460	1.39
3	Chartered Finance and Leasing Ltd	Body Corporate	169,058	1.26
4	Girish Gulati (Huf)	HUF	96,288	0.72
5	Meena Bharat Sheth	Individual	79,431	0.59
6	Shrigopal Maheshwari	Individual	75,000	0.56
7	Atul Nagindas Sanghvi	Individual	74,000	0.55
8	V M Salgaocar Corporation Pvt. Ltd.	Body Corporate	70,354	0.52
9	ARA Trusteeship Company Pvt. Ltd.	Body Corporate	68,203	0.51
10	Sanjay Madanlal Sanghvi	Individual	61,174	0.45

Dematerialization of shares and liquidity	The shares of the Company are actively traded on BSE Limited. Trading of shares is permitted only in dematerialized form. As of 31 st March, 2019, 13,185,644 equity shares are held in Demat form i.e. 98.05% of the total share capital.
Details about the outstanding Global Depository receipts or American depository receipts or warrants or any convertible instruments, conversion date and likely impact on equity	The Company has not issued any ADR / GDR.
Commodity price risk or foreign exchange risk and hedging activities	During the year ended 31 st March 2019, the Company had managed the foreign exchange risk and hedged to the extent considered necessary. The Company enters into forward contracts for hedging foreign exchange exposures against imports. The details of foreign currency exposure are disclosed in Notes to the Standalone and Consolidated financial statements.
Plant Locations	1) Plot No. E-6/3 & 4, MIDC Tarapur, Maharashtra 401 506. 2) Khasra 177/2, Village Theda, Himachal Pradesh 174 101. 3) Survey No. 404/B-01, Dudhwada, Dist. Vadodara, Gujarat. 4) S-50, Phase III, SIPCOT, Ranipet, Tamilnadu. 5) W-268, TTC Area, MIDC, Rabale, Navi Mumbai, Maharashtra 6) Plot No. A-101, Road No. 16, Wagle Estate, Thane 400604.
Address of Correspondence	Chembond Chemicals Limited Chembond Centre, EL-71, MIDC Mahape, Navi Mumbai 400 710. Tel : 022 6264 3000 Fax: 022 2768 1294 website : www.chembondindia.com Email for Investor Grievance: cs@chembondindia.com
Credit Ratings	Total Bank Loan – 19 Crore Long term Rating – CRISIL A- /Stable (Reaffirmed) Short term Rating – CRISIL A1 (Reaffirmed)

14. Other Disclosures

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

The Audit Committee of the Company has granted omnibus approval to the related party transactions and the Company does not have related party transactions which have or may have potential conflict with the interest of entity at large. The Company has a Related Party Transaction Policy in place, which has been posted on the website of the Company at <http://www.chembondindia.com/investors/Policy>. The necessary disclosures regarding the transactions with Related Parties are given in the notes to the Accounts. None of these transactions have potential conflict with the interest of the Company at large.

- b. Non-compliance by the Company, penalties, and strictures imposed on the Company by the Stock Exchange, or SEBI or any statutory authority, on any matter related to capital markets, during the last three years:

There was no such instance in the last 3 years.

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

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

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

The Company confirms that it has complied with all mandatory requirements prescribed in the Listing Regulations for the FY 2018-19. Also, pursuant to the provisions of Regulation 34(3) of the Listing Regulations read with Part B of Schedule II to the Listing Regulations, the Chairman and Managing Director (CEO) and the Chief Financial Officer (CFO) have issued a certificate to the Board for the year ended 31st March, 2019.

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

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

- f. Details of utilization of funds raised through preferential allotment or qualified institutions placement as specified under Regulation 32 (7A).

No funds have been raised through preferential allotment or qualified institutional placement.

- g. A certificate from a Company Secretary in practice that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as Directors of companies by the Board/Ministry of Corporate Affairs or any such statutory authority.

The certificate from Mr. Virendra G. Bhatt, Practicing Company Secretary forms part of this Report.

- h. Where the Board had not accepted any recommendation of any Committee of the Board which is mandatorily required, in the relevant financial year, the same to be disclosed along with reasons thereof.

No such disclosure.

- i. Total fees for all services paid by the listed entity and its subsidiaries, on a consolidated basis, to the Statutory Auditor and all entities in the network firm/network entity of which the Statutory Auditor is a part ₹ 22.11 lakhs for F.Y. 2018-19.

- j. Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

- a. Number of complaints filed during the financial year - 1.
- b. Number of complaints disposed of during the financial year - 1 .
- c. Number of complaints pending as on end of the financial year - 0.

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

There is no non-compliance with any requirement of Corporate Governance Report of sub-paras (2) to (10) of the Corporate Governance Report as given in Schedule V(C) of the Listing Regulation. The disclosures of the compliance with Corporate Governance requirements specified in Regulation 17 to 27 of the Listing Regulations, have been made in this Corporate Governance report. Details required under clauses (b) to (i) of sub-regulation (2) of Regulation 46 of the said Regulations are displayed on the website of the Company at www.chembondindia.com.

The non-mandatory requirements as stipulated in Part E of Schedule II of the Listing Regulations have been adopted to the extent and in the manner as stated under the appropriate headings in this Report.

16. Discretionary Requirements

i) The Board

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

ii) Shareholders Rights

Financial Results for the half year / quarter ended 30th September, 2018, were published in The Free Press Journal and Navshakti newspapers and were also displayed on the website of the Company www.chembondindia.com and disseminated to BSE Limited where its equity shares are listed, hence separately not circulated to shareholders.

iii) Audit Qualifications

There is no audit qualification.

iv) Separate posts of Chairman and Chief Executive Officer

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

v) Reporting of Internal Auditors

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

17. Legal Proceedings

As on 31st March, 2019 there are no pending cases against the Company, in any courts and hence no contingent liability has been provided.

18. Unpaid / Unclaimed Dividend

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

The Company has issued reminders to all such shareholders in respect of the Unclaimed / Unpaid Dividend for the FY 2011-12 whose dividends remain unclaimed, as is customarily sent by the Company every year, before crediting the balance Unclaimed Dividend Amount to the IEPF. A statement showing the year / month(s) in which unpaid/unclaimed dividend(s) is / are due for transfer to the IEPF is given below:

Dividend Particulars	Rate ₹	Date of Declaration	Due Date for Transfer to IEPF
FY 2011 - 12	2.35	08/09/2012	07/10/2019
FY 2012 - 13	2.85	10/08/2013	09/09/2020
FY 2013 - 14	3.00	09/08/2014	08/09/2021
FY 2014 - 15	3.00	08/08/2015	07/09/2022
FY 2015 - 16(Interim)	6.00	05/11/2015	04/12/2022
FY 2015 - 16(Interim)	3.00	10/03/2016	09/04/2023
FY 2016 - 17	1.65	24/06/2017	23/07/2024
FY 2017-18	1.85	11/08/2018	10/09/2025

19. Equity Shares in Suspense Account

There are no shares in Suspense account.

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To,
The Members of
CHEMBOND CHEMICALS LIMITED
Plot No. EL-71, Chembond Centre,
TTC Ind. Area, MIDC Electronic,
Mahape, Navi Mumbai, Maharashtra - 400710

I have examined the relevant registers, records, forms, returns and disclosures received from the Directors of **Chembond Chemicals Limited** having CIN L24100MH1975PLC018235 and having registered office at Plot No. EL-71, Chembond Centre, TTC Ind. Area, MIDC Electronic, Mahape, Navi Mumbai, Maharashtra - 400710 (Hereinafter referred to as “the Company”), produced before me by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to me by the Company & its officers, I hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March, 2019 have been disqualified from being appointed or continuing as Directors of Companies by the Securities and Exchange Board of India and Ministry of Corporate Affairs.

Sr. No.	Name of Director	DIN	Date of Appointment at current Designation	Original Date of Appointment
1.	Nirmal Vinod Shah	00083853	28/07/2012	10/01/2000
2.	Sameer Vinod Shah	00105721	18/08/2007	10/01/2000
3.	Prakash Druman Trivedi	00231288	08/08/2015	21/05/2015
4.	Ashwin Ratilal Nagarwadia	00466681	10/05/1994	10/05/1994
5.	Mahendra Kalyanji Ghelani	01108297	14/09/1994	14/09/1994
6.	Sushil Uttamchand Lakhani	01578957	18/09/2010	11/05/2010
7.	Saraswati Sankar	07133249	08/08/2015	24/03/2015

Ensuring the eligibility for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. My responsibility is to express an opinion on these based on my verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Place : Mumbai
Date : 18th May, 2019

Virendra G. Bhatt
ACS No.: 1157
C P No.: 124

DECLARATION ON COMPLIANCE OF THE COMPANY'S CODE OF CONDUCT

As required under Schedule V(D) of the Listing Regulations, the Board Members and the Senior Management Personnel have confirmed compliance with the Code of Conduct for the Board of Directors and the Senior Management for the year ended 31st March, 2019.

Mumbai, 18th May, 2019

For Chembond Chemicals Limited
Sameer V. Shah
Chairman & Managing Director

INFORMATION ON DIRECTOR(S) RECOMMENDED FOR APPOINTMENT / RE-APPOINTMENT AT THE ENSUING ANNUAL GENERAL MEETING.

Mr. Sameer V. Shah – Chairman & Managing Director, Mr. Nirmal V. Shah – Vice Chairman & Managing Director, Mr. Ashwin R. Nagarwadia - Non-Executive Director, Mr. Mahendra Ghelani, Mr. Sushil Lakhani, Mrs. Saraswati Sankar and Dr. Prakash D. Trivedi - Independent Directors.

Name of Director	Mr. Sameer V. Shah	Mr. Nirmal V. Shah	Mr. Ashwin R. Nagarwadia	Mr. Mahendra K. Ghelani	Mr. Sushil U. Lakhani	Mrs. Saraswati Sankar	Dr. Prakash D. Trivedi
DIN	00105721	00083853	00466681	01108297	01578957	07133249	00231288
Date of Birth/ Age	16 th February, 1960/59 Years	18 th November, 1971/ 47 Years	20 th September, 1937/ 81 Years	30 th January, 1945/74 Years	2 nd April ,1959/60 Years	26 th April, 1950/69 Years	11 th July, 1946/72 Years
Date of Appointment / last re-appointment	1 st August, 2016	1 st August, 2016	24 th June, 2017	9 th August, 2014	9 th August, 2014	24 th March, 2015	21 st May, 2015
Expertise in specific functional area	Wide rich business experience and exposure to managing diverse businesses.	More than 25 years of experience and exposure to managing diverse business and more than 18 years of experience in water treatment chemicals division.	Wide experience in Engineering and Manufacturing Industry.	More than 50 years of experience with specialization in real estate, civil litigation, strategy planning, negotiation, pleadings, documentation, arbitration, corporate governance, alternate dispute resolution, international arbitration and mediation.	More than 34 years of experience with specialization in International Taxation.	More than 34 years of experience in banking and finance industry.	More than 45 years of experience in polymer industry.
Qualification	Chemical Engineering	Diploma in Business Management	B. Sc. M.E. - Mechanical Engineering	MA, LLB and Solicitor Degree	Chartered Accountant	CAIIB, Post Graduation Economics, Diploma in Business Management	M.Sc., Ph.D.
No. of Shares held in the Company	15,31,274	16,45,230	5,66,240	Nil	Nil	Nil	Nil

Name of Director	Mr. Sameer V. Shah	Mr. Nirmal V. Shah	Mr. Ashwin R. Nagarwadia	Mr. Mahendra K. Ghelani	Mr. Sushil U. Lakhani	Mrs. Saraswati Sankar	Dr. Prakash D. Trivedi
Directorships held in other Companies	Finor Piplaj Chemicals Ltd., Chembond Water Technologies Ltd., Visan Holdings Private Ltd., Chembond Distribution Ltd., S and N Ventures Ltd., Chembond Polymers and Materials Ltd., Chembond Material Technologies Private Ltd., CCL Optoelectronics Private Ltd., Chembond Calvatis Industrial Hygiene Systems Ltd, Chembond Biosciences Ltd, Phiroze Sethana Private Ltd., Gramos Chemicals India Private Ltd., Oriano Clean Energy Private Ltd.	Finor Piplaj Chemicals Ltd., Chembond Water Technologies Ltd., Visan Holdings Private Ltd., Chembond Distribution Ltd., S and N Ventures Ltd., Chembond Polymers and Materials Ltd, Chembond Material Technologies Private Ltd., Chembond Clean Water Technologies Ltd., Chembond Calvatis Industrial Hygiene Systems Ltd Chembond Biosciences Ltd., Protochem Investment Private Ltd., Phiroze Sethana Private Ltd., Gramos Chemicals India Private Ltd.,	Hitech Insurance Broking Services Ltd., Hitech Corporation Ltd., Finor Piplaj Chemicals Ltd., Rayirth Holding and Trading Company Pvt., Ltd., Canes Venatici Trading Pvt. Ltd., Sattva Holding and Trading Pvt., Ltd., C C L Optoelectronics Private Ltd.	Chembond Water Technologies Ltd., Chembond Material Technologies Private Ltd., Phiroze Sethna Private Ltd. and Variety Investments Private Ltd.	Chembond Clean Water Technologies Ltd. and Delsoft Consultancy Private Ltd.	Eastern Powers And Systems Private Ltd	N. M. Tripathi Private Ltd., Chembond Polymers And Materials Ltd.
Chairperson / Members of the Committee of the Board of Directors of the Company	Member of Corporate Social Responsibility Committee, Member of Nomination and Remuneration Committee, Stakeholders Relationship Committee, Chairman of Risk Management Committee.	Chairman of Corporate Social Responsibility Committee, Member of Audit Committee and Stakeholders Relationship Committee.	Member of Nomination and Remuneration Committee, Stakeholders Relationship Committee and Corporate Social Responsibility Committee.	Chairman of Audit Committee, Stakeholders' Relationship Committee and Nomination and Remuneration Committee, Member of Risk Management Committee.	Member of Audit Committee, Nomination and Remuneration Committee, and Corporate Social Responsibility Committee. Member of Risk Management Committee.	Member of Audit Committee, Nomination and Remuneration Committee.	Nil

Name of Director	Mr. Sameer V. Shah	Mr. Nirmal V. Shah	Mr. Ashwin R. Nagarwadia	Mr. Mahendra K. Ghelani	Mr. Sushil U. Lakhani	Mrs. Saraswati Sankar	Dr. Prakash D. Trivedi
Chairman / Member of the Committee of the Board of Directors of other public Companies (includes only Audit Committee and Stakeholders' Relationship Committee)	-	Member of Audit Committee in Chembond Water Technologies Ltd.	Member of Audit Committee and Stakeholders Relationship Committee in Hitech Corporation Ltd.	Member of Audit Committee in Chembond Water Technologies Ltd.	Nil	Nil	Nil
Brief Resume	Mr. Sameer V. Shah has over 27 years of experience and exposure to manage diverse businesses.	Mr. Nirmal V. Shah has over 25 years of experience and exposure to manage diverse businesses. He has been in charge of the Water Treatment Chemical division for the past 18 years. His expertise is in Organisational Management.	Mr. Ashwin Nagarwadia is a Technocrat and having wide experience in manufacturing industry. He has held various senior positions in reputed organisations and was Chairman and Managing Director of Ingersoll Rand (India) Ltd. before his retirement. He has a rich and wide managerial experience	Mr. Ghelani has BA, LLB and Solicitor degrees and has more than 50 years of experience with specialization in real estate, civil litigation, strategy planning, negotiation, pleadings, documentation, arbitration, corporate governance, alternate dispute resolution, international arbitration, and mediation.	Mr. Sushil Lakhani has FCA degree from the Institute of Chartered Accountants of India and has more than 34 years of post qualification. He has been associated with eminent professionals firms in carrying out various assignment. His area of specialization is in taxation with a wide exposure to domestic and international taxation. He is a regular speaker and faculty at various courses, seminars & conferences on International Taxation.	More than 34 years of experience in banking and finance industry.	More than 45 years of experience in polymer industry.
No. of Board Meetings attended during F.Y. 2018-19	5	5	2	5	5	4	3
Relationship with other Directors, Manager and other Key Managerial Personnel of the Company	Mr. Nirmal V. Shah and Mr. Sameer V. Shah are siblings.	Mr. Sameer V. Shah and Mr. Nirmal V. Shah are siblings.	NIL	NIL	NIL	NIL	NIL

INDEPENDENT AUDITOR'S REPORT

To the Members of
Chembond Chemicals Limited

Report on the Audit of the Standalone Financial Statements:

Opinion

We have audited the standalone financial statements of Chembond Chemicals Limited ("the Company"), which comprise the standalone balance sheet as at 31st March 2019, the standalone statement of Profit and Loss, the standalone statement of changes in equity and the standalone statement of cash flows for the year then ended, and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) In the case of the standalone Balance Sheet of the state of affairs of the Company as at March 31, 2019,
- b) In the case of the standalone Statement of Profit and Loss, of the total comprehensive loss of the Company for the year ended on that date;
- c) In the case of the standalone Statement of Cash Flow, of the cash flows of the Company for the year ended on that date;
- d) In the case of the standalone Statement of Changes in Equity, of the changes in equity of the Company for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report.

We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics.

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

Key Audit Matters

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

We have determined that there are no key audit matters to be communicated in our report.

Information Other than the Standalone Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Corporate Governance and Shareholders Information but does not include the standalone financial statements and our auditor's report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and Those Charged with Governance for the Standalone Financial Statements

The Company's Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity 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.

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

In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. The Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Financial Statements:

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

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the standalone financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

Report on Other Legal and Regulatory Requirements

1. As required by 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, a statement on the matters specified in the paragraph 3 and 4 of the Order, to the extent applicable.
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 relating to preparation of the standalone financial statements have been kept by the Company so far as it appears from our examination of those books;
 - c. The standalone balance sheet, the standalone statement of profit and loss including Other Comprehensive Income, the standalone statement of changes in equity and the standalone cash flow statement dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of these standalone financial statements;
 - d. In our opinion, the aforesaid standalone financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - e. On the basis of the written representations received from the directors as on March 31, 2019, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019, 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";
3. With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. the Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements – Refer Note no. 45 to the standalone financial statements;
 - ii. the Company does not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
4. With respect to the matter to be included in the Auditors' Report under section 197(16):

In our opinion and according to the information and explanations given to us, the Company has paid and / or provided remuneration to its directors during the year ended 31st March, 2019 in accordance with the provisions of Section 197 of the Act.

For **Bathiya & Associates LLP**

Chartered Accountants

Firm Registration No. 101046W / W100063

Jatin A. Thakkar

Partner

Membership No.: 134767

Place : Mumbai

Date : 18th May, 2019

ANNEXURE - A TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date for the year ended March 31, 2019)

Report on Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of Section 143(11) of the Companies Act, 2013 ("the Act") of the Company.

(i) In respect of Fixed Assets:

- (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) As per the information and explanations given to us, some of the fixed assets of the Company have been physically verified during the year by the management in accordance with a phased program of verification designed to cover all assets over a period of three years, which in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on physical verification.
- (c) According to the information and explanations given to us and on the basis of our examination of the conveyance deeds / registered sale deed provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings which are freehold, are held in the name of the Company as at the balance sheet date. In respect of immovable properties of land and building that have been taken on lease and disclosed as fixed assets in the standalone financial statements, the lease agreements are in the name of the Company.

(ii) In respect of its Inventories:

As per the information and explanations given to us, the inventories have been physically verified during the year by the management. The intervals at which the inventories have been verified are, in our opinion, reasonable in relation to the size of the Company and the nature of its business. The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.

(iii) 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, clause (iii) (a), (b) and (c) of the Order are not applicable to the Company.

(iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Act, in respect of loans, investments, guarantees, and security given for the year under report.

(v) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public during the year under sections 73 to 76 or any other relevant provisions of the Act and the rules framed thereunder. Therefore, clause (v) of the Order is not applicable to the Company.

(vi) On the basis of explanation and representation given by the management and on our broad review of the cost records maintained by the Company pursuant to the Companies (cost records and audit) Rules, 2014 prescribed by the Central Government under Section 148(1) of the Act, we are of the opinion that prima facie the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

(vii) In respect of statutory dues:

- (a) As per information and explanations given to us, undisputed statutory dues including provident fund, employees' state insurance, income tax, profession tax, Goods and Service Tax, custom duty, cess and other statutory dues applicable to the Company have generally been regularly deposited with the appropriate authorities though there has been delays in deposit in a few cases which are not serious. Further, there are no undisputed amounts payable in respect of above mentioned statutory dues which were in arrears, as at 31st March, 2019 for a period of more than six months from the date they became payable.
- (b) According to the information and explanation given to us, there are no dues of income tax, sales tax, service tax, Goods and Service Tax, custom duty, excise duty and cess, which have not been deposited on account of any dispute except in the case of the following disputes which are pending:

Name of statute	Nature of the Dues	Amount (Rs. in lakhs)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	7.34	FY 2012-13	Commissioner of Income Tax(Appeals)
Income Tax Act, 1961	Income Tax	15.49	FY 2011-12	Commissioner of Income Tax(Appeals)
Central Excise Act, 1944	Excise	13.02 (0.98 paid)	June 2012 to February 2015	Commissioner of Central Excise(Appeals), Vadodara
Central Excise Act, 1944	Excise	1.88 (0.14 paid)	June 2012 to February 2014	Commissioner of Central Excise(Appeals), Vadodara
The Gujarat Value Added Tax Act, 2003	Sales Tax	0.24	FY 2013-14	The Deputy Commissioner of State Tax Range-12, Vadodara
TOTAL		37.97		

- (viii) In our opinion and according to the information and explanations given to us and on the basis of our examination of the books of accounts and the records of the Company, the Company has not defaulted in repayments of dues to the banks. The Company has not taken any loan or borrowings either from financial institutions or from the government and has not issued any debentures.
- (ix) On the basis of records of the Company examined by us and according to the information and explanations given to us, the Company has not raised money by way of initial public offer or further public offer (including debt instruments) or term loan during the year. Therefore, the clause (ix) of the aforesaid Order is not applicable to the Company.
- (x) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instances of fraud by the Company or any fraud on the Company by its officers or employees noticed or reported during the year, nor we have been informed of such case by the management.
- (xi) On the basis of records of the Company examined by us and according to the information and explanations given to us, the managerial remuneration has been paid and/or provided in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
- (xii) The Company is not a Nidhi company, hence the clause (xii) of the aforesaid Order is not applicable to the Company.
- (xiii) On the basis of records of the Company examined by us and according to the information and explanations given to us, the Company has entered into all transactions with related parties in compliance with Section 177 and Section 188 of the Act, where applicable and the same is disclosed in the standalone financial statements as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotments or private placement of shares or fully or partly convertible debentures during the year under review. Therefore, clause (xiv) of the aforesaid Order is not applicable to the Company.
- (xv) On the basis of records of the Company examined by us and according to the information and explanations given to us, we are of the opinion that the Company has not entered into any non-cash transactions with directors or persons connected with directors. Therefore, clause (xv) of the aforesaid Order is not applicable to the Company.
- (xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934, hence clause (xvi) of the aforesaid Order is not applicable to the Company.

For **Bathiya & Associates LLP**
Chartered Accountants
Firm's registration number: 101046W/W100063

Jatin A. Thakkar
Partner
Membership Number: 134767

Place: Mumbai
Date: 18th May, 2019

Annexure - B to the Independent Auditors' Report

(Referred to in paragraph 2(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date for the year ended March 31, 2019)

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

We have audited the internal financial controls over financial reporting of Chembond Chemicals Limited ("the Company") as of March 31, 2019 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (the 'Guidance Note'). 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 Act.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. 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 auditors' judgment, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls over Financial Reporting

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone 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 standalone financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of Management and directors of the Company; and

- (3) Provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the standalone 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, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2019, 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.

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

Jatin A. Thakkar

Partner
Membership No.: 134767

Place : Mumbai
Date : 18th May, 2019

Standalone Balance Sheet as at 31st March 2019

	Notes	As at 31/03/2019 (₹ in lakhs)	As at 31/03/2018 (₹ in lakhs)
Assets			
Non-current assets			
(a) Property, plant and equipment	2	3,514.64	3,681.37
(b) Capital work-in-progress	2	200.39	66.56
(c) Other Intangible assets	2	48.61	57.42
(d) Financial assets			
i) Investments	3	13,235.63	15,832.50
ii) Other financial assets	4	41.48	41.98
(e) Income tax asset (net)	5	163.22	149.35
(f) Other non-current assets	6	8.21	28.24
Total Non-current assets		17,212.18	19,857.42
Current Assets			
(a) Inventories	7	842.47	1,894.34
(b) Financial assets			
i) Investments	8	2,512.37	1,531.44
ii) Trade receivables	9	3,958.84	3,769.11
iii) Cash and cash equivalents	10	152.43	673.21
iv) Bank balances other than (iii) above	11	87.74	75.50
v) Loans	12	11.91	15.06
vi) Other financial assets	13	40.98	65.30
(c) Current tax (net)	14	30.50	14.00
(d) Other current assets	15	175.96	134.30
Total current assets		7,813.20	8,172.26
	Total	25,025.38	28,029.68
Equity and Liabilities			
Equity			
(a) Share capital	16	672.41	672.41
(b) Other equity	17	22,282.45	21,907.35
Total Equity		22,954.86	22,579.76
Non-current liabilities			
(a) Financial liabilities			
i) Borrowings	18	-	-
(b) Provisions	19	68.51	79.53
(c) Deferred tax liabilities (net)	20	196.06	286.88
Total Non-current liabilities		264.57	366.41
Current liabilities			
(a) Financial liabilities			
i) Borrowings	21	-	467.12
ii) Trade payables			
Trade payables -MSMED	22	42.73	33.90
Trade payables -Others	22	1,199.94	3,990.80
iii) Other financial liabilities	23	447.20	476.67
(b) Other current liabilities	24	107.88	101.87
(c) Provisions	25	8.20	13.15
Total current liabilities		1,805.95	5,083.51
	Total	25,025.38	28,029.68

Significant Accounting Policies and Notes on Financial Statements

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As per our attached report of even date

On behalf of the Board of Directors

For Bathiya & Associates LLP
Chartered Accountants
FRN - 101046W/W100063

Sameer V. Shah
Chairman
& Managing Director

Nirmal V. Shah
Vice Chairman
& Managing Director

Sushil U. Lakhani
Director

Jatin A. Thakkar
Partner
Membership No. : 134767
Mumbai, 18th May 2019

Rashmi S. Gavli
Chief Financial Officer
Mumbai, 18th May 2019

Suchita H. Singh
Company Secretary

Statement of Profit and Loss for the year ended 31st March 2019

	Notes	2018-2019 (₹ in lakhs)	2017-2018 (₹ in lakhs)
Revenue from Operations	26	15,628.96	23,779.03
Other Income	27	564.58	1,048.47
Total Revenue		16,193.54	24,827.50
Expenses :			
Cost of Materials Consumed	28	9,997.23	17,895.21
Purchases of Stock-in-trade	29	1,098.15	49.36
Changes in Inventories of Finished goods, Work-in-progress and Stock-in-Trade	30	67.40	345.62
Excise Duty		-	561.87
Employee Benefits Expenses	31	1,957.12	1,865.81
Finance Costs	32	29.12	54.60
Depreciation and Amortisation Expenses	33	287.77	287.18
Other Expenses	34	2,050.49	2,361.73
Total Expenses		15,487.28	23,421.38
Profit before Tax		706.26	1,406.12
Current Tax		163.93	321.77
Deferred Tax		(90.82)	(274.95)
Total Tax Expenses		73.11	46.81
Profit for the Year		633.15	1,359.31
Other Comprehensive Income			
1. i) Items that will not be reclassified to profit or loss		(9.58)	5.07
ii) Income Tax relating to items that will not be reclassified to profit or loss		1.93	(1.03)
2. i) Items that will be reclassified to profit or loss		-	-
ii) Income Tax relating to items that will be reclassified to profit or loss		-	-
Other Comprehensive Income (1+2)		(7.65)	4.04
Total Comprehensive Income		625.49	1,363.34
Earning Per Equity Share of Face Value of ₹ 5 each	35		
Basic (in ₹)		4.71	10.11
Diluted (in ₹)		4.71	10.11

1-46

As per our attached report of even date

For Bathiya & Associates LLPChartered Accountants
FRN - 101046W/W100063**Jatin A. Thakkar**Partner
Membership No. : 134767
Mumbai, 18th May 2019**On behalf of the Board of Directors****Sameer V. Shah**Chairman
& Managing Director**Rashmi S. Gavli**

Chief Financial Officer

Mumbai, 18th May 2019**Nirmal V. Shah**Vice Chairman
& Managing Director**Suchita H. Singh**

Company Secretary

Sushil U. Lakhani

Director

Statement of changes in equity for the year ended 31st March 2019

(a) Equity share capital

	No. of Shares	(₹ in lakhs)
Balance as at 31 st March 2017	1,34,48,288	672.41
Changes in equity share capital	-	-
Balance as at 31 st March 2018	1,34,48,288	672.41
Changes in equity share capital	-	-
Balance as at 31 March 2019	1,34,48,288	672.41

(b) Other Equity

(₹ in lakhs)

Particulars	Reserves and Surplus			OCI	Total other equity
	General Reserve	Share Premium	Retained earnings	Remeasurements of the net defined benefit Plans	
Balance as at 31st March 2017	630.00	613.05	19,522.79	0.07	20,765.91
Profit for the year			1,359.31		1,359.31
Other comprehensive income for the year				4.03	4.03
Total Comprehensive	-	-	1,359.31	4.03	1,363.34
Dividend Paid			221.90		221.90
Tax on Dividend Paid			45.17		45.17
Set off of Dividend Tax in respect of Dividend from Subsidiary Company			(45.17)		(45.17)
Balance as at 31st March 2018	630.00	613.05	20,660.20	4.10	21,907.35
Profit for the year			633.15		633.15
Other comprehensive income for the year				(7.65)	(7.65)
Total Comprehensive	-	-	633.15	(7.65)	625.50
Dividend Paid			248.79		248.79
Tax on Dividend Paid			51.14		51.14
Set off of Dividend Tax in respect of Dividend from Subsidiary Company			(49.53)		(49.53)
Balance as at 31st March 2019	630.00	613.05	21,042.95	(3.55)	22,282.45

As per our attached report of even date

On behalf of the Board of Directors

For Bathiya & Associates LLP
Chartered Accountants
FRN - 101046W/W100063

Sameer V. Shah
Chairman
& Managing Director

Nirmal V. Shah
Vice Chairman
& Managing Director

Sushil U. Lakhani
Director

Jatin A. Thakkar
Partner
Membership No. : 134767
Mumbai, 18th May 2019

Rashmi S. Gavli
Chief Financial Officer
Mumbai, 18th May 2019

Suchita H. Singh
Company Secretary

Cash Flow Statement for the year ended 31st March 2019

	2018-2019 (₹ in lakhs)	2017-2018 (₹ in lakhs)
A Cash Flow from Operating Activities		
Profit before tax	706.27	1,406.12
Adjustments for :		
Depreciation and amortisation	287.77	287.18
Loss on Sale of Property, Plant & Equipments	0.03	3.74
Finance cost	29.12	54.60
	316.92	345.52
Less :		
Foreign exchange fluctuation	11.86	15.42
Net gain on sale of investments	201.28	1,213.33
Fair valuation of investments (Net)	(691.56)	(479.89)
Dividend received	252.56	251.81
	225.87	(1,000.67)
Operating Profit before working capital changes	1,249.05	750.97
Adjustments for :		
Trade and other receivables	(183.39)	(63.00)
Inventories	1,051.87	453.77
Trade and other payables	(2,820.24)	27.60
	(1,951.75)	418.38
Cash generated from operations	(702.70)	1,169.35
Direct taxes paid	(192.38)	(338.47)
Net Cash from Operating Activities (A)	(895.08)	830.88
B Cash Flow from Investing Activities		
Payment to acquire property, plant & equipments	(336.11)	(299.96)
Proceeds from sale of property, plant & equipments	90.02	140.67
Purchase of investment	(6,224.18)	(15,870.37)
Sale of investment	7,349.83	15,926.89
Dividend income	252.56	251.81
Net Cash used in Investing Activities (B)	1,132.12	149.04
C Cash Flow from Financing Activities		
Proceeds/(Repayment) of Short Term Borrowings	(466.05)	(263.99)
Dividend paid	(248.79)	(221.90)
Tax on dividend paid	(1.61)	-
Finance Cost	(29.12)	(54.60)
Net Cash from Financing Activities (C)	(745.57)	(540.49)
Net (Decrease)/Increase in Cash & Cash Activities (A+B+C)	(508.54)	439.43
Cash and Cash Equivalents and Other Bank Balances as on Opening	748.71	309.28
Cash and Cash Equivalents and Other Bank Balances as on Closing (Refer Note 10,11)	240.17	748.71

Amendment to Ind AS 7-

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

(₹ in akhs)

Particulars	Note No.	As At 01/04/2018	Cashflow	Foreign Exchange Movement	As At 31/03/2019
Non-current liabilities					
- Borrowings	18	-	-	-	-
Current Liabilities					
- Borrowings	21	467.12	(466.05)	-	-
- Other financial liabilities					
Unpaid dividends	23	8.10	6.82	-	14.91
Total		475.22	(459.23)	-	14.91

As per our attached report of even date

On behalf of the Board of Directors

For Bathiya & Associates LLP
Chartered Accountants
FRN - 101046W/W100063

Jatin A. Thakkar
Partner
Membership No. : 134767
Mumbai, 18th May 2019

Sameer V. Shah
Chairman
& Managing Director

Rashmi S. Gavli
Chief Financial Officer

Mumbai, 18th May 2019

Nirmal V. Shah
Vice Chairman
& Managing Director

Suchita H. Singh
Company Secretary

Sushil U. Lakhani
Director

Notes on Financial Statement for the year ended 31st March, 2019

COMPANY INFORMATION:

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

The Company is engaged in manufacturing of Specialty Chemicals.

1. Significant Accounting Policies

1.1 Basis of preparation of financial statements and presentation

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

Effective April 1, 2017 the Company has adopted all the Ind AS standards and the adoption as carried out in accordance with Ind AS 101, First-time Adoption of Indian Accounting Standards, with April 1, 2016 as the transition date. The transition was carried out from Indian Accounting Principles generally accepted in India as prescribed under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (IGAAP), which was the previous GAAP.

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

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

1.2 Summary of significant accounting policies

a) Property, Plant and Equipment:

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

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

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

b) Intangible Assets:

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

c) Capital Work in Progress & Capital Advances:

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

Notes on Financial Statement for the year ended 31st March, 2019

d) Depreciation and Amortization:

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

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

e) Revenue Recognition:

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

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

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

f) Leases:

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

Company as a Lessee

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

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

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

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

Notes on Financial Statement for the year ended 31st March, 2019

Company as a lessor

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

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

g) Inventory:

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

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

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

h) Impairment of assets:

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if event or changes are indicative in circumstances indicate that they might be impaired. Assets that have a definite useful life are tested for impairment whenever events or changes in circumstances that indicate that the carrying amount may not be recoverable. Management periodically assesses using external and internal sources, whether there is an indication that an asset may be impaired. An Impairment loss is recognised for the amount by which the assets carrying amount exceeds its recoverable amount. An impairment loss is charged to the Profit and Loss Account in the year in which an asset is identified as impaired. An impairment loss recognized in prior accounting periods is reversed if there has been change in the estimate of the recoverable amount.

i) Financial Instruments :

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

1. Financial assets :

Classification :

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

Initial recognition and measurement:

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

Notes on Financial Statement for the year ended 31st March, 2019

Debt instruments :

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

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

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

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

Investments in subsidiaries, associates and joint venture:

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

Equity instruments :

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

De-recognition :

A financial asset derecognised only when:

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

The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either

- (a) the Company has transferred substantially all the risks and rewards of the asset, or
- (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

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

Notes on Financial Statement for the year ended 31st March, 2019

Impairment of financial assets:

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

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

2. Financial liabilities :

Initial recognition and measurement :

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

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

Financial liabilities at fair value through profit and loss:

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

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

Derecognition

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

3. Hedge accounting

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

At the inception of a hedge relationship, the Company formally designates and documents the hedge relationship to which the Company wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes the Company's risk management objective and strategy for

Notes on Financial Statement for the year ended 31st March, 2019

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

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

j) Fair Value Measurement:

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

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

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

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

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

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

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

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

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

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

k) Foreign Currency and Translation balances:

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

Notes on Financial Statement for the year ended 31st March, 2019

l) Trade Receivables:

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

m) Income Taxes:

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

Current tax:

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

Deferred tax:

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

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

n) Cash and Cash Equivalents

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

o) Employee Benefits:

Short Term Employee Benefits:

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

Post-Employment Benefits:

I. Defined Contribution plans:

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

Notes on Financial Statement for the year ended 31st March, 2019

II. Defined Benefit plans:

Pension Scheme:

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

Gratuity:

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

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

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

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

p) Research and Development:

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

q) Borrowing Cost:

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

r) Earnings per share:

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

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

s) Current / Non-Current Classification:

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

Notes on Financial Statement for the year ended 31st March, 2019

t) Provisions, Contingent Liabilities and Contingent Assets:

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

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

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

Contingent liability is disclosed in case of

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

Contingent Assets are neither recognised, nor disclosed.

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

u) Key accounting estimates and judgements:

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

The areas involving critical estimates or judgements are:

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

Notes on Financial Statement for the year ended 31st March, 2019

2 Property, plant and equipment, Intangibles and Capital work in progress as at 31st March 2019 (₹ in lakhs)

Description	GROSS BLOCK (AT COST)				DEPRECIATION INCLUDING AMORTISATION				NET BLOCK	
	As at 1.04.2018	Additions	Deductions	As at 31.03.2019	As at 1.04.2018	Additions	Deductions	As at 31.03.2019	As at 31.03.2019	As at 31.03.2018
Property, plant and equipment										
Tangible Assets										
Leasehold Land	61.71			61.71	1.80	0.90		2.70	59.01	59.91
Freehold Land	87.14	2.02		89.15				0.00	89.15	87.14
Buildings	2,237.37	23.01		2,260.39	135.84	69.04		204.88	2,055.51	2,101.53
Equipment & Machinery*	1,108.69	150.16	101.90	1,156.95	62.79	125.25	26.36	161.67	995.28	1,045.90
Computers	68.74	9.66	18.03	60.37	9.74	26.20	9.53	26.41	33.96	59.00
Furniture & Fixtures	119.41	3.90	2.03	121.28	37.17	15.86	0.23	52.80	68.48	82.24
Motor Cars	112.09			112.09	16.05	18.13		34.19	77.90	96.04
Electric Fittings & Installations	168.93	8.55	1.06	176.42	19.33	22.78	1.03	41.09	135.33	149.60
Sub-total	3,964.09	197.29	123.01	4,038.36	282.72	278.16	37.15	523.73	3,514.64	3,681.37
Intangible Assets										
Computer Software	75.52	0.81		76.33	18.11	9.61		27.72	48.61	57.42
Sub-total	75.52	0.81	-	76.33	18.11	9.61	-	27.72	48.61	57.42
Total	4,039.60	210.79	123.01	4,114.69	300.83	287.77	37.15	551.45	3,563.25	3,738.78
Previous Year	4,008.87	403.78	373.05	4,039.60	242.29	287.18	228.64	300.83	3,738.78	3,767.50
Capital Work in Progress								200.39	200.39	66.56

* Additions to Equipment & Machinery Includes:- R&D Lab equipments addition for Mahape Lab-1- ₹ 61.73 Lakhs (Previous year ₹ 23.18 Lakhs), Dudhwada Lab-2- ₹ 33.63 Lakhs (Previous Year ₹ 1.70 lacs).

3 Investments (Non-current)

Investment in equity instruments of subsidiaries amortised at cost

Unquoted

5,00,000(5,00,000) Equity Shares of Chembond Water Technologies Ltd. of ₹ 10/- each fully paid up.

(Constituting 100.00%(100.00%) of the said Company's paid up capital)

10,00,000 (10,00,000) Equity Shares of Chembond Material Technologies Pvt. Ltd. (formaraly known as Protochem Industries Pvt. Ltd.)of ₹10/- each fully paid up

(Constituting 100.00 %(100.00%) of the said Company's paid up capital)

43,04,590(58,08,495) Equity Shares of Chembond Clean Water Technologies Ltd. of ₹ 10/- each fully paid up

(Constituting 52.00%(70.17%) of the said Company's paid up capital)

19,00,000 (9,50,000) Equity Shares of Chembond Biosciences Ltd. (formerly known as Chembond Industrial Coatings Ltd.)of ₹.10/- each fully paid up

(Constituting 100.00 %(100.00%) of the said Company's paid up capital)

	As at 31/03/2019 (₹ in lakhs)	As at 31/03/2018 (₹ in lakhs)
	4,887.86	4,887.86
	1,052.25	1,052.25
	430.46	580.85
	190.00	95.00

Notes on Financial Statement for the year ended 31st March, 2019

	As at 31/03/2019 (₹ in lakhs)	As at 31/03/2018 (₹ in lakhs)
30,00,000 (10,00,000) Equity Shares of Chembond Polymers and Materials Ltd. (formerly known as Chembond Enzyme Company Ltd.) of ₹ 1/- each fully paid up. (Constituting 100.00%(100.00%) of the said Company's paid up capital)	486.76	138.96
27,49,414 (27,49,414) Equity Shares of Chembond Calvatis Industrial Hygiene Systems Ltd. of ₹ 1/- each fully paid up (Constituting 55.00 %(55.00%) of the said Company's paid up capital)	32.39	32.39
2,00,000 (2,00,000) Equity Shares of Chembond Chemicals (Malaysia) SDN. BHD of RM.1/- each fully paid up (Constituting 100.00 %(100.00%) of the said Company's paid up capital)	47.73	47.73
4,000 (4,000) Equity Shares of Phiroze Sethna Private Ltd. of ₹ 100/- each fully paid up. (Constituting 100.00%(100.00%) of the said Company's paid up capital)	4,126.90	4,126.90
5,00,000 (2,35,000) Equity Shares of Chembond Distribution Ltd. of ₹ 1/- each fully paid up. (Constituting 100.00%(47.00%) of the said Company's paid up capital)	92.40	23.50
Investment in Government Securities amortised at cost (Unquoted)		
Investment in National Saving Certificate	0.01	0.01
Nil (500) Bonds of National Highways Authority of India Ltd. of ₹ 10,000/- each fully paid up	-	50.00
Other Investments amortised at Cost (Unquoted)		
2,848 (2,848) Equity Shares of Tarapur Environment Protection Organisation Ltd. of ₹ 100/- each fully paid up.	4.65	4.50
1,00,000 (1,00,000) Cumulative, Non participating Compulsorily Convertible Preference Shares of Tata Motors Finance Ltd. of ₹100/- Each Fully paid	100.00	100.00
Investments in Equity Shares carried at fair value through Profit and Loss		
Quoted		
3,285 (1,075) Equity Shares of Kotak Mahindra Bank Ltd. of ₹ 5/- each fully paid up.	43.84	11.26
16,200 (16,200) Equity Shares of Hindustan Petroleum Corporation Ltd. of ₹ 10/- each fully paid up.	45.93	55.75
1,800 (3,600) Equity Shares of Godrej Consumer Products Ltd. of ₹ 1/- each fully paid up.	12.37	39.33
Investments in Gilt fund carried at fair value through Profit and Loss		
Quoted		
Nil (34,44,368.286) Units of SBI Magnum Gilt Fund-Short Term-Regular plan Growth	-	1,267.37
Nil (16,57,088.694) Units of SBI Magnum Gilt Fund-Long Term-Regular plan Growth	-	631.53
11,93,855.836 (16,27,198.007) Units of ICICI Prudential Short Term Gilt Fund-Growth	761.84	717.30
Nil (27,93,842.371) Units of Reliance Gilt Securities Fund- Growth Plan Growth option	-	636.78

Notes on Financial Statement for the year ended 31st March, 2019

	As at 31/03/2019 (₹ in lakhs)	As at 31/03/2018 (₹ in lakhs)
Nil (31,17,743.926) Units of HDFC Gilt Fund Long Term - Growth	-	1,092.08
Other Investments		
Quoted (carried at fair value through Profit and Loss)		
20,00,000 (20,00,000) units of Kotak FMP Series 187 - Growth	261.25	241.12
20,00,000 (Nil) units of Axis Fixed Term Plan Series 976 - Growth	208.98	-
45,000 (Nil) units of Tata Capital Financial Services Ltd. NCD	450.00	-
Total	13,235.63	15,832.50
Aggregate amount of Quoted Investments and market value there of	1,784.21	4,692.53
Aggregate amount of Unquoted Investments	11,451.42	11,139.97
Aggregate amount of Impairment in value of investment	-	-
4 Other Non- Current Financial Assets		
(Unsecured & considered good)		
Other Deposits	41.48	41.98
Total	41.48	41.98
5 Income Tax Asset (net)		
Income Tax (net of provision)	163.22	149.35
Total	163.22	149.35
6 Other Non-Current Assets		
Capital advances	6.83	23.56
Prepaid expenses	1.38	4.68
Total	8.21	28.24
7 Inventories		
(At lower of Cost and Net Realisable Value)		
Raw Material	419.21	1,360.35
Packing Material	66.72	107.30
Finished Goods	279.89	355.60
Stock-in-Trade	76.45	68.14
Stock in Transit	0.19	2.94
Total	842.47	1,894.34
8 Investments (Current)		
Investments in Equity Shares carried at fair value through Profit and Loss		
Quoted		
9,206 (9,206) Equity Shares of Coromandel International Ltd. of ₹ 1/- each fully paid up.	46.72	48.35
17,978 (18,298) Equity Shares of Kalpatru Power Transmission Ltd. of ₹ 2/- each fully paid up.	84.63	88.61
26,065 (28,561) Equity Shares of KEC International Ltd. of ₹ 2/- each fully paid up.	78.13	111.32

Notes on Financial Statement for the year ended 31st March, 2019

	As at 31/03/2019 (₹ in lakhs)	As at 31/03/2018 (₹ in lakhs)
3,311 (15,627) Equity Shares of Simplex Infrastructures Ltd. of ₹ 2/- each fully paid up.	5.95	82.95
Nil (3,305) Equity Shares of Sundaram Finance Ltd. of ₹ 10/- each fully paid up.	-	55.43
10,676 (8,131) Equity Shares of Carborundum Universal Ltd. of ₹ 1/- each fully paid up.	43.81	28.25
8,813 (3,155) Equity Shares of Container Corporation of India Ltd. of ₹ 10/- each fully paid up.	46.29	39.28
Nil (16,604) Equity Shares of ICICI Bank Ltd. of ₹ 10/- each fully paid up.	-	46.22
Nil (3,960) Equity Shares of Tata Communications Ltd. of ₹ 10/- each fully paid up.	-	24.56
Nil (3,305) Equity Shares of Sundaram Finance Holding Ltd. of ₹ 5/- each fully paid up.	-	10.26
6,705 (Nil) Equity Shares of Mahindra & Mahindra Ltd. of ₹ 5/- each fully paid up.	45.19	-
Investments in Mutual Funds carried at fair value through Profit and Loss		
49,542 (47,209) Units of Reliance Liquid Fund -Treasury Plan - Daliy Dividend	0.76	0.72
Nil (26,215.861) Units of Kotak Floater Short term-Growth (Regular Plan)	-	745.73
8,965.49 (8,965.49) Units of Franklin India Prima Plus -Growth	54.03	51.51
1,56,277.345 (1,56,277.345) Units of Kotak Select Focus Fund Regular Plan Growth	55.44	49.72
1,35,931.375 (1,35,931.375) Units of SBI Blue Chip Fund Regular Plan Growth	53.30	50.60
62,226.441 (62,226.441) Units of HDFC Core and Satellite Fund -Growth	49.03	48.64
2,25,408.723 (2,25,408.723) Units of DSP Black Rock Focus 25 Fund Growth	51.99	49.30
21,56,825.895 (Nil) Units of ICICI Prudentianl Short Term Growth Option	407.22	-
6,19,690.746 (Nil) Units of Kotak Treasury Advantage Fund Regular Plan Growth	185.73	-
28,180.987 (Nil) Units of Kotak Low Duration Fund	644.34	-
9,71,604.848 (Nil) Units of Franklin India Low Duration Fund	211.23	-
3,375.833 (Nil) Units of Kotak Liquid Scheme Regular Plan Growth	127.36	-
2769.000 (Nil) Units of HDFC Overnight Fund Growth	78.10	-
93931.074 (Nil) Units of ICICI Prudentianl Money Market Fund Regular Plan Growth	243.12	-
Total	2,512.37	1,531.44
Aggregate amount of Quoted Investments and Market Value thereof	2,512.37	1,531.44
9 Trade Receivables		
Unsecured Considered Good	3,958.84	3,769.11
Unsecured Considered doubtful	4.83	63.32
Less : Provision for Doubtful Debts	4.83	63.32
Total	3,958.84	3,769.11
a For Related party transactions Refer Note No.42		
10 Cash and Cash equivalents		
Balances with banks		
In Current Accounts	148.78	672.51
Cash on hand	3.65	0.71
Total	152.43	673.21

Notes on Financial Statement for the year ended 31st March, 2019

	As at 31/03/2019 (₹ in lakhs)	As at 31/03/2018 (₹ in lakhs)
11 Bank balances other than cash and cash equivalents		
Margin money (Including deposits with original maturity of more than 3 months and less than 12 months)	72.83	68.71
In Unpaid Dividend Accounts	14.91	6.79
Total	87.74	75.50
12 Loans		
(Unsecured & considered good)		
Loan and advance to Employees	6.77	9.91
Other Loans and Advances	5.15	5.15
Total	11.91	15.06
13 Other Current Financial Assets		
(Unsecured & considered good)		
Security Deposits	37.83	37.20
Deposit - Excise	3.15	28.10
Total	40.98	65.30
14 Current Tax (net)		
Current Tax (net)	30.50	14.00
Total	30.50	14.00
15 Other Current Assets		
Accrued Interest	17.96	3.00
Prepaid expenses	39.86	38.33
Advances for supply of goods and services	68.82	30.69
Balance With Government authorities	41.47	41.47
Other Current Assets	7.85	20.82
Total	175.96	134.30
16 Share Capital		
Authorised		
2,00,00,000 (2,00,00,000) Equity Shares of ₹ 5/- each	1,000.00	1,000.00
Issued, Subscribed and Paid up		
1,34,48,288 (1,34,48,288) Equity Shares of ₹ 5/- each fully paid up	672.41	672.41
Total	672.41	672.41
a Reconciliation of the equity shares outstanding at the beginning and at the end of the reporting year:		
Number of shares outstanding at the beginning of the year	1,34,48,288	1,34,48,288
Additions during the year	-	-
Deductions during the year	-	-
Number of shares outstanding at the end of the year	1,34,48,288	1,34,48,288

Notes on Financial Statement for the year ended 31st March, 2019

	As at 31/03/2019 (₹ in lakhs)	As at 31/03/2018 (₹ in lakhs)
b Details of Shareholders holding more than 5% Shares		
Name of the Shareholder	No of Shares	No of Shares
Nirmal V. Shah	16,45,230	6,30,569
% held	12.23%	4.69%
Sameer V. Shah	15,31,274	5,16,915
% held	11.39%	3.84%
Padma V. Shah	15,17,410	14,95,114
% held	11.28%	11.12%
Visan Holding Pvt. Ltd.	12,94,619	12,37,916
% held	9.63%	9.21%
c Terms and rights attached to Equity Shares		

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

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

17 Other Equity		
General Reserve		
As per last year	630.00	630.00
Add: Transfer from Profit & Loss A/c.	-	-
	630.00	630.00
Share Premium		
As per last year	613.05	613.05
Add: Received on Shares Issue	-	-
	613.05	613.05
Retained Earnings		
As per last year	20,660.20	19,522.79
Add: Profit for the Year	633.16	1,359.31
	21,293.36	20,882.10
Less: Appropriations		
Transferred to General Reserve	-	-
Set off of Dividend Tax in respect of Dividend from Subsidiary Company	(49.53)	(45.17)
Dividend Paid	248.79	221.90
Tax on Dividend Paid	51.14	45.17
	21,042.95	20,660.20

Notes on Financial Statement for the year ended 31st March, 2019

	As at 31/03/2019 (₹ in lakhs)	As at 31/03/2018 (₹ in lakhs)
Other Comprehensive Income (OCI)		
Remeasurements of the net defined benefit Plans		
As per last year	4.10	0.07
Movement During the Year	(7.65)	4.03
	(3.55)	4.10
Total	22,282.45	21,907.35
18 Borrowings- Non Current		
Secured		
Term Loan from Banks	-	-
	-	-
Unsecured		
Loans from Related Parties	-	-
Loans from Others	-	-
Total	-	-
19 Provisions- Non Current		
Provision for Gratuity	68.51	79.53
Total	68.51	79.53
20 Deferred Tax Liability (Net)		
Deferred tax Liability		
Depreciation	480.34	427.54
Investments at Fair Value	48.77	156.53
	529.10	584.07
Deferred tax Asset		
Gratuity	22.34	23.16
MAT Credit	305.34	252.14
Other Deferred tax Asset	3.96	3.46
Provision for Doubtful Debts	1.41	18.44
	333.04	297.20
Total	196.06	286.88
21 Current Borrowings		
(Repayable on demand)		
Secured		
Over Draft facilities from Banks	-	222.81
Working Capital Loan from Banks	-	-
Buyers Credit Loan from Banks	-	54.44
Unsecured		
Buyers Credit Loan from Banks	-	189.87
Total	-	467.12

Notes on Financial Statement for the year ended 31st March, 2019

	As at 31/03/2019 (₹ in lakhs)	As at 31/03/2018 (₹ in lakhs)
a	Working Capital / Buyers Credit loan is secured by charge on current asset, Mortgage of Tangible Immovable Properties and charge on other Property, Plant and Equipments.	
22	Trade Payables	
	42.73	33.90
	1,199.94	3,990.80
	Total	4,024.70
a	For Related party transaction Refer Note No.42	
b	The Company has amounts due to suppliers under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) as at the year end. The disclosure pursuant to the said Act is as under:	
	42.73	33.90
	0.25	1.38
	33.90	136.77
	1.38	1.14
	NIL	NIL
	0.25	1.38
	0.25	1.38
	The information regarding Micro, Small and Medium Enterprises has been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the Auditors.	
23	Other Current Financial Liabilities	
	-	-
	404.10	446.75
	28.19	21.82
	14.91	8.10
	Total	476.67
	* Not due for Deposit to Investor Education and Protection Fund	
24	Other Current Liabilities	
	34.16	21.50
	73.72	80.37
	Total	101.87
25	Short-term Provisions	
	8.20	13.15
	Total	13.15

Notes on Financial Statement for the year ended 31st March, 2019

	2018-2019 (₹ in lakhs)	2017-2018 (₹ in lakhs)
26 Revenue from Operations		
Sale of Goods	14,966.80	23,500.29
Sales of Services		
Technical Service Income	17.57	58.49
Other Operating revenue		
Management Services Charges from Related Party	100.00	-
Bad Debts Recovered	33.55	155.47
Provision for Doubtful Debts (No Longer required)	-	33.70
Compensation on Termination of Toll manufacturing	500.00	-
Miscellaneous Income	11.04	31.10
	644.59	220.26
Total	15,628.96	23,779.03
27 Other Income		
Dividend from Subsidiary Company	240.95	230.17
Dividend from Equity Investments	11.57	7.29
Dividend from Mutual Funds	0.04	14.35
	252.56	251.81
Net gain on Sale/fair valuation of investments through profit & loss *	201.28	733.44
Gross Interest {TDS ₹ 2.69 lakhs (P.Y ₹ 0.46 lakhs)}	31.83	12.18
Gross Rental Income {TDS ₹ 4.58 lakhs (P.Y ₹ 1.75 lakhs)}	47.57	20.64
Foreign Exchange Fluctuation Gain/ (Loss)	11.86	15.42
Corporate Gurantee fee	19.50	15.00
Total	564.58	1,048.47
* Adjusted fair value gain/(loss) as at 31 st March 2019 amounting to (Rs.691.56) lakhs (31 st March 2018 (Rs.479.89) lakhs)		
28 Cost of Materials Consumed		
Raw Materials Consumed	9,069.88	16,431.60
Packing Material	927.35	1,463.61
Total	9,997.23	17,895.21
29 Purchases of stock-in-trade		
Purchases of Stock-in-trade	1,098.15	49.36
Total	1,098.15	49.36
30 Changes in inventory of Finished goods, Work in progress and Traded goods		
Finished products/ Stock in Trade (At Close)	356.34	423.74
Finished products/ Stock in Trade (At commencement)	423.74	769.37
Total	67.40	345.62

Notes on Financial Statement for the year ended 31st March, 2019

	2018-2019 (₹ in lakhs)	2017-2018 (₹ in lakhs)
31 Employee Benefit Expenses		
Director Remuneration	110.12	110.30
Salaries & Wages	1,684.59	1,563.44
Contribution to Provident & other funds	86.51	108.64
Staff Welfare Expenses	75.91	83.43
Total	1,957.12	1,865.81
a For Related party transaction Refer Note No.42		
32 Finance Cost		
Interest Expense		
- Banks	20.58	34.08
- MSMED	0.25	1.38
- Others	0.14	0.52
Bank Guarantee fees & charges	8.16	18.63
Total	29.12	54.60
33 Depreciation and Amortisation expenses		
Depreciation and Amortisation Expenses	287.77	287.18
Total	287.77	287.18
34 Other Expenses		
Manufacturing Expenses		
Consumable stores	31.04	44.80
Octroi	0.19	0.37
Power, Fuel & Water Charges	66.14	84.47
Research and Development (see note 'a' below)	132.86	130.34
Lab Expenses	0.40	1.49
Repairs and Renewals to Plant & Machinery	31.41	17.00
Godown Rent	3.97	23.93
Labour Charges	218.71	268.82
Security Expenses	69.49	73.61
Factory Maintenance	25.25	86.42
Profit Transferred to Subsidiary on WTC Business (see note 'b' below)	-	84.37
Compensation Expenses (see note 'c' below)	42.22	72.00
Profit Transferred to Subsidiary on Industrial Coatings Business (see note 'd' below)	10.07	73.08
A	631.77	960.72
Administrative Expenses		
Director's Sitting Fees	13.60	29.05
Rates & Taxes	14.22	20.04
Electricity charges	45.39	39.85
Printing and stationary	9.89	10.57

Notes on Financial Statement for the year ended 31st March, 2019

	2018-2019 (₹ in lakhs)	2017-2018 (₹ in lakhs)
Telephone & Postage Expenses	42.50	42.06
Insurance	27.73	28.07
Motor car expenses	42.87	38.47
Auditors Remuneration	14.88	5.99
Legal, Professional & consultancy fees	248.47	420.96
Repairs & Maintenance Buildings	2.53	39.13
Repairs & Maintenance Others	138.27	125.43
Miscellaneous expenses	40.16	43.24
Donation	0.25	0.30
CSR Expenditure	9.90	-
Sales Tax & Other Taxes	4.86	8.14
Loss on Sale of Fixed Asset	0.03	3.74
Input Service Tax Disallowed	-	6.60
Input GST Disallowed	28.28	19.91
Swachh Bharat Cess Expense	-	2.57
Debit Balance Written Off	0.25	-
Provision for Doubtful Debts	(58.49)	-
Bad Debts Written Off	137.82	148.11
	B	1,032.23
Selling and Distribution Expenses		
Carriage outwards	343.09	261.84
Rent	24.42	24.62
Commission on sales	85.88	80.72
Travelling Expenses	166.89	172.47
Conveyance expenses	93.67	79.62
Royalty Expenses	28.63	34.23
Advertising & Publicity Expenses	25.81	23.85
Warehousing Charges	4.36	3.96
Packing Expenses	6.41	7.22
Sales Promotion Expenses	99.35	98.15
	C	786.70
	(A+B+C)	2,779.64
Less :Reimbursement of expenses	223.23	417.91
	Total	2,361.73
a) Research and Development Expenses:		
Research and Development Lab Mahape	58.10	51.80
Research and Development Lab Dudhwada	74.77	78.55
	Total	130.34

Notes on Financial Statement for the year ended 31st March, 2019

- b) As per the terms of agreement the Water Treatment Chemicals (WTC) business of Chembond Chemicals Ltd. had been merged with the subsidiary Chembond Water Technologies Ltd. "Profit Transferred to Subsidiary on WTC Business" aggregating ₹ Nil (Previous year ₹ 84.37 lakhs) included in Manufacturing Expenses represents transfer by overriding title to Chembond Water Technologies Ltd., the income arising on account of the said Water Treatment Chemicals business that arose in Chembond Chemicals Ltd.
- c) Compensation Expenses represents amount payable to related party Chembond Material Technologies Pvt. Ltd. on account of their Proprietary products being manufactured & sold by Chembond Chemicals Ltd.
- d) As per the terms of agreement, the Industrial Coating business of Chembond Chemicals Ltd. had been merged with the Chembond Industrial Coatings Ltd. "Profit Transferred to Subsidiary on Industrial Coatings Business" aggregating ₹ 10.07 lakhs (Previous year ₹ 73.08 lakhs) included in manufacturing expenses represents transfer by overriding title to Chembond Industrial Coatings Ltd. the income arising on account of the said Industrial Coating business that arose in Chembond Chemicals Ltd.

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

	2018-2019 (₹ in lakhs)	2017-2018 (₹ in lakhs)
Statutory Audit Fees	12.00	3.33
Tax Audit Fees	1.83	1.66
Taxation and Other Matters	1.05	1.00
Total	14.88	5.99

f) **Lease**

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

	Total Minimum Lease Payment Outstanding as on 31/03/2019	Total Minimum Lease Payment Outstanding as on 31/03/2018
Due within one year	34.29	25.88
Due later than one year and not later than five years	58.69	15.90
Due later than five years	-	-
Lease payments recognised in the Statement of Profit & Loss	32.75	52.51

35 Earnings Per Share

	2018-2019	2017-2018
Net Profit available to Equity Shareholders (₹ In Lakhs)	633.15	1,359.31
Total number of Equity Shares (Face value of ₹ 5/- each fully paid up)	1,34,48,288	1,34,48,288
Weighted No. of Equity Shares	1,34,48,288	1,34,48,288
Basic Earnings per Share (in Rupees)	4.71	10.11
Diluted No. of Equity Shares	1,34,48,288	1,34,48,288
Diluted Earnings per Share (in Rupees)	4.71	10.11

36 Value Of Imports Calculated On CIF Basis

	2018-2019 (₹ in lakhs)	2017-2018 (₹ in lakhs)
Raw Materials and Finished Goods	2,008.97	2,297.30
Total	2,008.97	2,297.30

Notes on Financial Statement for the year ended 31st March, 2019

	2018-2019 (₹ in lakhs)	2017-2018 (₹ in lakhs)
37 Expenditure In Foreign Currency		
Professional Fees	15.40	-
Acquisition of Shares (Subsidiary Shares)	-	4,472.38
Travelling	9.25	5.21
Total	24.65	4,477.58
38 Earnings In Foreign Exchange		
Export of Goods on FOB Basis	116.27	455.02
Total	116.27	455.02

39 Segment Reporting

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

40 Financial instruments – Fair values and risk management

A. Accounting classification and fair values

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

(₹ in lakhs)

	As at 31 March 2019							
	Carrying amount				Fair value			
	Fair value through profit and loss	Fair value through other comprehensive income	Amortised Cost	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Cash and cash equivalents (Including other bank balances)			240.17	240.17				-
Investments								
- Mutual Funds	3,393.72			3,393.72	3,393.72			3,393.72
- Equity Shares (Quoted)	452.86			452.86	452.86			452.86
- Equity Shares (Unquoted)			4.65	4.65				-
- Preference shares, NCD and bonds			550.01	550.01				-
Trade and other receivables			3,958.84	3,958.84				-
Loans			11.91	11.91				-
Other financial assets			82.46	82.46				-
TOTAL	3,846.58	-	4,848.05	8,694.63	3,846.58	-	-	3,846.58
Financial liabilities								
Long term borrowings (Including current maturity of Long term borrowings)				-				-
Short term borrowings			-	-				-
Trade and other payables			1,242.67	1,242.67				-
Other financial liabilities			447.20	447.20				-
TOTAL	-	-	1,689.87	1,689.87	-	-	-	-

Notes on Financial Statement for the year ended 31st March, 2019

(₹ in lakhs)

	As at 31 March 2018							
	Carrying amount				Fair value			
	Fair value through profit and loss	Fair value through other comprehensive income	Amortised Cost	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Cash and cash equivalents (Including other bank balances)			748.71	748.71				-
Investments								
- Mutual Funds	5,582.41			5,582.41	5,582.41			5,582.41
- Equity Shares (Quoted)	641.57			641.57	641.57			641.57
- Equity Shares (Unquoted)			4.50	4.50				-
- Preference shares, NCD and bonds			150.01	150.01				-
Trade and other receivables			3,769.11	3,769.11				-
Loans			15.06	15.06				-
Other financial assets			107.28	107.28				-
TOTAL	6,223.97	-	4,794.68	11,018.65	6,223.97	-	-	6,223.97
Financial liabilities								
Long term borrowings (Including current maturity of Long term borrowings)				-				
Short term borrowings			467.12	467.12				-
Trade and other payables			4,024.70	4,024.70				-
Other financial liabilities			476.67	476.67				-
TOTAL	-	-	4,968.49	4,968.49	-	-	-	-

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

B. Measurement of fair values

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

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

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

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

Transfers between Levels

There are no transfers between the levels

Notes on Financial Statement for the year ended 31st March, 2019

C. Financial risk management

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

i. Risk management framework

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

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

ii. Credit risk

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

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

Trade and other receivables

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

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

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

Cash and cash equivalents

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

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

iii. Liquidity risk

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

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

The following table shows the maturity analysis of financial liabilities of the Company based on contractually agreed

Notes on Financial Statement for the year ended 31st March, 2019

undiscounted cash flows as at the Balance Sheet date:"

(₹ in lakhs)

Sr No	As at 31 st March, 2019	Notes	Carrying Values	Less than 12 Months	More than 12 Months
1	Borrowings	21	-	-	-
2	Trade payables	22	1,242.67	1,242.67	-
3	Other Financials Liability	23	447.20	447.20	-
4	Other Current Liabilities	24	107.88	107.88	-
	TOTAL		1,797.75	1,797.75	-

(₹ in lakhs)

Sr No	As at 31 st March, 2018	Notes	Carrying Values	Less than 12 Months	More than 12 Months
1	Borrowings	21	467.12	467.12	-
2	Trade payables	22	4,024.70	4,024.70	-
3	Other Financials Liability	23	476.67	476.67	-
4	Other Current Liabilities	24	101.87	101.87	-
	TOTAL		5,070.36	5,070.36	-

iv. Market risk

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

a) Currency risk

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

Exposure to currency risk

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

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

Currency	Exposure to buy/sell	As at 31/03/2019 (₹ in lakhs)		As at 31/03/2018 (₹ in lakhs)	
		Foreign Currency	Indian Currency	Foreign Currency	Indian Currency
USD	Buy	-	-	-	-

Notes on Financial Statement for the year ended 31st March, 2019

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

Currency	Exposure to buy/sell	As at 31/03/2019 (₹ in lakhs)		As at 31/03/2018 (₹ in lakhs)	
		Foreign Currency	Indian Currency	Foreign Currency	Indian Currency
US Dollars	Buy	0.50	34.67	6.06	394.44
Euro	Buy	0.03	2.35	1.60	128.96
US Dollars	Sell	0.25	17.30	0.67	43.57

b) Interest rate risk

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

41 Employee Benefit obligations

(A) Defined Benefit Plan

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

	As at 31/03/2019 Gratuity (Funded plan)	(₹ in lakhs) As at 31/03/2018 Gratuity (Funded plan)
(i) Change in Defined Benefit Obligation		
Opening defined benefit obligation	228.75	216.78
Amount recognised in profit and loss		
Current service cost	18.19	19.94
Interest cost	17.73	16.26
Amount recognised in other comprehensive income		
Actuarial loss / (gain) arising from:		
Return on Plan Assets	-	-
Financial assumptions	(9.88)	(4.94)
Other		
Benefits paid	(24.48)	(19.29)
Closing defined benefit obligation	230.32	228.75
(ii) Change in Fair Value of Assets		
Opening fair value of plan assets	136.08	132.90
Amount recognised in profit and loss		
Interest income	10.55	9.97
Amount recognised in other comprehensive income		
Actuarial gain / (loss)		
Return on Plan Assets, Excluding Interest Income	(0.30)	0.12
Other		
Contributions by employer	31.76	12.38
Benefits paid	(24.48)	(19.29)
Closing fair value of plan assets	153.61	136.08
Actual return on Plan Assets	10.25	10.09

Notes on Financial Statement for the year ended 31st March, 2019

	As at 31/03/2019 Gratuity (Funded plan)	(₹ in lakhs) As at 31/03/2018 Gratuity (Funded plan)
(iii) Plan assets comprise the following	Unquoted	Unquoted
Insurance fund (100%)	153.61	136.08
(iv) Principal actuarial assumptions used	%	%
Discount rate	7.75	7.75
Withdrawal Rate	1.00	1.00
Future Salary Increase	5.00	5.00
(v) Amount recognised in the Balance Sheet		
Present value of obligations as at year end	230.32	228.75
Fair value of plan assets as at year end	153.61	136.08
Net (asset) / liability recognised as at year end	76.71	92.67
Recognised under :		
Short term provisions	8.20	13.14
Long term provisions	68.51	79.53
	76.71	92.67

(vi) Sensitivity analysis

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

	As at 31/03/2019 (₹ in lakhs)		As at 31/03/2018 (₹ in lakhs)	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement) - Gratuity	(14.89)	17.45	(14.86)	17.52
Future salary growth (1% movement) - Gratuity	17.77	(15.39)	17.84	(15.35)

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

(vii) Expected future cash flows

The expected maturity analysis is as follows :

	For year ended 31/03/2019 (₹ in lakhs)	For year ended 31/03/2018 (₹ in lakhs)
Expected benefits for year 1	13.47	20.32
Expected benefits for year 2	7.43	4.75
Expected benefits for year 3	14.98	7.32
Expected benefits for year 4	25.91	2.96
Expected benefits for year 5	11.41	12.83
Expected benefits for year 6 and above	579.23	722.23

Notes on Financial Statement for the year ended 31st March, 2019

42 Related Party Disclosures

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

a) Relationship:

i. Subsidiary Companies:

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

iii. Key Management Personnel and their relatives (KMP)

Key Management Personnel:

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

Relatives :

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

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

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

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

For the year ended / as on	31/03/2019			31/03/2018			(₹ in lakhs)
	Subsidiary	KMP	Total	Subsidiary	Associates	KMP	Total
Description of the nature of transactions							
Sales of Goods	5,396.32	7.83	5,404.15	6,164.12	295.30	15.23	6,474.65
Chembond Water Technologies Ltd.	4,124.82		4,124.82	5,394.61			5,394.61
Chembond Material Technologies Pvt. Ltd.	432.27		432.27	650.69			650.69
Chembond Clean Water Technologies Ltd.	0.20		0.20	0.48			0.48
Chembond Calvatis Industrial Hygiene Systems Ltd.	211.72		211.72	75.87			75.87
Chembond Distribution Ltd.	297.82		297.82		295.30		295.30
Finor Piplaj Chemicals Ltd.		7.83	7.83			15.23	15.23
Phiroze Sethna Pvt. Ltd.	28.90		28.90	42.47			42.47
Chembond Polymers & Materials Ltd.	84.15		84.15				
Chembond Biosciences Ltd.	216.44		216.44				
Purchase of Goods	537.05	703.96	1241.01	302.37	112.78	1,022.15	1437.30
Chembond Water Technologies Ltd.	43.08		43.08	2.57			2.57
Protochem Industries Pvt. Ltd.	189.89		189.89	215.36			215.36
Chembond Clean Water Technologies Ltd.				7.23			7.23
Chembond Biosciences Ltd.	21.84		21.84				

Notes on Financial Statement for the year ended 31st March, 2019

(₹ in lakhs)

For the year ended / as on Description of the nature of transactions	31/03/2019			31/03/2018			Total
	Subsidiary	KMP	Total	Subsidiary	Associates	KMP	
Chembond Distribution Ltd.	185.76		185.76		112.78		112.78
Finor Piplaj Chemicals Ltd.		703.96	703.96			1,022.15	1,022.15
Phiroze Sethna Pvt. Ltd.	93.61		93.61	67.74			67.74
Chembond Polymers and Materials Ltd.				9.47			9.47
Chembond Calvatis Industrial Hygiene Systems Ltd.	2.87		2.87				
Purchase of Fixed Assets	127.15	0.00	127.15	0.97	0.00	0.00	0.97
Chembond Clean Water Technologies Ltd.				0.97			0.97
Chembond Water Technologies Ltd.	121.98		121.98				
Chembond Material Technologies Pvt. Ltd.	4.97		4.97				
Phiroze Sethna Pvt. Ltd.	0.20		0.20				
Sale of Fixed Assets	204.56	0.00	204.56	135.23	0.00	0.00	135.23
Chembond Water Technologies Ltd.	196.79		196.79	135.23			135.23
Chembond Material Technologies Pvt. Ltd.	1.47		1.47				
Phiroze Sethna Pvt. Ltd.	6.29		6.29				
Reimbursement of Expenses	223.23	0.00	223.23	417.91	0.00	0.00	417.91
Chembond Water Technologies Ltd.	223.23		223.23	417.91			417.91
Factory Maintenance	0.00	0.00	0.00	0.00	0.00	49.22	49.22
Finor Piplaj Chemicals Ltd.						49.22	49.22
Rent Income	35.14	12.24	47.38	8.24	0.24	11.67	20.15
Chembond Water Technologies Ltd.	27.72		27.72	4.50			4.50
Chembond Clean Water Technologies Ltd.	5.78		5.78	3.30			3.30
Chembond Biosciences Ltd.				0.20			0.20
Chembond Polymers & Materials Ltd.	0.42		0.42	0.24			0.24
Chembond Distribution Ltd.	0.24		0.24		0.24		0.24
Chembond Calvatis Industrial Hygiene Systems Ltd.	0.98		0.98				
Finor Piplaj Chemicals Ltd.		3.00	3.00			2.43	2.43
Oriano Clean Energy Pvt. Ltd.		9.24	9.24			9.24	9.24
Jobwork charges	678.37	0.00	678.37	0.00	0.00	0.00	0.00
Chembond Water Technologies Ltd.	619.04		619.04				
Chembond Material Technologies Pvt. Ltd.	58.23		58.23				
Chembond Biosciences Ltd.	1.10		1.10				
Management Service charges	100.00	0.00	100.00	0.00	0.00	0.00	0.00
Chembond Water Technologies Ltd.	100.00		100.00				
Corporate Guarantee Fees	19.50	0.00	19.50	15.00	0.00	0.00	15.00
Chembond Water Technologies Ltd.	17.00		17.00	12.50			12.50
Chembond Clean Water Technologies Ltd.	2.50		2.50	2.50			2.50
Dividend Income	240.95	0.00	240.95	230.17	0.00	0.00	230.17
Chembond Water Technologies Ltd.	240.95		240.95	230.17			230.17
Rental Expenses	0.00	12.60	12.60	0.91	0.00	6.00	6.91
Chembond Water Technologies Ltd.				0.91			0.91
Finor Piplaj Chemicals Ltd.		12.60	12.60			6.00	6.00
Director Remuneration	0.00	113.82	113.82	0.00	0.00	113.82	113.82
Sameer V. Shah		77.82	77.82			77.82	77.82

Notes on Financial Statement for the year ended 31st March, 2019

(₹ in lakhs)

For the year ended / as on Description of the nature of transactions	31/03/2019			31/03/2018			Total
	Subsidiary	KMP	Total	Subsidiary	Associates	KMP	
Nirmal V. Shah		36.00	36.00			36.00	36.00
Director Sitting Fees	0.00	13.60	13.60	0.00	0.00	29.00	29.00
Ashwin Nagarwadia		6.00	6.00			15.00	15.00
Perviz H. Dastur		0.40	0.40			6.80	6.80
Mahendra Ghelani		3.00	3.00			3.00	3.00
Jawahar I Mehta		0.00	0.00			0.20	0.20
Sushil Lakhani		2.00	2.00			2.00	2.00
Saraswati Sankar		1.20	1.20			1.00	1.00
Dr.Prakash Trivedi		1.00	1.00			1.00	1.00
Retirement Benefits	0.00	5.00	5.00	0.00	0.00	30.00	30.00
Dr.Vinod D. Shah		5.00	5.00			30.00	30.00
Professional Fees		30.50	30.50			177.69	177.69
Dr.Vinod D. Shah						150.00	150.00
Bhadresh D. Shah		30.50	30.50			27.69	27.69
Compensation Expenses	52.30	0.00	52.30	229.45	0.00	0.00	229.45
Chembond Water Technologies Ltd.				84.37			84.37
Chembond Material Technologies Pvt. Ltd.	42.22		42.22	72.00			72.00
Chembond Biosciences Ltd.	10.07		10.07	73.08			73.08
Royalty	0.00	28.63	28.63	0.00	0.00	34.23	34.23
S and N Ventures Ltd.		28.63	28.63			34.23	34.23
Bad Debts recovered	30.78	0.00	30.78	151.29	0.00	0.00	151.29
Chembond Clean Water Technologies Ltd.				69.91			69.91
Chembond Biosciences Ltd.	30.78		30.78	81.38			81.38
Balance at the end of the year							
A. Sundry Debtors	1,584.77	0.00	1,584.77	1,341.33	263.26	0.00	1,604.59
Chembond Water Technologies Ltd.	548.27		548.27	1,091.14			1,091.14
Chembond Clean Water Technologies Ltd.	5.32		5.32	4.98			4.98
Chembond Distribution Ltd.	284.11		284.11		263.26		263.26
Chembond Calvatis Industrial Hygiene Systems Ltd.	39.27		39.27	59.12			59.12
Chembond Chemicals (Malaysia) SDN. BHD	7.08		7.08	7.48			7.48
Chembond Material Technologies Pvt. Ltd.	495.33		495.33	178.61			178.61
Chembond Polymers & Materials Ltd.	0.24		0.24				
Chembond Biosciences Ltd.	205.14		205.14				
B. Sundry Creditors	7.09	48.88	55.97	36.52	0.00	261.52	298.04
Chembond Polymers and Materials Ltd.				9.47			9.47
S and N Ventures Ltd.		3.26	3.26			3.69	3.69
Finor Piplaj Chemicals Ltd.		45.62	45.62			257.83	257.83
Phiroze Sethna Pvt. Ltd.	7.09		7.09	27.04			27.04
C. Investments	11,346.76	0.00	11,346.76	10,961.95	23.50	0.00	10,985.45
Chembond Water Technologies Ltd.	4,887.86		4,887.86	4,887.86			4,887.86
Chembond Material Technologies Pvt. Ltd.	1,052.25		1,052.25	1,052.25			1,052.25
Chembond Clean Water Technologies Ltd.	430.46		430.46	580.85			580.85
Chembond Biosciences Ltd.	190.00		190.00	95.00			95.00

Notes on Financial Statement for the year ended 31st March, 2019

For the year ended / as on Description of the nature of transactions	31/03/2019			31/03/2018		(₹ in lakhs) Total
	Subsidiary	KMP	Total	Subsidiary	Associates	KMP
Chembond Calvatis Industrial Hygiene Systems Ltd.	32.39		32.39	32.39		32.39
Chembond Distribution Ltd.	92.40		92.40		23.50	23.50
Chembond Polymers & Materials Ltd.	486.76		486.76	138.96		138.96
Chembond Chemicals (Malaysia) SDN. BHD	47.73		47.73	47.73		47.73
Phiroze Sethna Pvt. Ltd.	4,126.90		4,126.90	4,126.90		4,126.90

43 Capital Management

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

As at 31st March, 2019, the Company has only one class of equity shares and has low debt. Consequent to such capital structure, there are no externally imposed capital requirements. In order to maintain or achieve an optimal capital structure, the Company allocates its capital for distribution as dividend or re-investment into business based on its long term financial plans.

44 Tax Reconciliation

(a) The income tax expense consists of the followings:

Current Income Tax

Deferred Tax Expense

Tax expense for the year

(b) Reconciliation of tax expense and the accounting profit multiplied by India's tax Rate

Profit before income tax expense

Indian statutory income tax rate (MAT)

Expected Income Tax expenses

Part A

Tax effect of amounts which are not deductible (allowable) in calculating taxable income:

Income exempt from income taxes

Additional allowances/deduction

Transition gain

Others

Current Tax (A)

Part B

Deferred Tax Effect at the rate of:

Depreciation

Investments at Fair Value

Less:

Gratuity

MAT Credit

Other Deferred tax Asset

Provision for Doubtful Debts

Deferred Tax (B)

Tax Expense (A+B)

	2018-2019 (₹ in lakhs)	2017-2018 (₹ in lakhs)
	163.93	321.77
	(90.82)	(274.95)
	73.11	46.81
	706.27	1,406.12
	20.59%	21.34%
	145.40	300.09
	(51.99)	(53.74)
	(0.95)	4.28
	69.54	72.09
	1.93	(0.96)
	163.93	321.77
	29.12%	29.12%
	52.80	(75.59)
	(107.77)	(144.13)
	(0.82)	(2.76)
	53.20	66.08
	0.50	3.46
	(17.03)	(11.54)
	(90.81)	(274.95)
	73.11	46.81

Notes on Financial Statement for the year ended 31st March, 2019

45 Contingent Liabilities not provided for are in respect of :

	As at 31/03/2019 (₹ in lakhs)	As at 31/03/2018 (₹ in lakhs)
a. Income Tax matter under Appeal	22.83	63.49
b. Outstanding L.C & Bank Guarantees issued by Bankers.	239.89	200.32
c. Corporate Guarantee given to Bank of India by the Company on behalf of Subsidiaries Chembond Solenis Water Technologies Ltd. & Chembond Clean Water Technologies Ltd.	1,950.00	1,950.00
d. Excise matter under Appeal (₹ 1.12 lakhs already paid as predeposit for appeal)	14.90	14.90
e. Sales tax matter under appeal	0.24	7.09

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

As per our attached report of even date

On behalf of the Board of Directors

For Bathiya & Associates LLP

Chartered Accountants
FRN - 101046W/W100063

Jatin A. Thakkar

Partner
Membership No. : 134767
Mumbai, 18th May 2019

Sameer V. Shah

Chairman
& Managing Director

Rashmi S. Gavli

Chief Financial Officer
Mumbai, 18th May 2019

Nirmal V. Shah

Vice Chairman
& Managing Director

Suchita H. Singh

Company Secretary

Sushil U. Lakhani

Director

INDEPENDENT AUDITOR'S REPORT

To the Members of
Chembond Chemicals Limited

Report on the Audit of the Consolidated Financial Statements:

Opinion

We have audited the consolidated financial statements of Chembond Chemicals Limited ("the Company") and its subsidiaries listed in Annexure - A (the Company and its subsidiaries together referred to as "the Group"), which comprise the consolidated balance sheet as at 31st March 2019, the consolidated statement of Profit and Loss, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) In the case of the consolidated Balance Sheet of the state of affairs of the Company as at March 31, 2019,
- b) In the case of the consolidated Statement of Profit and Loss, of the total comprehensive loss of the Company for the year ended on that date;
- c) In the case of the consolidated Statement of Cash Flow, of the cash flows of the Company for the year ended on that date;
- d) In the case of the consolidated Statement of Changes in Equity, of the changes in equity of the Company for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics.

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment and based on the consideration of the reports of the other auditors on separate financial statements and on the other financial information of the subsidiaries, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined that there are no key audit matters to be communicated in our report.

Other Matters

- a) We did not audit the financial statements of three subsidiaries (excluding a foreign subsidiary) and one step down subsidiary that are included in the consolidated financial statements, whose financial statements reflect total asset of ₹ 4,789.07 lakhs as

at March 31, 2019, total revenues of ₹ 5,049.39 lakhs for the year ended March 31, 2019, total profit of ₹ 211.16 lakhs for the year ended March 31, 2019 and other comprehensive income of ₹ (27.60) lakhs for the year ended March 31, 2019 as considered in the consolidated financial statements. These financial statements have been audited by the other auditors, whose reports have been furnished to us by the management and our opinion on the Consolidated Financial Statements, in so far as it relates to the amounts and disclosure included in respect of these subsidiaries is based solely on the reports of the other auditors.

- b) The financial statements of one of the foreign subsidiary included in the Statement, whose financial statements reflects revenue of ₹ 123.99 lakhs, total net profit of ₹ 8.53 lakhs and other comprehensive income of Nil for the year ended March 31, 2019 are audited by other auditors according to accounting principles generally accepted in that foreign country. The Company's management has converted the financial statements of such foreign subsidiary from accounting principles generally accepted in that foreign country to accounting principles generally accepted in India. Accordingly, our report on the Consolidated Financial Statements, in so far as it relates to the amounts and disclosures included in respect of the said subsidiary is based solely on the basis of the said financial statements certified by the management.
- c) The comparative financial information of the Group included in the Consolidated Financial Statements for the year ended March 31, 2018 have been audited by the erstwhile statutory auditors of the Company who vide their report dated May 30, 2018 expressed an unmodified opinion.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters.

Information Other than the Consolidated Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Corporate Governance and Shareholders Information but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and Those Charged with Governance for the Consolidated Financial Statements

The Company's Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance, consolidated total comprehensive income, consolidated changes in equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the accounting Standards specified under section 133 of the Act.

The respective Board of Directors of the entities included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of each entity and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Company, as aforesaid.

In preparing the consolidated financial statements, the respective management and Board of Directors of the entities included in the Group are responsible for assessing the ability of each entity to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the entities included in the Group is responsible for overseeing the financial reporting process of each entity.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements:

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

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of such entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of financial information of such entities.

Materiality is the magnitude of misstatements in the consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the consolidated financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the consolidated financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare

circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by 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 of the aforesaid consolidated financial statements;
 - b. In our opinion proper books of account as required by law relating to preparation of the consolidated financial statements have been kept by the Company so far as it appears from our examination of those books;
 - c. The consolidated balance sheet, the consolidated statement of profit and loss including Other Comprehensive Income, the consolidated statement of changes in equity and the consolidated cash flow statement dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of these consolidated financial statements;
 - d. In our opinion, the aforesaid consolidated financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - e. On the basis of the written representations received from the directors as on March 31, 2019, taken on record by the Board of Directors of the Company and its subsidiaries incorporated in India and the reports of the statutory auditors of its subsidiaries incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on March 31, 2019, 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";
2. With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. the consolidated financial statements disclose impact of pending litigations on the financial position of the Group. – Refer Note no. 45 to the consolidated financial statements;
 - ii. the Group does not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company and its subsidiary companies incorporated in India.
3. With respect to the matter to be included in the Auditors' Report under section 197(16):

In our opinion and according to the information and explanations given to us, the Company has paid and / or provided remuneration to its directors during the year ended 31st March, 2019 in accordance with the provisions of Section 197 of the Act.

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

Jatin A. Thakkar
Partner
Membership No.: 134767
Place : Mumbai
Date : 18th May, 2019

Annexure - A List of subsidiaries included in the Consolidated Financial Statements

Sr. No.	Name of the entity	Relationship
1.	Chembond Water Technologies Limited	Subsidiary Company
2.	Chembond Clean Water Technologies Limited	Subsidiary Company
3.	Chembond Polymers and Materials Limited (formerly known as Chembond Enzyme Company Limited)	Subsidiary Company
4.	Chembond Calvatis Industrial Hygiene Systems Limited	Subsidiary Company
5.	Chembond Material Technologies Private Limited (formerly known as Protochem Industries Private Limited)	Subsidiary Company
6.	Chembond Biosciences Limited (formerly known as Chembond Industrial Coatings Limited)	Subsidiary Company
7.	Chembond Chemicals (Malaysia) Sdn. Bhd. [previously known as Ichembond Water Sdn. Bhd.]	Subsidiary Company
8.	Phiroze Sethna Private Limited	Subsidiary Company
9.	Gramos Chemicals India Private Limited	Step down Subsidiary Company
10.	Chembond Distribution Limited	Subsidiary Company

Annexure - B to the Independent Auditors' Report

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date for the year ended March 31, 2019)

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

In conjunction with our audit of the consolidated financial statements of the Company for the year ended 31st March, 2019, we have audited the internal financial controls over financial reporting of Chembond Chemicals Limited ("the Company") and its subsidiaries which are incorporated in India as of March 31, 2019.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in Other Matter paragraph below is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Company.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated 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 consolidated financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company;

and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the consolidated financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the Company and its subsidiaries incorporated in India have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2019, based on the internal control over financial reporting criteria established by the Company and its subsidiaries incorporated in India considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Other Matter

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

Our opinion is not qualified in respect of this matter.

For **Bathiya & Associates LLP**

Chartered Accountants

Firm Registration No. 101046W / W100063

Jatin A. Thakkar

Partner

Membership No.: 134767

Place : Mumbai

Date : 18th May, 2019

Consolidated Balance Sheet as at 31st March 2019

	Notes	As at 31/03/2019 (₹ in lakhs)	As at 31/03/2018 (₹ in lakhs)
Assets			
Non-current assets			
(a) Property, plant and equipment	2	4,527.52	4,629.11
(b) Capital work-in-progress	2	201.89	66.56
(c) Goodwill	2	6,311.02	6,091.20
(d) Other Intangible Assets	2	83.24	93.46
(e) Financial Assets			
i) Investments	3	2,404.64	5,181.19
ii) Other financial assets	4	1,180.27	714.72
(f) Deferred tax Assets (net)	5	153.46	-
(g) Income tax asset (net)	6	428.88	369.23
(h) Other non-current assets	7	21.71	71.03
Total Non-current assets		15,312.63	17,216.50
Current Assets			
(a) Inventories	8	2,471.39	2,453.58
(b) Financial Assets			
i) Investments	9	3,410.79	2,466.46
ii) Trade receivables	10	9,082.21	8,077.22
iii) Cash and cash equivalents	11	537.51	994.99
iv) Bank balances other than (iii) above	12	760.05	761.38
v) Loans	13	41.29	41.05
vi) Other financial assets	14	79.73	117.32
(c) Current Tax (Net)	15	81.38	-
(d) Other current assets	16	447.45	386.51
Total current assets		16,911.80	15,298.51
Total		32,224.44	32,515.01
Equity And Liabilities			
Equity			
(a) Share capital	17	672.41	672.41
(b) Other equity	18	25,471.56	24,162.33
(c) Equity Attributable to the owners of the company		26,143.97	24,834.74
(d) Non Controlling Interest	19	405.01	167.74
Total Equity		26,548.98	25,002.48
Non-Current Liabilities			
(a) Financial liabilities			
i) Borrowings	20	52.15	49.40
(b) Provisions	21	134.53	151.05
(c) Deferred tax liabilities (net)	22	-	136.02
Total Non-current liabilities		186.68	336.47
Current liabilities			
(a) Financial liabilities			
i) Borrowings	23	618.08	859.57
ii) Trade payables			
Trade payables -MSMED	24	205.80	33.90
Trade payables -Others	24	3,405.56	5,074.95
iii) Other financial liabilities	25	559.62	615.57
(b) Other current liabilities	26	428.55	306.07
(c) Provisions	27	271.17	286.02
Total current liabilities		5,488.77	7,176.08
Total		32,224.43	32,515.01

Significant Accounting Policies and Notes on Financial Statements

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As per our attached report of even date

On behalf of the Board of Directors

For Bathiya & Associates LLP
Chartered Accountants
FRN - 101046W/W100063

Sameer V. Shah
Chairman
& Managing Director

Nirmal V. Shah
Vice Chairman
& Managing Director

Sushil U. Lakhani
Director

Jatin A. Thakkar
Partner
Membership No. : 134767
Mumbai, 18th May 2019

Rashmi S. Gavli
Chief Financial Officer
Mumbai, 18th May 2019

Suchita H. Singh
Company Secretary

Statement of Profit and Loss for the year ended 31st March 2019

	Notes	2018-2019 (₹ in lakhs)	2017-2018 (₹ in lakhs)
Revenue from Operations	28	30,130.94	33,422.81
Other Income	29	393.14	1,064.02
Total Revenue		30,524.08	34,486.83
Expenses :			
Cost of Materials Consumed	30	14,637.67	18,890.11
Purchases of Stock-in-trade	31	2,467.76	1,641.16
Changes in Inventories of Finished goods, Work-in-progress and Stock-in-Trade	32	(345.22)	362.78
Excise Duty		-	675.52
Employee Benefits Expenses	33	5,109.07	4,300.10
Finance Costs	34	78.20	118.21
Depreciation and Amortisation Expenses	35	423.98	410.67
Other Expenses	36	5,712.05	5,298.02
Total Expenses		28,083.50	31,696.55
Profit before Tax		2,440.58	2,790.28
Current Tax		746.49	716.91
Deferred Tax		(289.55)	(283.41)
Total Tax Expense		456.94	433.50
Profit for the Year		1,983.64	2,356.77
Other Comprehensive Income			
1) i) Items that will not be reclassified to profit or loss		(47.78)	9.14
ii) Income Tax relating to items that will not be reclassified to profit or loss		9.18	(2.63)
2) i) Items that will be reclassified to profit or loss		-	-
ii) Income Tax relating to items that will be reclassified to profit or loss		-	-
Other Comprehensive Income (1+2)		(38.60)	6.51
Total Comprehensive Income		1,945.03	2,363.28
Profit attributable to:			
Owners of the Company		1,732.21	2,197.23
Non Controlling Interests		251.43	159.54
Other Comprehensive Income attributable to-			
Owners of the Company		(38.60)	6.53
Non Controlling Interests		-	(0.02)
Total Comprehensive Income attributable to-			
Owners of the Company		1,693.60	2,203.75
Non Controlling Interests		251.43	159.53
Earning Per Equity Share of Face Value of ₹ 5 each	37		
Basic (in ₹)		12.88	16.34
Diluted (in ₹)		12.88	16.34

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As per our attached report of even date

On behalf of the Board of Directors

For Bathiya & Associates LLP
Chartered Accountants
FRN - 101046W/W100063

Jatin A. Thakkar
Partner
Membership No. : 134767
Mumbai, 18th May 2019

Sameer V. Shah
Chairman
& Managing Director

Rashmi S. Gavli
Chief Financial Officer

Mumbai, 18th May 2019

Nirmal V. Shah
Vice Chairman
& Managing Director

Suchita H. Singh
Company Secretary

Sushil U. Lakhani
Director

Statement of Changes in Equity for the year ended 31st March 2019

(a) Equity share capital

	No. of Shares	(₹ in lakhs)
Balance as at 31 st March 2017	1,34,48,288	672.41
Changes in equity share capital	-	-
Balance as at 31 st March 2018	1,34,48,288	672.41
Changes in equity share capital	-	-
Balance as at 31 March 2019	1,34,48,288	672.41

(b) Other Equity

(₹ in lakhs)

Particulars	Reserves and Surplus				OCI	Total other equity	Non-Controlling interests
	Capital Reserve on Consolidation	General Reserve	Share Premium	Retained earnings	Remeasurements of the net defined benefit Plans		
Balance as at 31st March 2017	14.72	1,064.53	613.05	20,644.31	(1.15)	22,335.46	1,716.95
Profit for the year	-	-	-	2,197.22	-	2,197.22	159.54
Other comprehensive income for the year	-	-	-	-	6.53	6.53	(0.02)
Total comprehensive income for the year	-	-	-	2,197.22	6.53	2,203.75	159.53
Dividend Paid	-	-	-	221.90	-	221.90	-
Tax on Dividend Paid	-	-	-	92.03	-	92.03	-
Set off of Dividend Tax in respect of Dividend from Subsidiary Company	-	-	-	(45.17)	-	(45.17)	-
Deduction during the year	-	-	-	108.12	-	108.12	1,708.74
Balance as at 31st March 2018	14.72	1,064.53	613.05	22,464.65	5.38	24,162.33	167.74
Profit for the year	-	-	-	1,732.22	-	1,732.22	149.42
Effect of previous year transaction	-	-	-	4.54	-	4.54	-
Other comprehensive income for the year	-	-	-	-	(38.77)	(38.77)	-
Total comprehensive income for the year	-	-	-	1,736.76	(38.77)	1,698.00	149.42
Transfer to General Reserve	-	87.89	-	(70.00)	-	17.89	-
Dividend Paid	-	-	-	248.79	-	248.79	-
Tax on Dividend Paid	-	-	-	100.67	-	100.67	-
Set off of Dividend Tax in respect of Dividend from Subsidiary Company	-	-	-	(49.53)	-	(49.53)	-
Deduction during the year	-	-	-	106.71	-	106.71	(87.84)
Balance as at 31st March 2019	14.72	1,152.42	613.05	23,724.77	(33.38)	25,471.56	405.01

As per our attached report of even date

On behalf of the Board of Directors

For Bathiya & Associates LLP
Chartered Accountants
FRN - 101046W/W100063

Jatin A. Thakkar
Partner
Membership No. : 134767
Mumbai, 18th May 2019

Sameer V. Shah
Chairman
& Managing Director

Rashmi S. Gavli
Chief Financial Officer

Mumbai, 18th May 2019

Nirmal V. Shah
Vice Chairman
& Managing Director

Suchita H. Singh
Company Secretary

Sushil U. Lakhani
Director

Consolidated Cash Flow Statement for the year ended 31st March 2019

	2018-2019 (₹ in lakhs)	2017-2018 (₹ in lakhs)
A Cash Flow from Operating Activities		
Profit before tax	2,440.60	2,790.28
Adjustments for :		
Depreciation and amortisation	423.98	410.67
Loss on Sale of Property, Plant & Equipments	(0.17)	10.94
Finance cost	78.20	118.21
	502.01	539.82
Less :		
Foreign exchange fluctuation	19.59	40.72
Net gain on sale of investments	806.65	1,692.31
Fair valuation of investments (Net)	(619.45)	(932.08)
Effect of previous year transaction/Preacquisition profits	75.43	1,806.72
Dividend received	25.56	36.86
	(307.78)	(2,644.53)
Operating Profit before working capital changes	2,634.81	685.57
Adjustments for :		
Trade and other receivables	(1,444.82)	(1,831.52)
Inventories	(21.70)	347.23
Trade and other payables	(1,450.90)	514.85
	(2,917.42)	(969.44)
Cash generated from operations	(282.61)	(283.87)
Direct taxes paid	(938.24)	(944.14)
Net Cash from Operating Activities (A)	(1,220.85)	(1,228.01)
B Cash Flow from Investing Activities		
Payment to acquire property, plant & equipments	(925.22)	(6,365.28)
Proceeds from sale of property, plant & equipments	258.07	143.04
Purchase of investment	(14,381.52)	(8,444.87)
Sale of investment	16,400.94	16,544.83
Dividend income	25.56	36.86
Net Cash used in Investing Activities (B)	1,377.84	1,914.58
C Cash Flow from Financing Activities		
Proceeds/(Repayment) of Short Term Borrowings	(240.41)	14.06
Dividend paid	(248.79)	(221.90)
Tax on dividend paid	(51.14)	(46.86)
Proceeds/(Repayment) of Long Term Borrowings	2.75	7.73
Finance Cost	(78.20)	(118.21)

	2018-2019 (₹ in lakhs)	2017-2018 (₹ in lakhs)
Net Cash from Financing Activities (C)	(615.79)	(365.18)
Net (Decrease)/Increase in Cash & Cash Activities (A+B+C)	(458.82)	321.39
Cash and Cash Equivalents and Other Bank Balances as on Opening	1,756.37	1,434.98
Cash and Cash Equivalents and Other Bank Balances as on Closing (Refer Note 10,11)	1,297.55	1,756.37

Amendment to Ind AS 7-

Amendment to Ind AS 7 effective from 1st April, 2017 require the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the Balance sheet for liabilities arising from financing activities, to meet disclosure requirement. Accordingly, the Company has given the said disclosure as below:

(₹ in lakhs)

Particulars	Note No.	As At 1/4/2018	Cashflow	Foreign Exchange Movement	As At 31/3/2019
Non-current liabilities					
- Borrowings	18	49.40	2.75	-	52.15
Current Liabilities					
- Borrowings	21	859.57	(240.41)	-	618.08
- Other financial liabilities					
Unpaid dividends	23	8.10	6.82	-	14.91
Total		917.06	(230.84)	-	685.14

As per our attached report of even date

On behalf of the Board of Directors

For Bathiya & Associates LLP
Chartered Accountants
FRN - 101046W/W100063

Sameer V. Shah
Chairman
& Managing Director

Nirmal V. Shah
Vice Chairman
& Managing Director

Sushil U. Lakhani
Director

Jatin A. Thakkar
Partner
Membership No. : 134767
Mumbai, 18th May 2019

Rashmi S. Gavli
Chief Financial Officer

Mumbai, 18th May 2019

Suchita H. Singh
Company Secretary

Notes to Consolidated Financial Statement for the year ended 31st March, 2019

COMPANY INFORMATION

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

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

The group is engaged in manufacturing of Specialty Chemicals.

1. Significant Accounting Policies

1.1 Basis of preparation of consolidated financial statements and presentation

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

Effective April 1, 2017 the Company has adopted all the Ind AS standards and the adoption as carried out in accordance with Ind AS 101, First-time Adoption of Indian Accounting Standards, with April 1, 2016 as the transition date. The transition was carried out from Indian Accounting Principles generally accepted in India as prescribed under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (IGAAP), which was the previous GAAP.

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

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

1.2 Basis of consolidation

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

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

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

Notes to Consolidated Financial Statement for the year ended 31st March, 2019

Sr. No	Name of the Subsidiary Company & Associates	Country of Incorporation	Proportion of ownership interest either directly or through subsidiary
Direct Subsidiaries			
1.	Chembond Water Technologies Limited (Formerly known Chembond Solenis Water Technologies Limited) (CWTL)	India	100%
2.	Chembond Material Technologies Private Limited (Formerly known Protochem Industries Private Limited) (CMTPL)	India	100%
3.	Chembond Clean Water Technologies Limited (CCWTL)	India	52.00%
4.	Chembond Biosciences Limited (Formerly known Chembond Industrial Coatings Limited) (CBL)	India	100%
5.	Chembond Polymers and Materials Limited (Formerly Known Chembond Enzyme Company Limited) (CPML)	India	100%
6.	Chembond Calvatis Industrial Hygiene Systems Limited (CCIHSL)	India	55.00%
7.	Chembond Chemicals (Malaysia) SDN. BHD.	Malaysia	100%
8.	Phiroze Sethna Private Limited (PSPL)	India	100%
9.	Chembond Distribution Limited (CDL) –	India	100%
Indirect Subsidiaries			
10.	Gramos Chemicals India Private Limited (GCIPL)	India	100%

1.3 Summary of significant accounting policies

a) Property, Plant and Equipment:

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

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

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

b) Intangible Assets:

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

c) Capital Work in Progress & Capital Advances:

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

Notes to Consolidated Financial Statement for the year ended 31st March, 2019

d) Depreciation and Amortisation:

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

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

Depreciation in the case of Subsidiary Companies, Chembond Water Technologies Ltd. (CSWTL), Chembond Clean Water Technologies Ltd. (CCWTL), Chembond Calvatis Industrial Hygiene Systems Ltd. (CCIHSL), Chembond Distribution Ltd. (CDL), Phiroze Sethna Private Ltd.(PSPL) and Gramos Chemicals India Pvt. Ltd.(GCIPL) are provided on written down value method at the rates specified in part C of Schedule II of the Companies Act, 2013.

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

e) Revenue Recognition:

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

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

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

f) Leases:

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

Company as a Lessee:

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

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability.

Notes to Consolidated Financial Statement for the year ended 31st March, 2019

Finance charges are recognised in finance costs in the statement of profit and loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on the borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred.

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

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

Company as a lessor:

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

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

g) Inventory:

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

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

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

h) Impairment of Assets:

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if event or changes are indicative in circumstances indicate that they might be impaired. Assets that have a definite useful life are tested for impairment whenever events or changes in circumstances that indicate that the carrying amount may not be recoverable. Management periodically assesses using external and internal sources, whether there is an indication that an asset may be impaired. An Impairment loss is recognised for the amount by which the assets carrying amount exceeds its recoverable amount. An impairment loss is charged to the Profit and Loss Account in the year in which an asset is identified as impaired. An impairment loss recognized in prior accounting periods is reversed if there has been change in the estimate of the recoverable amount.

i) Financial Instruments:

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

a. Financial assets:

Notes to Consolidated Financial Statement for the year ended 31st March, 2019

Classification:

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

Initial recognition and measurement:

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

Debt instruments:

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

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

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

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

Equity instruments :

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

De-recognition

A financial asset derecognised only when:

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

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

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

Notes to Consolidated Financial Statement for the year ended 31st March, 2019

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

Impairment of financial assets:

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

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

b. Financial liabilities :

Initial recognition and measurement :

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

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

Financial liabilities at fair value through profit and loss :

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

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

Derecognition :

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

C. Hedge accounting :

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

Notes to Consolidated Financial Statement for the year ended 31st March, 2019

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

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

j) Fair Value Measurement :

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

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

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

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

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

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

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

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

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

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

Notes to Consolidated Financial Statement for the year ended 31st March, 2019

k) Foreign Currency Transactions and Translation:

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

l) Trade Receivables :

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

m) Income Taxes :

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

Current tax:

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

Deferred tax:

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

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

n) Cash and Cash Equivalents :

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

o) Employee Benefits :

Short Term Employee Benefits :

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

Notes to Consolidated Financial Statement for the year ended 31st March, 2019

Post-Employment Benefits :

I. Defined Contribution plans:

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

II. Defined Benefit plans:

Pension Scheme :

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

Gratuity :

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

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

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

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

p) Research and Development :

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

q) Borrowing Cost :

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

r) Earnings per share :

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

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

Notes to Consolidated Financial Statement for the year ended 31st March, 2019

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

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

t) **Provisions, Contingent Liabilities and Contingent Assets :**

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

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

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

Contingent liability is disclosed in case of

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

Contingent Assets are neither recognised, nor disclosed.

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

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

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

The areas involving critical estimates or judgements are:

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

Notes to Consolidated Financial Statement for the year ended 31st March, 2019

2 Property, plant and equipment, Intangibles and Capital work in progress as at 31st March 2019

Description	GROSS BLOCK (AT COST)				DEPRECIATION INCLUDING AMORTISATION				NET BLOCK	
	As at 1.04.2018	Additions	Deductions	As at 31.03.2019	As at 1.04.2018	Additions	Deductions	As at 31.03.2019	As at 31.03.2019	As at 31.03.2018
Property, plant and equipment										
Tangible Assets										
Leasehold Land	73.30			73.30	2.12	1.04		3.16	70.14	71.18
Freehold Land	150.59	2.02		152.61					152.61	150.59
Buildings	2,550.96	38.16		2,589.12	180.59	76.36		256.95	2,332.17	2,370.37
Equipment & Machinery*	1,797.34	415.47	217.24	1,995.57	229.48	221.52	38.91	412.10	1,583.47	1,567.86
Computers	115.07	29.80	18.03	126.84	32.19	43.59	9.54	66.25	60.60	82.88
Furniture & Fixtures	148.68	14.46	2.03	161.11	44.92	19.37	0.23	64.06	97.05	103.77
Motor Cars	134.35			134.35	28.87	20.72	1.03	48.56	85.79	105.48
Electric Fittings & Installations	198.84	13.87	24.31	188.40	21.86	23.87	3.03	42.71	145.69	176.97
Sub- total	5,169.13	513.78	261.61	5,421.30	540.03	406.48	52.74	893.77	4,527.52	4,629.11
Intangible Assets										
Goodwill	6,091.20	219.82		6,311.02					6,311.02	6,091.20
Technical Know How	49.24	3.47		52.71	14.08	7.30		21.38	31.33	35.16
Computer Software	77.97	3.26		81.23	19.67	10.20	0.55	29.32	51.91	58.30
Sub- total	6,218.41	226.55	-	6,444.96	33.75	17.50	0.55	50.70	6,394.26	6,184.66
Total	11,387.54	740.33	261.61	11,866.25	573.78	423.98	53.29	944.47	10,921.78	10,813.77
Previous year	5,262.27	6,504.95	379.66	11,387.53	349.72	456.24	232.19	573.78	10,813.77	4,912.54
Capital Work in Progress									201.89	66.56

3 Investments Non-Current

Investment in Government Securities amortised at cost (Unquoted)

Investment in National Saving Certificate

As at 31/03/2019 (₹ in lakhs) 0.01 As at 31/03/2018 0.56

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

- 50.00

of ₹ 10,000/- each fully paid up

Other Investments amortised at Cost (Unquoted)

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

4.65 4.50

1,00,000 (1,00,000) Cumulative, Non participating Compulsorily Convertible Preference Shares of Tata Motors Finance Ltd. of ₹100/- Each Fully paid

100.00 100.00

Investments in Equity Shares carried at fair value through Profit and Loss Quoted

3,285 (1,075) Equity Shares of Kotak Mahindra Bank Ltd.of ₹ 5/- each fully paid up.

43.84 11.26

16,200 (16,200)Equity Shares of Hindustan Petroleum Corporation Ltd.of ₹ 10/- each fully paid up.

45.93 55.75

1,800 (3,600) Equity Shares of Godrej Consumer Products Ltd.of ₹ 1/- each fully paid up.

12.37 39.33

7,250 (7,250)Equity Shares of HDFC Limited of ₹ 2/- each fully paid up

142.63 132.27

3,800 (1,900) Equity Shares Tata Consultancy Services Limited of ₹ 1/- each fully paid up

38.01 54.14

Investments in Mutual fund carried at fair value through Profit and Loss Quoted

	As at 31/03/2019 (₹ in lakhs)	As at 31/03/2018 (₹ in lakhs)
	0.01	0.56
	-	50.00
	4.65	4.50
	100.00	100.00
	43.84	11.26
	45.93	55.75
	12.37	39.33
	142.63	132.27
	38.01	54.14

Notes to Consolidated Financial Statement for the year ended 31st March, 2019

	As at 31/03/2019 (₹ in lakhs)	As at 31/03/2018 (₹ in lakhs)
Nil (34,44,368.286) Units of SBI Magnum Gilt Fund-Short Term-Regular plan Growth	-	1,267.37
Nil (16,57,088.694) Units of SBI Magnum Gilt Fund-Long Term-Regular plan Growth	-	631.53
12,74,878.225 (21,27,192.007) Units of ICICI Prudential Short Term Gilt Fund-Growth	813.55	765.98
Nil (27,93,842.371) Units of Reliance Gilt Securities Fund- Growth Plan Growth option	-	636.78
Nil (31,17,743.926) Units of HDFC Gilt Fund Long Term - Growth	-	1,092.08
Nil (8,75,009.661) Units of HDFC Gilt Fund Shot Term - Growth	-	-
4,40,958.165 (2,11,411.931) Units of Kotak Standard Multicap Fund- Growth	156.44	67.26
2,48,158.061 (69,722.504) Units of Mirae Assets India Equity Fund Regular- Growth	126.98	31.25
Other Investments		
Quoted (carried at fair value through Profit and Loss)		
20,00,000 (20,00,000) units of Kotak FMP Series 187 - Growth	261.25	241.12
20,00,000 (Nil) units of Axis Fixed Term Plan Series 976 - Growth	208.98	-
45,000 (Nil) units of Tata Capital Financial Services Ltd. NCD	450.00	-
Total	2,404.64	5,181.19
Aggregate amount of Quoted Investments and market value there of	1,849.97	5,026.12
Aggregate amount of Unquoted Investments	554.67	155.07
Aggregate amount of Impairment in value of investment	-	-
4 Other Non- Current Financial Assets		
(Unsecured & considered good)		
Fixed Deposit of Maturity of More than 12 Months	1,124.46	660.39
Other Deposits	55.81	54.32
Total	1,180.27	714.72
5 Deferred Tax Asset (Net)		
Deferred tax Asset		
Gratuity	33.04	-
MAT Credit	646.55	-
Other Deferred tax Asset	6.60	-
Provision for Doubtful Debts	2.51	-
	688.69	
Deferred tax Liability		
Depreciation	492.85	-
Investments at Fair Value	42.39	-
	535.24	-
Total	153.46	-
6 Income tax asset (net)		
Income Tax (net of provision)	428.88	369.23
Total	428.88	369.23

Notes to Consolidated Financial Statement for the year ended 31st March, 2019

	As at 31/03/2019 (₹ in lakhs)	As at 31/03/2018 (₹ in lakhs)
7 Other non-current assets		
Capital advances	6.83	23.56
Other advances	2.77	3.97
Prepaid expenses	1.38	4.68
VAT refund receivable	10.73	38.82
Total	21.71	71.03
8 Inventories (At lower of Cost and Net Realisable Value)		
Raw Material	1,298.20	1,653.76
Packing Material	101.49	120.29
Finished Goods	784.27	513.36
Stock-in-Trade	296.40	168.64
Stock in Transit	0.32	2.94
	2,480.68	2,458.99
Less: Stock Reserve	9.29	5.41
Total	2,471.39	2,453.58
9 Investments (Current)		
Investments in Equity Shares carried at fair value through Profit and Loss Quoted		
9,206 (17,601) Equity Shares of Coromandel International Ltd. of ₹ 1/- each fully paid up.	46.72	48.35
17,978 (18,298) Equity Shares of Kalpatru power Transmission Ltd. of ₹ 2/- each fully paid up.	84.63	88.61
26,065 (28,561) Equity Shares of KEC International Ltd. of ₹ 2/- each fully paid up.	78.13	111.32
3,311 (15,627) Equity Shares of Simplex Infrastructures Ltd. of ₹ 2/- each fully paid up.	5.95	82.95
Nil (3,305) Equity Shares of Sundaram Finance Ltd. of ₹ 10/- each fully paid up.	-	55.43
10,676 (8,131) Equity Shares of Carborundum Universal Ltd. of ₹ 1/- each fully paid up.	43.81	28.25
8,813 (3,155) Equity Shares of Container Corporation of India Ltd. of ₹ 10/- each fully paid up.	46.29	39.28
Nil (16,604) Equity Shares of ICICI Bank Ltd. of ₹ 10/- each fully paid up.	-	46.22
Nil (3,960) Equity Shares of Tata Communications Ltd. of ₹ 10/- each fully paid up.	-	24.56
Nil (3,305) Equity Shares of Sundaram Finance Holding Ltd. of ₹ 5/- each fully paid up.	-	10.26
6,705 (Nil) Equity Shares of Mahindra & Mahindra Limited of ₹ 5/- each fully paid up.	45.19	-
Investments in Mutual Funds carried at fair value through Profit and Loss		
49,542 (47,209) Units of Reliance Liquid Fund -Treasury Plan - Daliy Dividend	0.76	0.72
Nil (1,31,955.602)Units of ICICI Prudential Liquid Plan-Daily Dividend	-	137.08
86,356.915 (Nil) Units of ICICI Prudential Liquid- Regular Plan-Growth	237.84	-
3,061.379 (26,215.861) Units of Kotak Floater Short term-Growth (Regular Plan)	95.29	867.20

Notes to Consolidated Financial Statement for the year ended 31st March, 2019

	As at 31/03/2019 (₹ in lakhs)	As at 31/03/2018 (₹ in lakhs)
Nil (16,043.070) Units of Reliance Liquidity Fund-Growth plan Growth option	-	160.66
8,965.490 (8,965.490) Units of Franklin India Prima Plus -Growth	54.03	51.51
3,03,034.345 (3,03,034.345) Units of Kotak Select Focus Fund Regular Plan Growth	107.51	96.40
1,35,931.375 (1,35,931.375) Units of SBI Blue Chip Fund Regular Plan Growth	53.30	50.60
62,226.441 (62,226.441) Units of HDFC Core and Satellite Fund -Growth	49.03	48.64
2,25,408.723 (2,25,408.723) Units of DSP Black Rock Focus 25 Fund Growth	51.99	49.30
21,56,825.895 (Nil) Units of ICICI prudentianl Short Term Growth Option	407.22	-
6,19,690.746 (Nil) Units of Kotak Treasury Advantage Fund Regular Plan Growth	185.73	-
28,180.987 (Nil) Units of Kotak low Duration Fund	644.34	-
9,71,604.848 (Nil) Units of Franklin India Low Duration Fund	211.23	-
3,375.833 (Nil) Units of Kotak Liquid Scheme Regular Plan Growth	127.36	-
2769.000 (Nil) Units of HDFC Overnight Fund Growth	78.10	-
93931.074 (Nil) Units of ICICI prudentianl Money Market Fund Regular Plan Growth	243.12	-
9,725 (9,725) Units of Aditya Birla Sun Life ' 95 Balanced Growth	73.94	71.66
48,686 (48,686) Units of HDFC Balanced Fund Regular Plan Growth	76.06	70.99
7,390 (7,390) Units of HDFC Equity Fund-Regular Plan Growth	50.34	43.72
2,78,510 (2,78,510) Units of L & T Hybrid Equity Fund-Growth	72.74	71.22
1,00,295 (1,00,295) Units of Mirae Asset Equity Fund Fund-Regular Growth	51.32	44.94
1,83,143 (1,83,143) Units of Motilal Oswal MOST Focused Multicap 35 Fund-Regular Growth	47.58	48.17
1,27,019 (1,27,019) Units of SBI Blue Chip Fund-Regular Plan Growth	49.80	47.28
57,933 (57,933) Units of SBI Equity Hybrid Fund-Regular Plan Growth	77.82	71.14
481.90 (Nil) Units of RIL Growth Fund	13.61	-
Total	3,410.79	2,466.46
Aggregate amount of Quoted Investments and Market Value thereof	3,410.79	2,466.46
10 Trade Receivables (Unsecured)		
Unsecured Considered Good	9,095.75	8,145.47
Unsecured Considered doubtful	13.54	68.25
Less : Provision for Doubtful Debts	13.54	68.25
Total	9,082.21	8,077.22
a For Related party transactions Refer Note No.42		
11 Cash and Cash equivalents		
Balances with banks		
In Current Accounts	532.02	991.75
Cash on hand	5.49	3.25
Total	537.51	994.99
12 Bank balances other than cash and cash equivalents		
Margin money (Including deposits with original maturity of more than 3 months)	420.14	436.06
In Unpaid Dividend Accounts	339.91	325.32
Total	760.05	761.38

Notes to Consolidated Financial Statement for the year ended 31st March, 2019

	As at 31/03/2019 (₹ in lakhs)	As at 31/03/2018 (₹ in lakhs)
13 Loans		
(Unsecured & considered good)		
Loan and advance to Employees	26.40	28.60
Others Loans and Advances	14.89	12.45
Total	41.29	41.05
14 Other Current Financial Assets		
(Unsecured & considered good)		
Security Deposits	73.60	82.50
Deposit - Excise	6.13	34.82
Total	79.73	117.32
15 Current Tax (net)		
Current Tax (net)	81.38	-
Total	81.38	-
16 Other Current Assets		
Accrued Interest	18.59	3.00
Prepaid expenses	61.25	49.06
Advances for supply of goods and services	215.87	117.24
Balances with government authorities	143.12	195.94
Other Current Assets	8.62	21.27
Total	447.45	386.51
17 Share Capital		
Authorised		
2,00,00,000 (P.Y 2,00,00,000) Equity Shares of ₹ 5/- each	1,200.00	1,000.00
Issued, Subscribed and Paid up		
1,34,48,288 (P.Y 1,34,48,288) Equity Shares of ₹ 5/- each fully paid up	672.41	672.41
Total	672.41	672.41
a Reconciliation of the equity shares outstanding at the beginning and at the end of the reporting year:		
Number of shares outstanding at the beginning of the year	1,34,48,288	1,34,48,288
Additions during the year	-	-
Deductions during the year	-	-
Number of shares outstanding at the end of the year	1,34,48,288	1,34,48,288
b Details of Shareholders holding more than 5% Shares		
Name of the Shareholder	No of Shares	No of Shares
Nirmal V. Shah	16,45,230	6,30,569
% held	12.23%	4.69%
Sameer V. Shah	15,31,274	51,6,915
% held	11.39%	3.84%
Padma V. Shah	15,17,410	14,95,114
% held	9.63%	9.21%
Visan Holding & Financial Services Pvt. Ltd.	12,94,619	12,37,916
% held	9.63%	9.21%

Notes to Consolidated Financial Statement for the year ended 31st March, 2019

	As at 31/03/2019 (₹ in lakhs)	As at 31/03/2018 (₹ in lakhs)
c Terms and rights attached to Equity Shares		
<p>The Company has only one class of Equity Shares having a par value of ₹ 5/- per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian Rupees. The dividend proposed by the Board of Directors is subject to approval of the shareholders in the ensuing Annual General Meeting.</p> <p>In the event of liquidation of the Company, the holders of Equity Shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.</p>		
18 Other Equity		
Capital Reserve on Consolidation		
As per last year	14.72	14.72
Less : Transfer to Profit & Loss A/c	-	-
	14.72	14.72
General Reserve		
As per last year	1,064.53	1,064.53
Add: Transfer from Profit & Loss A/c	87.89	-
Less: Transfer to Minority Interest	-	-
	1,152.41	1,064.53
Share Premium		
As per last year	613.05	613.05
Add: Received on Shares Issue	-	-
	613.05	613.05
Retained Earnings		
As per last year	22,464.65	20,644.31
Add: Effect of previous year transaction	4.54	-
Add: Profit for the Year	1,732.22	2,197.22
Deduction during the year	106.71	108.12
	24,094.70	22,733.41
Less: Appropriations		
Transferred to General Reserve	70.00	-
Set off of Dividend Tax in respect of Dividend from Subsidiary Company	(49.53)	(45.17)
Dividend Paid	248.79	221.90
Tax on Dividend Paid	100.67	92.03
	23,724.77	22,464.65
Other Comprehensive Income (OCI)		
Remeasurements of the net defined benefit Plans		
As per last year	5.38	(1.15)
Addition during the year	(38.77)	6.51
Less: Non Controlling Interest	-	(0.02)
	(33.38)	5.38
Total	25,471.56	24,162.33

Notes to Consolidated Financial Statement for the year ended 31st March, 2019

	As at 31/03/2019 (₹ in lakhs)	As at 31/03/2018 (₹ in lakhs)
19 Non Controlling Interest		
Share Capital		
Opening Balance	272.08	294.58
Addition during the year	150.41	-
Deduction during the year	2.65	22.50
Closing Balance	419.84	272.08
Share Premium		
As per last year	4.05	4.05
Add:Received during the year	-	-
	4.05	4.05
General Reserve		
Opening Balance	17.89	360.44
Addition during the year	-	-
Deduction during the year	17.89	342.55
Closing Balance	-	17.89
Retained Earnings		
Opening Balance	(126.27)	1,057.89
Less : Dividend Paid	-	-
Addition during the year	149.42	159.54
Add:Non Controlling Interest (OCI)	-	(0.02)
Deduction during the year	42.03	1,343.69
Closing Balance	(18.88)	(126.27)
Total	405.01	167.74
20 Borrowings		
Secured		
Term Loan from Banks	-	-
	-	-
Unsecured		
Loans from Related Parties	-	-
Loans from Others	52.15	49.40
	52.15	49.40
Total	52.15	49.40
21 Provisions- Non Current		
Provision for Gratuity	134.53	151.05
Total	134.53	151.05
22 Deferred Tax Liability (Net)		
Deferred tax Liability		
Depreciation	-	467.92
Investments at Fair Value	-	151.98
	-	619.90
Deferred tax Asset		
Gratuity	-	33.32
MAT Credit	-	426.66
Other Deferred tax Asset	-	5.46
Provision for Doubtful Debts	-	18.44
	-	483.88
Total	-	136.02

Notes to Consolidated Financial Statement for the year ended 31st March, 2019

	As at 31/03/2019 (₹ in lakhs)	As at 31/03/2018 (₹ in lakhs)
23 Current Borrowings (Repayable on demand)		
Secured		
Over Draft facilities from Banks	135.75	222.81
Working Capital Loan from Banks	392.33	392.45
Buyers Credit Loan from Banks	-	54.44
Unsecured		
Working Capital Loan	90.00	-
Buyers Credit Loan from Banks	-	189.87
Total	618.08	859.57
a Over draft facility are Secured against Fixed Deposit.		
b Working Capital / Buyers Credit loan is secured by charge on current asset, Mortgage of Tangible Immovable Properties and charge on other Property, Plant and Equipments.		
24 Trade Payables		
Micro, Small and Medium Enterprises	205.80	33.90
Others	3,405.56	5,074.95
Total	3,611.36	5,108.85
a For Related party transaction Refer Note No.42		
b The Company has amounts due to suppliers under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) as at the year end. The disclosure pursuant to the said Act is as under:		
Principal amount due to suppliers under MSMED Act, 2006	205.80	33.90
Interest accrued and due to suppliers under MSMED Act, 2006 on the above amount	0.25	1.38
Payment made to suppliers (other than interest) beyond the appointed day, during the year	33.90	136.77
Interest paid/adjusted to suppliers under MSMED Act, 2006 (other than section 16)	1.38	1.14
Interest paid/adjusted to suppliers under MSMED Act, 2006 (Section 16)	NIL	NIL
Interest due and payable to suppliers under MSMED Act, 2006 for payments already made	0.25	1.38
Interest accrued and remaining unpaid at the end of the year to suppliers under MSMED Act, 2006	0.25	1.38
The information regarding Micro, Small and Medium Enterprises has been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the Auditors.		
25 Other Current Financial Liabilities		
Current Maturities of Long Term Debt	-	-
Other Payables	514.09	583.46
Creditors for Capital Expenditure	30.62	24.02
Unclaimed Dividend *	14.91	8.10
Total	559.62	615.57
* Not due for Deposit to Investor Education and Protection Fund		

Notes to Consolidated Financial Statement for the year ended 31st March, 2019

	As at 31/03/2019 (₹ in lakhs)	As at 31/03/2018 (₹ in lakhs)
26 Other Current Liabilities		
Advance Received From Customers	73.36	45.54
Statutory Dues	230.02	220.73
Other payable	125.17	39.79
Total	428.55	306.07
27 Short-term Provisions		
Provision for Gratuity	7.11	14.47
Provision for Employee Benefits Payable	264.06	229.94
Provision for Current Tax (Net of Advance Tax)	-	41.61
Total	271.17	286.02
	2018-2019 (₹ in lakhs)	2017-2018 (₹ in lakhs)
28 Revenue from Operations		
Sales of Goods	27,509.00	31,911.11
Sales of Services		
Technical Service Income	2,033.13	1,442.68
Other Operating revenue		
Bad Debts Recovered	2.78	4.18
Provision for Doubtful Debts (No Longer required)	-	33.70
Compensation on Termination of toll manufacturing	500.00	-
Miscellaneous Income	86.03	31.14
Total	30,130.94	33,422.81
29 Other Income		
Dividend from Equity Investments	14.02	8.09
Dividend from Mutual Funds	11.54	28.77
	25.56	36.86
Net gain on Sale/fair valuation of investments through profit & loss *	187.20	760.23
Gross Interest	139.68	101.41
Gross Rental Income	12.43	13.26
Foreign Exchange Fluctuation Gain/ (Loss)	19.59	40.72
Miscellaneous Income	8.68	111.54
Total	393.14	1,064.01
* Adjusted fair value gain/(loss) as at 31 st March 2019 amounting to (Rs.691.45) lakhs (31 st March 2018 (Rs.932.08) lakhs)		
30 Cost of Materials Consumed		
Raw Materials Consumed	13,542.60	17,371.60
Packing Material	1,095.07	1,518.51
Total	14,637.67	18,890.11
31 Purchases of stock-in-trade		
Purchases of Stock-in-trade	2,467.76	1,641.16
Total	2,467.76	1,641.16
32 Changes in inventory of Finished goods, Work in progress and Traded goods		
Finished products/ Stock in Trade (At Close)	1,017.11	669.74
Finished products/ Stock in Trade (At commencement)	671.89	1,032.52
Total	(345.22)	362.78

Notes to Consolidated Financial Statement for the year ended 31st March, 2019

	2018-2019 (₹ in lakhs)	2017-2018 (₹ in lakhs)
33 Employee Benefit Expenses		
Director Remuneration	168.18	135.22
Salaries & Wages	4468.94	3,742.84
Contribution to Provident & other funds	306.09	280.29
Staff Welfare Expenses	168.29	141.75
a For Related party transaction Refer Note No.42		
Total	5,109.07	4,300.10
34 Finance Cost		
Interest Expense		
- Banks	47.07	67.65
- MSMED	0.25	1.38
- Others	0.13	0.52
Bank Guarantee fees & charges	30.75	48.66
Total	78.20	118.21
35 Depreciation and Amortisation expenses		
Depreciation and Amortisation Expenses	423.98	410.67
Total	423.98	410.67
36 Other Expenses		
Manufacturing Expenses		
Consumable stores	32.68	45.88
Octroi	0.19	0.37
Power, Fuel & Water Charges	107.71	104.71
Research and Development	137.61	134.16
Lab Expenses	27.37	17.15
Repairs and Renewals to Plant & Machinery	41.75	32.71
Godown Rent	19.83	33.70
Labour Charges	629.78	583.81
Security Expenses	88.40	80.57
Factory Maintenance	54.08	98.38
Technical Service Charges	572.67	437.45
A	1,712.07	1,568.91
Administrative Expenses		
Director's Sitting Fees	20.50	36.75
Rates & Taxes	47.05	70.22
Electricity charges	47.93	40.78
Printing and stationary	31.00	28.66
Telephone & Postage Expenses	89.75	86.66
Insurance	54.15	42.27
Motor car expenses	52.94	55.78
Auditors Remuneration (See note a)	32.42	24.23
Legal, Professional & consultancy fees	426.23	638.39
Repairs & Maintenance Buildings	14.61	44.71
Repairs & Maintenance Others	172.73	153.17
Miscellaneous expenses	100.03	75.23
Donation	0.25	0.30
Corporate Social responsibility	9.90	21.00
Sales Tax & Other Taxes	29.26	11.28
Loss on Sale of Fixed Asset	(0.17)	10.94
Provision for Doubtful Debts	(54.71)	1.10
Input Service Tax Disallowed	1.30	10.22

Notes to Consolidated Financial Statement for the year ended 31st March, 2019

	2018-2019 (₹ in lakhs)	2017-2018 (₹ in lakhs)
Input GST Disallowed	31.52	23.69
Swachh Bharat Cess Expense	-	2.62
Foreign Exchange fluctuation Loss/(Gain)	5.29	-
Debit Balance Written off	0.25	-
Bad Debts Written Off	282.39	235.64
B	1,394.64	1,613.62
Selling and Distribution Expenses		
Carriage outwards	986.14	820.98
Rent	95.05	73.80
Commission on sales	271.43	197.87
Travelling Expenses	512.23	499.40
Conveyance expenses	223.39	177.35
Royalty Expenses	37.99	58.35
Advertising & Publicity Expenses	27.79	24.80
Warehousing Charges	4.36	11.88
Packing Expenses	6.41	7.22
Sales Promotion Expenses	440.55	243.83
C	2,605.34	2,115.48
Total (A+B+C)	5,712.05	5,298.02
a. Auditor's Remuneration consists of:		
Statutory Audit Fees	20.90	13.23
Tax Audit Fees	5.01	5.75
Taxation and Other Matters	6.51	5.25
Total	32.42	24.23
b. Lease		
The Company normally acquires offices, warehouses and vehicles under non-cancellable operational leases. Minimum lease payments outstanding at year end in respect of these assets are as under:	Total Minimum Lease Payment Outstanding as on 31/03/2019 (₹ in lakhs)	Total Minimum Lease Payment Outstanding as on 31/03/2018 (₹ in lakhs)
Due within one year	94.73	41.57
Due later than one year and not later than five years	260.38	17.78
Due later than five years	-	-
Lease payments recognised in the Statement of Profit & Loss	119.23	119.38
37 Earnings Per Share	2018-2019	2017-2018
Net Profit available to Equity Shareholders (₹ in lakhs)	1,732.21	2,197.23
Total number of Equity Shares (Face value of ₹ 5/- each fully paid up)	1,34,48,288.	1,34,48,288
Weighted No. of Equity Shares	1,34,48,288	1,34,48,288
Basic Earnings per Share (in ₹)	12.88	16.34
Diluted No. of Equity Shares	1,34,48,288	1,34,48,288
Diluted Earnings per Share (in ₹)	12.88	16.34

Notes to Consolidated Financial Statement for the year ended 31st March, 2019

38 Segment Reporting

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

39 Financial instruments – Fair values and risk management

A. Accounting classification and fair values

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

(₹ in lakhs)

	As at 31 March 2019							
	Carrying amount				Fair value			
	Fair value through profit and loss	Fair value through other comprehensive income	Amotised Cost	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Cash and cash equivalents (Including other bank balances)			1,297.54	1,297.54				-
Investments								
- Mutual Funds	4,627.28			4,627.28	4,627.28			4,627.28
- Equity Shares (Quoted)	633.50			633.50	633.50			633.50
- Equity Shares (Unquoted)			4.65	4.65				-
- Preference shares and bonds			550.01	550.01				-
Trade and other receivables			9,082.21	9,082.21				-
Loans			41.29	41.29				-
Other financial assets			1,260.00	1,260.00				-
TOTAL	5,260.78	-	12,235.70	17,496.48	5,260.78	-	-	5,260.77
Financial liabilities								
Long term borrowings (Including current maturity of Long term borrowings)			52.15	52.15				-
Short term borrowings			618.08	618.08				-
Trade and other payables			3,611.36	3,611.36				-
Other financial liabilities			559.62	559.62				-
TOTAL	-	-	4,841.21	4,841.21	-	-	-	-

Notes to Consolidated Financial Statement for the year ended 31st March, 2019

(₹ in lakhs)

	As at 31 March 2018							
	Carrying amount				Fair value			
	Fair value through profit and loss	Fair value through other comprehensive income	Amotised Cost	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Cash and cash equivalents (Including other bank balances)			1,756.37	1,756.37				-
Investments								
- Mutual Funds	6,664.62			6,664.62	6,664.62			6,664.62
- Equity Shares (Quoted)	827.97			827.97	827.97			827.97
- Equity Shares (Unquoted)			4.50	4.50				-
- Preference shares and bonds			150.56	150.56				-
Trade and other receivables			8,077.22	8,077.22				-
Loans			41.05	41.05				-
Other financial assets			832.04	832.04				-
TOTAL	7,492.59	-	10,861.73	18,354.32	7,492.59	-	-	7,492.59
Financial liabilities								
Long term borrowings (Including current maturity of Long term borrowings)			49.40	49.40				-
Short term borrowings			859.57	859.57				-
Trade and other payables			5,108.85	5,108.85				-
Other financial liabilities			615.57	615.57				-
TOTAL	-	-	6,633.38	6,633.38	-	-	-	-

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

B. Measurement of fair values

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

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

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

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

Transfers between Levels

There are no transfers between the levels

Notes to Consolidated Financial Statement for the year ended 31st March, 2019

C. Financial risk management

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

i. Risk management framework

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

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

ii. Credit risk

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

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

Trade and other receivables

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

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

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

Cash and cash equivalents

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

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

iii. Liquidity risk

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

The Company has obtained fund and non-fund based working capital lines from various banks.

The Company also constantly monitors funding options available in the debt and capital markets with a view to maintaining financial flexibility. Accordingly, liquidity risk is perceived to be low.

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

Notes to Consolidated Financial Statement for the year ended 31st March, 2019

(₹ in lakhs)

Sr No	As at 31 st March, 2019	Notes	Carrying Values	Less than 12 Months	More than 12 Months
1	Borrowings (Non Current)	19	52.15	-	52.15
2	Borrowings	21	618.08	618.08	-
3	Trade payables	22	3,611.36	3,611.36	-
4	Other Financials Liability	23	559.62	559.62	-
5	Other Current Liabilities	24	428.55	428.55	-
	TOTAL		5,269.77	5,217.62	52.15

(₹ in lakhs)

Sr No	As at 31 st March, 2018	Notes	Carrying Values	Less than 12 Months	More than 12 Months
1	Borrowings (Non Current)	19	49.40	-	49.40
2	Borrowings	21	859.57	859.57	-
3	Trade payables	22	5,108.85	5,108.85	-
4	Other Financials Liability	23	615.57	615.57	-
5	Other Current Liabilities	24	306.07	306.07	-
	TOTAL		6,939.46	6,890.06	49.40

iv. Market risk

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

a) Currency risk

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

Exposure to currency risk

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

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

Currency	Exposure to buy/ sell	As at 31/03/2019 (₹ in lakhs)		As at 31/03/2018 (₹ in lakhs)	
		Foreign Currency	Indian Currency	Foreign Currency	Indian Currency
USD	Buy	-	-	-	-

Notes to Consolidated Financial Statement for the year ended 31st March, 2019

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

Currency	Exposure to buy/ sell	As at 31/03/2019 (₹ in lakhs)		As at 31/03/2018 (₹ in lakhs)	
		Foreign Currency	Indian Currency	Foreign Currency	Indian Currency
US Dollars	Buy	0.70	48.51	6.36	413.89
Euro	Buy	0.03	2.35	1.60	128.96
US Dollars	Sell	0.25	17.30	0.67	43.57

b) Interest rate risk

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

40 Employee Benefit obligations

(A) Defined Benefit Plan

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

	As at 31 March 2019	(₹ in lakhs) As at 31 March 2018
	Gratuity Funded Plan	Gratuity Funded Plan
(i) Change in Defined Benefit Obligation		
Opening defined benefit obligation	747.20	663.70
Amount recognised in profit and loss	-	-
Current service cost	58.35	54.33
Interest cost	49.64	42.40
Amount recognised in other comprehensive income	-	-
Actuarial loss / (gain) arising from:	0.34	0.18
Return on Plan Assets	-	-
Financial assumptions	3.17	(12.50)
Other	31.02	25.74
Benefits paid	(37.04)	(28.66)
Closing defined benefit obligation	852.68	745.19
(ii) Change in Fair Value of Assets		
Opening fair value of plan assets	582.54	517.38
Amount recognised in profit and loss	-	-
Interest income	38.02	32.59
Amount recognised in other comprehensive income	-	-

Notes to Consolidated Financial Statement for the year ended 31st March, 2019

	(₹ in lakhs)	
	As at 31 March 2019	As at 31 March 2018
	Gratuity Funded Plan	Gratuity Funded Plan
Actuarial gain / (loss)	-	-
Return on Plan Assets, Excluding Interest Income	6.66	22.56
Other	-	-
Contributions by employer	120.87	35.81
Benefits paid	(37.04)	(28.66)
Closing fair value of plan assets	711.05	579.68
Actual return on Plan Assets	44.62	55.16
(iii) Plan assets comprise the following	Unquoted	Unquoted
Insurance fund (100%)	711.05	579.68
(iv) Principal actuarial assumptions used	%	%
Discount rate	7.75	7.75
Withdrawal Rate	1.00	1.00
Future Salary Increase	5.00	5.00
(v) Amount recognised in the Balance Sheet		
Present value of obligations as at year end	852.68	745.19
Fair value of plan assets as at year end	336.43	579.68
Net (asset) / liability recognised as at year end	141.63	165.52
Recognised under :		
Short term provisions	7.11	14.47
Long term provisions	134.51	151.05
	141.63	165.52

(vi) Sensitivity analysis

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

	As at 31 st March, 2019 (₹ in lakhs)		As at 31 st March, 2018 (₹ in lakhs)	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement) - Gratuity	(27.31)	57.16	(22.91)	45.05
Future salary growth (1% movement) - Gratuity	64.50	(36.65)	56.81	(29.46)

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

Notes to Consolidated Financial Statement for the year ended 31st March, 2019

(vii) Expected future cash flows

The expected maturity analysis is as follows :

	For year ended 31/3/2019 (₹ in lakhs)	For year ended 31/3/2018 (₹ in lakhs)
Expected benefits for year 1	279.34	240.42
Expected benefits for year 2	42.04	32.21
Expected benefits for year 3	48.61	26.48
Expected benefits for year 4	80.88	26.93
Expected benefits for year 5	74.86	43.11
Expected benefits for year 6 and above	1813.98	1925.84

41 Financial information pursuant to Schedule III of Companies Act 2013

Sr. No.	Name of the entity in the	Net Assets (Total assets minus total liabilities)		Share in Profit or loss		Share in Other comprehensive income		Share in total comprehensive income	
		31 st March 2019		31 st March 2019		31 st March 2019		31 st March 2019	
		As % of consolidated net assets	Amount (Rs. in lakhs)	As % of consolidated profit or loss	Amount (Rs. in lakhs)	As % of consolidated profit or loss	Amount (Rs. in lakhs)	As % of consolidated profit or loss	Amount (Rs. in lakhs)
	Parent								
	Chembond Chemicals Limited	87.80%	22,954.85	36.55%	633.15	19.82%	-7.65	36.93%	625.50
	Indian Subsidiaries								
1	Chembond Water Technologies Limited	18.41%	4,814.14	49.41%	855.90	8.67%	-3.35	50.34%	852.55
2	Protochem Industries Private Limited	2.36%	616.37	-6.16%	(106.76)	6.97%	-2.69	-6.46%	-109.45
3	Chembond Clean Water Technologies Limited	2.75%	719.19	26.14%	452.84	0.00%	0.00	26.74%	452.84
4	Chembond Industrial Coatings Limited	0.79%	207.47	3.61%	62.45	0.00%	0.00	3.69%	62.45
5	Chembond Polymers and Materials Limited	2.06%	539.27	1.16%	20.01	0.00%	0.00	1.18%	20.01
6	Chembond Calvatis Industrial Hygiene Systems Limited	0.51%	132.86	4.37%	75.71	0.00%	0.00	4.47%	75.71
7	Chembond Chemicals (Malaysia) SDN. BHD.	0.18%	46.11	0.49%	8.53	0.00%	0.00	0.50%	8.53
8	Phiroze Sethna Private Limited	4.78%	1,249.94	4.29%	74.37	62.00%	-23.93	2.98%	50.44
9	Chembond Distribution Limited	0.77%	202.17	4.86%	84.11	0.00%	0.00	4.97%	84.11
10	Gramos Chemical India Private Limited	2.95%	771.98	10.45%	181.10	2.53%	-0.98	10.64%	180.12
	Non Controlling interest in all subsidiaries	-1.55%	(405.01)	-14.51%	(251.43)	0.00%	0.00	-14.85%	-251.43
	Consolidation adjustments/ Eliminations	-21.82%	(5,705.39)	-20.65%	(357.76)	0.00%	-	-21.12%	-357.76
	Total	100.00%	26,143.97	100.00%	1,732.21	100.00%	-38.60	100.00%	1,693.60

42 Related Party Disclosures

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

a Relationship:

i. Joint Venture:

Calvatis GmbH

Notes to Consolidated Financial Statement for the year ended 31st March, 2019

ii. Key Management Personnel and their relatives (others)

Key Management Personnel:

Sameer V. Shah, Nirmal V. Shah, Ashwin R. Nagarwadia, Perviz H. Dastur, Bhadrash D. Shah, Mahendra K. Ghelani,

Sushil U Lakhani, Jawahar I Mehta, Dr. Prakash Trivedi, Saraswati Sankar

Relatives

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

Entities over which Key Management personnel are able to exercise influence

CCL Opto Electronics Pvt Ltd., Finor Piplaj Chemicals Ltd., S and N Ventures Ltd., Visan Holdings Pvt Ltd.

Visan Trust, Protochem Investments Pvt Ltd. and Oriano Clean Energy Pvt Ltd.

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

Consolidated Transaction with Related parties

For the year ended/as on	31/03/2019			31/03/2018		
	Joint Venture	KMP	Total	Joint Venture	KMP	Total
Sales of Goods	-	155.32	155.32	-	44.82	44.82
Chembond Chemicals Ltd.		7.83	7.83		15.23	15.23
Chembond Water Technologies Ltd		29.26	29.26		25.48	25.48
Chembond Clean Water Technologies Ltd.		0.50	0.50		4.11	4.11
Chembond Distribution Ltd		117.73	117.73			
Purchase of Goods	-	1,250.74	1,250.74	-	1,022.15	1,022.15
Chembond Chemicals Ltd.		703.96	703.96		1022.15	1022.15
Chembond Water Technologies Ltd		428.88	428.88			
Chembond Material Technologies Pvt Ltd		6.78	6.78			
Chembond Distribution Ltd		111.12	111.12			
Factory Maintenance	-	-	-	-	49.22	49.22
Chembond Chemicals Ltd.					49.22	49.22
Rent Income	-	12.24	12.24	-	11.67	11.67
Chembond Chemicals Ltd.		12.24	12.24		11.67	11.67
Rental Expenses	-	17.26	17.26	-	9.00	9.00
Chembond Chemicals Ltd.		12.60	12.60		6.00	6.00
Chembond Water Technologies Ltd		3.00	3.00		3.00	3.00
Chembond Material Technologies Pvt Ltd		1.66	1.66			
Director Remuneration	-	113.82	113.82	-	158.29	158.29
Chembond Chemicals Ltd.		113.82	113.82		113.82	113.82
Chembond Water Technologies Ltd					44.47	44.47

Notes to Consolidated Financial Statement for the year ended 31st March, 2019

(₹ in lakhs)						
For the year ended/as on	31/03/2019			31/03/2018		
Description of the nature of transactions	Joint Venture	KMP	Total	Joint Venture	KMP	Total
Director Sitting Fees	-	14.60	14.60	-	29.00	29.00
Chembond Chemicals Ltd.		13.60	13.60		29.00	29.00
Chembond Material Technologies Pvt Ltd		1.00	1.00			
Retirement Benefits	-	5.00	5.00	-	30.00	30.00
Chembond Chemicals Ltd.		5.00	5.00		30.00	30.00
Legal & Professional Fees	-	30.50	30.50	-	177.69	177.69
Chembond Chemicals Ltd.		30.50	30.50		177.69	177.69
Royalty	-	28.63	28.63	24.11	34.23	58.35
Chembond Water Technologies Ltd				24.11		24.11
Chembond Chemicals Ltd.		28.63	28.63		34.23	34.23
Loan Taken	-	90.00	90.00	-	-	-
Chembond Water Technologies Ltd		90.00	90.00			
Balances at the year end						
Sundry Debtors	-	33.91	33.91			
Chembond Water Technologies Ltd		5.64	5.64			
Chembond Clean Water Technologies Ltd.		1.48	1.48			
Chembond Distribution Ltd		26.80	26.80			
Sundry Creditors	-	244.16	244.16	-	308.46	308.46
Chembond Chemicals Ltd.		48.88	48.88		261.52	261.52
Chembond Water Technologies Ltd		170.08	170.08			0.00
Chembond Material Technologies Pvt Ltd		0.34	0.34		46.94	46.94
Chembond Clean Water Technologies Ltd.		0.26	0.26			
Chembond Distribution Ltd		24.61	24.61			

43 Capital Management

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

As at 31st March, 2019, the Company has only one class of equity shares and has low debt. Consequent to such capital structure, there are no externally imposed capital requirements. In order to maintain or achieve an optimal capital structure, the Company allocates its capital for distribution as dividend or re-investment into business based on its long term financial plans.

44 Tax Reconciliation

(a) The income tax expense consists of the followings:

Current Income Tax
Deferred Tax Expense
Tax expense for the year

2018-2019 (₹ in lakhs)	2017-2018 (₹ in lakhs)
746.49	716.91
(289.55)	(283.41)
456.94	433.50

Notes to Consolidated Financial Statement for the year ended 31st March, 2019

	2018-2019 (₹ in lakhs)	2017-2018 (₹ in lakhs)
(b) Reconciliation of tax expense and the accounting profit multiplied by India's tax Rate		
Profit before income tax expense	2,440.58	2,790.28
Expected Income Tax expenses	722.58	842.85
Part A		
Tax effect of amounts which are not deductible (allowable) in calculating taxable income:		
Income exempt from income taxes	(55.82)	(108.89)
Additional allowances/deduction	(1)	9.73
Transition gain	90.16	96.06
Short/Excess Provision for earlier years	(4.17)	(26.31)
Others	(5.25)	(96.54)
Current Tax (A)	746.49	716.91
Part B		
Deferred Tax Effect at the rate of:	29.12%	29.12%
Depreciation	24.80	(57.37)
Investments at Fair Value	(109.55)	(151.60)
Less:		
Gratuity	(0.04)	7.40
MAT Credit	221.22	78.57
Other Deferred tax Asset	0.66	0.00
Provision for Doubtful Debts	(17.03)	(11.54)
Deferred Tax (B)	(289.55)	(283.41)
Tax Expense (A+B)	456.94	433.50
	As at	As at
	31/3/2019	31/3/2018
	(₹ in lakhs)	(₹ in lakhs)
45 Contingent Liabilities not provided for are in respect of :		
a. Income Tax matter under Appeal	29.88	79.20
b. Outstanding L.C & Bank Guarantees issued by Bankers.	1703.10	1,172.80
c. Corporate Guarantee given to Bank of India by the Company on behalf of Subsidiaries Chembond Solenis Water Technologies Ltd. & Chembond Clean Water Technologies Ltd.	1,950.00	1,950.00
d. Income Tax Matter (TDS)	5.74	0.58
e. Excise matter under Appeal (₹ 1.12 Lakhs already paid as predeposit for appeal)	14.90	14.90
f. Sales tax matter under appeal	22.56	33.12

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

As per our attached report of even date

On behalf of the Board of Directors

For Bathiya & Associates LLP
Chartered Accountants
FRN - 101046W/W100063

Jatin A. Thakkar
Partner
Membership No. : 134767
Mumbai, 18th May 2019

Sameer V. Shah
Chairman
& Managing Director

Rashmi S. Gavli
Chief Financial Officer
Mumbai, 18th May 2019

Nirmal V. Shah
Vice Chairman
& Managing Director

Suchita Singh
Company Secretary

Sushil U. Lakhani
Director

Notice

NOTICE is hereby given that the Forty Fourth Annual General Meeting (AGM) of the Members of Chembond Chemicals Limited (CIN: L24100MH1975PLC018235) will be held on Saturday, 3rd August, 2019, at 2.30 P.M. at EL-37, MIDC Mahape, Navi Mumbai 400 710 to transact the following business:

ORDINARY BUSINESS

1. To consider and adopt
 - (a) the audited financial statements of the Company for the financial year ended 31st March, 2019 and the reports of the Board of Directors and Auditors thereon; and
 - (b) the audited consolidated financial statements of the Company for the financial year ended 31st March, 2019 together with the report of the Auditors thereon,
2. To declare dividend on Equity Shares.
3. To appoint a Director in place of Mr. Ashwin R. Nagarwadia (DIN: 00466681), who retires by rotation and, being eligible, offers himself for re-appointment.

SPECIAL BUSINESS

4. **To approve continuation of Directorship of Mr. Ashwin R. Nagarwadia (DIN: 00466681) beyond the age of seventy five years.**

To consider and, if thought fit, to give ASSENT / DISSENT to the following resolution as a **Special Resolution**:

“RESOLVED THAT pursuant to Regulation 17(1A) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018, including any amendment(s), modification(s), variation(s) or re-enactment(s) thereof for the time being in force and the applicable provisions, if any, of the Companies Act, 2013 (the Act), and on recommendation of the Board of Directors of the Company, approval of the Members of the Company be and is hereby accorded for continuation of Directorship of Mr. Ashwin R. Nagarwadia (DIN: 00466681), as a Non-executive Director of the Company, beyond the age of seventy five years;

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to do all such acts, deeds, matters and things and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

5. **To approve remuneration to Cost Auditors**

To consider and, if thought fit, to give ASSENT / DISSENT to the following resolution as an **Ordinary Resolution**:

“RESOLVED THAT pursuant to Section 148 and other applicable provisions, if any, of the Companies Act, 2013 (the Act) read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) Mr. R. Srinivasa Raghavan, Cost Accountant, Pune, (Firm Registration No. 100098), appointed by the Board of Directors of the Company, to conduct the audit of the cost records of the Company for the F.Y. ended 31st March, 2020 be paid a remuneration of ₹ 80,000 (Rupees Eighty Thousand only), plus Goods and Services Tax and reimbursement of out of pocket expenses incurred by them in connection with the aforesaid audit.”

6. **To approve re-appointment of Mr. Mahendra K. Ghelani (DIN: 01108297) as an Independent Director.**

To consider and, if thought fit, to give ASSENT / DISSENT to the following resolution as a **Special Resolution**:

“RESOLVED THAT pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 (the Act) and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification and re-enactment thereof for the time being in force) and Regulations 17, 25 and other applicable regulations of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the Listing Regulations), Mr. Mahendra K. Ghelani (DIN: 01108297), a Non-executive and Independent Director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for appointment, be and is hereby re-appointed as an Independent Director of the Company for a second term of five consecutive years commencing from 9th August, 2019 up to 8th August, 2024, not liable to retire by rotation;

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to do all such acts, deeds, matters and things and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

7. To approve continuation of Directorship of Mahendra K. Ghelani (DIN: 01108297) beyond the age of seventy five years.

To consider and, if thought fit, to give ASSENT / DISSENT to the following resolution as a **Special Resolution:**

“RESOLVED THAT pursuant to Regulation 17(1A) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018 including any amendment(s), modification(s), variation(s) or re-enactment(s) thereof for the time being in force and the applicable provisions, if any, of the Companies Act, 2013 (the Act), and on recommendation of the Board of Directors of the Company, approval of the Members of the Company be and is hereby accorded for continuation of Directorship of Mr. Mahendra K. Ghelani (DIN: 01108297), as an Independent Director of the Company, beyond the age of seventy five years;

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to do all such acts, deeds, matters and things and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

8. To approve re-appointment of Mr. Sushil U. Lakhani (DIN:01578957) as an Independent Director

To consider and, if thought fit, to give ASSENT / DISSENT to the following resolution as a **Special Resolution:**

“RESOLVED THAT pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 (the Act) and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification and re-enactment thereof for the time being in force) and Regulations 17, 25 and other applicable regulations of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the Listing Regulations), Mr. Sushil U. Lakhani (DIN: 01578957), a Non-executive and Independent Director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for appointment, be and is hereby re-appointed as an Independent Director of the Company for a second term of five consecutive years commencing from 9th August, 2019 up to 8th August, 2024, not liable to retire by rotation;

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to do all such acts, deeds, matters and things and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

9. To approve re-appointment of Mrs. Saraswati Sankar (DIN:07133249) as an Independent Director

To consider and, if thought fit, to give ASSENT / DISSENT to the following resolution as a **Special Resolution:**

“RESOLVED THAT pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 (the Act) and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification and re-enactment thereof for the time being in force) and Regulations 17, 25 and other applicable regulations of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the Listing Regulations), Mrs. Saraswati Sankar (DIN: 07133249), a Non-executive and Independent Director of the Company, who has submitted a declaration that she meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for appointment, be and is hereby re-appointed as an Independent Director of the Company for a second term of five consecutive years commencing from 24th March, 2020 up to 23rd March, 2025, not liable to retire by rotation;

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to do all such acts, deeds, matters and things and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

10. To approve re-appointment of Dr. Prakash D. Trivedi (DIN:00231288) as an Independent Director

To consider and, if thought fit, to give ASSENT / DISSENT to the following resolution as a **Special Resolution:**

“RESOLVED THAT pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 (the Act) and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification and re-enactment thereof for the time being in force) and Regulations 17, 25 and other applicable regulations of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the Listing Regulations), Dr. Prakash D. Trivedi (DIN: 00231288), a Non-executive and Independent Director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for appointment, be and is hereby re-appointed as an Independent Director of the Company for a second term of five consecutive years commencing from 21st May, 2020 upto 20th May, 2025, not liable to retire by rotation;

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to do all such acts, deeds, matters and things and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

11. To approve re-appointment of Mr. Sameer V. Shah (DIN:00105721) as the Chairman and Managing Director

To consider and, if thought fit, to give ASSENT / DISSENT to the following resolution as a **Special Resolution:**

“**RESOLVED THAT** pursuant to the provisions of Sections 196, 197, 203 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 (hereinafter referred to as “the Act”, including any statutory modification(s) or re-enactment(s) thereof for the time being in force) and subject to necessary approval(s) from appropriate authorities, if required, consent of the Members be and is hereby accorded for re-appointment of Mr. Sameer V. Shah (DIN: 00105721) as the Chairman and Managing Director for a period of 3 (Three) consecutive years commencing from 1st August, 2019 up to 31st July, 2022 as approved by the Board of Directors, on the terms and conditions as set out in the Explanatory Statement annexed hereto;

RESOLVED FURTHER THAT the Board be and is hereby authorised to alter, vary and modify the said terms including salary, allowances, perquisites and designation in such manner as may be agreed to between the Board and Mr. Sameer V. Shah and in accordance with and subject to the limits prescribed in Schedule V to the Act.

RESOLVED FURTHER THAT notwithstanding anything hereinabove stated where in any financial year, during the currency of the tenure of service of Mr. Sameer V. Shah as the Chairman and Managing Director, the Company has no profits or its profits are inadequate, he shall be paid the remuneration stated in the Explanatory Statement annexed hereto as “Minimum Remuneration” in the respective financial year(s) notwithstanding that the same may exceed the ceiling limit laid down in Section 197 and Schedule V to the Act, subject to such approvals, as may be required;

RESOLVED FURTHER THAT the Board be and is hereby authorized to execute all such documents, writings and agreements and to do all such acts, deeds, matters and things as may be considered necessary or expedient for giving effect to this resolution.”

12. To approve re-appointment of Mr. Nirmal V. Shah (DIN: 00083853) as the Vice Chairman and Managing Director

To consider and, if thought fit, to give ASSENT / DISSENT to the following resolution as a **Special Resolution:**

“**RESOLVED THAT** pursuant to the provisions of Sections 196, 197, 203 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 (hereinafter referred to as “the Act”, including any statutory modification(s) or re-enactment(s) thereof for the time being in force) and subject to the approval(s) from appropriate authorities, if any, required consent of the Members be and is hereby accorded for re-appointment of Mr. Nirmal V. Shah (DIN: 00083853) as the Vice Chairman and Managing Director, for a period of 3 (Three) consecutive years commencing from 1st August, 2019 up to 31st July, 2022 as approved by the Board of Directors, on the terms and conditions as set out in the Explanatory Statement annexed hereto.

RESOLVED FURTHER THAT the Board be and is hereby authorised to alter, vary and modify the said terms including salary, allowances, perquisites and designation in such manner as may be agreed to between the Board and Mr. Nirmal V. Shah and in accordance with and subject to the limits prescribed in Schedule V to the Act.

RESOLVED FURTHER THAT notwithstanding anything hereinabove stated where in any financial year, during the currency of the tenure of service of Mr. Nirmal V. Shah as the Vice Chairman and Managing Director, the Company has no profits or its profits are inadequate, he shall be paid the remuneration stated in the Explanatory Statement annexed hereto as “Minimum Remuneration” in the respective financial year(s) notwithstanding that the same may exceed the ceiling limit laid down in Section 197 and Schedule V to the Act, subject to such approvals, as may be required;

RESOLVED FURTHER THAT the Board be and is hereby authorized to execute all such documents, writings and agreements and to do all such acts, deeds, matters and things as may be considered necessary or expedient for giving effect to this resolution.”

13. To approve charges for service of documents on the Members

To consider and, if thought fit, to give ASSENT / DISSENT to the following resolution as an **Ordinary Resolution:**

“**RESOLVED THAT** pursuant to the provisions of Section 20 of Companies Act, 2013 and all other applicable provisions, if any, the consent of the Members be and is hereby accorded for service / delivery of document(s) to Member(s) of the

Company by post or by registered post or by speed post or by courier or by delivering at their registered address, or by such electronic or any other mode as prescribed / may be prescribed under the Act, from time to time;

RESOLVED FURTHER THAT upon request of Member(s) for delivery of any document(s) through a particular mode of delivery, the Company do serve / deliver document(s) to such Member(s) through that particular mode and / or charge such fees which shall not be more than the amount charged to the Company by the Department of Post or the Service Provider(s) including related handling charges, if any, to deliver the documents in a particular mode and that the fees so charged shall be paid by the Member to the Company in ten days advance;

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

Mumbai
18th May, 2019

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

Suchita H. Singh
Company Secretary

REGISTERED OFFICE:

EL-71, Chembond Centre,
MIDC, Mahape,
Navi Mumbai- 400 710
Maharashtra India.
Tel: +91 22 6264 3000
Fax: +91 22 2768 1294
Email: cs@chembondindia.com
Website: www.chembondindia.com
CIN: L24100MH1975PLC018235

NOTES:

- 1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**

A person can act as a proxy on behalf of Members not exceeding fifty and holding in aggregate not more than ten percent of the total share capital of the Company carrying voting rights.

Provided that a Member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.

A proxy form duly completed and stamped, must reach the Registered Office of the Company, not less than 48 hours before the time for holding the aforesaid meeting.

Proxies submitted on behalf of companies, societies, partnership firms, etc. must be supported by appropriate resolution/ authority, as applicable, issued on behalf of the nominating organisation.

- The relative Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 (the Act) setting out material facts concerning the business under Item Nos. 4 to 13 of the Notice, is annexed hereto. The relevant details, pursuant to Regulations 26(4) and 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the Listing Regulations) and Secretarial Standard on General Meetings issued by the Institute of Company Secretaries of India, in respect of Directors seeking appointment/ re-appointment at this AGM are also annexed to this Report.
- The Company's Equity shares are listed on BSE Limited (BSE). Further the Listing fees in respect of equity shares of the Company have been paid to BSE for F.Y. 2019-20.
- 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.
- Members are requested to bring their attendance slip along with their copy of the Annual Report to the Meeting.
- The Register of Members and the Share Transfer books of the Company will remain closed from Saturday, 27th July, 2019 to Friday, 2nd August, 2019 (both days inclusive) in connection with the AGM.
- The Directors have recommended a dividend of ₹ 2.00/- per equity share, which on approval by the Members at the 44th AGM scheduled to be held on Saturday, 3rd August, 2019, will be paid on or before 7th August, 2019 to the Members whose names appear in the Company's Register of Members in case of Physical Shares, as at the close of business hours on 27th July, 2019 after giving effect to valid transfers lodged and in respect of Shares held in Dematerialized form in the depository system, to the beneficial owners of shares as on 27th July, 2019 as per details furnished by National Securities Depository Limited and Central Depository Services (India) Limited for the purpose.
- Mr. Ashwin R. Nagarwadia is interested in the Ordinary / Special Resolution set out at item nos. 3 and 4 pertaining to his re-appointment as a Director of the Company.

Mr. Mahendra K. Ghelani is interested in the Special Resolution set out at item nos. 6 & 7 pertaining to his re-appointment as an Independent Director of the Company.

Mr. Sushil U. Lakhani is interested in the Special Resolution set out at item no. 8 pertaining to his re-appointment as an Independent Director of the Company.

Mrs. Saraswati Sankar is interested in the Special Resolution

set out at item no. 9 pertaining to her re-appointment as an Independent Director of the Company.

Dr. Prakash D. Trivedi is interested in the Special Resolution set out at item no. 10 pertaining to his re-appointment as an Independent Director of the Company.

Mr. Sameer V. Shah and Mr. Nirmal V. Shah are interested in the Special Resolution set out at item nos. 11 and 12, of the Notice with regard to their re-appointment as Chairman and Managing Director and Vice Chairman and Managing Director respectively.

Save and except the above, none of the other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the Ordinary / Special Business set out under item Nos. 1 to 13 of the Notice.

9. Members holding shares in electronic form are hereby informed that bank particulars registered against their respective depository accounts will be used by the Company for payment of dividend. The Company or its Registrars cannot act on any request received directly from the Members holding shares in electronic form for any change of bank particulars or bank mandates. Such changes are to be advised only to the Depository Participant of the Members. Members holding shares in physical form and desirous of either registering bank particulars or changing bank particulars already registered against their respective folios for payment of dividend are requested to write to the Company / Registrar and Share Transfer Agent of the Company – **M/s. TSR Darashaw Limited (TSRD)**
10. Adhering to the various requirements set out in the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, as amended, the Company has, during the financial year 2018-19, transferred to the IEPF Authority all shares in respect of which dividend had remained unpaid or unclaimed for 7 (seven) consecutive years or more as on the due date of transfer, i.e. 9th November, 2018. Details of shares transferred to the IEPF Authority are available on the website of the Company and the same can be accessed through the link: <http://www.chembondindia.com/unclaimed-dividend.html>. The said details have also been uploaded on the website of the IEPF Authority and the same can be accessed through the link: www.iepf.gov.in.

Members may note that shares as well as unclaimed dividends transferred to IEPF Authority can be claimed back from them. Concerned members/investors are advised to visit the weblink: <http://iepf.gov.in/IEPFA/refund.html> or contact the Company or the Registrar & Transfer Agent (RTA) of the Company TSRDL for claiming unclaimed dividends for lodging claim for refund of shares and / or dividend from the IEPF Authority.

Please refer to 'Unpaid / Unclaimed Dividends' in the Corporate Governance Report forming part of the Annual Report, for due date of transfer of unclaimed dividend to IEPF.

11. Members holding shares in dematerialized form are requested to intimate all changes pertaining to their bank details, National Electronic Clearing Service (NECS), Electronic Clearing Service (ECS), mandates, nominations, power of attorney, change of address, change of name or e-mail address or contact numbers etc. to their Depository Participant (DP). Changes intimated to the DP will then be automatically reflected in the Company's records which will help the Company and the Company's RTA, TSRDL to provide efficient and better services. Members holding shares in physical form are requested to intimate such changes to TSRDL.
12. Members holding shares in physical form in identical order of names in more than one folio are requested to send to the Company or TSRDL, the details of such folios together with the share certificates for consolidating their holding in one folio. A consolidated share certificate will be returned to such Members after making requisite changes thereon.
13. In case of joint holders attending the meeting, the Member whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote.
14. To support the 'Green Initiative', the Members who have not registered their e-mail addresses are requested to register the same with TSRDL / Depositories. We request Members to forward their queries pertaining to Annual Accounts and other Sections of Annual Report by e-mail to cs@chembondindia.com at least 10 days in advance for enabling us to furnish appropriate details.
15. The Securities and Exchange Board of India (SEBI) vide its notification dated 20th April, 2018, has mandated the submission of Permanent Account Number (PAN) and / or Bank Account details for updation of the same against their folio number. Members holding shares in electronic form are, therefore, requested to submit the PAN / Bank account details to their Depository Participant(s) with whom they are maintaining their demat accounts. The Company has sent reminder, through its RTA, to the Members whose details are incomplete. Members are requested to complete their KYC at the earliest.
16. 'SEBI' vide its notification dated 8th June, 2018, amended SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, which mandates that transfer of securities with effect from 5th December, 2018 would be in dematerialized form only. In view of the above and to avail various benefits of dematerialisation, Members are advised

to dematerialise shares held by them in physical form. Members can contact the Company or TSRDL for assistance in this regard.

17. Electronic copy of the Notice of the 44th AGM of the Company indicating, inter alia, the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent to all the Members whose email IDs are registered with the Company/Depository Participant(s) for communication purposes unless any Member has requested for a hard copy of the same. For Members who have not registered their email address, physical copies of the Notice of the 44th AGM of the Company indicating, *inter alia*, the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent in the permitted mode.
18. Members may also note that the Notice of the 44th AGM and the Annual Report for the financial year 2018-19 will also be available for download on the Company's website www.chembondindia.com. The physical copies of the aforesaid documents will also be available at the Company's Registered Office in Navi Mumbai during normal business hours on working days. Even after registering for e-communication, Members are entitled to receive such communication in physical form, upon making a request for the same, by permitted mode free of cost. For any communication, the shareholders may also send requests to the Company's email id: cs@chembondindia.com
19. **E-voting:** Pursuant to Section 108 of the Act, read with the Companies (Management and Administration) Rules, 2014 as amended and Regulation 44 of the Listing Regulations entered into with the Stock Exchange, the Company is pleased to provide the facility to Members to exercise their right to vote by electronic means (remote e-voting) and the business may be transacted through such voting.

The Company has entered into an agreement with Central Depository Services Limited (CDSL) for facilitating e-voting. The process of remote e-voting is appended hereto. The voting rights of shareholders shall be in proportion to their share of the paid-up equity share capital of the Company as on the cut-off date of 27th July, 2019.

A person, whose name is recorded in the Register of Members or in the Register of Beneficial Owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of electronic voting (remote e-voting) voting at the meeting. The Members who have not cast vote through remote e-voting shall be entitled to vote at the meeting. Any person, who acquires shares of the Company and becomes Member of the Company after dispatch of the notice and holding shares as of the cut-off date, may obtain the login ID and password by sending a request at helpdesk.evoting@cdslindia.com.

The instructions for Members for voting electronically are

as under:

- i. The e-voting period will commence at 9.00 a.m. on Wednesday, 31st July, 2019 and will end at 5.00 p.m. on Friday, 2nd August, 2019. During this period Members of the Company holding shares either in physical form or in dematerialised form, as on the cut-off date i.e. 27th July, 2019 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter. Once the vote on a resolution is cast by the Member, they shall not be allowed to change it subsequently.
- ii. Log on to the e-voting website www.evotingindia.com during the voting period.
- iii. Click on "Shareholders / Members" tab.
- iv. Now Enter your User ID
 - a) For CDSL: 16 (sixteen) digits beneficiary ID,
 - b) For NSDL: 8 (eight) Character DP ID followed by 8 (eight) Digits Client ID'
 - c) Members holding share(s) in Physical Form should enter Folio Number registered with the Company.
- v. Next enter the Image Verification as displayed and click on Login.
- vi. If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- vii. If you are a first-time user follow the steps given below:

	For Members holding shares in Demat Form and Physical Form
PAN	Enter your 10 (ten) digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders). ➤ Members who have not updated their PAN with the Company/ Depository Participant are requested to use the first 2 (two) letters of their name and the 8 (eight) digits of the sequence no. in the PAN field. ➤ In case the sequence No. is less than 8 (eight) digits, enter the applicable number of 0's (Zeros') before the number after the first 2 (two) characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar and folio no. is 1 then enter RA00000001 in the PAN field.
Dividend Bank details or Date of Birth	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login. If both the details are not recorded with the depository or Company please enter the member id / folio number in the Dividend Bank details field as mentioned in the instruction(iv).

viii. After entering these details appropriately, click on “SUBMIT” tab.

ix. Members holding shares in physical form will then directly reach the Company selection screen.

However, Members holding shares in demat form will now reach ‘Password Creation’ menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

x. For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

xi. Click on the EVSN for “CHEMBOND CHEMICALS LIMITED” on which you choose to vote.

xii. On the voting page, you will see “RESOLUTION DESCRIPTION” and against the same the option “YES/NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the resolution and option NO implies that you dissent to the resolution.

xiii. Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire resolution details.

xiv. After selecting the resolution you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.

xv. Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.

xvi. You can also take out print of the votes cast by clicking on “Click here to print” option on the Voting page.

xvii. If a demat account holder has forgotten the changed login password then enter the User ID and the image verification code and click on “Forgot Password” and enter the details as prompted by the system.

xviii. Shareholders can also cast their vote using CDSL’s mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from

Google Play Store, Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.

xix. Note for Non-Individual Members and Custodians

o Non-individual Members (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to <https://www.evotingindia.com> and register themselves as Corporates.

o A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.

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

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

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

xx. In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at www.evotingindia.com under help section or write an email to helpdesk.evoting@cdslindia.com. All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Deputy Manager, (CDSL) Central Depository Services (India) Limited, A Wing, 25th Floor, Marathon Futorex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to helpdesk.evoting@cdslindia.com or call 1800225533.

20. Pursuant to the provisions of the Listing Regulations the details of Director seeking appointment / re-appointment in the AGM is given in Corporate Governance Section of the Annual Report.

21. **Poll at the meeting:** The Members who have already cast their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again.

22. The facility for voting, either through electronic voting system or ballot paper shall also be made available at the AGM and the Members attending the meeting who have not already cast their vote by remote e-voting shall be able to exercise their right to vote at the AGM.
23. The Company has appointed Mr. Virendra Bhatt, Practicing Company Secretary, (ICSI Membership No. ACS - 1157, CP No - 124) to act as Scrutinizer, for conducting the scrutiny of the votes cast. The members desiring to vote through electronic mode may refer to the detailed procedure on e-voting given in the Notice.
24. The Scrutinizer shall, immediately after the conclusion of voting at the Annual General Meeting, first count the votes cast at the meeting, thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and make not later than three working days from the conclusion of the meeting a consolidated Scrutinizer's report of the total votes cast in favour or against, if any, forthwith to the Chairman.
25. The results declared along with the Scrutinizer's Report shall be placed on the Company's website www.chembondindia.com and on the website of CDSL and communicated to the Stock Exchange where the shares of the Company are listed within two days of passing the resolutions at the meeting.
26. The route map showing directions to reach the venue of the AGM is annexed.

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

ITEM NOS. 3 & 4

Mr. Ashwin R. Nagarwadia, Non-executive and Non-Independent Director of the Company, has attained the age of seventy-five years and retires by rotation at this 44th AGM of the Company, and being eligible, offers himself for re-appointment.

Pursuant to Regulation 17 (1A) of SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018, no listed entity shall appoint a person or continue the directorship of any person as a Non-executive Director who has attained the age of seventy-five years, unless a Special Resolution is passed to that effect, in which case the explanatory statement annexed to the notice for such motion shall indicate the justification for appointing such a person.

Company had earlier accorded Members approval by way of special resolution through Postal Ballot, results of which were declared on 25th March, 2019 for continuing the Directorship of Mr. Ashwin R. Nagarwadia beyond the age of seventy-five years. Further, since he is liable to retire by rotation at the ensuing AGM and being eligible, has offered himself for re-appointment. The matter is placed before the Members for approval.

Having regard to his qualifications, knowledge and experience, his re-appointment on the Board of the Company as a Non-executive and Non-Independent Director will be in the interest of the Company.

Except Mr. Ashwin R. Nagarwadia none of the Directors, Key Managerial Personnel's and their relatives are in any way concerned or interested financially or otherwise in the aforesaid resolution.

The Board recommends passing of the Ordinary and Special Resolutions as set out at Item Nos. 3 and 4 respectively of the accompanying Notice for approval by the Members.

ITEM NO. 5

Pursuant to Section 148 of the Act and Rules framed thereunder, the Company is required to maintain Cost records to be audited by a Cost Accountant in Practice. The Board of Directors at its meeting held on 18th May, 2019 appointed Mr. R. Srinivasa Raghavan, Cost Accountant, Pune, as the Cost Auditor of the Company to conduct audit of cost records maintained by the Company for the Financial Year 2019-20. Mr. R. Srinivasa Raghavan has furnished a certificate regarding his eligibility for such appointment. He has vast experience in the field of cost audit. Approval of Members is sought for payment of remuneration of ₹ 80,000 (Rupees Eighty Thousand only), plus Goods and Service Tax and reimbursement of out of pocket expenses incurred by them in connection with the aforesaid audit for the FY 2019-20.

In terms of Rule 14 of the Companies (Audit and Auditors) Rules, 2014, the remuneration approved by the Board is subject to subsequent ratification by Members of the Company.

None of the Directors, Key Managerial Personnel and their relatives are in any way, concerned or interested, financially or otherwise, in the aforesaid Ordinary Resolution.

The Board recommends passing of the Ordinary Resolution as set out in the Item No. 5 of the accompanying Notice for approval by the Members.

ITEM NOS. 6 to 10

Pursuant to the provisions of Section 149 of the Companies Act, 2013 (the Act), Regulations 17(1)(a) and 25 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the Listing Regulations), every listed company is required to have at least one woman Director

and at least 1/3rd of the Board of Directors shall comprise of Independent Directors. In order to comply with the statutory requirements, on the recommendations of the Nomination & Remuneration Committee, the Board of Directors of the Company at its meeting held on 18th May, 2019 re-appointed Mr. Mahendra K. Ghelani and Mr. Sushil U. Lakhani (whose current term of 5 years expires on 8th August, 2019) as an Independent Director for a second term of five consecutive years commencing from 9th August, 2019 upto 8th August, 2024, Mrs. Saraswati Sankar (whose current term of 5 years expires on 23rd March, 2020) was appointed as an Independent Director for second term of five consecutive years commencing from 24th March, 2020 till 23rd March 2025 and Dr. Prakash Trivedi (whose current term of 5 years expires on 20th May, 2020) as an Independent Director for a second term of five consecutive years commencing from 21st May, 2020 till 20th May, 2025. Mr. Mahendra Ghelani, Mr. Sushil Lakhani, Mrs. Saraswati Sankar and Dr. Prakash D. Trivedi, Independent Directors of the Company have given their declaration to the Board that they meet the criteria of independence as provided under Section 149(6) of the Act. In the opinion of the Board, all the above Directors fulfil the conditions specified in the Act and the Rules framed there under for appointment as an Independent Director and they are independent of the management of the Company

As per the provisions of the Listing Regulations, no listed entity shall appoint a person or continue the Directorship of any person as a Non-executive Director who has attained the age of seventy-five years unless a special resolution is passed to that effect. Mr. Mahendra K. Ghelani, Non-executive / Independent Director of the Company, shall attain the age of seventy five years on 30th January, 2020. However, considering his rich and prudent experience in his profession as well as contribution to the organisation it proves worthy and in the interest of the Company to continue to avail his expertise and thereby continue his Directorship.

Brief resume of Mr. Mahendra K. Ghelani, Mr. Sushil U. Lakhani, Mrs. Saraswati Sankar and Dr. Prakash D. Trivedi mentioning the nature of their expertise in specific functional areas and names of Companies in which they hold Directorships and Memberships / Chairmanships of Board Committees, shareholding and relationships between Directors inter-se as stipulated under Regulation 36(3) of the Listing Regulations, is provided in the Corporate Governance Report forming part of the Annual Report. This statement may also be regarded as a disclosure under Regulation 36(3) and other applicable Regulation of the Listing Regulations.

The terms and conditions and other documents pertaining to re-appointment of Mr. Mahendra K. Ghelani, Mr. Sushil U. Lakhani, Mrs. Saraswati Sankar and Dr. Prakash D. Trivedi are available for inspection by Members at the Registered Office of the Company on all working days (except Saturdays, Sundays and holidays) between 10:00 a.m. and 12:30 p.m. up to the date of the AGM.

Except Mr. Mahendra K. Ghelani, Mr. Sushil U. Lakhani, Mrs. Saraswati Sankar and Dr. Prakash D. Trivedi for their respective resolutions, none of the other Directors / Key Managerial Personnel of the Company and their relatives is, in anyway, concerned or interested, financially or otherwise, in passing of these Resolutions.

The Board recommends passing of the special resolutions set out at Item Nos. 6 to 10 of the accompanying Notice.

ITEM NOS. 11 & 12

The Members of the Company had accorded their approval for re-appointment of Mr. Sameer V. Shah and Mr. Nirmal V. Shah as the Chairman and Managing Director and Vice Chairman and Managing Director of the Company for a period of 3 years with effect from 1st August, 2016 till 31st July, 2019 and the remuneration payable to them, by passing a Special Resolution at its 41st AGM held on 30th July, 2016. The tenure of Mr. Sameer V. Shah and Mr. Nirmal V. Shah as the Chairman and Managing Director and Vice Chairman and Managing Director is expiring on 31st July, 2019. The Board of Directors / Nomination & Remuneration Committee, after careful consideration and deliberation on their qualifications, experience, expertise and responsibilities shouldered by them and rising volume of Company's business and profits and the practice prevailing in the Industry, thought it prudent and in the best interest of the Company that Mr. Sameer V. Shah and Mr. Nirmal V. Shah be re-appointed as Chairman and Managing Director and Vice Chairman and Managing Director of the Company, respectively for the tenure of 3 (three) years with effect from 1st August, 2019 till 31st July, 2022, on the terms and conditions and remuneration as detailed hereinbelow, subject to approval of its Members by a Special Resolution.

The salient features of the terms and conditions of appointment of Mr. Sameer V. Shah and Mr. Nirmal V. Shah are as follows:

Sr. no.	Particulars	Mr. Sameer V. Shah	Mr. Nirmal V. Shah
1.	Term of Appointment:	With effect from 1 st August, 2019 to 31 st July, 2022.	
2.	Remuneration:	Salary upto a maximum of ₹ 400,000/- per month (individually) with increments as may be decided by the Board of Directors/Committees thereof from time to time.	
3.	Perquisites and allowances:	In addition to the salary, Mr. Sameer V. Shah and Mr. Nirmal V. Shah shall also be entitled to the perquisites and allowances like house rent allowance, rent free furnished accommodation, house maintenance allowance, gas, electricity, water and furnishing at residence, conveyance allowance, transport allowance, medical reimbursement, leave travel allowance, special allowance, use of company car for official purposes, telephone at residence, contribution to provident fund, superannuation fund, payment of gratuity, leave encashment at the end of tenure and such other perquisites and allowances in accordance with the nature and break-up of the perquisites and allowances will be determined in accordance with the schemes/policies/rules of the Company or may be decided by the Board of Directors from time to time. The Company's contribution to Provident Fund and Superannuation Fund or Annuity Fund to the extent these either singly or together are not taxable under the Income-tax Act, 1961, Gratuity payable as per the Rules of the Company, encashment of leave at the end of the tenure and use of Company's Car for official duties and telephone at residence (including payment for local calls and long distance calls) shall not be included in the computation of limits for the remuneration as per Schedule V of the Companies Act, 2013 (the Act).	
4.	Incentive/Performance Bonus	In addition to the salary, perquisites and allowances payable, Incentive/Performance Bonus as may be decided by the Board of Directors at the end of each financial year calculated with reference to the net profits of the Company, subject to the overall ceiling stipulated in Sections 197, 198 read with Schedule V of the Act (including any subsequent amendment / modification in the Rules, Act and/or applicable laws in this regard) shall also be payable which shall not exceed ₹ 50,00,000/- (Rupees Fifty Lakhs Only) (individually) for each financial year.	
5.	Medical Expenses	Expenditure incurred by the Chairman and Managing Director and Vice Chairman and Managing Director and their family.	
6.	Annual Increment	The Board will decide the Annual increment based on merit which shall be within the limits approved.	
7.	Leave	As per Company Rules.	
8.	Overall Remuneration	The aggregate of salary, perquisites, allowances and commission in any one financial year, as may be decided by the Board of Directors, i.e. total remuneration may exceed 5% of the net profits of the Company (individually) as calculated under Section 198 of the Act, however the remuneration payable by the Company shall be within the prescribed limits of total managerial remuneration payable to all Managing Director / Whole-Time Director / Manager in aggregate under Section 197 read with Schedule V of the Act or such higher percentage of net profits of the Company as may be prescribed from time to time (including any subsequent amendment(s) and/or modification(s) in the Rules, Act and/or applicable laws in this regard). The total managerial remuneration payable by the Company, to the Directors, including Managing Director and Whole-Time Director and Manager in respect of any financial year may exceed 11% of the net profits of the Company as calculated under Section 198 of the Act, subject to necessary approvals as prescribed under Section 197 of the Act and Rules made thereunder and any subsequent amendment(s) and/or modification(s) in the Rules, Act and/or applicable laws in this regard.	
9.	Other Terms and Conditions	The perquisites and allowances shall be calculated as per the Income Tax Rules, wherever applicable. In the absence of any such Rules, perquisite and allowance shall be evaluated at cost.	
	Sitting fees	No sitting fees will be paid to Mr. Sameer V. Shah and Mr. Nirmal V. Shah for attending the meetings of the Board of Directors or Committee thereof.	
	Retirement by Rotation	Mr. Sameer V. Shah shall not be liable to retire by rotation whilst he continues to hold office of Chairman and Managing Director.	Mr. Nirmal V. Shah shall be liable to retire by rotation whilst he continues to hold office of Vice Chairman and Managing Director.

Sr. no.	Particulars	Mr. Sameer V. Shah	Mr. Nirmal V. Shah
	Reimbursement of Expenses	Mr. Sameer V. Shah and Mr. Nirmal V. Shah shall be entitled to the reimbursement of expenses actually and properly incurred by them, in the course of legitimate business of the Company and travelling, hotel and other expenses incurred by them in India and abroad, exclusively on the business of the Company.	
	Termination Clause	The Agreement may be terminated by either party by giving three months notice or the Company paying three months salary in lieu of notice.	
		The terms and conditions of the said re-appointment and/or agreement may be altered, amended, varied and modified from time to time by the Board or Committee thereof as it may be permissible and if deemed fit, within the limits prescribed in Schedule V to the Act or any subsequent amendments or modifications made thereto.”	

The information as required under Part II Section II (A)(iv) of Schedule V of the Act is given below:

Sr. no.	Particulars	Information																								
I.	General Information																									
1.	Nature of Industry	The Company is in the business of Specialty Chemicals.																								
2.	Date or expected date of commencement of commercial production.	The Company is an existing Company and carrying out business for more than 40 years since 22 nd March, 1975.																								
3.	In case of a new company, expected date of commencement of activities as per project approved by Financial Institutions appearing in the prospectus	Not Applicable																								
4.	Financial Performance (Standalone) based on given indicators	(₹ in lakhs)																								
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5.	Foreign Investments or Collaborations, if any.	Chembond Calvatis Industrial Hygiene Systems Limited in collaboration with Calvatis GmbH, Germany.																								
II	Information about the appointee																									
1.	Background details	Mr. Sameer V. Shah																								
	Brief Profile	<table border="1"> <thead> <tr> <th>Mr. Sameer V. Shah</th> <th>Mr. Nirmal V. Shah</th> </tr> </thead> <tbody> <tr> <td>Mr. Sameer V. Shah is the Chairman and Managing Director of the Company, a position he has held since 1st August, 2006. Mr. Sameer V. Shah joined Chembond in 1992 after receiving his education in chemical engineering and finance from the University of Texas, & Texas State University and working over 6 years in America. Mr. Sameer V. Shah hails from promoter family of Chembond Chemicals Limited (the Company) and has held various managerial positions in the Company and its joint ventures & subsidiaries.</td> <td>Mr. Nirmal V. Shah is the Vice-chairman and Managing Director of the Company, a position he has held since 1st August, 2006. Mr. Nirmal V. Shah hails from promoter family of Chembond Chemicals Limited and has held various managerial positions in the Company its joint ventures & subsidiaries.</td> </tr> </tbody> </table>	Mr. Sameer V. Shah	Mr. Nirmal V. Shah	Mr. Sameer V. Shah is the Chairman and Managing Director of the Company, a position he has held since 1 st August, 2006. Mr. Sameer V. Shah joined Chembond in 1992 after receiving his education in chemical engineering and finance from the University of Texas, & Texas State University and working over 6 years in America. Mr. Sameer V. Shah hails from promoter family of Chembond Chemicals Limited (the Company) and has held various managerial positions in the Company and its joint ventures & subsidiaries.	Mr. Nirmal V. Shah is the Vice-chairman and Managing Director of the Company, a position he has held since 1st August, 2006. Mr. Nirmal V. Shah hails from promoter family of Chembond Chemicals Limited and has held various managerial positions in the Company its joint ventures & subsidiaries.																				
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Sr. no.	Particulars	Information																																								
2.	Past Remuneration	<p>Details of remuneration paid to Mr. Sameer V. Shah and Mr. Nirmal V. Shah during their tenure from 1st August, 2016 till 31st July, 2019 is as detailed hereinbelow:</p> <p>Mr. Sameer V. Shah</p> <table border="1"> <thead> <tr> <th>Particulars</th> <th>2016-17</th> <th>2017-18</th> <th>2018-19</th> </tr> </thead> <tbody> <tr> <td>Basic Salary</td> <td>37.00</td> <td>37.00</td> <td>37.00</td> </tr> <tr> <td>Perquisites</td> <td>22.11</td> <td>25.82</td> <td>25.82</td> </tr> <tr> <td>Incentive Pay</td> <td>15.00</td> <td>15.00</td> <td>15.00</td> </tr> <tr> <td>Total</td> <td>74.11</td> <td>77.82</td> <td>77.82</td> </tr> </tbody> </table> <p>Mr. Nirmal V. Shah</p> <table border="1"> <thead> <tr> <th>Particulars</th> <th>2016-17</th> <th>2017-18</th> <th>2018-19</th> </tr> </thead> <tbody> <tr> <td>Basic Salary</td> <td>21.60</td> <td>21.60</td> <td>21.60</td> </tr> <tr> <td>Perquisites</td> <td>14.40</td> <td>14.40</td> <td>14.40</td> </tr> <tr> <td>Incentive Pay</td> <td>-</td> <td>-</td> <td>-</td> </tr> <tr> <td>Total</td> <td>36.00</td> <td>36.00</td> <td>36.00</td> </tr> </tbody> </table>	Particulars	2016-17	2017-18	2018-19	Basic Salary	37.00	37.00	37.00	Perquisites	22.11	25.82	25.82	Incentive Pay	15.00	15.00	15.00	Total	74.11	77.82	77.82	Particulars	2016-17	2017-18	2018-19	Basic Salary	21.60	21.60	21.60	Perquisites	14.40	14.40	14.40	Incentive Pay	-	-	-	Total	36.00	36.00	36.00
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3.	Recognition or Awards	Nil																																								
4.	Job Profile and Suitability	<table border="1"> <thead> <tr> <th>Mr. Sameer V. Shah</th> <th>Mr. Nirmal V. Shah</th> </tr> </thead> <tbody> <tr> <td>Mr. Sameer V. Shah has held various managerial positions in the Company and having rich business experience and exposure to managing diverse businesses.</td> <td>Mr. Nirmal V. Shah has over 25 years of experience and exposure to managing diverse businesses. He has been in charge of the water treatment chemicals division for the past 18 years. His expertise is in organisational management.</td> </tr> </tbody> </table>	Mr. Sameer V. Shah	Mr. Nirmal V. Shah	Mr. Sameer V. Shah has held various managerial positions in the Company and having rich business experience and exposure to managing diverse businesses.	Mr. Nirmal V. Shah has over 25 years of experience and exposure to managing diverse businesses. He has been in charge of the water treatment chemicals division for the past 18 years. His expertise is in organisational management.																																				
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5.	Comparative Remuneration Profile with respect to industry, size of Company, profile and position of the person.	There are no set standards for remuneration in the industry. Considering the experience and knowledge of Mr. Sameer V. Shah and Mr. Nirmal V. Shah and looking into the considerable growth of the Company, and the responsibilities shouldered by them, the remuneration proposed to be paid is commensurate with the remuneration packages paid to similar level counterpart in the industry.																																								
6.	Pecuniary relationship directly or indirectly with the Company or relation with Managerial Personnel, if any.	Mr. Sameer V. Shah and Mr. Nirmal V. Shah are promoters of the Company and directly hold 15,31,274 & 16,45,230 equity shares of the Company respectively. Both are related to each other. Except proposed remuneration as stated above, they do not have any other pecuniary relationship with the Company.																																								
III.	Other Information																																									
1.	Reasons of loss or inadequate profit	Company has been investing in quality work force to grow its own existing product lines and also in the new added division like Adhesive, Hygiene and Metal Treatment. Slow down in the Automotive sector and increase raw material cost are other reason impacting the profits.																																								
2.	Steps taken or proposed to be taken for improvement	Company's expansion into sealants, hygiene chemicals and re-entry into metal treatment business will drive the growth in coming years. Continuous focus on Research and Development will bring about a competitive edge to the Company.																																								
3.	Expected Increase in productivity and profits in measurement terms	Considering the Company's expansion and the various measures taken it is difficult to quantify its effect in terms of Productivity and Profits.																																								
IV.	Disclosures																																									

Sr. no.	Particulars	Information
1.	Remuneration package of the appointee	Details of the total remuneration comprising of Salary, Perquisites and other information which is proposed to be paid to Mr. Sameer V. Shah and Mr. Nirmal V. Shah for the period of their appointment is set out above.
2.	Service Contract, Notice Period, Severance Fees	
3.	Details of fixed component and performance linked incentive alongwith the performance criteria.	Disclosure on all elements of remuneration package of all the Directors of the Company is given in the Corporate Governance Section
4.	Stock Options details, if any, and whether the same has been issued at a discount as well as the period over which accrued and over which exercisable.	NA

Considering Mr. Sameer V. Shah and Mr. Nirmal V. Shah's qualifications, experience, expertise, responsibilities shouldered by them, the rising volume of Company's business and profits earned by it, the proposed re-appointment and terms of remuneration can be considered as reasonable. Your Directors are of the opinion that the re-appointment of Mr. Sameer V. Shah and Mr. Nirmal V. Shah as the Chairman & Managing Director and Vice Chairman and Managing Director of the Company is in the best interest of the Company. The above Explanatory Statement shall be construed as an abstract of the terms of the appointment / reappointment / variations, together with a Memorandum of interest or concern of the interested Directors, as prescribed under Section 190 of the Act.

Except, Mr. Sameer V. Shah and Mr. Nirmal V. Shah, none of the other Directors / Key Managerial Personnel of the Company and their relatives is, in anyway, concerned or interested, financially or otherwise, in the Resolution. Mr. Sameer V. Shah and Mr. Nirmal V. Shah holds 11.39% and 12.23% shareholding of the Company and belong to the Promoters Group.

The Board recommends passing of the special resolutions set out at Item Nos. 11 & 12 of the accompanying Notice.

ITEM NO. 13

As per Section 20 of the Companies Act, 2013 read with Companies (Incorporation) Rules 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force) a document may be served on Registrar or any Member by sending it to him by post or by registered post or by speed post or by courier or by delivering at his office or address, or by such electronic or other mode as may be prescribed and whereas a Member may request for delivery of any such document through a particular mode, for which he shall pay such fees as may be determined by the Company in its Annual General Meeting.

In compliance of the Section, the approval of shareholders is required to either determine the fees or authorise the Board of Directors to discuss and determine the fees in compliance of proviso of Section 20 of the Act relating to mode for serving of documents of such kind as desired by the Members .

None of the Directors or Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise, in the resolution.

The Board recommends passing of the Ordinary Resolution as set out in item no. 13 of the accompanying notice for approval of the Members.

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

Suchita H. Singh
Company Secretary

Mumbai
18th May, 2019

REGISTERED OFFICE:

EL-71, Chembond Centre,
MIDC, Mahape,
Navi Mumbai- 400 710
Maharashtra India
Tel: +91 22 6264 3000
Fax: +91 22 2768 1294
Email: cs@chembondindia.com
Website : www.chembondindia.com
CIN : L24100MH1975PLC018235

ATTENDANCE SLIP

(To be presented at the entrance duly signed)

44th Annual General Meeting on Saturday, 3rd August, 2019 at 2.30 P.M. at
EL-37, MIDC, Mahape, Navi Mumbai - 400710

Folio No./DPID & Client ID:

Name & Address :

No. of Shares :

I/We hereby record my/our presence at the 44th Annual General Meeting of the Company to be held on Saturday, 3rd August, 2019 at 2.30 p.m. at EL-37, Mahape, MIDC, Navi Mumbai 400 710.

SIGNATURE OF THE ATTENDING MEMBER/PROXY: _____

ELECTRONIC VOTING PARTICULARS		
Electronic Voting Sequence Number (EVSN)	User ID	Password

Notes:

1. Please refer to the e-voting instructions printed under the Notes to the Notice of the 44th Annual General Meeting.
2. The voting period starts from 9.00 a.m. on Wednesday, 31st July, 2019 and ends at 5.00 p.m. on Friday, 2nd August, 2019. The e-voting module shall be disabled by CDSL for voting thereafter.
3. Members/Proxy holders are requested to bring the attendance Slip with them when they come to the meeting.
4. No attendance slip will be issued at the time of meeting.
5. Members who come to attend the meeting are requested to bring their copies of the Annual Report with them, as spare copies will not be available at the meeting.

Chembond Chemicals Limited

Corporate Identification No.(CIN): L24100MH1975PLC018235

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

Telephone: +91 22 62643000; **Fax:** +91 22 27681294 **Website:** www.chembondindia.com

PROXY FORM

Name of the Member(s) :

Registered address :

E-mail ID :

Folio No./DP ID / Client ID :

I/We, being the Member(s) holding _____ shares of Chembond Chemicals Limited, hereby appoint

1. Name :
Address :
E-mail ID :
Signature: or failing him/her

2. Name :
Address :
E-mail ID :
Signature: or failing him/her

3. Name :
Address :
E-mail ID :
Signature:

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 44th Annual General Meeting of the Company to be held on Saturday, 3rd August, 2019 at 2.30 p.m. at EL-37, MIDC, Mahape, Navi Mumbai 400710 and at any adjournment thereof in respect of such resolutions as are indicated below:

Ordinary Business

- To adopt the Audited Financial Statements (Standalone & Consolidated) for the year ended 31st March, 2019 and Report of Board of Directors and Auditors thereon.
- To declare dividend on Equity Shares.
- To appoint a Director in place of Mr. Ashwin R. Nagarwadia (DIN: 00466681), who retires by rotation and, being eligible, offers himself for re-appointment.

Special Business

- To approve continuation of Directorship of Mr. Ashwin R. Nagarwadia (DIN:00466681) beyond the age of seventy five years.
- To approve remuneration of Cost Auditors.
- To approve re-appointment of Mr. Mahendra K. Ghelani (DIN: 01108297) as an Independent Director.
- To approve continuation of Directorship of Mr. Mahendra K. Ghelani (DIN: 01108297) beyond the age of seventy five years.
- To approve re-appointment of Mr. Sushil U. Lakhani(DIN:01578957) as an Independent Director.
- To approve re-appointment of Mrs. Saraswati Sankar (DIN:07133249) as an Independent Director.
- To approve re-appointment of Dr. Prakash D. Trivedi (DIN:00231288) as an Independent Director.
- To approve re-appointment of Mr. Sameer V. Shah (DIN:00105721) as the Chairman and Managing Director.
- To approve re-appointment of Mr. Nirmal V. Shah (DIN: 00083853)as the Vice Chairman and Managing Director.
- To approve charges for service of documents on the Members.

Signed this..... day of2019

Signature of Member :

Signature of Proxy holder(s) :

Affix
1/-
Revenue
Stamp

Notes:

- This form in order to be effective should be duly completed and deposited at the Registered office of the Company at Chembond Centre EL-71, , MIDC, Mahape, Navi Mumbai 400710, not less than 48 hours before the commencement of the meeting.
- Members/Proxy holders are requested to bring the attendance Slip with them when they come to the meeting.
- No attendance slip will be issued at the time of meeting.
- Members who come to attend the meeting are requested to bring their copies of the Annual Report with them, as spare copies will not be available at the meeting.



Metal Treatment Chemicals

Industrial Coatings



Automotive Sealants

Industrial Adhesives



Paint Booth Solutions

Floor Coatings



Structural Coatings

Aerosols and MRO



Chembond Material Technologies Private Limited

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

T : +91 22 6264 3000 F : +91 22 2768 1294

E : info@chembondmaterialtechnologies.com U : www.chembondmatech.com



Chembond Chemicals Limited



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Navi Mumbai, Maharashtra 400710
Tel.: 022 6264 3000 | Email: info@chembondindia.com
 www.chembondindia.com  www.chembondindia.in

