

Chembond Chemicals Limited

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CIN: L24100MH1975PLC018235



8th August, 2016

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

Ref: Company Scrip Code - 530871

Sub: Submission of 41st Annual Report of the Company under regulation 34(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Dear Sir/Madam,

Pursuant to regulation 34(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find attached the 41st Annual Report of the Company (pdf format), which was approved and adopted by the shareholders of the Company in the 41st Annual General Meeting of the Company held on Saturday, 30th July, 2016 at 3.00 p.m. at EL-37, MIDC, Mahape, Navi Mumbai 400710

You are requested to take the above on record.

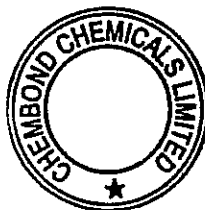
Thanking You

Yours faithfully,

for Chembond Chemicals Limited

A handwritten signature in black ink, appearing to read 'Jay Mistry'.

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



Attachment: As above



41st
ANNUAL
REPORT
2015-2016

Chembond Chemicals Limited



Board of Directors

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

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Chief Financial Officer
Rashmi S. Gavli

Company Secretary
Jay Mistry

Statutory Auditors
Kastury & Talati
Chartered Accountants
Mumbai

Cost Auditor
R. S. Raghavan

Secretarial Auditor
Virendra Bhatt

Bankers
HDFC Bank Limited
Bank of India
Kotak Mahindra Bank

Registrar & Transfer Agents
TSR Darashaw Ltd.

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

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

Management Discussion and Analysis

Your Company reports consolidated results taking into account the results of its subsidiaries and associates (together referred to as "the Group"). This discussion, therefore, covers the financial results and other developments from April 2015 to March 2016, in respect of the Group. Some statements in this discussion describing the projections, estimates, expectations or outlook may be forward looking. Actual results may, however, differ materially from those stated on account of various factors such as changes in government regulations, tax regimes, economic developments, exchange rates and interest rates fluctuations, impact of competition, demand and supply constraints.

During the year under review, your Company has achieved sales turnover of ₹ 21,563.77 lakhs on a standalone basis and ₹ 27,104.71 lakhs on a consolidated basis. The comparative figures are tabulated below. Due to the divestment of your Company's stake in Henkel Chembond Surface Technologies Ltd., the numbers of 2015-16 are not comparable because the profit figures include proceeds from the stake sale and the consolidated numbers include a full year of operations of the joint venture in 2014-15. Most businesses of the Company continued to show improved performance over the prior year though.

Financial and Operational Performance Standalone

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

(₹ in Lakhs)

Particulars	2015-16	2014-15	% Δ
Net Sales	21,435	21,429	0.03
Product Margin	3,835	3,901	(1.70)
Gross Margin	2,499	2,697	(7.32)
Selling & Administration Costs	2,703	2,149	25.80
Employee Costs	1,702	1,693	0.54
EBITDA	18,955	1,123	1,587.21
PBT	18,567	574	3,136.33

Ratio Analysis

Particulars	2015-16	2014-15
Product Margin, % of Sales	17.89	18.20
Gross Margin, % of Sales	11.66	12.58
Selling & Admin Costs, % of Sales	12.61	10.03
Employee Costs, % of Sales	7.94	7.90
EBITDA, % of Sales	88.43	5.24
Earnings per Share (Basic)	226.45	8.38
Earnings per Share (Diluted)	223.00	8.17
Debt / Equity Ratio	0.04	0.42

Consolidated

The highlights of the consolidated financial performance are as follows:

(₹ in Lakhs)

Particulars	2015-16	2014-15	% Δ
Net Sales	26,341	29,432	(10.50)
Product Margin	8,223	10,887	(24.46)
Gross Margin	6,713	9,521	(29.50)
Selling & Administration Costs	6,348	7,448	(14.77)
Employee Costs	3,445	3,886	(11.35)
EBITDA	20,020	2,801	614.66
PBT	19,484	2,008	870.37

Ratio Analysis

Particulars	2015-16	2014-15
Product Margin, % of Sales	31.22	36.99
Gross Margin, % of Sales	25.48	32.35
Selling & Admin Costs, % of Sales	24.10	25.31
Employee Costs, % of Sales	13.08	13.20
EBITDA, % of Sales	76.00	9.52
Earnings per Share (Basic)	230.08	18.59
Earnings per Share (Diluted)	226.58	18.11
Debt/Equity Ratio	0.05	0.23

Industry Structure & Developments

The relevant industry for your Company is Specialty Chemicals, which occupies an important position in the Indian economy for its role in providing the building blocks for industrialisation, export competitiveness, value addition and employment generation.

Strong growth in end user segments coupled with

the initiatives from the government and industry to enhance manufacturing has brought the focus on the Indian specialty chemicals manufacturing segment. Simultaneously, improved competitiveness of Indian manufacturers and an interest in India from global players is likely to result in significant growth of the diverse specialty chemicals segment.



Opportunities and Threats

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

- treatment, conservation, and reuse of industrial water;
- improvements in nutrition in the dairy and poultry industry;
- modern and efficient construction materials and techniques;
- obtaining cost savings and efficiency improvement in industrial assets; and
- introduction of higher performing and green engineering polymers.

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

Risks & Concerns

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

Business areas

Water Treatment

Your Company is a pioneer in the field of cooling water treatment chemicals in India. The Company today offers the entire range of water treatment chemicals namely cooling water treatment chemicals, boiler water treatment chemicals, membrane treatment chemicals, raw water and effluent treatment polymers and defoamers. In water treatment chemicals arena we have introduced GREEN chemistry for cooling water systems in the form of concentrated and solid products like Kem ChlorGen oxidizing biocide and Kem MultiTab formulated, multi-component tablets. Your company has also successfully introduced a new range of defoam / antifoam products specifically for the cement-fiber industry, distilleries and fertilizer plants. The chemicals business is run as a joint venture company under the name Chembond Solenis Water Technologies Limited wherein your company owns 55% equity. In addition to the chemicals offered above, your Company has additional capabilities offering equipment based water treatment and waste water recycling solutions. A successful break-through was obtained in the year using microbial remediation of high COD industrial waste water. This places your Group in a unique position, offering integrated water treatment solutions to industry. The equipment and systems business is operated as Chembond Clean Water Technologies - a subsidiary of your company.

Construction Chemicals

Used by the construction and civil repair industry, these products help enhance concrete strength and quality, provide water-tightness and protect concrete structures from atmospheric degradation. Your Company offers a wide range of products for applications in concrete modification, waterproofing, repair and rehabilitation of structures. Products like admixtures for concrete, sealants, grouts, concrete curing compounds, tile fixing adhesives, waterproofing chemicals, membranes, jointing compounds, crack repair and special application mortars are offered by Chembond.

During the year under review, your Company has added a new range of high performance coatings for waterproofing, anti-carbonation protection, water repellence and heat reduction. A new clear and glossy coating for sealing masonry and concrete blocks was introduced. Your Company has obtained approval for its products to be used in DRDO projects.

Your Company continued to participate in exhibitions, imparted regular applicator training and arranged distributor and retailer meets. The existing website (www.chembondconschem.com) was also revamped to a newer and more user friendly format.

Your Company's online sales medium has slowly but steadily gained momentum with its products now available on Amazon and ebay apart from its own online store. Be sure to log onto www.chembondindia.in and order products at great deals from a company you can trust in this business!

Biotech

Biotech division with animal health and nutrition as its mainstream is growing very rapidly, outperforming the industry. The division has the potential to emerge as one of the growth drivers in your Company in the future. Plans for expansion with new products, new segments and increased presence across the country are afoot.

Industrial Technologies

A new industrial technologies division has been created by combining the high performance coatings, industrial coatings, and the maintenance, repair, and overhaul (MRO) products of Protochem. In addition to the above, a range of adhesives and sealants are being developed, which will form a part of the Industrial Technologies group. For this, your Company is pleased to inform you that it has entered into an agreement with ND Industries, Inc., USA to offer their brand of Vibra-TITE industrial adhesives and sealants in India. With the enhanced product range, significant synergies are expected since all these products are used in similar markets and customers.

Performance of Joint Ventures & Subsidiaries

Chembond Enzyme Company Limited became a wholly owned subsidiary of your Company during the year.

Chembond Calvatis Industrial Hygiene Systems Limited (formerly known as Chembond Bioengineering Company Limited), a Joint Venture between Chembond (55%) and Calvatis GmbH, Germany (45%) offers industrial hygiene and cleaning products and solutions primarily to the dairy, food processing and beverage and brewing industries. Being in its first year, the company has been building up its reference list and obtaining approvals from user industries.

Protochem Industries Pvt. Ltd. (Protochem) is a wholly owned subsidiary of your Company. The range of products manufactured by Protochem includes specialty chemicals and lubricants such as corrosion inhibitors, products for the defence industry, heat treatment chemicals, and aerosol & non-aerosol MRO (Maintenance, Repair and Operation) products. During the year under review, Protochem has entered into new areas of cooperation with the defence industry. The fermentation plant commissioned by Protochem last year has started supplying probiotics and industrial enzymes not only to your Company's animal nutrition business but also to other companies and to export markets.

During the year, the performance of associate company **Chembond Distribution Limited**, was noteworthy as well, gaining sales momentum.

Research & Development

Continued research and development has resulted in the streamlining of the manufacturing and introduction of several new products. These activities have resulted in your Company being recognized as an innovative company with a differentiated strategy.

Construction Chemicals

Company has added a new range of high performance elastomeric anti carbonation, water repellent and heat reducing exterior coatings like KEM PROOF ULTIMATE and improved properties of existing product, KEM PROOF 87 which is an elastomeric roof coating. Products like KEM PAVER SHINE were introduced for sealing masonry and concrete blocks. Our product KEM SUPLAST SCC 50 got approved in DRDO projects.

Coatings

The growing concern over release of solvent emissions into the atmosphere and the pursuit of work conditions more attentive to employee health and safety, have led to a desire from industry for the development of environment friendly products. Continuous research by your Company has resulted in the Kemgreen series of products that virtually contain zero solvents. Careful selection of a resin backbone with water completely substitutes the solvent thus giving considerable reduction in the vapor emissions. It is also possible to retrofit the existing application system operating with traditional solvent borne paints with environment friendly water borne paints with very minor modification in the processes and system.

Polymers

Researchers at your Company have furthered the activities, initiated last year, of the production of polyamides based on renewable resources. The Kemyon series of polyamide 610 products have completed successful trials and initial orders in a wide range of applications

Biotech

From producers of complex enzymes, your Company has now emerged as a full-fledged manufacturer of a varied array of consortia and individual probiotics and export quality enzymes during the last few years. Your Company is now deploying its productive strengths towards the development of prebiotics, probiotics, and individual enzymes for animal health and other specific applications. Development of stable liquid enzymes has

been successfully achieved, optimisation of submerged enzymes has been completed and the setup for further processing is under way.

Manufacturing

Your Company has existing manufacturing units at Tarapur, Mahape, Dudhwada, Ranipet and Baddi. With this, your Company has the capability to efficiently serve the customers' requirements in all parts of the country. The overall manufacturing capacity is elastic, with a flexibility of wide range of product categories and capable of handling the requirements of the Company for the next several years. The plants are modern, compliant with health, safety, and environment norms, and the team is well trained to use the best manufacturing practices.

Safety, Health, Environment and Quality

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

In addition to Quality, Safety, Health, and Environment is an integral part of' Chembond's business and operations. Your Company's Tarapur and Dudhwada plants have implemented safety, health & environment management systems, which is integrated with its Quality Management System.

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

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

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

Human Resources

The manpower strength of your Company was 333 at the close of 2014-15 and it stood at 336 as of March 31st 2016. Average age of the workforce is 35 years. The year was marked by customized OD interventions to sharpen individual skills of employees in keeping with the belief – when the individuals grow, their Divisions grow, and when the Divisions grow, the Company grows. New talent was attracted in key positions. Organisation structures and responsibility allocations were revised keeping in mind changing organisational requirements, individual capabilities and the need to nurture in-house talent. Several employee engagement activities were organized on a regular basis. Employees participated in sports activities, cultural events and a blood donation camp. Employee Stock Options linked with individual business division's annual results were offered to the employees as a part of your Company's endeavour to keep the employees motivated as important stakeholders.

Internal Control Systems and their Adequacy

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

Your Company has also formed "Risk Management Committee" comprising of Non-Executive Directors

who are expert in the field of finance, strategic management, operations and law. Furthermore, the Company has engaged the services of independent firms of professionals to function as internal auditors and provide reports and necessary actions where required on various activities covering observation on adequacy of internal controls and their recommendations.

Developments during the financial year

Joint Venture Agreement

During the year, your Company has entered into an agreement with I-Chem Solution Sdn Bhd, Malaysia for forming a joint venture Company in Malaysia to do the business of selling and servicing water treatment chemicals for industries in Malaysia.

Corporate Social Responsibility

The Chembond group believes that an organisation should make decisions based not only on financial factors, but also on the social and environmental consequences and do recognizes that its business activities have wide impact on the societies in which it operates, and therefore an effective practice is required giving due consideration to the interests of its stakeholders. The Company endeavors to make CSR a key business process for sustainable development and it is always committed to play active role in improving the lives of people. The **Chembond Children's Centre**, is a non-formal educational centre at Pasthal and Shirgaon, near Tarapur, where English, Hindi, Marathi, Science, Mathematics, Social Studies, and General Knowledge form the main subjects of curriculum. The Centre was formed over fifteen years ago in partnership with Chembond's earlier joint venture partner, Henkel KGaA, and is now being continued by your Company. In addition to education, the Centre provides camps and workshops in health care, life skills, and scholarships. **The Rachna Kendra** at Piplaj, Gujarat was started in 2010 to impart training in handicrafts to the financially weaker women of the village. The Kendra is where they make products using the handicraft skills. Besides providing a means of livelihood, Rachna Kendra helps identify buyers and the women then fulfill the orders.



Outlook

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

Forward Looking Statements

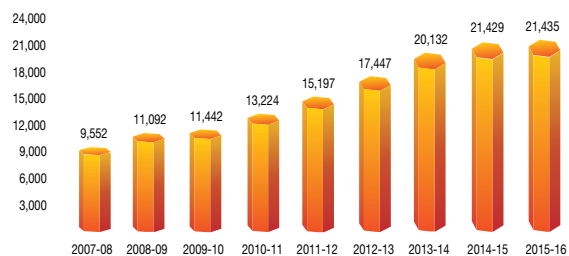
This report contains statements, which may constitute 'forward looking statements' within the meaning of the applicable securities laws and regulations. Forward-looking statements are based on certain assumptions and expectations of the future events. Actual results could differ materially from those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

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

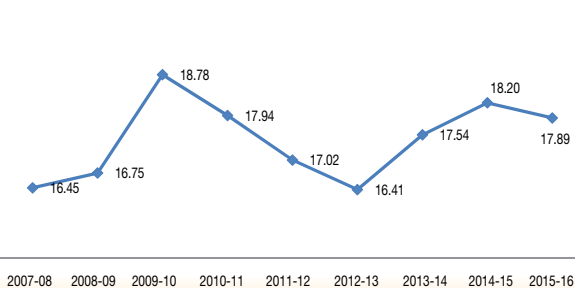
Highlights

Standalone

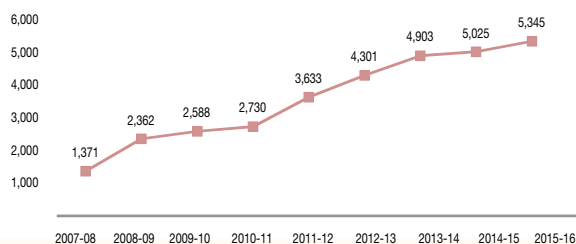
Standalone Sales



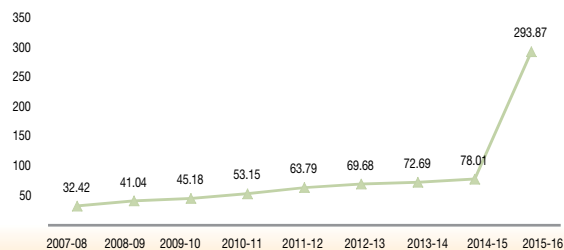
Product Margin (in %)



Fixed Assets

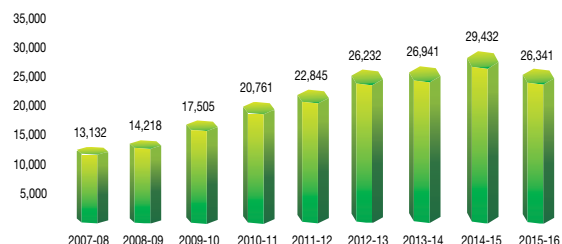


Book Value

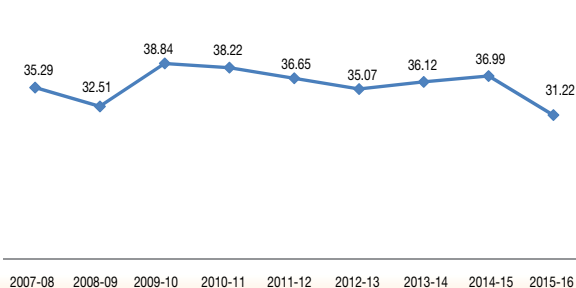


Consolidated

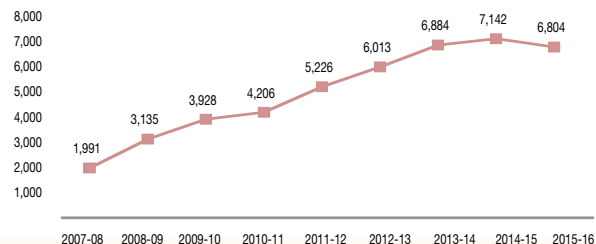
Consolidated Sales



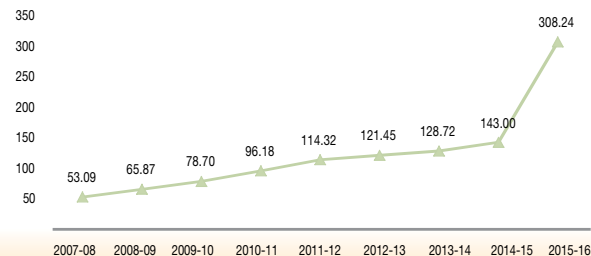
Product Margin (in %)



Fixed Assets



Book Value



for the year ended on March, 2016

all numbers in ₹ Lakhs except Book Value

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

10 Years' Financial Performance Consolidated

(₹ in Lakhs except per share data and ratios)

Highlights	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07
Operating Result										
Revenue From Operations	27,104.71	30,022.85	27,445.96	26,606.44	23,128.40	21,027.41	17,725.32	14,398.26	13,180.97	10,346.97
Other Income	3,321.25	138.04	120.77	120.52	138.64	142.62	116.67	51.19	100.22	113.51
Finance Cost	181.36	361.08	402.88	451.71	364.08	311.06	303.55	203.27	114.71	74.60
Depreciation	354.51	432.32	281.39	259.28	209.93	185.98	176.86	135.27	101.12	81.86
PBT	19,484.00	2,007.90	1,518.98	1,576.76	2,035.06	2,478.30	2,232.90	1,321.57	1,535.64	1,256.60
PAT	15,650.24	1,440.27	912.41	790.19	1,360.56	1,647.17	1,451.99	886.06	1,038.51	821.84
Dividend on Equity Shares	601.97	199.81	199.81	189.82	149.47	136.75	111.30	105.00	105.00	97.50
Financial Position										
Equity Share Capital	669.69	666.04	666.04	666.04	636.04	636.04	636.04	300.00	300.00	300.00
Reserves (Less Revaluation Reserve & Misc exp)	19,973.08	8,858.60	7,907.32	7,422.93	6,635.28	5,481.55	4,369.37	3,652.02	2,885.21	2,138.35
Net Worth	20,642.77	9,524.64	8,573.36	8,088.97	7,271.32	6,117.59	5,005.41	3,952.02	3,185.21	2,438.35
Borrowings	1,077.35	2,495.24	3,307.28	2,948.21	3,668.79	2,442.80	2,265.22	2,248.11	1,234.32	833.50
Net Block (Asset)	4,713.84	5,147.02	5,361.52	4,725.00	4,122.79	3,335.20	3,312.54	2,672.36	1,710.38	1,382.91
Ratios										
Return on Average Networth %(RONW)	103.76%	15.92%	10.95%	10.29%	20.32%	29.62%	32.42%	24.83%	36.93%	37.77%
(PAT divided by Average Networth)										
Return on Average Capital Employed % (ROCE)	116.49%	17.88%	16.01%	16.90%	24.46%	34.97%	37.26%	28.33%	41.88%	42.95%
(PBIT divided by Average Fund Employed Excluding Def tax liab)										
Gross Gearing %	4.96%	20.76%	27.71%	26.58%	33.36%	28.34%	30.89%	35.89%	27.52%	24.96%
(Debt as a percentage of Debt plus Equity)										
Current Ratio	3.15	2.16	2.09	2.20	2.32	2.42	2.21	2.27	1.80	1.71
(Current Assets divided by Current Liabilities**)										
Asset Turnover Ratio	0.94	1.48	1.34	1.45	1.32	1.49	1.46	1.45	1.47	1.46
(Net Sales divided by Total Assets)										
Earning Per Share (Basic)*	230.08	18.59	11.65	11.13	19.70	21.25	19.49	26.19	31.24	24.37
Dividend Per Share	9.00	3.00	3.00	2.85	2.35	2.15	1.75	3.50	3.50	3.25
Book Value Per Share	308.24	143.00	128.72	121.45	114.32	96.18	78.70	131.73	106.17	81.28

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

** 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	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07
Operating Result										
Revenue From Operations	21,563.77	21,674.90	20,356.05	17,689.98	15,368.80	13,453.49	11,494.26	11,144.29	9,598.67	7,452.52
Other Income	3,459.33	329.92	288.28	424.35	398.84	332.07	262.39	226.44	220.28	251.81
Finance Cost	118.75	273.51	304.20	291.70	237.81	249.84	238.29	146.58	74.77	38.49
Depreciation	268.57	276.21	192.13	181.95	138.53	118.75	111.43	86.98	58.35	40.39
PBT	18,567.35	573.72	410.80	419.47	801.03	815.74	647.36	554.77	640.57	580.95
PAT	15,122.59	558.33	392.43	347.76	664.23	645.48	517.31	480.28	504.39	453.04
Dividend on Equity Shares	601.97	199.81	199.81	189.82	149.47	136.75	111.30	105.00	105.00	97.50
Financial Position										
Equity Share Capital	669.69	666.04	666.04	666.04	636.04	636.04	636.04	300.00	300.00	300.00
Reserves (Less Revaluation Reserve & Misc exp)	19,010.71	4,529.93	4,175.53	3,974.92	3,421.20	2,744.35	2,237.64	2,162.68	1,644.99	1,271.70
Net Worth	19,680.40	5,195.97	4,841.57	4,640.97	4,057.24	3,380.39	2,873.68	2,462.68	1,944.99	1,571.70
Borrowings	819.54	2,176.85	2,481.42	2,298.03	2,138.50	1,626.14	2,062.56	1,954.48	796.81	605.64
Net Block (Asset)	3,680.86	3,617.61	3,820.63	3,403.46	2,881.72	2,114.24	2,088.41	1,973.99	1,072.80	919.18
Ratios										
Return on Average Networth % (RONW)	121.58%	11.12%	8.28%	8.00%	17.86%	20.64%	19.39%	21.79%	28.69%	31.80%
(PAT divided by Average Networth)										
Return on Average Capital Employed % (ROCE)	133.97%	11.47%	9.96%	10.74%	18.35%	21.18%	18.61%	21.53%	28.25%	30.25%
(PBIT divided by Average Fund Employed Excluding Def tax liab)										
Gross Gearing %	4.00%	29.53%	33.64%	32.85%	34.20%	32.11%	41.27%	43.45%	28.38%	26.98%
(Debt as a percentage of Debt plus Equity)										
Current Ratio	2.97	1.37	1.31	1.46	1.53	1.72	1.69	1.70	1.59	1.56
(Current Assets divided by Current Liabilities**)										
Asset Turnover Ratio	0.86	1.76	1.58	1.57	1.58	1.72	1.48	1.50	1.86	1.72
(Net Sales divided by Total Assets)										
Earning Per Share (Basic)*	226.45	8.38	5.89	5.46	10.44	10.15	8.13	16.01	16.81	13.61
Dividend Per Share	9.00	3.00	3.00	2.85	2.35	2.15	1.75	3.50	3.50	3.25
Book Value per Share	293.87	78.01	72.69	69.68	63.79	53.15	45.18	82.09	64.83	52.39

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

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

Directors' Report

To

The Members,

Your Directors take pleasure in presenting the 41st Annual Report on the business and operations of your Company together with the Audited Financial Statements for the year ended 31st March, 2016.

Financial Results

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

(₹ in Lakhs)

Particulars	Standalone		Consolidated	
	2015-16	2014-15	2015-16	2014-15
Revenue from Operations	21,563.77	21,674.90	27,104.71	30,022.85
Profit for the year	15,122.59	558.33	15,365.23	1,237.86
Add: Balance as per last year	3,359.89	3,057.54	6,586.04	5,794.48
Less: Effect of divestment in JV & conversion of Associate into Subsidiaries	-	-	3,041.65	-
Less: Transitional Depreciation Provision	-	34.11	-	41.33
Add: Transfer from Revaluation Reserve	-	54.04	-	54.05
Total	18,482.48	3,635.80	18,909.62	7,045.06
Appropriation				
General Reserves	-	50.00	70.00	182.42
Set off of Dividend Tax in respect of dividend from Subsidiary Company	(33.03)	(13.86)	(33.03)	(13.86)
Interim Dividend	601.49	-	601.49	-
Tax on Interim Dividend	122.45	-	182.50	-
Previous year Dividend	0.48	-	0.48	-
Tax on Previous year Dividend	0.58	-	1.03	-
Proposed Dividend	-	199.81	-	199.81
Tax on Proposed Dividend	-	39.95	-	90.64
Balance carried to Balance Sheet	17,790.52	3,359.89	18,087.15	6,586.04
Total	18,482.48	3,635.80	18,909.62	7,045.06

Performance Highlights

During the year under review, revenue from operations of your Company's products and services was ₹ 21,563.77 lakhs compared with ₹ 21,674.90 lakhs in FY 2014-15. The Profit after Taxes was ₹ 15,122.59 lakhs compared with ₹ 558.33 lakhs in FY 2014-2015.

Dividend

During the financial year 2015-16, the Board of Directors had declared first interim dividend of ₹ 6/- per share and second interim dividend of ₹ 3/- per share on the equity shares of the Company in November, 2015 and March, 2016 respectively. In view of two interim dividends declared during the year, the Board of Directors of the Company has not recommended final dividend for the financial year ended 31st March 2016.

Transfer to Reserves

Your Company does not propose to transfer any amount from the current year's profits to the General Reserve. (Previous year ₹ 50 Lakhs)

Deposits

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

Directors and Key Managerial Personnel

The Board, in its meeting held on 21st May, 2015 appointed Dr. Prakash D. Trivedi (DIN: 00231288) as an Additional (Independent) Director of the Company. The shareholders of the Company at the 40th Annual General Meeting appointed him as an Independent Director for a period of five years from 21st May, 2015 upto 21st May, 2020.

Mr. Jay Mistry was appointed as Company Secretary & Compliance Officer of the Company by the Board in its meeting held on 6th February, 2016. Mr. Varadvinayak Khambete resigned as a Company Secretary with effect from 23rd December, 2015.

The Board in its meeting held on 24th March, 2015 has appointed Mrs. Saraswati Sankar as an Additional (Independent) Director of the Company. Mrs. Sankar was appointed as an Independent Director of the Company by the shareholders at the 40th Annual General Meeting held on 8th August, 2015 for a term of five years from 24th March, 2015 upto 24th March, 2020.

Inter-se relationship between Directors

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

Number of Board Meetings

Seven (7) board meetings were convened and held during the year. Details of these meetings of the board are included in the Corporate Governance Report. The intervening gap between the meetings was within the period prescribed under the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Performance evaluation and its criteria

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

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

Independent Directors in their separate meeting have also evaluated the performance of Non- Independent Directors, Chairman of the Board and the Board as a whole.

Disclosures by the Directors

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

Directors' Responsibility Statement

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

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

Auditors

The Statutory Auditors of your Company, M/s. Kastury & Talati, were appointed to hold office until the conclusion of the ensuing Annual General Meeting. The Company has received the certificate from them to the effect that their re-appointment, if made, would be in compliance of the Companies Act, 2013.

The Company has appointed Mr. R. S. Raghavan, Practising Cost Accountant, as Cost Auditor of the Company for the financial year 2016-17.

The Company has appointed Mr. Virendra Bhatt, Practising Company Secretary, as Secretarial Auditor for the financial year 2015-16. The report of Secretarial Auditor is attached as Annexure-1.

Audit Committee

Please refer the details given in the Corporate Governance Report.

Subsidiary, Joint Venture or Associate Companies

During the year, two Companies have become your Company's subsidiaries i.e. Chembond Enzyme Company Limited & Chembond Calvatis Industrial Hygiene Systems Limited (formerly known as Chembond Bioengineering Company Limited) and one company has ceased to be your Company's Joint Venture i.e. Henkel Chembond Surface Technologies Limited. A separate statement containing salient features of financial statements of your Company's subsidiaries in Form AOC-1 is attached as Annexure-2. The report on the performance and financial position of the subsidiaries, associates, and joint venture companies forms a part of the Management Discussion & Analysis.

During the year, your Company has entered into an agreement with I-Chem Solution Sdn Bhd, Malaysia for forming a joint venture Company in Malaysia to do the business of selling and servicing water treatment chemicals for industries in Malaysia.

Particulars of employees

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

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

Name	Designation	Ratio
Sameer V. Shah	Chairman and Managing Director	19.41:1
Nirmal V. Shah	Vice Chairman and Managing Director	10.75:1

For this purpose, sitting fees paid to NEDs have not been considered as remuneration.

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

Name	Designation	% increase
Sameer V. Shah	Chairman and Managing Director	81.00
Nirmal V. Shah	Vice Chairman and Managing Director	0
Rashmi S. Gavli	Chief Financial Officer	9
Jay Mistry *	Company Secretary	N.A.

* Mr. Jay Mistry was appointed as Company Secretary w.e.f. 6th February, 2016.

- c) The percentage increase in the median remuneration of employees: 6.00%
- d) The number of permanent employees: 336
- e) The explanation on the relationship between average increase in remuneration and company performance:
The average increase in remuneration during the year is 6% which is in line with market trends.
- f) Comparison of remuneration of each key managerial personnel against the performance of the Company.

Name	Designation	CTC (as on 31 st March, 2016) (₹ in Lakh)	% increase in CTC	PAT (₹ in Lakh)	% increase in PAT compared to previous year
Sameer V. Shah	MD	65.01	81	151.23	2,708.54
Nirmal V. Shah	MD	36.00	0		
Rashmi S. Gavli	CFO	32.39	9		
Jay Mistry *	CS	5.90	N.A.		

* Mr. Jay Mistry was appointed as a Company Secretary w.e.f. 6th February, 2016.

- g) Variations in the market capitalisation of the Company, price-earnings ratio as at the closing date of the current financial year and previous financial year and percentage increase or decrease in the market quotations of the shares of the company.

Date	Issued Capital (shares)	Closing Market Price per share in ₹	EPS	P-E Ratio	Market capitalization (In Lakhs ₹)
31.03.2015	6,660,412	342.00	8.38	40.81	22,778.61
31.03.2016	6,696,894	417.30	226.45	1.84	27,946.14
Increase /(Decrease)	36,482 #	75.30	218.07	-	5,167.53
% of Increase /(Decrease)	0.55	22.02	2,602.27	-	22.69
Issue Price of the share at the last Public Offer (IPO)	-	15.00	-	-	-
Increase in market price as on 31.03.2016 as compared to issue price of IPO	-	402.30	-	-	-
Increase in %	-	2,682.00	-	-	-

Out of 36,482 options exercised, 15,950 options were exercised upto 31st March, 2015 and 15,950 equity shares were allotted on 9th April, 2015 and further 20,532 Options were exercised and allotted during the year.

- h) 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 3%. Pursuant to the provisions of Section 149 196, 197 and 203 of the Companies Act, 2013, there was revision in the remuneration of Mr. Sameer V. Shah and Mr. Nirmal V. Shah, Managing Directors of the Company w.e.f. 1st April, 2015 till the remaining period of tenure i.e. upto 31st July, 2016 which was approved by the shareholders of the Company at the 40th Annual General Meeting. On that account, average increase in the managerial remuneration in the year is 32.92%.

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.

- i) Key parameters for any variable component of remuneration availed by the directors. - N.A.
- j) The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year. : N.A.
- k) The Company affirms that the remuneration is as per the Remuneration Policy of the Company.

Disclosure under Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is not applicable to any of the employees of the Company.

Remuneration to Managing Director from subsidiary

During the financial year 2015-16, Mr. Nirmal V. Shah, Vice Chairman and Managing Director, received remuneration of ₹ 4,478,263 (excluding contribution to LIC under Group Gratuity Scheme & Superannuation Scheme) from Chembond Solenis Water Technologies Limited, subsidiary Company.

Pecuniary relationships with Non-Executive Directors

The Company paid sitting fees to Non-Executive Directors (NEDs) for attending the meetings. Criteria of making payments to NEDs is available on Company's website at <http://www.chembondindia.com/investors>. The number of shares held by NEDs as on 31st March, 2016 is as follows:

Name of NED	Shares held
Ashwin R. Nagarwadia	5,40,632
Perviz H. Dastur	1,57,060
Mahendra K. Ghelani	9,300
Jawahar I. Mehta	2,800
Sushil U. Lakhani	4,800
O.P.Malhotra	1,600
Saraswati Sankar	0
Prakash D. Trivedi	0

Employees Stock Option Scheme

Pursuant to the approval accorded by the shareholders at the thirty sixth Annual General Meeting of the Company held on 10th September, 2011 for issue of 3,18,000 Options, the Compensation Committee had formulated the Chembond Chemicals Employees Stock Option Plan 2012 and approved a grant of 232,781 options to the employees of the Company and its subsidiaries under the said Scheme. As required under the Securities and Exchange Board of India (Employees Stock Option and Employees Stock Purchase Scheme) Guidelines, 1999 (SEBI Guidelines), the following details of this scheme as on 31st March, 2016 are being provided:

Sr. No.	Nature of Disclosure	Particulars
A	The Pricing Formula	At a price not less than lower of the average of weekly high and low of closing price of six months or two weeks on the Bombay Stock Exchange (BSE) prior to the date of grant of the options with a discount not more than 10% of the minimum applicable price i.e. ₹ 153/- per share.
B	Options Outstanding at the beginning of the year	1,56,999
C	Options Granted during the year	Nil
D	Options Vested	28,498
E	Options Exercised	20,532
F	The total no. of shares arising as a result of exercise of option*	36,482
G	Options Lapsed/ Surrendered	33,226
H	Variation of Terms of Option	No
I	Money realized by exercise of Options*	₹ 31,71,996
J	Total no of Options in force	1,03,241
K	Employee wise details of Options granted to-	As follows
	(i) Details of Options granted to senior management personnel	As per Annexure 3.
	(ii) Any other employee who received a grant in any one year of Option amounting to 5% or more of Options granted during the year	Nil
	(iii) Employees who were granted Options, during any one year, equal to or exceeding 1% of the issued capital of the company at the time of grant	Nil
L	Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of Option calculated in accordance with Accounting standard AS-20	
M	(i) Difference between the compensation cost using the intrinsic value of the stock Options (which is the method of accounting used by the company) and the compensation cost that would have been recognized in the accounts if the fair value of Options had been used as the method of accounting.	The employee compensation cost for the year would have been higher by ₹ 12.53 Lakhs had the Company used the fair value of options as the method of accounting instead of intrinsic value.
	(ii) Impact of the difference mentioned in (i) above on the profits of the Company	The stock-based compensation cost calculated as per the intrinsic value method upto 31 st March, 2016 is ₹ (2.01) Lacs. If the stock-based compensation cost was calculated as per the fair value method prescribed by SEBI, the total cost to be recognized in the financial statements for the period ended 31 st March, 2016 would be ₹ 10.52 Lakhs.

	(iii) Impact of the difference mentioned in (i) above on the EPS of the company	Had the Company accounted the Options as per fair value the diluted EPS would have been 223 per share instead of 226.45 per share.
N	(i) Weighted Average exercise price of Options	₹ 153/-
	(ii) Weighted average fair value of Options	₹ 68/-
O	(i) Method used to estimate the fair value of Options	Black Scholes Options Pricing Model
	(ii) Significant assumptions used (weighted average information relating)	
	(a) Risk -free interest rate	8.25 %
	(b) Expected life of the Option	3.34 years
	(c) Expected volatility	42 %
	(d) Expected dividend yields	1.38 %
	(e) Price of the underlying share in the market at the time of Option grant	₹ 170/-

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

* During the year 15,950 equity shares were allotted on 9th April, 2015 and 20,532 equity shares were allotted on 1st February, 2016. The 15,950 options for 15,950 equity shares were exercised upto 31st March, 2015. The disclosure in respect of 15,950 equity shares was made in the previous year annual report.

Policies and Disclosure Requirements

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

It is confirmed that all Directors and Senior Management Personnel have affirmed their adherence to the provisions of the Code of Conduct during the financial year 2015-16.

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

Risk Management

The Board of Directors has formed a Risk Management Committee. The details of Committee are set out in the Corporate Governance Report forming part of the Directors' Report. The Company has its Risk Management Plan & Policy in place which is also displayed on the website of the Company. In the opinion of the Board, during the financial year 2015-16, the Board has not noticed any elements of risk which may threaten the existence of the Company.

Internal Financial Controls

For the year ended 31st March, 2016, the Board is of the opinion that the Company has sound Internal Financial Controls commensurate with the nature and size of its business operations wherein controls are in place and operating effectively and no material weaknesses have been noticed. The Company has a process in place to continuously monitor the existing controls and identify gaps, if any, and implement new and /or improved controls wherever the effect of such gaps would have a material effect on the Company's operation.

Corporate Social Responsibility

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

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

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

Related Party Transactions

All transactions entered into with Related Parties during the financial year were in the ordinary course of business and on arm's length basis and do not attract the provisions of Section 188(1) of the Companies Act, 2013. For material transactions with related parties, the Company has obtained members' approval by way of voting through postal ballot including e-voting results of which have been declared on 19th March, 2015. Suitable disclosures as required by the Accounting Standards (AS18) have been made in the notes to the Financial Statements. The Board has approved a policy for related party transactions which has been uploaded on the Company's website. Necessary disclosures in Form AOC-2 are attached as Annexure 4.

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

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

Particulars of Loans, Guarantees and Investments

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

Extract of the Annual Return

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

Management Discussion and Analysis Report

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

Corporate Governance Report

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

Prevention, Prohibition and Redressal of Sexual Harassment of Women

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

Significant and Material Orders Passed

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

Acknowledgements

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

On behalf of the Board

Sameer V. Shah
Chairman & Managing Director

Nirmal V. Shah
Vice Chairman & Managing Director

Mumbai
28th May, 2016

Annexure 1 to the Directors' Report

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2016

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

To,

The Members,

Chembond Chemicals Limited

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

Based on my verification of the Chembond Chemicals Limited books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company during the audit period covering the financial year ended on March 31, 2016 has prima facie complied with the statutory provisions listed hereunder:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by Chembond Chemicals Limited ("the Company") for the financial year ended on March 31, 2016 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (iv) Foreign Exchange Management Act, 1999 & the rules & regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment & External Commercial Borrowings -Not applicable during the audit period;
- (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 (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
 - Though the following laws are prescribed in the format of Secretarial Audit Report by the Government, the same were not applicable to the Company for the financial year ended 31st March, 2016:-
 - (a) The Securities & Exchange Board of India (Issue & listing of Debt securities) Regulations, 2008;
 - (b) 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;
 - (c) The Securities & Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
 - (d) The Securities & Exchange Board of India (Buyback of Securities) Regulations, 1998;
 - (e) The Securities & Exchange Board of India (Issue of Capital & Disclosure Requirements) Regulations, 2009.
- (vi) For the other applicable laws our audit was limited to:-
 - (a) Factories Act, 1948
 - (b) Industrial Disputes Act, 1947
 - (c) The Payment of Wages Act, 1936
 - (d) The Minimum Wages Act, 1948
 - (e) Employees State Insurance Act, 1948
 - (f) The Employees Provident Fund & Miscellaneous Provisions Act, 1952

- (g) The Payment of Bonus Act, 1965
- (h) The Payment of Gratuity Act, 1972
- (i) The Contract Labour (Regulations & Abolition) Act, 1970

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

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

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

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

I further report that the Company has declared two interim dividends during the year under review.

I further report that the board of directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors & Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

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

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

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

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

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

I further report that our report of even date is to be read along with this letter:

1. Maintenance of secretarial record is the responsibility of the Management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in the Secretarial records. I believe that the processes and practices I followed provide a reasonable basis for my opinion.
3. Where ever required, I have obtained the Management representation about the compliance of Laws, Rules and Regulations and happening of events etc.
4. The compliance of the provisions of Corporate and other applicable Laws, Rules, Regulations, Standards is the responsibility of the Management. My examination was limited to the verification of procedures on test basis.
5. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor the efficacy or effectiveness with which the Management has conducted the affairs of the Company.

Virendra Bhatt
ACS No – 1157
COP No – 124

Place: Mumbai
Date: 28th May, 2016

Annexure 2 to the Directors' Report**Form AOC-1****Statement containing salient features of the financial statement of subsidiaries/associate companies/joint venture.****Part "A": Subsidiaries**

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

Sr. No.	1	2	3	4	5	6
Name of the Subsidiary	Chembond Clean Water Technologies Limited	Chembond Solenis Water Technologies Limited	Chembond Industrial Coatings Limited (formerly known as Chembond Inver Coatings Limited)	Protochem Industries Private Limited	Chembond Calvatis Industrial Hygiene Systems Limited (formerly known as Chembond Bioengineering Company Limited)	Chembond Enzyme Company Limited
Reporting period for the subsidiary concerned, if different from the holding company's reporting period	-	-	-	-	-	-
Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries.	-	-	-	-	-	-
Share capital	827.81	50.00	95.00	100.00	49.99	10.00
Reserves & surplus	(868.60)	3,039.76	(97.11)	534.88	8.88	146.93
Total assets	242.87	4,858.36	138.50	912.78	70.33	164.90
Total Liabilities	242.87	4,858.36	138.50	912.78	70.33	164.90
Investments	0.55	169.28	0	0	50.48	139.53
Turnover	453.13	9,386.60	43.20	663.92	3.04	15.06
Profit before taxation	16.77	1,139.15	0.91	(4.18)	(1.12)	6.62
Provision for taxation	(0.31)	393.85	1.24	(3.78)	0	1.26
Profit after taxation	17.08	745.30	(0.33)	(0.41)	(1.12)	5.39
Proposed Dividend	0	0	0	0	0	0
% of shareholding	70.17	55	99.99	99.99	55	100

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

Sr. No.		(Associate)
1	Name of Associates	Chembond Distribution Limited
2	Latest Audited Balance Sheet Date	31.03.2016
3	Shares of Associate/Joint Ventures held by the company on the year end	As follows
A	No. of shares	235,000*
B	Amount of Investment in Associates/Joint Venture	₹ 2.35
C	Extend of holding (%)	47%
4	Description of how there is significant influence	Under the same Management
5	Reason why the associate/joint venture is not consolidated	N.A.
6	Networth attributable to shareholding as per latest audited Balance Sheet	(59.75)
7	Profit / Loss for the year	72.97
A	Considered in Consolidation	Yes
b	Not Considered in Consolidation	N.A.

*₹ 1 fully paid up share

Note: Chembond Chemicals Limited has during the year divested its stake of 49% in Henkel Chembond Surface Technologies Limited (HCSTL), its joint venture with Henkel KGaA. Consequently HCSTL ceased to be joint venture of the Company.

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

Sr. No.	Name	Designation	No. of Options	No. of Options Exercised
1	Mahesh Kulkarni	VP – Industrial Products	2,400	Nil
2	Naresh Padia	VP – Sales	2,760	650
3	Navneet Sahu	GM – East & South	2,760	650
4	Nitin Dambe	GM – Technical	2,760	250
5	Poonam Malhotra	Dy. G.M.- Product Tech. & Equipment Support	1,380	425
6	Ramdas Kambale	SBU – Head	2,400	1375
7	Rashmi Gavli	Chief Financial Officer	2,760	1000
8	Ravikumar Mutaka	GM – Operations	2,400	600
9	Ravindra Pandit	Head – Human Resources	2,400	1000

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

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

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

a)	Name(s) of the related party and nature of relationship	N.A.
b)	Nature of contracts/arrangements/transactions	N.A.
c)	Duration of the contracts / arrangements/transactions	N.A.
d)	Salient terms of the contracts or arrangements or transactions including the value, if any	N.A.
e)	Justification for entering into such contracts or arrangements or transactions	N.A.
f)	Date(s) of approval by the Board	N.A.

g)	Amount paid as advances, if any	N.A.
h)	Date on which the special resolution was passed in general meeting as required under first proviso to section 188	N.A.

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

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

Annexure 5 to the Directors' Report

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

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

(A) Conservation of Energy

- (i) The steps taken or impact on conservation of energy:

The Company continues measures to reduce energy consumption at its plants and offices by improving energy intensive manufacturing process and installing solar power systems.

- (ii) The steps taken by the Company for utilizing alternate sources of energy:

The Company has installed solar power systems at its head office.

- (iii) The capital investment on energy conservation equipment: Nil

(B) Technology Absorption

- (i) The efforts made towards Technology Absorption:

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

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

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

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

- (iv) The expenditure incurred on Research & Development

(₹ in Lakhs)

Particulars	2015-16	2014-15
Revenue Expenditure	59.69	95.42
Capital Expenditure	8.08	7.73
Total	67.77	103.15

(C) Foreign Exchange Earnings and Outgo:

(₹ in Lakhs)

Particulars	2015-16	2014-15
Total Foreign Exchange Earned in terms of actual inflows	239.11	369.65
Total Foreign Exchange Outgo in terms of actual outflows	3156.90	2922.20

Annexure 6 to the Directors' Report
Form MGT-9

The Extract of the Annual Return as on the financial year ended 31.03.2016

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 Tel No. (+9122) 3921 3000 Fax No. (+9122) 2768 1294
Whether listed company	Yes
Name, address and contact details of Registrar and Transfer Agent, if any	TSR Darashaw Limited, 6-10, Haji Moosa Patrawala Indl. Estate, 20, Dr. E Moses Road, Mahalaxmi, Mumbai – 400 011. Tel: 022 – 6656 8484 Fax: 022 – 6656 8494 E-mail : 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 shall be stated:-

Sr. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the Company
1	Chemicals	2029	85.05

III. Particulars of Holding, Subsidiary and Associate Companies -

Name and Address of the Company	CIN/GLN	Holding/ subsidiary/ associate	% of shares held	Applicable section
Chembond Solenis Water Technologies Limited	U24110MH1984PLC143564	Subsidiary	55.00	2(87)
Chembond Clean Water Technologies Limited	U29248MH2010PLC202124	Subsidiary	70.17	2(87)
Protochem Industries Private Limited	U24200MH2000PTC125231	Subsidiary	99.99	2(87)
Chembond Industrial Coatings Limited (Formerly known as Chembond Inver Coatings Limited)	U24100MH2011PLC219324	Subsidiary	99.99	2(87)
Chembond Enzyme Company Limited	U24117MH2006PLC166224	Subsidiary	100	2(87)
Chembond Calvatis Industrial Hygiene Systems Limited (Formerly known as Chembond Bioengineering Company Limited)	U73100MH2008PLC188852	Subsidiary	55	2(87)
Chembond Distribution Limited	U24117MH2006PLC166227	Associate	47.00	2(6)

IV. Share Holding Pattern (Equity share capital breakup as percentage of total equity)

i) Category-wise share holding

Category of shareholders	No. of shares held at the beginning of the year				No. of shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
A. Promoters									
(1) Indian									
a) Individual / HUF	3,811,502	4,000	3,815,502	57.29	3,895,013	0	3,895,013	58.16	0.88
b) Central Govt.	0	0	0	0.00	0	0	0	0.00	0.00
c) State Govt.(s)	0	0	0	0.00	0	0	0	0.00	0.00
d) Bodies Corporate	763,915	0	763,915	11.47	765,305	0	765,305	11.43	-0.04
e) Banks / FI	0	0	0	0.00	0	0	0	0.00	0.00
f) Any Other....	0	0	0	0.00	0	0	0	0.00	0.00
Sub-total (A) (1):-	4,575,417	4,000	4,579,417	68.76	4,660,318	0	4,660,318	69.59	0.83
(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
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)	4,575,417	4,000	4,579,417	68.76	4,660,318	0	4,660,318	69.59	0.83
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	0	0	0	0.00	0	0	0	0.00	0.00
b) Banks / FI	0	23,800	23,800	0.36	0	23,800	23,800	0.36	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	23,800	23,800	0.36	0	23,800	23,800	0.36	0.00
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	599,143	200	599,343	9.00	532,401	200	532,601	7.95	-1.05
ii) Overseas	0	0	0	0.00	0	0	0	0.00	0.00
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	487,981	126,092	614,073	9.22	642,399	122,392	764,791	11.42	2.20

Category of shareholders	No. of shares held at the beginning of the year				No. of shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	800,619	37,460	838,079	12.58	676,924	24,760	701,684	10.48	-2.11
c) Others (specify)									
Directors	5,700	0	5,700	0.09	13,700	0	13,700	0.20	0.12
Sub-total (B)(2):-	1,893,443	163,752	2,057,195	30.89	1,865,424	147,352	2,012,776	30.05	-0.84
Total Public Shareholding (B) = (B)(1)+(B)(2)	1,893,443	187,552	2,080,995	31.24	1,865,424	171,152	2,036,576	30.41	-0.83
TOTAL (A)+(B)	6,468,860	191,552	6,660,412	100.00	6,525,742	171,152	6,696,894	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)	6,468,860	191,552	6,660,412	100.00	6,525,742	171,152	6,696,894	100.00	0.00

(ii) Shareholding of Promoters

Sr. No	Shareholder's Name	Shareholding at the beginning of the year 1 st April, 2015			Share holding at the end of the year 31 st March, 2016			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	Alpana Sandeep Shah	51,500	0.77	0.00	51,475	0.77	0.00	0.00
2	Amrita Sameer Shah	21,509	0.32	0.00	21,684	0.32	0.00	0.00
3	Ashwin R. Nagarwadia	540,632	8.12	0.00	540,632	8.07	0.00	-
4	Guloo P. Dastur	200,900	3.02	0.00	200,900	3.00	0.00	-
5	Jyoti N. Mehta	34,740	0.52	0.00	34,740	0.52	0.00	-
6	Kshitija N. Shah	9,800	0.15	0.00	10,700	0.16	0.00	0.01
7	Mallika S. Shah	16,800	0.25	0.00	16,800	0.25	0.00	-
8	Mamta N. Shah	47,400	0.71	0.00	47,400	0.71	0.00	-
9	Nikhil Jaysukhlal Mehta	17,200	0.26	0.00	17,200	0.26	0.00	-
10	Nikhil Jaysukhlal Mehta (HUF)	4,200	0.06	0.00	4,200	0.06	0.00	-
11	Nirmal V. Shah	312,645	4.69	0.00	314,984	4.70	0.00	0.01
12	Nirmal V. Shah (HUF)	1,920	0.03	0.00	1,920	0.03	0.00	-
13	Padma V. Shah	747,557	11.22	0.00	747,557	11.16	0.00	-
14	Shah Parul	27,800	0.42	0.00	27,800	0.42	0.00	-
15	Perviz H. Dastur	157,060	2.36	0.00	157,060	2.35	0.00	-
16	Raunaq S. Shah	3,400	0.05	0.00	3,400	0.05	0.00	-
17	Sameer V. Shah	257,956	3.87	0.00	257,956	3.85	0.00	-
18	Sameer V Shah (HUF)	50,528	0.76	0.00	51,678	0.77	0.00	0.01
19	Sandip Shah	31,480	0.47	0.00	31,480	0.47	0.00	-

Sr. No	Shareholder's Name	Shareholding at the beginning of the year 1 st April, 2015			Share holding at the end of the year 31 st March, 2016			% 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	
20	Sandeep H Shah (HUF)	10,612	0.16	0.00	10,612	0.16	0.00	-
21	Shah Bhadresh	112,460	1.69	0.00	94,467	1.41	0.00	-0.28
22	Shah Kalpana Sunil	21,600	0.32	0.00	21,600	0.32	0.00	-
23	Shah Sunil Dahyalal	25,500	0.38	0.00	25,500	0.38	0.00	-
24	Shilpa Sameer Shah	31,072	0.47	0.00	37,337	0.56	0.00	0.09
25	Trupti A. Nagarwadia	148,500	2.23	0.00	148,500	2.22	0.00	-
26	Vinod D. Shah	880,331	13.22	0.00	967,031	14.44	0.00	1.22
27	Vinod D. Shah (HUF)	50,400	0.76	0.00	50,400	0.75	0.00	-
28	Visan Holdings And Financial Services Pvt Ltd	613,618	9.21	0.00	618,808	9.24	0.00	0.03
29	Finor Piplaj Chemicals Ltd	66,600	1.00	0.00	66,600	0.99	0.00	-
30	GTK Intermediates Pvt Ltd	3,800	0.06	0.00	0	0	0	-0.06
31	S and N Ventures Ltd	79,897	1.20	0.00	79,897	1.19	0.00	-
TOTAL		4,579,417	68.76	0.00	4,660,318	69.59	0.00	0.83

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

Sr. No.	Name of the Shareholder	Shareholding		Transaction details			Cumulative holding during the year	
		No of Shares of shares at the beginning of the year (01-04-2015)	% of total Shares of the company	Date	Sale	Purchase	No. of Shares	% of total Shares of the company
1	Amrita Sameer Shah	21,509	0.32	01-04-2015 19-06-2015 31-03-2016		175	21,509 21,684 21,684	0.32 0.32 0.32
2	Alpana Sandeepbhai Shah	51,500	0.77	01-04-2015 24-07-2015 31-03-2016	-25		51,500 51,475 51,475	0.77 0.77 0.77
3	GTK Intermediates Private Limited	3,800	0.06	01-04-2015 04-12-2015 31-03-2016	-3,800		3,800 0 0	0.06 0.00 0.00
4	Kshitija Nirmal Shah	9,800	0.15	01-04-2015 09-10-2015 27-11-2015 04-12-2015 31-03-2016		150 100 650	9,800 9,950 10,050 10,700 10,700	0.15 0.15 0.15 0.16 0.16
5	Nirmal Vinod Shah	312,645	4.69	01-04-2015 19-06-2015 04-12-2015 31-03-2016		500 1,839	312,645 313,145 314,984 314,984	4.69 4.69 4.70 4.70
6	Sameer V Shah (HUF)	50,528	0.76	01-04-2015 19-06-2015 31-03-2016		1,150	50,528 51,678 51,678	0.76 0.77 0.77

Sr. No.	Name of the Shareholder	Shareholding		Transaction details			Cumulative holding during the year	
		No of Shares of shares at the beginning of the year (01-04-2015)	% of total Shares of the company	Date	Sale	Purchase	No. of Shares	% of total Shares of the company
7	Shah Bhadresh	112,460	1.69	01-04-2014			112,460	1.69
				12-02-2016	-17,993		94,467	1.41
				31-03-2016			94,467	1.41
8	Shilpa Sameer Shah	31,072	0.47	01-04-2014			31,072	0.47
				19-02-2016		6,265	37,337	0.56
				31-03-2016			37,337	0.56
9	Vinod D Shah	880,331	13.22	01-04-2015			880,331	13.22
				18-12-2015		2,000	882,331	13.22
				15-01-2016		20,000	902,331	13.51
				22-01-2016		46,600	948,931	14.21
				12-02-2016		18,100	967,031	14.44
				31-03-2016			967,031	14.44
10	Visan Holdings and Financial Services Private Limited	613,618	9.21	01-04-2015			613,618	9.21
				04-12-2015		1,000	614,618	9.21
				11-12-2015		1,485	616,103	9.23
				18-12-2015		2,324	618,427	9.27
				31-12-2015		381	618,808	9.27
				31-03-2016			618,808	9.24

Other than the Promoters mentioned above, there is no change in any other Promoter shareholding.

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

Sr. No.	Name of the Shareholder	Shareholding		Transaction details			Cumulative holding during the year	
		No of Shares of shares at the beginning of the year (01-04-2015)	% of total Shares of the company	Date	Sale	Purchase	No. of Shares	% of total Shares of the company
1	Ajay Sheth	357,583	5.37	01-04-2015			357,583	5.37
				26-06-2015		260	357,843	5.36
				15-01-2016		2,374	360,217	5.40
				31-03-2016			360,217	5.38
2	Quest Investment Advisors Private Limited	378,600	5.68	01-04-2015			378,600	5.68
				07-08-2015	-2,996		375,604	5.63
				08-08-2015	-1,813		373,791	5.60
				14-08-2015	-10,090		363,701	5.44
				21-08-2015	-3,015		360,686	5.40
				09-10-2015	-1,379		359,307	5.38
				31-03-2016			359,307	5.37

Sr. No.	Name of the Shareholder	Shareholding		Transaction details			Cumulative holding during the year	
		No of Shares of shares at the beginning of the year (01-04-2015)	% of total Shares of the company	Date	Sale	Purchase	No.of Shares	% of total Shares of the company
3	Ajay Chinubhai Laloo	113,884	1.71	01-04-2015			113,884	1.71
				03-04-2015	-96		113,788	1.71
				10-04-2015	-474		113,314	1.70
				22-05-2015	-370		112,944	1.69
				24-07-2015	-100		112,844	1.69
				31-07-2015	-660		112,184	1.69
				07-08-2015	-750		111,434	1.67
				31-03-2016			111,434	1.66
4	Bina Sheth	196,600	2.95	01-04-2015			196,600	2.95
				17-04-2015	-3,032		193,568	2.90
				10-07-2015	-10,000		183,568	2.75
				07-08-2015	-4,577		178,991	2.68
				31-12-2015	-1,357		177,634	2.66
				15-01-2016	-73,701		103,933	1.56
				31-03-2016			103,933	1.55
5	Chartered Finance And Leasing Limited	79,529	1.19	01-04-2015			79,529	1.19
				31-03-2016			79,529	1.19
6	Nriya A Laloo	24,760	0.37	01-04-2015			24,760	0.37
				31-03-2016			24,760	0.37
7	Dena Bank	23,800	0.36	01-04-2015			23,800	0.36
				31-03-2016			23,800	0.36
8	Ceedee Agencies Pvt Ltd	43,754	0.66	01-04-2015			43,754	0.66
				30-10-2015	-100		43,654	0.65
				11-12-2015	-3,240		40,414	0.60
				18-12-2015	-3,520		36,894	0.55
				25-12-2015	-4,890		32,004	0.48
				31-12-2015	-4,376		27,628	0.41
				01-01-2016	-1,560		26,068	0.39
				08-01-2016	-3,199		22,869	0.34
				15-01-2016	-1,000		21,869	0.33
				31-03-2016			21,869	0.33
9	Vrushal Trading Private Limited	20,642	0.31	01-04-2015			20,642	0.31
				31-03-2016			20,642	0.31
10	Jayantilal S Vasani	17,500	0.26	01-04-2015			17,500	0.26
				31-03-2016			17,500	0.26

(v) Shareholding of Directors and Key Managerial Personnel:

Sr. No.	Name of the Shareholder	Shareholding		Transaction details			Cumulative holding during the year	
		No of Shares of shares at the beginning of the year (01-04-2015)	% of total Shares of the company	Date	Sale	Purchase	No.of Shares	% of total Shares of the company
1	Nirmal Vinod Shah	312,645	4.69	01-04-2015			312,645	4.69
				19-06-2015		500	313,145	4.69
				04-12-2015		1,839	314,984	4.70
				31-03-2016			314,984	4.70
2	Sameer Vinod Shah	257,956	3.85	01-04-2015			257,956	3.85
				31-03-2016			257,956	3.85
3	Rashmi Sameer Gavli	0	0	01-04-2015			0	0.00
				01-05-2015		400	400	0.01
				31-07-2015	-10		390	0.01
				18-12-2015	-25		365	0.01
				25-12-2015	-25		340	0.01
				31-12-2015	-25		315	0.00
				15-01-2016	-50		265	0.00
				19-02-2016		600	865	0.01
				31-03-2016			865	0.01
4	Jay Mistry	0	0	01-04-2015			0	0.00
				31-03-2016			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	1,522.00	654.83	0	2,176.83
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	0	0	0	0
Total (i+ii+iii)	1,522.00	654.83	0	2,176.83
Change in Indebtedness during the financial year				
Addition	1,720.30	1,419.20	0	3,139.50
Reduction	2,633.83	1,862.98	0	(4,496.81)
Net Change	(913.53)	(443.78)	0	(1,357.31)
Indebtedness at the end of the financial year				
i) Principal Amount	608.48	211.05	0	819.53
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	1.67	0.43	0	2.10
Total (i+ii+iii)	610.14	211.49	0	821.63

VI. Remuneration of Directors and Key Managerial Personnel

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

Sr. No.	Particulars of Remuneration	Mr. Sameer V. Shah (MD)	Mr. Nirmal V. Shah (MD)	Total Amount (₹ Lakhs)
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	65.01	36.00	101.01
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission - as % of profit - others, specify	-	-	-
5.	Others, please specify	-	-	-
	Total (A)	65.01	36.00	101.00
	Ceiling as per the Act	84.00	84.00	168.00

B. Remuneration to other Directors:

Sr. No.	Particulars of Remuneration	Name of Directors								Total Amount (In ₹ Lakhs)
		Mahendra Ghelani	Sushil Lakhani	Jawahar Mehta	O. P. Malhotra	Saraswati Sankar	Prakash Trivedi	Perviz H. Dastur	Ashwin R. Nagarwadia	
1	Independent Directors									
	-Fee for attending board / committee meetings	3.00	2.00	1.00	1.00	1.00	1.00	-	-	9.00
	-Commission	0.00	0.00	0.00	0.00	0.00	0.00	-	-	0.00
	-Others, please specify	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	-	-	N.A.
	Total (B) (1)	3.00	2.00	1.00	1.00	1.00	1.00	-	-	9.00
2	Other Non Executive Directors									
	-Fee for attending board / committee meetings	-	-	-	-	-	-	9.20	16.20	25.40
	-Commission	-	-	-	-	-	-	0.00	0.00	0.00
	-Others, please specify	-	-	-	-	-	-	N.A.	N.A.	N.A.
	Total (B)(2)	-	-	-	-	-	-	9.20	16.20	25.40
	Total (B)(1)+(B)(2)	3.00	2.00	1.00	1.00	1.00	1.00	9.20	16.20	34.40

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

Sr. No.	Particulars of Remuneration	Key Managerial Personnel		
		Chief Financial Officer	Company Secretary	Total Amount (In ₹ Lakhs)
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	32.39	5.90	38.29
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0.00	0.00	0.00
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	0.00	0.00	0.00
2.	Stock Option	0.00	0.00	0.00
3.	Sweat Equity	0.00	0.00	0.00
4.	Commission - as % of profit - others, specify...	0.00	0.00	0.00
5.	Others	0.00	0.00	0.00
	Total (C)	32.39	5.90	38.29

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		
Punishment					
Compounding					
B. DIRECTORS					
Penalty			None		
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty			None		
Punishment					
Compounding					

On behalf of the Board

Sameer V. Shah
Chairman & Managing Director

Nirmal V. Shah
Vice Chairman & Managing Director

Mumbai
28th May, 2016

Report on Corporate Governance

Philosophy on Corporate Governance

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

Board of Directors

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

The Chembond Board of Directors has an ideal composition of executive and non-executive Directors with one woman director and being Non-executive Directors of which more than half of the Directors are Independent.

- A.** The composition of the Board as on 31st March, 2016 and details of Board and Annual General Meetings held and the attendance of the Directors is as follows:

Name of the Directors	Nature of Directorship	No. of Board Meetings attended	Attendance at last AGM	No. of Directorships in other Public companies*	Number of Committee Memberships held **	Number of Chairman Ships held **
Sameer V. Shah	Chairman & Managing Director	7	Yes	7	1	-
Nirmal V. Shah	Vice Chairman & Managing Director	7	Yes	8	1	-
Ashwin R. Nagarwadia	Non-Executive Director	5	No	5	1	1
Perviz H. Dastur	Non-Executive Director	5	Yes	2	1	-
Mahendra K. Ghelani	Independent Director	6	Yes	-	1	1
O. P. Malhotra	Independent Director	5	Yes	3	-	-
Jawahar I. Mehta	Independent Director	4	No	-	-	-
Sushil U. Lakhani	Independent Director	6	Yes	1	1	-
Saraswati Sankar [#]	Independent Director	5	Yes	-	-	-
Prakash D. Trivedi [@]	Independent Director	2	Yes	-	-	-

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

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

During the year, the meetings of Board of Directors were held on 11th May, 2015, 21st May, 2015, 8th August, 2015, 31st October, 2015, 5th November, 2015, 6th February, 2016 and 10th March, 2016.

As on 31st March, 2016, in compliance with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company's Board of Directors headed by its Chairman and Managing Director, Mr. Sameer V. Shah, comprised 9 other Directors including a woman Director, out of which six Directors are Independent Directors. None of the Independent Directors of the Company serve as an Independent Director in more than seven listed companies.

#During the year, the shareholders of the Company at the 40th Annual General Meeting held on 8th August, 2015 approved appointment of Mrs. Saraswati Sankar (DIN:07133249) as Independent Director to hold office for five consecutive years for a term upto 24th March, 2020.

@During the year, the shareholders of the Company at the 40th Annual General Meeting held on 8th August, 2015 approved appointment of Dr. Prakash Trivedi (DIN:00231288) as Independent Director to hold office for five consecutive years for a term upto 21st May, 2020.

The Company issued letter of appointment to the Independent Directors in accordance with Schedule IV to the Companies Act, 2013 and the appointment letter containing the terms and conditions of their appointment have been disclosed on the website of the Company (web-link <http://www.chembondindia.com/investors/policy>).

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

Separate meeting of Independent Directors

In accordance with the provisions of Schedule IV of the Companies Act, 2013, a separate meeting of the Independent Directors was held during the year on 30th March, 2016 without the attendance of Non-Independent Directors and members of management, inter alia to:

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

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

Familiarisation Programme:

The Company at its various meetings held during the financial year 2015-16 has familiarized the Independent Directors with regard to their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, the business model of the Company etc. The Independent Directors have been provided with necessary documents, reports and internal policies to familiarise them with the Company's policies, procedures and practices.

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

The details of such Familiarisation Programme for Independent Directors are disclosed on the website of the Company i.e. www.chembondindia.com

B. Board Meeting & Procedures

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

- * Strategy and business plans.
- * Annual operating and capital expenditure budgets.
- * Quarterly results of the Company.
- * Minutes of the Meeting of Audit and other Committees of the Board.
- * Information on recruitment and remuneration of senior officers.

- * Investment and exposure limits .
- * Business risk analysis and control.
- * Compliance with statutory / regulatory requirements.
- * Review of major legal issues.
- * Transaction pertaining to the purchase or disposal of property, major provisions and write offs.

C. Details of Directors being re-appointed

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

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

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

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

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

Brief profile details of Mr. Sameer V. Shah and Mr. Nirmal V. Shah proposed to be re-appointed as Chairman & Managing Director and Vice-Chairman & Managing Director of the Company respectively have been included in the Notice of the 41st Annual General Meeting of the Company.

D. Code of Conduct

The Board has laid down a code of conduct for all the Members of the Board and senior management of the Company which is also posted on the Company's website at www.chembondindia.com. All Board Members and senior management have complied with the code of conduct for the year ended 31st March, 2016. The Annual Report contains a declaration to this effect signed by the Managing Director.

II. Committees of the Board

A. Audit Committee

The constitution of the Audit Committee as of 31st March, 2016 is as follows:

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

During the year, four meetings of the Audit Committee were held - on 21st May, 2015, 8th August, 2015, 31st October, 2015 and 6th February, 2016. The Committee has members with sound knowledge of business, accounting and law and deals with accounting matters, financial reporting and internal controls.

The Audit Committee has the powers and performs its role as per the guidelines set out in the amended Listing Agreement/ SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Companies Act, 2013. The Committee monitors any proposed changes in accounting policy, accounting implications of major transactions and also closely reviews the adequacy of internal audit controls and formulates and monitors the annual audit plan. The Committee also reviews with the management the annual financial statements and auditors' report, quarterly financial statements, the statement of uses/application of funds through an issue, monitors the auditors' independence and performance & effectiveness of process, performance of statutory & internal auditors, adequacy of internal control systems, functioning of the Whistle Blower mechanism, management discussion and analysis of financial condition and result of operation, statement of significant related party transactions, management letter of internal control weaknesses, internal audit reports, and matters related to appointment, removal and terms of remuneration of internal and statutory auditors of the Company and the financial statements of subsidiary Companies. The Auditors, Internal Auditors, Managing Directors, concerned executives, Non-Executive Directors and Chief Financial Officer are invitees to the Audit Committee Meetings. The Company Secretary

acts as the Secretary to the Committee. The previous Annual General Meeting (AGM) of the Company was held on 8th August, 2015 and was attended by Mr. Mahendra Ghelani, Chairman of the Audit Committee. Terms of Reference the Audit Committee are in accordance with those specified in Regulation 18 read with Part C of Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 177 of the Companies Act, 2013.

B. Nomination and Remuneration Committee

The constitution of the Nomination and Remuneration Committee as of 31st March, 2016 is as follows:

Name of the Member	Designation	No. of meetings attended
Mahendra K. Ghelani	Chairman	1
Ashwin R. Nagarwadia	Member	2
Jawahar I. Mehta	Member	1

During the year, meetings of the Nomination and Remuneration Committee were held - on 21st May, 2015 & 6th February, 2016.

Nomination and Remuneration Committee has the powers to formulate the criteria for determining qualifications, positive attributes & independence of a Director and recommend to the Board a policy relating to the remuneration of the Directors, key managerial personnel and senior management employees, criteria for evaluation of Independent Directors & the Board, devising a policy on Board diversity and such other things prescribed under the Act and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Performance Evaluation

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

Remuneration of Directors:

i) Remuneration to Executive Directors:

Names	Position	Salary and Perquisite (₹)
Sameer V. Shah	Chairman & Managing Director	65.01 Lakh
Nirmal V. Shah	Vice Chairman & Managing Director	36.00 Lakh

Break up of above ₹ 65.01 Lakh is as follows:-

Basic	₹ 28.17 Lakh
Perquisites & allowances	₹ 19.48 Lakh
Incentives	₹ 13.76 Lakh
Bonus	₹ 3.60 Lakh
Period of agreement	Upto 31 st July, 2016
Notice Period	N.A.
Severance fees	NIL
Stock Options	NIL

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

Basic	₹ 18 Lakh
Perquisites & allowances	₹ 14.4 Lakh
Bonus	₹ 3.60 Lakh
Period of agreement	Upto 31 st July, 2016
Notice Period	N.A.
Severance fees	NIL
Stock Options	NIL

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

The details of sitting fees paid to Non-Executive Directors for the year ended 31st March, 2016 are as specified below:

Name	Amount in ₹	No. of shares held as on 31.03.2016	Stock Options granted to Non-Executive Directors
Perviz H. Dastur	9,20,000	1,57,060	Nil
Ashwin R. Nagarwadia	16,20,000	5,40,632	Nil
Mahendra K. Ghelani	3,00,000	9,300	4,800
Jawahar I. Mehta	1,00,000	2,800	4,800
O. P. Malhotra	1,00,000	1,600	4,800
Sushil U. Lakhani	2,00,000	4,800	4,800
Saraswati Sankar	1,00,000	0	Nil
Prakash D. Trivedi	1,00,000	0	Nil

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

Remuneration Policy for matters provided under Section 178(3)

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

A. Appointment criteria and qualifications:-

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

B. Independence of Director (ID):-

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

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

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

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

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

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

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

The Director, KMP and Senior Management Personnel shall be eligible for a monthly/yearly remuneration as may be approved by the Board on the recommendation of the NRC. The breakup of the pay scale and quantum of perquisites including, employer's contribution to P.F, pension scheme, medical expenses, club fees etc. shall be decided and approved by the Board/ the Person authorized by the Board on the recommendation of the NRC and approved by the shareholders and/or the Central Government, wherever required.

- Minimum Remuneration:-

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

- Provisions for excess remuneration:-

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

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

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

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

- Stock Options:-

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

C. Stakeholders' Relationship Committee

The constitution of Stakeholders' Relationship Committee as of 31st March, 2016 is as follows:

Name of the Member	Designation	No. of meetings attended
Ashwin R. Nagarwadia	Chairman	5
Sameer V. Shah	Member	5
Nirmal V. Shah	Member	5

During the year, five meetings of the Stakeholders Relationship Committee were held on 25th April, 2015, 29th July, 2015, 14th August, 2015, 10th October, 2015 and 5th February, 2016.

The Committee deals with matters relating to transfer / transmission of shares, issue of duplicate share certificates, review of shares dematerialized. Mr. Jay Mistry, Company Secretary & Compliance Officer, is responsible for coordinating all such matters and those relating to share transfer and shareholders grievances with the Registrar and Share Transfer Agent. During the year, the Company has received nil shareholder complaints.

D. Executive Committee

The constitution of the Executive Committee as of 31st March, 2016 is as follows :

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

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

E. Risk Management Committee

The constitution of the Risk Management Committee as of 31st March, 2016 is as follows:

Name of the Member	Designation	No. of meetings attended
Mahendra K. Ghelani	Chairman	2
Ashwin R. Nagarwadia	Member	6
Perviz H. Dastur	Member	6
Sushil U. Lakhani	Member	0

During the year, six meetings of the risk management committee were held on 25th April, 2015, 29th July, 2015, 14th August, 2015, 10th October, 2015, 5th February, 2016 and 10th March, 2016.

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

F. Research & Development & Technical Committee

During the year the Board has constituted a Research & Development and Technical Committee. The composition of the Committee is as follows:

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

During the year three meetings of the Committee were held.

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

G. Compensation Committee

The constitution of the Compensation Committee is as follows:

Name of the Member	Designation	No. of meetings attended
Mahendra K. Ghelani	Chairman	2
Sameer V. Shah	Member	2
O. P. Malhotra	Member	0

During the year, two meetings of the Committee were held.

The functions of Committee relate to the administration and superintendence of the Chembond Chemicals Employees' Stock Option Plan, 2012 (ESOP) and compliance as per the Securities and Exchange Board of India (Insider Trading) Regulations 1992 and Securities Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market) Regulations 1995.

H. CSR Committee

The constitution of the CSR Committee as of 31st March, 2016 is as follows:

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

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

I. Divestment Committee

The Company had constituted a Divestment Committee during the year having following Directors as members. The Committee has been dissolved in June, 2015. The number of meetings attended by the members of the Committee are as follows:

Name of the Member	Designation	No. of meetings attended
Ashwin R. Nagarwadia	Chairman	11
Perviz H. Dastur	Member	10
Sameer V. Shah	Member	11
Nirmal V. Shah	Member	11

Dr. Vinod D. Shah, Chairman Emeritus, was a permanent invitee to the Committee. The Committee was constituted with a view to identify the areas for divestment and strategise and plan for disinvestment.

J. Investment Committee

The Company has constituted an Investment Committee and the composition of the Committee as on 31.03.2016 is as follows:

Name of the Member	Designation	No. of meetings attended
Ashwin R. Nagarwadia	Chairman	51
Perviz H. Dastur	Member	22
Sameer V. Shah	Member	51
Nirmal V. Shah	Member	51

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

III. Whistle Blower Policy

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

IV. Subsidiary Companies

The Company has six subsidiaries namely Chembond Solenis Water Technologies Limited, Protochem Industries Private Limited, Chembond Industrial Coatings Limited (formerly known as Chembond Inver Coatings Limited), Chembond Clean Water Technologies Limited, Chembond Enzyme Company Limited and Chembond Calvatis Industrial Hygiene Systems Limited (formerly known as Chembond Bioengineering Company Limited). Mr. O. P. Malhotra, Independent Director of Chembond Chemicals Limited is on the Board of material subsidiary of the Company, Chembond Solenis Water Technologies Limited. The Audit Committee of Chembond reviews the financial statements of the subsidiaries. The Minutes of the Board meetings of subsidiaries are placed in the Board Meetings of Chembond Chemicals Limited.

V. General Body Meetings

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

Year	AGM / EGM	LOCATION	DATE	TIME	SPECIAL RESOLUTION(S) PASSED
2013	AGM	EL-37, Chembond Centre, Mahape, MIDC, Navi Mumbai 400 710.	10.08.2013	3.00 p.m.	1) Re-appointment of Mr. Sameer V. Shah as Chairman & Managing Director 2) Re-appointment of Mr. Nirmal V. Shah as Vice-Chairman & Managing Director 3) Commission to Directors (other than Managing/ Whole-time Directors)
2014	AGM	EL-37, Chembond Centre, Mahape, MIDC, Navi Mumbai 400 710.	09.08.2014	3.00 p.m.	No special resolution was passed.
2015	AGM	EL-37, Chembond Centre, Mahape, MIDC, Navi Mumbai 400 710.	08.08.2015	3.00 p.m.	1) Revision in the remuneration of Mr. Sameer V. Shah, Managing Director 2) Revision in the remuneration of Mr. Nirmal V. Shah, Managing Director

ii) No Postal Ballot was conducted during the year.

iii) No Special Resolution is proposed to be conducted through Postal Ballot.

iv) Postal Ballot whenever conducted will be carried out as per the procedure mentioned in Rule 22 of Companies (Management and Administration) Rules, 2014, including any amendment thereof.

VI. Means of Communication

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

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

VII. General Shareholders Information

1	Date, Time & Venue of Annual General Meeting.	30 th July, 2016 at 03.00 p.m. at EL-37, MIDC, Mahape, Navi Mumbai - 400 710		
2	Financial Year	The Financial Year Covers the period from 1 st April to 31 st March		
3	Financial Calendar for 2016-2017 (tentative & subject to change)	Financial Reporting for the quarter ending 30.06.2016 By Mid of August, 2016 30.09.2016 By Mid of November 2016 31.12.2016 By Mid of February 2016 31.03.2017 By end of 30 th May 2017		
4	Dividend Payment date	Not Applicable		
5	Listing on Stock Exchange	BSE Limited		
	Stock Exchange Address	P.J. Towers, Dalal Street, Fort, Mumbai – 400 001		
	Confirmation about payment of Annual Listing fee to Stock Exchange	The Company has paid listing fees for the financial year 2016-17		
6	Stock Code	530871		
7	Market Price data	Month	High	Low
		April 2015	415.00	333.10
		May 2015	430.00	340.00
		June 2015	380.50	309.90
		July 2015	437.00	352.00
		August 2015	520.00	375.00
		September 2015	449.00	360.10
		October 2015	480.00	377.00
		November 2015	430.00	368.50
		December 2015	503.00	390.00
		January 2016	494.80	384.00
		February 2016	435.00	319.00
		March 2016	421.00	355.50
8	Registrar and Transfer Agent	TSR Darashaw Limited 6-10, Haji Moosa Patrawala Indl. Estate, 20, Dr. E. Moses Road, Mahalaxmi, Mumbai – 400 011. Tel: 022 – 6656 8484 Fax: 022 – 6656 8494 E-mail : csg-unit@tsrdarashaw.com Web : www.tsrdarashaw.com		
9.	Share Transfer System	Registrar and transfer Agent carry out share transfer activities and shares are transferred within stipulated time.		

10.	Distribution of shareholding				
	No. of equity shares held	No. of shareholders	% of shareholders	No. of shares	% of shareholding
	1 - 2000	2,102	94.01	502,073	7.50
	2001 - 3000	35	1.57	87,977	1.31
	3001 - 4000	21	0.94	75,169	1.12
	4001 - 5000	7	0.31	32,138	0.48
	5001- 10000	19	0.85	152,282	2.27
	10001 - 20000	16	0.72	219,926	3.28
	20001 - 30000	9	0.40	213,711	3.19
	30001 - 40000	2	0.09	63,377	0.95
	40001 - 50000	1	0.04	47,400	0.71
	50001 - 100000	9	0.40	660,761	9.87
	100001 & above	15	0.67	4,642,080	69.32
	Total	2,236	100.00	6,696,894	100.00
11.	Dematerialisation of share and liquidity		As of 31 st March, 2016, out of total shareholding, 6,525,742 equity shares are held in Demat form. The shares of the Company are actively traded on BSE Limited.		
12.	Details about the outstanding Global Depository receipts or American depository receipts or warrants or any convertible instruments, conversion date and likely impact on equity		The Company has not issued any ADR/GDR.		
13.	Commodity price risk or foreign exchange risk and hedging activities		During the year ended 31 st March 2016, the Company had managed the foreign exchange risk and hedged to the extent considered necessary. The Company enters into forward contracts for hedging foreign exchange exposures against imports. The details of foreign currency exposure are disclosed in Note Nos. 38 & 36 in Notes to the Standalone and Consolidated financial statements respectively.		
14.	Plant Locations		1) E-6/3 & 4, MIDC Tarapur, Maharashtra. 2) T/129, MIDC Tarapur, Maharashtra. 3) 177/2, Village Theda, Himachal Pradesh. 4) 404/B-01, Dudhwada, Dist. Vadodara, Gujarat. 5) S-50, Phase III, SIPCOT, Ranipet, Tamilnadu.		
15.	Address of Correspondence		Chembond Chemicals Limited Chembond Centre, EL-71, MIDC Mahape, Navi Mumbai 400 710. Tel: 022 3921 3000 Fax: 022 2768 1294		
16	Category of Shareholding as of 31 st March, 2016		As given below		

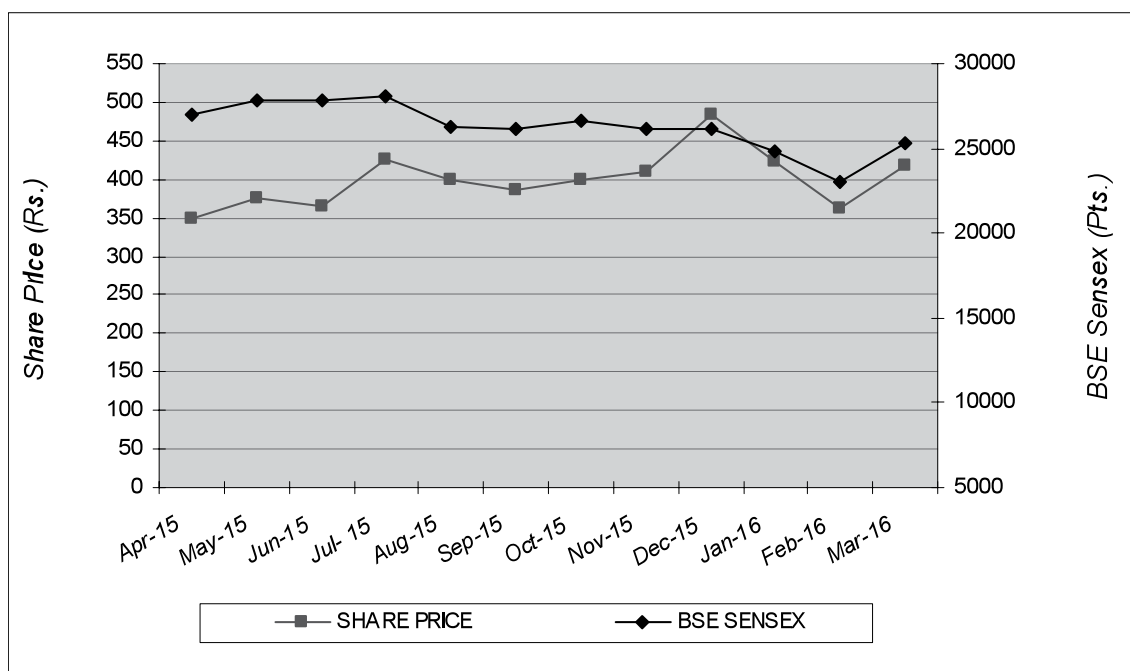
Category of Shareholding as of 31 st March, 2016	No. of Shares	% of total shares
Promoters & their relatives	4,660,318	69.59
Banks/ FIs/Insurance Co. (Central/ State Govt./ Non- Govt. Institutions)	23,800	0.36
Corporate Bodies	532,601	7.95
NRIs/OCBs	27,553	0.41
Indian Public	1,452,622	21.69
Total	66,968,94	100.00

Note: During the year, the Company allotted 15,950 and 20,532 equity shares of ₹ 10/- each (Rupees Ten each) respectively at premium of ₹ 143 per share on 9th April, 2015 and on 1st February, 2016 respectively to the employees of the Company under Chembond Chemicals Employee's Stock Option Plan, 2012 (ESOP). Options in respect of 15,950 equity shares were exercised upto 31st March, 2015 and options in respect of 20,532 equity shares were exercised during the year.

17	Share Price Performance in Comparison with BSE Sensex	As given below
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Month	Chembond Chemicals Limited	BSE Sensex
April 2015	348.40	27,011.31
May 2015	376.60	27,828.44
June 2015	364.10	27,780.83
July 2015	424.80	28,114.56
August 2015	400.00	26,283.09
September 2015	385.10	26,154.83
October 2015	400.40	26,656.83
November 2015	409.80	26,145.67
December 2015	484.70	26,117.54
January 2016	422.30	24,870.69
February 2016	361.40	23,002.00
March 2016	417.30	25,341.86

Share Price Comparison



VIII. Other Disclosures

1. Related party transactions

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

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

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

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

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

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

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

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

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

IX. Discretionary Requirements

- i) The Board

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

- ii) Shareholders Rights

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

- iii) Audit Qualifications

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

- iv) Separate posts of Chairman and Chief Executive Officer

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

- v) Reporting of Internal Auditors

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

DECLARATION ON COMPLIANCE OF THE COMPANY'S CODE OF CONDUCT

As required under Schedule V(D) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board Members and the Senior Management Personnel have confirmed compliance with the Code of Conduct for the Board of Directors and the Senior Management for the year ended 31st March, 2016.

For Chembond Chemicals Limited

Mumbai, 28th May, 2016

Sameer V. Shah
Chairman & Managing Director

Auditor's Certificate

To,

The Members of Chembond Chemicals Limited

We have examined the compliance of conditions of Corporate Governance by Chembond Chemicals Limited ('the Company'), for the year ended on 31st March, 2016, as stipulated in Clause 49 of the Listing Agreement of the said Company with relevant Stock Exchange (upto 30th November 2015) / Chapter IV of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (effective from 1st December 2015).

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

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

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

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

Chartered Accountants

Firm Registration No 104908W

Dhiren P. Talati

Partner

Membership No.: F/41867

Mumbai, 28th May, 2016

Independent Auditor's Report

To the Members of

Chembond Chemicals Limited

1. Report on the Standalone Financial Statements

We have audited the accompanying financial standalone statements of **Chembond Chemicals Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss, Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

2. Management's Responsibility for the Standalone Financial Statements

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

3. Auditor's Responsibility

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

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

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

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

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

4. Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2016, and its Profit and Loss and its Cash Flows for the year ended on that date.

5. Emphasis of Matter

Reference is invited to Note No. 35c of the Notes on Financial Statements. The Company had Investments, Loans and Advances and debts due from subsidiaries/associate aggregating ₹ 1,440.14 lacs. The Net Worth of these entities has eroded. During the year under consideration the Company has written off debtors and Loans and Advances aggregating ₹ 238.46 lacs. Provisions have not been made for the balance amount aggregating ₹ 1,201.68 lacs as the Investments are long term and, in the opinion of the Management the losses are temporary in nature.

Our opinion is not modified in respect of these matters.

6. Report on Other Legal and Regulatory Requirements

- A) As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), as amended, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the **"Annexure A"** a statement on the matters specified in paragraphs 3 and 4 of the Order.
- B) As required by section 143 (3) of the Act, we report that:
- a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - b. In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c. The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - d. In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - e. On the basis of written representations received from the Directors as on March 31, 2016 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016 from being appointed as a director in terms of Section 164(2) of the Act.
 - f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in **"Annexure B"**.
 - g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements,
 - ii. In our opinion and as per the information and explanations provided to us the Company has not entered in to any long-term contracts including derivative contracts, requiring provision under applicable laws or accounting standards for material foreseeable losses, and
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For **M/S Kastury & Talati**

Chartered Accountants

Firm's Registration No: 104908W

Dhiren P. Talati

(Partner)

Membership No : F/41867

Place: Mumbai

Date: 28th May, 2016

'Annexure A' to the Independent Auditor's Report

The Annexure Referred to in paragraph 6A of our report of even date to the members of Chembond Chemicals Limited for the year ended March 31, 2016:

- 1) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a regular programme of physical verification of its Fixed Assets by which Fixed Assets are verified in a phased manner over a period of three years. In accordance with this programme, certain Fixed Assets were verified during the year and no material discrepancies were noticed on such verification. In our opinion this periodicity of physical verification is reasonable having regard to the size of Company and the nature of its Assets.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
- 2) The management has conducted the physical verification of inventory at reasonable intervals. The discrepancies noticed on physical verification of the inventory as compared to books records were not material.
- 3) The Company had granted unsecured loans aggregating ₹ 64.27 lacs to a subsidiary company, covered in the Register maintained under section 189 of the Act. Interest thereon has been received up to the year end. However at the year end the Company has written off the principal amount of the said loan as irrecoverable. Accordingly, the provisions of clause 3(iii)(a) to (iii)(c) of the order are not commented upon.
- 4) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Companies Act, 2013 In respect of loans and investments made and guarantees, and security provided by it.
- 5) The Company has not accepted any deposits from the public and hence the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the Companies (Acceptance of Deposit) Rules, 2015 with regard to the deposits accepted from the public are not applicable.
- 6) The maintenance of cost records has been specified by the Central Government under section 148(1) of the Companies Act, 2013. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended prescribed by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- 7) a) According to information and explanations given to us and on the basis of our examination of the books of account, and records, the Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Income-Tax, Sales tax, Service Tax, Duty of Customs, Duty of Excise, Value added Tax, Cess and other material statutory dues with the appropriate authorities.

According to the information and explanations given to us, no undisputed amounts payable in respect of the above were in arrears as at March 31, 2016 for a period of more than six months from the date they become payable.

- b) According to the information and explanation given to us and the records of the Company examined by us, as at March 2016, there are no dues of income tax, sales tax, service tax, duty of customs, duty of excise and value added tax which have not been deposited on account of any dispute except as follows:

Nature of Dues	Amount (₹ in Lakhs)	Period for which the amount relates	Forum where the dispute is pending
Income Tax	50.10 (already paid)	AY 2012-2013	Commissioner of Income Tax (Appeals)

- 8) In our opinion and according to the information and explanations given to us and on the basis of our examination of the books of accounts and the records of the Company, the Company has not defaulted in repayment of loans or borrowings to banks. The Company has not taken any loan or borrowings either from financial institutions or from the government and has not issued any debentures.
- 9) Based upon the audit procedures performed and the information and explanations given by the management, the Company has not raised moneys by way of initial public offer or further public offer including debt instruments and term Loans during the year. Accordingly, the provisions of clause 3(ix) of the order are not applicable to the Company.

- 10) Based upon the audit procedures performed and the information and explanations given by the management, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.
- 11) Based upon the audit procedures performed and the information and explanations given by the management, the managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act;
- 12) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Therefore, the provisions of clause 3(xii) of the Order are not applicable to the Company.
- 13) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act and details of such transactions have been disclosed in the Financial Statements as required by the applicable accounting standards.
- 14) Based upon the audit procedures performed and the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of clause 3(xiv) of the Order are not applicable to the Company.
- 15) Based upon the audit procedures performed and the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, the provisions of clause 3(xv) of the Order are not applicable to the Company.
- 16) In our opinion, the Company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of clause 3(xvi) of the Order are not applicable to the Company.

For **M/S Kastury & Talati**

Chartered Accountants

Firm's Registration No: 104908W

Dhiren P. Talati

(Partner)

Membership No : F/41867

Place: Mumbai

Date: 28th May, 2016

'Annexure B' to the Independent Auditor's Report

The Annexure Referred to in paragraph 6B(f) of our report of even date to the members of Chembond Chemicals Limited for the year ended March 31, 2016:

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

We have audited the internal financial controls over financial reporting of Chembond Chemicals Limited ("the Company") as of March 31, 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **M/S Kastury & Talati**

Chartered Accountants

Firm's Registration No: 104908W

Dhiren P. Talati

(Partner)

Membership No : F/41867

Place: Mumbai

Date: 28th May, 2016

Balance Sheet

	Notes	As at 31/3/2016 (₹ in lakhs)	As at 31/3/2015 (₹ in lakhs)
Equity and Liabilities			
Shareholder's Funds			
Share Capital	2	669.69	666.04
Reserves and Surplus	3	19,010.71	4,529.93
		19,680.40	5,195.97
ESOP Share Application Money Received		-	24.10
		19,680.40	5,220.07
Non-Current Liabilities			
Long-term Borrowings	4	-	176.54
Deferred Tax Liabilities (Net)	5	226.40	211.62
Long-term Provisions	6	85.79	104.57
		312.19	492.73
Current Liabilities			
Short-term Borrowings	7	819.54	1,672.04
Trade Payables	8	3,427.72	3,670.91
Other Current Liabilities	9	663.65	1,014.06
Short-term Provisions	10	68.71	259.59
		4,979.62	6,616.60
Total		24,972.21	12,329.40
Assets			
Non-Current Assets			
Fixed Assets			
Tangible Assets	11	3,619.66	3,547.48
Intangible Assets	11	61.20	70.13
Capital Work-in-Progress	11	174.38	196.27
		3,855.24	3,813.88
Non Current Investments	12	8,585.64	2,009.93
Long term Loans and Advances	13	159.23	203.39
		8,744.87	2,213.32
Current Assets			
Current Investment	14	1,935.74	0.63
Inventories	15	2,025.97	2,155.33
Trade Receivables	16	2,933.71	3,625.06
Cash and Cash Equivalents	17	539.55	323.86
Short term Loans and Advances	18	185.27	197.32
Other Current Asset	19	4,751.86	-
		12,372.10	6,302.20
Total		24,972.21	12,329.40

Significant Accounting Policies and Notes on Financial Statements

1-39

As per our attached report of even date

On behalf of the Board of Directors

M/s Kastury & Talati
Chartered Accountants

Sameer V. Shah
Chairman & Managing Director

Nirmal V. Shah
Vice Chairman & Managing Director

Dhiren P. Talati
Partner
Membership No. F/41867
Mumbai, 28th May 2016

Sushil U. Lakhani
Director
Mumbai, 28th May 2016

Rashmi S. Gavli
Chief Financial Officer

Jay Mistry
Company Secretary

Statement of Profit and Loss

	Notes	2015-2016 (₹ in lakhs)	2014-2015 (₹ in lakhs)
Income			
Revenue from Operations	20	21,563.77	21,674.90
Other Income	21	3,459.33	329.92
Total Revenue		25,023.10	22,004.82
Expenditure			
Cost of Materials Consumed	22	17,456.45	17,028.69
Purchases of Stock-in-trade		151.29	383.01
Changes in Inventories of Finished goods, Work-in-progress and Traded goods	23	(7.12)	116.85
Employee Benefits Expense	24	1,702.29	1,692.85
Finance Costs	25	118.75	273.51
Depreciation and Amortisation expense	26	268.57	276.21
Other Expenses	27	2,336.00	1,659.98
Total Expenses		22,026.23	21,431.10
Profit before Exceptional items and Tax		2,996.87	573.72
Exceptional Items (Net)	28	15,570.48	-
Profit before Taxes		18,567.35	573.72
Tax Expenses			
Current Tax		3,430.00	65.00
Deferred Tax		14.76	(49.61)
Profit for the Year		15,122.59	558.33
Earning Per Equity Share of Face Value of ₹ 10 each	29		
Basic (in ₹)		226.45	8.38
Diluted (in ₹)		223.00	8.17
Significant Accounting Policies and Notes on Financial Statements	1-39		

As per our attached report of even date

On behalf of the Board of Directors

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Chartered Accountants

Sameer V. Shah
Chairman & Managing Director

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Mumbai, 28th May 2016

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Chief Financial Officer

Jay Mistry
Company Secretary

Cash Flow Statement

	2015-2016 (₹ in lakhs)	2014-2015 (₹ in lakhs)
A Cash Flow from Operating Activities		
Net Profit before tax and extraordinary items	18,567.35	573.72
Adjustments for :		
Depreciation	268.57	276.21
Loss on Sale of Fixed Asset	2.21	0.10
Employee ESOP compensation	(2.01)	2.04
Finance Cost	118.74	273.52
	387.51	551.87
Less :		
Foreign Exchange Fluctuation	22.91	(14.40)
Net Gain on sale of Investments	15,749.36	
Dividend Received	2,852.28	288.79
	(18,624.55)	(274.39)
Operating Profit before working capital changes	330.31	851.20
Adjustments for :		
Trade and Other Receivables	777.32	170.93
Inventories	129.37	427.23
Trade and Other Payables	(617.42)	(469.04)
	289.28	129.12
Cash generated from operations	619.58	980.32
Direct Taxes paid	(3,396.78)	(104.13)
Net Cash from Operating Activities (A)	(2,777.20)	876.19
B Cash Flow from Investing Activities		
Purchase of Fixed Assets	(316.50)	(169.72)
Sale of Fixed Assets	4.36	0.01
Purchase of Investments	(16,013.32)	(0.04)
Sale of Investment	18,500.00	-
Dividend Income	2,852.28	288.79
Net Cash used in Investing Activities (B)	5,026.81	119.03
C Cash Flow from Financing Activities		
Proceeds/(Repayment) of Short Term Borrowings	(852.50)	361.06
ESOP shares Allotted	31.72	24.10
Dividend paid	(801.78)	(199.81)
Tax on dividend paid	(116.09)	-
Proceeds/(Repayment) of Long Term Borrowings	(176.54)	(760.50)
Finance Cost	(118.74)	(273.52)
Net Cash from Financing Activities (C)	(2,033.92)	(848.67)
Net (Decrease)/Increase in Cash & Cash Activities (A+B+C)	215.69	146.55
Cash and Bank Balances as on Opening	323.86	177.31
Cash and Bank Balances as on Closing	539.55	323.86

As per our attached report of even date

On behalf of the Board of Directors

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

Sameer V. Shah
Chairman & Managing Director

Nirmal V. Shah
Vice Chairman & Managing Director

Dhiren P. Talati
Partner
Membership No. F/41867
Mumbai, 28th May 2016

Sushil U. Lakhani
Director

Rashmi S. Gavli
Chief Financial Officer

Jay Mistry
Company Secretary

Mumbai, 28th May 2016

Notes on Financial Statements

1 Significant Accounting Policies

a System of Accounting

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

b Fixed Assets

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

c Expenditure during construction period

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

d Impairment of Assets

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

e Depreciation

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

f Revenue Recognition on Sales

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

g Research & Development

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

h Borrowing Costs

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

i Operating Lease

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

j Deferred Taxes

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

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

Notes on Financial Statements for the year ended 31st March, 2016

the asset is realised or the liability is settled, based on tax rates (and the tax laws) that have been enacted subsequent to the Balance Sheet date.

k Investments

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

l Dividend Received

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

m Valuation of Inventory

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

n Employee Benefits

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

o Taxation

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

p Foreign Exchange Differences

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

q Custom duty on Imports

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

r Earning Per Share

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

s Provisions, Contingent Liabilities and Contingent Assets

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

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

Notes on Financial Statements for the year ended 31st March, 2016

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.

t Hedge Transactions

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

	As at 31/3/2016 (₹ in lakhs)	As at 31/3/2015 (₹ in lakhs)
2 Share Capital		
Authorised		
1,00,00,000 (1,00,00,000) Equity Shares of ₹10/- each	1,000.00	1,000.00
Issued, Subscribed and Paid up		
66,96,894 (66,60,412) Equity Shares of ₹10/- each fully paid up	669.69	666.04
Total	669.69	666.04

a Details of Shareholders holding more than 5% Shares

	As at 31/3/2016		As at 31/3/2015	
Name of the Shareholder	No of Shares	% held	No of Shares	% held
Dr. Vinod D. Shah	9,67,031	14.44	8,80,331	13.14
Padma V. Shah	7,47,557	11.16	7,47,557	11.22
Visan Holding & Financial Services Pvt. Ltd.	6,18,808	9.24	6,13,618	9.21
Ashwin R. Nagarwadia	5,40,632	8.07	5,40,632	8.12
Ajay Sheth	3,60,217	5.38	3,57,582	5.36
Quest Investment Advisors Pvt. Ltd.	3,59,307	5.37	3,78,600	5.67

b Terms/Rights attached to Equity Shares

The Company has only one class of Equity Shares having a par value of ₹ 10/- 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.

Notes on Financial Statements for the year ended 31st March, 2016

	As at 31/3/2016 (₹ in lakhs)	As at 31/3/2015 (₹ in lakhs)
3 Reserves and Surplus		
Revaluation Reserve		
As per last year	-	54.04
Less : Transfer to Profit & Loss A/c	-	54.04
	-	-
General Reserve		
As per last year	630.00	580.00
Add: Transfer from Profit & Loss A/c	-	50.00
	630.00	630.00
Share Premium		
As per last year	521.91	521.91
Add: Received on ESOP Shares Issue	52.17	-
	574.08	521.91
Employees Shares Options Outstanding		
Shares Option Outstanding	29.40	33.78
Less: Option Lapsed	5.65	4.38
	23.75	29.40
Less: Deferred Compensation	7.64	11.27
	16.11	18.13
Profit and Loss Account		
As per last year	3,359.89	3,057.54
Less: Transitional Depreciation Provision [Net of Deferred Tax ₹ Nil (₹16.38 Lakhs)]	-	34.11
Add: Profit for the Year	15,122.59	558.33
Add: Transfer from Revaluation Reserve	-	54.04
	18,482.48	3,635.80
Less: Appropriations		
Transferred to General Reserve	-	50.00
Set off of Dividend Tax in respect of Dividend from Subsidiary Company	(33.03)	(13.86)
Interim Dividend	601.49	-
Tax on Interim Dividend	122.45	-
Previous Year Dividend	0.48	-
Tax on Previous Year Dividend	0.58	-
Proposed Dividend	-	199.81
Tax on Proposed Dividend	-	39.95
	17,790.52	3,359.89
Total	19,010.71	4,529.93

Notes on Financial Statements for the year ended 31st March, 2016

	As at 31/3/2016 (₹ in lakhs)		As at 31/3/2015 (₹ in lakhs)	
	Non Current	Current	Non Current	Current
4 Long Term Borrowings				
Secured				
Term Loan from Banks	-	-	80.00	80.00
	-	-	80.00	80.00
Unsecured				
Loans from Related Parties	-	-	96.54	248.27
Loans from Others	-	-	-	-
	-	-	96.54	248.27
Total	-	-	176.54	328.27

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

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

	As at 31/3/2016 (₹ in lakhs)	As at 31/3/2015 (₹ in lakhs)
5 Deferred Tax Liability		
Deferred tax Liability		
Depreciation	509.06	396.59
	509.06	396.59
Deferred tax Asset		
Gratuity	29.69	33.93
MAT Credit	144.10	115.39
Provision for Indirect Tax related Matters	-	9.08
Provision for Doubtful Debts	108.87	26.57
	282.66	184.97
Total	226.40	211.62
6 Long Term Provision		
Provision for Gratuity	85.79	104.57
Total	85.79	104.57

Notes on Financial Statements for the year ended 31st March, 2016

	As at 31/3/2016 (₹ in lakhs)	As at 31/3/2015 (₹ in lakhs)
7 Short Term Borrowings		
Secured		
Over Draft Facilities from Banks	324.14	331.04
Working Capital Loan from Banks	-	800.00
Buyers Credit Loan from Banks	284.34	230.97
Unsecured		
Buyers Credit Loan from Banks	211.06	310.03
Total	819.54	1,672.04

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

8 Trade Payables

Micro, Small and Medium Enterprises	39.45	45.16
Others	3,388.27	3,625.75
Total	3,427.72	3,670.91

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

Principal amount due to suppliers under MSMED Act, 2006	39.45	45.16
Interest accrued and due to suppliers under MSMED Act, 2006 on the above amount	2.48	2.40
Payment made to suppliers (other than interest) beyond the appointed day, during the year	162.20	151.28
Interest paid/adjusted to suppliers under MSMED Act, 2006 (other than section 16)	2.40	3.26
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	2.48	2.40
Interest accrued and remaining unpaid at the end of the year to suppliers under MSMED Act, 2006	2.48	2.40

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

Notes on Financial Statements for the year ended 31st March, 2016

	As at 31/3/2016 (₹ in lakhs)	As at 31/3/2015 (₹ in lakhs)
9 Other Current Liabilities		
Current Maturities of Long Term Debt	-	328.27
Other Payables	622.43	615.76
Creditors for Capital Expenditure	29.68	65.14
Unclaimed Dividend *	11.54	4.89
Total	663.65	1,014.06

* Not due for Deposit to Investor Education and Protection Fund

10 Short Term Provisions		
Provision for Indirect Tax related Matters	-	27.98
Provision for Current Tax (Net of Advance Tax)	68.71	5.71
Proposed dividend	-	199.81
Tax on proposed dividend	-	26.09
Total	68.71	259.59

11 Fixed Assets

(₹ in lakhs)

	GROSS BLOCK (AT COST)				DEPRECIATION				NET BLOCK	
Description	As at 1.04.2015	Additions	Deductions	As at 31.03.2016	As at 1.04.2015	Additions	Deductions	As at 31.03.2016	As at 31.03.2016	As at 31.03.2015
Tangible Assets										
Leasehold Land	61.71	-	-	61.71	-	-	-	-	61.71	61.71
Freehold Land	83.84	-	-	83.84	-	-	-	-	83.84	83.84
Buildings	2,481.85	133.50	-	2,615.35	374.87	65.45	-	440.32	2,175.03	2,106.98
Equipment & Machinery	1,532.14	46.36	7.30	1,571.20	545.38	124.04	2.59	666.83	904.37	986.76
Computers	178.38	34.92	1.40	211.90	143.09	16.40	1.24	158.25	53.65	35.29
Furniture & Fixtures	177.86	33.49	-	211.35	82.36	20.63	-	102.99	108.36	95.50
Motor Cars	63.57	76.91	8.90	131.58	35.40	11.12	8.45	38.07	93.52	28.17
Electric Fittings & Installations	225.77	11.95	-	237.72	76.54	21.99	-	98.53	139.19	149.23
Sub-total	4,805.12	337.13	17.60	5,124.65	1,257.64	259.64	12.28	1,504.99	3,619.66	3,547.48
Intangible Assets										
Computer Software	219.90	-	-	219.90	149.77	8.93	-	158.70	61.20	70.13
Sub-total	219.90	-	-	219.90	149.77	8.93	-	158.70	61.20	70.13
Total	5,025.02	337.13	17.60	5,344.55	1,407.41	268.57	12.28	1,663.69	3,680.86	3,617.61
Previous Year	4,902.94	123.78	1.70	5,025.02	1,082.33	326.70*	1.60	1,407.41	3,617.61	3,820.63
Capital Work in Progress									174.38	196.27

* Include transitional depreciation of ₹ 50.49 Lakhs.

Notes on Financial Statements for the year ended 31st March, 2016

	As at 31/3/2016 (₹ in lakhs)	As at 31/3/2015 (₹ in lakhs)
12 Non-Current Investments		
Unquoted		
Long Term Investment in Shares		
Investment in Subsidiaries		
2,75,000 (2,75,000) Equity Shares of Chembond Solenis Water Technologies Ltd. of ₹10/- each fully paid up. (Constituting 55% (55%) of the said Company's paid up capital)	160.30	160.30
10,00,000 (10,00,000) Equity Shares of Protochem Industries Pvt. Ltd. of ₹10/- each fully paid up (Constituting 100% (100%) of the said Company's paid up capital)	1,052.25	1,052.25
58,08,495 (58,08,495) Equity Shares of Chembond Clean Water Technologies Ltd. of ₹10/- each fully paid up (Constituting 70.17% (70.17%) of the said Company's paid up capital)	580.85	580.85
9,50,000 (9,50,000) Equity Shares of Chembond Industrial Coatings Ltd. of ₹10/- each fully paid up (Constituting 100% (100%) of the said Company's paid up capital)	95.00	95.00
10,00,000 (4,90,000) Equity Shares of Chembond Enzyme Company Ltd. of ₹ 1/- each fully paid up. (Constituting 100% (49%) of the said Company's paid up capital)	138.96	49.00
27,49,414 (Nil) Equity Shares of Chembond Calvatis Industrial Hygiene Systems Ltd. of ₹ 1/- each fully paid up (Constituting 55% (0%) of the said Company's paid up capital)	32.39	-
Investment in Joint Venture		
Nil (4,90,000) Equity Shares of Henkel Chembond Surface Technologies Ltd. of ₹ 10/- each fully paid up. (Constituting 0% (49%) of the said Company's paid up capital)	-	49.00
Investment in Associates		
2,35,000 (2,35,000) Equity Shares of Chembond Distribution Ltd. Ltd of ₹ 1/- each fully paid up. (Constituting 47% (47%) of the said Company's paid up capital)	23.50	23.50
Investment in Government Securities		
Investment in National Saving Certificate	0.01	0.01
500 (Nil) Bonds of National Highways Authority of India Ltd. of ₹10,000 each fully paid up	50.00	-
Other Investments		
2,848 (23) Equity Shares of Tarapur Environment Protection Organisation Ltd. of ₹ 100 each fully paid up	4.50	0.02
Quoted		
Investments in Equity Shares		
70,533 (Nil) Equity Shares of Kotak Mahindra Bank Ltd. of ₹ 5/- each fully paid up.	499.75	-
50,700 (Nil) Equity Shares of Colgate Palmolive (India) Ltd. of ₹ 1/- each fully paid up.	494.48	-

Notes on Financial Statements for the year ended 31st March, 2016

	As at 31/3/2016 (₹ in lakhs)	As at 31/3/2015 (₹ in lakhs)
75,000 (Nil) Equity Shares of Marico Ltd. of ₹ 1/- each fully paid up.	151.68	-
Investments in Gilt Funds		
34,44,368 (Nil) Units of SBI Magnum Gilt Fund-Short Term-Regular plan Growth	1,000.00	-
16,57,089 (Nil) Units of SBI Magnum Gilt Fund-Long Term-Regular plan Growth	500.00	-
42,71,192 (Nil) Units of ICICI Prudential Short Term Gilt Fund-Growth	1,500.00	-
27,93,842 (Nil) Units of Reliance Gilt Securities Fund- Growth Plan Growth Option	500.00	-
46,01,437 (Nil) Units of HDFC Gilt Fund Long Term - Growth	1,300.00	-
8,75,010 (Nil) Units of HDFC Gilt Fund Shot Term - Growth	201.97	-
Other Investments		
1,00,000 (Nil) Cumulative, Non participating Compulsorily Convertible Preference Shares of Tata Motors Finance Ltd. of ₹100/- each fully paid	100.00	-
20,00,000 (Nil) units of Kotak FMP Series 187 - Growth	200.00	-
	8,585.64	2,009.93
Aggregate amount of Quoted Investments	6,447.89	-
Market value of Quoted Investments	6,769.68	-
Aggregate amount of Unquoted Investments	2,137.76	2,009.93
a. In respect of Investments in the Company's subsidiaries – Chembond Clean Water Technologies Limited and Chembond Industrial Coatings Limited and Associate – Chembond Distribution Limited, Please refer Note No. 35c.		

13 Long Term Loans and Advances

(Unsecured & considered good & subject to confirmation)

Loan & Advance to Related Parties	-	64.27
Income Tax (Net of Provision)	112.38	82.60
Other Deposits	46.85	56.52
Total	159.23	203.39

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

43 (41) Units of Reliance Liquid Fund -Treasury Plan - Daily Dividend	0.66	0.63
35,778 (Nil) Units of ICICI Prudential Focused bluechip equity fund-Growth	10.00	-
143 (Nil) Units of Kotak Floater Short term-Growth (Regular Plan)	3.35	-
12,545 (Nil) Units of Birla Sun Life Cash Plus-Growth Regular Plan	30.37	-
60,596 (Nil) Units of L&T Liquid Fund-Growth	1,194.70	-
4,023 (Nil) Units of SBI premier Liquid fund - Regular Plan - Growth	94.73	-
1,87,784 (Nil) Units of Tata Balanced Fund Regular Plan -Growth	304.81	-
7,38,491 (Nil) Units of Reliance Regular Savings Fund- Balanced Plan - Growth Plan Growth Option	289.19	-
178 (Nil) Units of HDFC Liquid Fund- Growth	5.30	-
115 (Nil) Units of Reliance Liquidity Fund-Growth plan Growth option	2.63	-
	1,935.74	0.63
Aggregate amount of Quoted Investments	1,935.74	0.63
Market value of Quoted Investments	2,005.65	0.63

Notes on Financial Statements for the year ended 31st March, 2016

	As at 31/3/2016 (₹ in lakhs)	As at 31/3/2015 (₹ in lakhs)
15 Inventories		
Stock-in-trade: (as per inventory taken, valued and certified by the Management)		
Raw Material (at cost)	1,133.19	1,261.85
Packing Material (at cost)	96.33	101.58
Finished Goods (at cost)	674.52	553.32
Stock-in-Trade (at cost)	121.93	236.01
Stock in Transit	-	2.57
Total	2,025.97	2,155.33
16 Trade Receivables (Unsecured)		
Outstanding for more than 6 months		
Considered Doubtful	206.72	81.88
Considered Good	637.59	832.13
	844.31	914.01
Other Debts (Considered Good)	2,296.12	2,792.93
	3,140.43	3,706.94
Less : Provision for Doubtful Debts	206.72	81.88
Total	2,933.71	3,625.06
a For Related party transactions Refer Note No.35		
b In respect of dues from Associate - Chembond Distribution Limited, Please refer Note No. 35c.		
17 Cash and Cash Equivalents		
Cash on hand	2.14	2.10
Bank balance		
In Current Accounts	479.58	267.23
Other Bank balances	57.83	54.53
Total	539.55	323.86
* Other Bank balance include deposits of ₹0.54 lakhs (previous year ₹0.50 lakhs) with maturity of more than 12 months.		
18 Short Term Loans and Advances (Unsecured & considered good & subject to confirmation)		
Other Loans & Advances	47.95	45.52
Deposit - Excise	62.21	85.99
Other Deposits	41.88	40.60
Prepaid expenses	33.23	25.21
Total	185.27	197.32
19 Other Current Assets		
Mutual Fund sale proceeds Receivable	4,750.64	-
Accrued Interest on NHAI Bonds	1.22	-
Total	4,751.86	-

Notes on Financial Statements for the year ended 31st March, 2016

		2015-2016 (₹ in lakhs)	2014-2015 (₹ in lakhs)		
20	Revenue From Operations				
	Sales	24,070.81	24,075.50		
	Less: Excise Duty	2,635.63	2,646.18		
	Net Sales	21,435.18	21,429.32		
	Sales of Services				
	Technical Service Income	77.50	38.92		
	Other Operating Revenue				
	Services Charges from Related Parties	51.09	206.66		
	Total	21,563.77	21,674.90		
21	Other Income				
	Dividend from Subsidiary Company - Chembond Solenis Water Technologies Ltd.	231.55	288.75		
	Dividend from Equity Investments	6.42	-		
	Dividend from Mutual Funds	2,614.30	0.04		
		2,852.27	288.79		
	Profit from Sale of Mutual Funds	165.62	-		
	Profit on Sale of Equity Investments (Net)	13.26	-		
	Profit from Futures and Options	371.17	-		
	Gross Interest {TDS ₹ 1.26 lakhs (₹ 1.05 lakhs)}	13.50	12.83		
	Gross Rental Income {TDS ₹ 2.84 lakhs (₹1.09 lakhs)}	29.01	18.55		
	Miscellaneous Income	14.50	9.75		
	Total	3,459.33	329.92		
22	Cost of Materials Consumed				
	Particulars of Raw Materials Consumed				
	Acids	1,863.25	1,934.64		
	Oil & Solvent, Alkalies	1,244.86	1,529.08		
	Others	12,917.64	12,054.27		
		16,025.75	15,517.99		
	Packing Material	1,430.70	1,510.70		
	Total	17,456.45	17,028.69		
	Break-up of Raw Material Consumed				
		2015-2016 (₹ in lakhs)	% of consumption	2014-2015 (₹ in lakhs)	% of consumption
	Imported	3,209.47	20.03	2,591.17	16.70
	Indigenous	12,816.28	79.97	12,926.82	83.30
	Total	16,025.75	100.00	15,517.99	100.00
23	Changes in Inventory of Finished Goods, Work In Progress and Traded Goods				
	Finished products/ Stock in Trade (At Close)	796.45	789.33		
	Finished products/ Stock in Trade (At commencement)	789.33	906.18		
	Total	(7.12)	116.85		

Notes on Financial Statements for the year ended 31st March, 2016

	2015-2016 (₹ in lakhs)	2014-2015 (₹ in lakhs)
24 Employee Benefit Expenses		
Director Remuneration	103.61	72.00
Salaries & Wages	1,441.17	1,439.06
Employee ESOP compensation	(2.01)	2.04
Contribution to Provident & other funds	67.74	107.82
Staff Welfare Expenses	91.78	71.93
Total	1,702.29	1,692.85

a For Related party transaction Refer Note No.35

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

Projected Benefit Obligation at the beginning of the year	211.07	180.87
Service Cost	16.14	16.85
Interest Cost	16.36	16.28
Actuarial Losses/(Gains)	(26.62)	14.76
Benefits paid	(30.32)	(17.69)
Projected Benefit Obligation at the end of the year	186.64	211.07
Change in Plan Assets		
Fair Value of plan assets at the beginning of the year	106.50	99.01
Expected Returns on Plan assets	9.37	8.98
Employer's Contribution	15.29	16.20
Benefits paid	(30.32)	(17.69)
Actuarial Gain/(Loss)	-	-
Fair Value of plan assets at the end of the year	100.84	106.50
Cost of Defined Benefit Plan for the year		
Current Service Cost	16.14	16.85
Interest on Obligation	16.36	16.28
Expected Return on Plan Assets	(9.37)	(8.98)
Net Actuarial Losses/(Gains) recognised in the year	(26.62)	14.76
Net Cost recognised in the Profit & Loss Account	(3.48)	38.91
Assumptions		
Discount Rate	7.75%	7.75%
Future Salary Increase	5%	5%
Withdrawal Rates	1%	1%

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

Notes on Financial Statements for the year ended 31st March, 2016

	2015-2016 (₹ in lakhs)	2014-2015 (₹ in lakhs)
25 Finance Cost		
Interest Expense		
- Banks	73.77	140.16
- MSMED	2.48	2.40
- Others	13.69	105.93
Bank Guarantee fees & charges	28.81	25.02
Total	118.75	273.51
26 Depreciation and Amortisation Expenses		
Depreciation and Amortisation Expenses	268.57	276.21
Total	268.57	276.21
27 Other Expenses		
Manufacturing Expenses		
Consumable stores	33.10	30.53
Octroi	2.50	3.61
Power, Fuel & Water Charges	87.18	74.18
Research and Development	59.69	95.42
Repairs and Renewals to Plant & Machinery	37.35	14.45
Godown Rent	24.46	23.02
Labour Charges	257.20	224.32
Security Expenses	69.16	52.85
Factory Maintenance	104.23	41.13
Profit Transferred to Subsidiary on WTC Business (see note 'a' below)	136.80	90.95
Profit Transferred to Associate on Enzymes Business (see note 'b' below)	0.62	36.76
Profit Transferred to Subsidiary on Industrial Coatings Business (see note 'c' below)	24.58	44.37
Compensation Expenses (see note 'd' below)	72.00	72.00
A	908.87	803.59
Administrative Expenses		
Director's Sitting Fees	34.40	13.20
Rates & Taxes	10.71	11.02
Electricity charges	43.84	33.56
Printing and stationary	19.39	17.68
Telephone & Postage Expenses	40.23	39.22
Insurance	28.74	37.10
Motor car expenses	40.29	41.99
Auditors Remuneration	4.50	3.37
Legal, Professional & Consultancy fees	264.63	100.31
Repairs & Maintenance Buildings	10.78	3.50
Repairs & Maintenance Others	114.30	106.10
Miscellaneous expenses	50.62	76.60
Donation	0.59	0.23
Sales Tax & Other Taxes	13.99	51.08
Loss on Sale of Fixed Asset	2.21	0.10

Notes on Financial Statements for the year ended 31st March, 2016

	2015-2016 (₹ in lakhs)	2014-2015 (₹ in lakhs)
Provision for Doubtful Debts	124.84	24.09
Input Service Tax Disallowed	4.71	5.64
Swach Bharat Cess Expense	2.34	-
Foreign Exchange Fluctuation Loss/ (Gain)	(22.91)	(14.40)
Debit Balance Written Off	41.62	0.32
Bad Debts Written Off	325.67	65.55
B	1,155.49	616.26
Selling And Distribution Expenses		
Carriage outwards	206.37	187.88
Rent	25.51	25.12
Commission on sales	66.43	43.44
Travelling Expenses	172.79	155.95
Conveyance expenses	57.90	55.36
Royalty Expenses	28.09	30.85
Advertising & Publicity Expenses	21.27	28.44
Packing Expenses	8.90	6.45
Sales Promotion Expenses	46.36	47.92
C	633.62	581.41
(A+B+C)	2,697.97	2,001.26
Less: Reimbursement of expenses	361.97	341.28
Total	2,336.00	1,659.98

- As per the terms of the Joint Venture agreement with Solenis International Holding Inc U.S.A. the Water Treatment Chemicals (WTC) business of Chembond Chemicals Ltd. had been merged with the joint venture Chembond Solenis Water Technologies Ltd. "Profit Transferred to Subsidiary on WTC Business" aggregating ₹136.80 lakhs (Previous year ₹90.95 lakhs) included in Manufacturing Expenses represents transfer by overriding title to Chembond Solenis Water Technologies Ltd., the income arising on account of the said Water Treatment Chemicals business that arose in Chembond Chemicals Ltd.
- As per the terms of agreement the Enzyme Chemicals business of Chembond Chemicals Ltd. had been merged with Chembond Bioengineering Co Ltd., (100% Subsidiary of Chembond Enzyme Company Ltd.) "Profit Transferred to Associate on Enzymes Business" aggregating ₹ 0.62 lakhs (Previous year ₹ 36.76 lakhs) included in manufacturing expenses represents transfer by overriding title to Chembond Bioengineering Co Ltd., the income arising on account of the said Enzyme Chemical business that arose in Chembond Chemicals Ltd.
- As per the terms of agreement, the Industrial Coating business of Chembond Chemicals Ltd. had been merged with the Chembond Industrial Coating Ltd. "Profit Transferred to Subsidiary on Industrial Coatings Business" aggregating ₹24.58 lakhs (Previous year ₹44.37 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.
- Compensation Expenses represents amount payable to related party Protochem Industries Pvt. Ltd. on account of their Proprietary products being manufactured & sold by Chembond Chemicals Limited.

Notes on Financial Statements for the year ended 31st March, 2016

	2015-2016 (₹ in lakhs)	2014-2015 (₹ in lakhs)
e. Auditor's Remuneration consists of:		
Statutory Audit Fees	2.50	1.85
Tax Audit Fees	1.25	0.90
Taxation and Other Matters	0.75	0.62
Total	4.50	3.37

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 31/03/2016 (₹ in lakhs)	Total Minimum Lease Payment Outstanding as on 31/03/2015 (₹ in lakhs)
Due within one year	56.64	58.17
Due later than one year and not later than five years	44.14	30.43
Due later than five years	-	-
Lease payments recognised in the Statement of Profit & Loss	49.97	48.14

	2015-2016 (₹ in lakhs)	2014-2015 (₹ in lakhs)
28 Exceptional Items (Net)		
Profit from sale of investment [#]	18,451.00	-
Loss on Sale of Mutual Fund	(2,880.52)	-
Total	15,570.48	-

[#]During the year the company has divested its entire stake of 49% in joint venture Henkel Chembond Surface Technologies Ltd. (HCSTL)

	2015-2016	2014-2015
29 Earnings Per Share		
Net Profit available to Equity Shareholders (₹ in Lakhs)	15,122.59	558.33
Total number of Equity Shares (Face value of ₹ 10/- each fully paid up)	6,696,894	6,660,412
Weighted No. of Equity Shares	6,678,075	6,660,412
Basic Earnings per Share (in ₹)	226.45	8.38
Diluted No. of Equity Shares	6,781,316	6,833,361
Diluted Earnings per Share (in ₹)	223.00	8.17

30 **Value of Imports Calculated on CIF Basis**

	2015-2016 (₹ in lakhs)	2014-2015 (₹ in lakhs)
Raw Materials and Finished Goods	3,147.67	2,912.80
Total	3,147.67	2,912.80

Notes on Financial Statements for the year ended 31st March, 2016

	2015-2016 (₹ in lakhs)	2014-2015 (₹ in lakhs)
31 Expenditure in Foreign Currency		
Professional Fees	7.21	8.54
Travelling	2.02	0.86
Total	9.23	9.40
32 Earnings in Foreign Exchange		
	2015-2016 (₹ in lakhs)	2014-2015 (₹ in lakhs)
Export of Goods on FOB Basis	239.11	369.65
Total	239.11	369.65
33 Remittance in Foreign Currency		
<u>Final Dividend</u>	2015-2016	2014-2015
No. of Shareholder	-	1
No. of Shares held	-	72,800
Dividend Remitted - ₹ in Lakhs	-	2.07
Year to which it relates	-	2013-2014

34 Segment Reporting

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

35 Related Party Disclosures

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

a) Relationship:

i. **Subsidiary Companies:**

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

ii. **Associates:**

Chembond Distribution Ltd.

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

Key Management Personnel:

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

Relatives :

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

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

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

Notes on Financial Statements for the year ended 31st March, 2016

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

(₹ in lakhs)

For the year ended / as on	31.03.2016				31.03.2015			
Description of the nature of transactions	Subsidiary	Associates	KMP	Total	Subsidiary	Associates	KMP	Total
Sales of Goods	4,157.55	241.25	26.73	4,425.53	4,462.93	150.51	3.44	4,616.88
Chembond Solenis Water Technologies Ltd.	4,025.43			4,025.43	4,087.84			4,087.84
Protochem Industries Pvt. Ltd.	130.65			130.65	195.42			195.42
Chembond Clean Water Technologies Ltd.	0.51			0.51				0.00
Chembond Industrial Coatings Ltd.	0.39			0.39	179.67			179.67
Chembond Calvatis Industrial Hygiene Systems Ltd.	0.57			0.57				0.00
Chembond Distribution Ltd.		241.25		241.25		1,50.51		150.51
Finor Piplaj Chemicals Ltd.			26.25	26.25			2.87	2.87
GTK Intermediates Pvt. Ltd.			0.48	0.48			0.57	0.57
Purchase of Goods	272.90	119.69	1,114.79	1,507.38	300.48	139.98	1,296.42	1,736.88
Chembond Solenis Water Technologies Ltd.	34.43			34.43	10.03			10.03
Protochem Industries Pvt. Ltd.	237.79			237.79	253.95			253.95
Chembond Clean Water Technologies Ltd.				0.00	36.50			36.50
Chembond Industrial Coatings Ltd.	0.68			0.68				0.00
Chembond Distribution Ltd.		119.69		119.69		139.98		139.98
Finor Piplaj Chemicals Ltd.			1,048.26	1,048.26			1,220.32	1,220.32
GTK Intermediates Pvt. Ltd.			66.53	66.53			76.10	76.10
Purchase of Fixed Assets	9.62	0.00	0.00	9.62	0.23	0.00	0.00	0.23
Chembond Clean Water Technologies Ltd.	9.62			9.62	0.23			0.23
Reimbursement of Expenses	361.97	0.00	0.00	361.97	341.28	0.00	0.00	341.28
Chembond Solenis Water Technologies Ltd.	361.97			361.97	341.28			341.28
Factory Maintenance	0.00	0.00	42.80	42.80	0.00	0.00	0.00	0.00
Finor Piplaj Chemicals Ltd.			42.80	42.80				0.00
Repairs & Maintenance-Spares	5.50	0.00	0.00	5.50	0.00	0.00	0.00	0.00
Chembond Clean Water Technologies Ltd.	5.50			5.50				0.00
Rent Income	9.24	0.24	0.72	10.20	9.12	0.48	0.72	10.32
Chembond Solenis Water Technologies Ltd.	3.30			3.30	3.42			3.42
Chembond Clean Water Technologies Ltd.	3.30			3.30	3.30			3.30
Chembond Industrial Coatings Ltd.	2.40			2.40	2.40			2.40
Chembond Enzyme Company Ltd.	0.24			0.24		0.24		0.24
Chembond Distribution Ltd.		0.24		0.24		0.24		0.24
Finor Piplaj Chemicals Ltd.			0.72	0.72			0.72	0.72
Interest Income	5.50	0.00	0.00	5.50	5.52	0.00	0.00	5.52
Chembond Industrial Coatings Ltd.	5.50			5.50	5.52			5.52
Dividend Income	231.55	0.00	0.00	231.55	288.75	0.00	0.00	288.75
Chembond Solenis Water Technologies Ltd.	231.55			231.55	288.75			288.75
Interest Expenses	2.85	0.00	7.43	10.28	0.00	8.81	79.93	88.75
Chembond Enzyme Company Ltd.	2.85			2.85		8.81		8.81
Dr. Vinod D. Shah				0.00			16.53	16.53
Padma V. Shah				0.00			6.83	6.83
O.P. Malhotra			0.42	0.42			1.87	1.87
Zarna B. Shah				0.00			0.06	0.06
Nirmal V. Shah				0.00			1.24	1.24
Alpana Shah				0.00			0.01	0.01
Ashwin Nagarwadia			4.21	4.21			18.75	18.75
Perviz H. Dastur			2.80	2.80			12.50	12.50
Gulu Dastur				0.00			18.84	18.84
Amrita S. Shah				0.00			1.57	1.57
Malika S. Shah				0.00			1.25	1.25
Bhadresh D Shah				0.00			0.25	0.25
CCL Opto Electronics Pvt. Ltd.				0.00			0.24	0.24
Rental Expenses	0.00	0.00	6.00	6.00	0.00	0.00	6.00	6.00
Finor Piplaj Chemicals Ltd.			6.00	6.00			6.00	6.00
Director Remuneration	0.00	0.00	90.30	90.30	0.00	0.00	72.00	72.00
Sameer V. Shah			54.30	54.30			36.00	36.00
Nirmal V. Shah			36.00	36.00			36.00	36.00
Director Sitting Fees	0.00	0.00	34.40	34.40	0.00	0.00	13.00	13.00

Notes on Financial Statements for the year ended 31st March, 2016

(₹ in lakhs)

For the year ended / as on	31.03.2016				31.03.2015			
	Subsidiary	Associates	KMP	Total	Subsidiary	Associates	KMP	Total
Description of the nature of transactions								
Ashwin Nagarwadia			16.20	16.20			4.00	4.00
Perviz H. Dastur			9.20	9.20			2.00	2.00
Mahendra Ghelani			3.00	3.00			3.00	3.00
Jawahar I. Mehta			1.00	1.00			1.00	1.00
O.P. Malhotra			1.00	1.00			1.00	1.00
Sushil Lakhani			2.00	2.00			2.00	2.00
Saraswati Sankar			1.00	1.00				0.00
Dr. Prakash D. Trivedi			1.00	1.00				0.00
Commission to Directors	0.00	0.00	0.00	0.00	0.00	0.00	2.00	2.00
Ashwin Nagarwadia				0.00			2.00	2.00
Retirement Benefits	0.00	0.00	30.00	30.00	0.00	0.00	30.00	30.00
Dr. Vinod D. Shah			30.00	30.00			30.00	30.00
Legal & Professional Fees	0.00	0.00	125.00	125.00	0.00	0.00	0.00	0.00
Dr. Vinod D. Shah			125.00	125.00				0.00
Salaries	0.00	0.00	21.77	21.77	0.00	0.00	19.73	19.73
Bhadresh D. Shah			21.77	21.77			19.73	19.73
WTC/Enzyme/Industrial Coatings Compensation/ Protochem Compensation Expenses	234.00	0.00	0.00	234.00	207.32	36.76	0.00	244.08
Chembond Solenis Water Technologies Ltd.	136.80			136.80	90.95			90.95
Protochem Industries Pvt. Ltd.	72.00			72.00	72.00			72.00
Chembond Calvatis Industrial Hygiene Systems Ltd.	0.62			0.62		36.76		36.76
Chembond Industrial Coatings Ltd.	24.58			24.58	44.37			44.37
Royalty	0.00	0.00	28.09	28.09	0.00	0.00	30.85	30.85
S and N Ventures Ltd.			28.09	28.09			30.85	30.85
Debit Balance written off	41.62	0.00	0.00	41.62	0.00	0.00	0.00	0.00
Chembond Industrial Coatings Ltd.	41.62			41.62				0.00
Bad Debts written off	196.84	0.00	0.00	196.84	0.00	0.00	0.00	0.00
Chembond Clean Water Technologies Ltd.	106.71			106.71				0.00
Chembond Industrial Coatings Ltd.	90.13			90.13				0.00
Balance at the end of the year								
A. Loans taken	0.00	0.00	0.00	0.00	0.00	72.46	272.35	344.81
Chembond Enzyme Company Ltd.				0.00		72.46		72.46
Ashwin Nagarwadia				0.00			154.16	154.16
Perviz H. Dastur				0.00			102.77	102.77
O.P. Malhotra				0.00			15.42	15.42
B. Loans Given	0.00	0.00	0.00	0.00	64.27	0.00	0.00	64.27
Chembond Industrial Coatings Ltd.				0.00	64.27			64.27
C. Sundry Debtors	827.22	502.33	0.00	1,329.55	973.22	484.91	0.00	1,458.13
Chembond Solenis Water Technologies Ltd.	827.22			827.22	685.92			685.92
Chembond Clean Water Technologies Ltd.				0.00	112.24			112.24
Chembond Industrial Coatings Ltd.				0.00	151.60			151.60
Chembond Distribution Ltd.		502.33		502.33		484.91		484.91
Protochem Industries Pvt. Ltd.				0.00	23.46			23.46
D. Sundry Creditors	10.74	0.00	175.47	186.21	0.00	66.47	364.68	431.16
Chembond Enzyme Company Ltd.			7.43	7.43		7.84		7.84
Chembond Calvatis Industrial Hygiene Systems Ltd.	0.04			0.04		58.64		58.64
S and N Ventures Ltd.			33.07	33.07			24.24	24.24
Finor Piplaj Chemicals Ltd.			134.97	134.97			340.44	340.44
Protochem Industries Pvt. Ltd.	10.70			10.70				0.00
E. Investments	2,059.75	23.50	0.00	2,083.25	1,888.40	72.50	0.00	2,009.90
Chembond Solenis Water Technologies Ltd.	160.30			160.30	160.30			160.30
Protochem Industries Pvt. Ltd.	1,052.25			1,052.25	1,052.25			1,052.25
Chembond Clean Water Technologies Ltd.	580.85			580.85	580.85			580.85
Chembond Industrial Coatings Ltd.	95.00			95.00	95.00			95.00
Chembond Calvatis Industrial Hygiene Systems Ltd.	32.39			32.39				0.00
Chembond Distribution Ltd.		23.50		23.50		23.50		23.50
Chembond Enzyme Company Ltd.	138.96			138.96		49.00		49.00

Notes on Financial Statements for the year ended 31st March, 2016

- c) In respect of the Company's subsidiaries – Chembond Clean Water Technologies Limited (CCWTL) and Chembond Industrial Coatings Limited (CICL) and Associate – Chembond Distribution Limited (CDL), the Company has investments and trade receivables as follows :

Particulars	CCWTL	CDL	CICL
Investments in	580.85	23.50	95.00
Trade Receivables from	-	502.33	-

The net worth of these subsidiaries/associate has eroded. The Company has written off Debtors and Loans & Advances in respect of both the subsidiaries of ₹ 238.46 lakhs and provision for the balance amount of ₹ 1,201.68 lakhs has not been considered necessary by the Company as the investments are long term and losses are temporary in nature.

36 Employee Stock Option Plan

The Board at its meeting held on July 30, 2011, approved an issue of Stock Options up to a maximum of 5% of the issued Equity Share Capital of the Company aggregating to 3,18,000 Equity Shares in a manner provided in the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 subject to the approval of the shareholders under Section 81(1A) of the Companies Act, 1956. The Shareholders of the Company at the Annual General Meeting held on September 10, 2011 approved the aforesaid issue of 3,18,000 Equity Shares of the Company under one or more Employee Stock Option Scheme(s). The Compensation & Nomination Committee has approved the following grants to a list of senior level executives of the Company and some of its Subsidiaries in accordance with the Chembond Chemicals Employees' Stock Option Plan, 2012

Date of Grant	Exercise Price	Options Granted	Vesting Commences On	Options					Basis of Vesting
				To be vested	Lapsed	Exercised	Vested	Yet to Vest	
8-Sep-2012	153	2,32,781	8-Sep-2013	40,525	7,770	16,900	15,855	-	Time Based
			1-Oct-2014	50,187	44,549	4,950	688	-	Performance Based
			1-Oct-2015	59,850	16,720	14,632	28,498	-	Performance Based
			1-Oct-2016	82,219	24,019	NA	-	58,200	Performance Based
		2,32,781		2,32,781	93,058	36,482	45,041	58,200	

Out of the above option granted 93,058 options have been lapsed due to resignation of the Employees .

Out of 36,482 options exercised, 15,950 options were exercised upto March 31, 2015 and further 20,532 Options were exercised and allotted during the year.

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

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

Date of Grant	8-Sep-2012
Risk Free Interest Rate	8.25%
Expected Life	3.34 years
Expected Volatility	42%
Dividend Yield	1.38%
Price of the underlying Share in the Market at the time of the Option Grant	170
Fair Value of the Option	68

Notes on Financial Statements for the year ended 31st March, 2016

	As at 31/3/2016 (₹ in lakhs)	As at 31/3/2015 (₹ in lakhs)
37 Contingent Liabilities not provided for are in respect of :		
a. Sales Tax matter under Appeal	-	1,940.92
b. Income Tax matter under Appeal (₹50.10 Lakhs already paid)	50.10	-
b. Outstanding L.C. & Bank Guarantees issued by Bankers.	148.39	94.41
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.	900.00	900.00
d. Claim against the Company not acknowledged as debts	9.60	9.60

38 Derivative Instruments

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

Currency	Exposure to buy/sell	As at 31/3/2016 (in lakhs)		As at 31/3/2015 (in lakhs)	
		Foreign Currency	Indian Currency	Foreign Currency	Indian Currency
USD	Buy	2.50	166.78	-	-

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

USD	Buy	7.46	495.10	12.52	795.30
Euro	Buy	1.66	124.64	2.38	182.82
USD	Sell	0.67	45.90	2.60	165.37

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

As per our attached report of even date

On behalf of the Board of Directors

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

Sameer V. Shah
Chairman & Managing Director

Nirmal V. Shah
Vice Chairman & Managing Director

Dhiren P. Talati
Partner
Membership No. F/41867
Mumbai, 28th May 2016

Sushil U. Lakhani
Director

Rashmi S. Gavli
Chief Financial Officer

Jay Mistry
Company Secretary

Mumbai, 28th May 2016

Independent Auditor's Report on Consolidated Financial Statements.

To the Members of

Chembond Chemicals Limited

1. Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of **Chembond Chemicals Limited** (hereinafter referred to as "the Holding Company"), its subsidiaries and associate (collectively referred to as "the Group") comprising of the consolidated Balance Sheet as at March 31, 2016, the consolidated Statement of Profit and Loss, the consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as the "Consolidated Financial Statements").

2. Management's Responsibility for the Consolidated Financial Statements

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

3. Auditor's Responsibility

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

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

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

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

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

4. Opinion

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of the reports of the other auditors on the financial statements of the subsidiaries and its associate referred to below in the Other Matters paragraph, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the consolidated state of affairs of the Group, as at March 31, 2016 its consolidated Profit and its consolidated Cash Flows for the year ended on that date.

5. Emphasis of Matter

Reference is invited to Note No 17b of the Notes on Consolidated Financial Statements. The parent Company has debts due from one of its Associate aggregating ₹ 502.33 lacs. The net worth of this Associate has eroded. Provision has not been made in this respect as the investment is long term and, in the opinion of the Management, the losses are temporary in nature.

Our opinion is not modified in respect of this matter.

6. Other Matters

- i. We did not audit the financial statements of five Subsidiaries. These financial statements and other financial information have been audited by another auditor whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of sub section (3) and (11) of Section 143 of the Act in so far as it relates to these subsidiaries, is based solely on the reports of that other auditor. The financial statements of these five Subsidiaries reflect total assets of ₹ 6249.24 lakhs as at 31st March, 2016, total revenues of ₹ 10521.76 lakhs and net cash flows of ₹ (260.30) lakhs for the year ended on that date.
- ii. The Financial Statements of one subsidiary which reflect total assets of ₹ 138.50 lakhs as at 31st March, 2016, total revenues of ₹ 43.20 lakhs and net cash flows of ₹ (7.20) lakhs for the year ended on that date, have been audited by us.
- iii. The Financial Statement of the Associate for the year ended 31st March, 2016 has been audited by another auditor whose report has been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of this Associate, and our report in terms of sub section (3) and (11) of Section 143 of the Act in so far as it relates to these Associate, is based solely on the reports of that other auditor.

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

7. Report on Other Legal and Regulatory Requirements

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

- a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
- b. In our opinion proper books of accounts as required by law relating to the preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
- c. The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
- d. In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e. On the basis of the written representations received from the Directors of the Holding Company as on March 31, 2016, and taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of the subsidiary companies and the associate company to the extent reported by the statutory auditors of such companies incorporated in India, none of the directors of the Group Companies incorporated in India, is disqualified as on March 31, 2016, 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 and the operating effectiveness of such controls, refer to our report in "Annexure A" which is based on the Auditor's report of the holding Company and its subsidiary companies and its associate company incorporated in India.
- g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us;
 - i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group. Refer note no 34 to the consolidated financial statements.
 - ii. In our opinion and as per the information and explanations provided to us, the group has not entered in to any long-term contracts including derivative contracts, requiring provision under the applicable Laws or Accounting Standards for material foreseeable losses.
 - iii. There has been no delay in transferring the amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company, its subsidiary companies and its associate company incorporated in India.

For **M/s Kastury & Talati**
(Chartered Accountants)
Firm's Registration No:104908W

Dhiren P. Talati
Partner
Membership No: F/41867

Place: Mumbai
Date: 28th May, 2016

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

The annexure referred to in paragraph 7f under "Report on Other Legal and Regulatory Requirements" section of our report of even date to the members of Chembond Chemicals Limited for the year ended March 31, 2016.

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

We have audited the internal financial controls over financial reporting of Chembond Chemicals Limited ("the Company") and its subsidiaries and its associate company incorporated in India as of March 31, 2016 in conjunction with our audit of the consolidated financial statements of the Company for the year ended on that date.

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

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

We believe that the audit evidence we have obtained and the audit evidence obtained by the other Auditor's in respect of five subsidiaries and an associate companies audited by other auditors is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the Company and its subsidiaries and its associate company incorporated in India have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company and its subsidiaries and associate company incorporated in India considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **M/s Kastury & Talati**
(Chartered Accountants)
Firm's Registration No: 104908W

Dhiren P. Talati
Partner
Membership No: F/41867

Place: Mumbai
Date: 28th May, 2016

Consolidated Balance Sheet

	Notes	As at 31/3/2016 (₹ in lakhs)	As at 31/3/2015 (₹ in lakhs)
Equity and Liabilities			
Shareholder's Funds			
Share Capital	2	669.69	666.04
Reserves and Surplus	3	19,973.08	8,858.60
		<u>20,642.77</u>	<u>9,524.64</u>
ESOP Application money received		-	24.10
		<u>20,642.77</u>	<u>9,548.74</u>
Minority Interest	4	1,404.95	1,254.44
Non-Current Liabilities			
Long-term Borrowings	5	63.41	199.74
Deferred tax Liabilities (Net)	6	246.71	262.37
Long-term Provisions	7	94.00	190.61
		<u>404.12</u>	<u>652.72</u>
Current Liabilities			
Short-term Borrowings	8	1,013.94	1,967.24
Trade Payables	9	4,258.20	4,859.57
Other current Liabilities	10	907.53	1,591.90
Short-term Provisions	11	250.64	411.60
		<u>6,430.31</u>	<u>8,830.31</u>
Total		<u><u>28,882.15</u></u>	<u><u>20,286.21</u></u>
Assets			
Non-Current Assets			
Fixed Assets			
Tangible Assets	12	4,034.19	4,417.95
Intangible Assets	12	679.65	729.07
Capital Work-in-Progress	12	174.38	339.00
		<u>4,888.22</u>	<u>5,486.03</u>
Non Current Investments	13	6,542.94	77.20
Long term Loans & Advances	14	401.35	604.48
		<u>6,944.29</u>	<u>681.68</u>
Current Assets			
Current Investment	15	2,255.02	0.63
Inventories	16	2,285.55	3,050.03
Trade Receivables	17	5,767.15	8,604.79
Cash and Bank Balances	18	1,680.97	1,607.93
Short term Loans and Advances	19	309.09	855.12
Other Current Asset	20	4,751.86	-
		<u>17,049.64</u>	<u>14,118.50</u>
Total		<u><u>28,882.15</u></u>	<u><u>20,286.21</u></u>
Significant Accounting Policies and Notes on Financial Statements	1-38		

As per our attached report of even date

On behalf of the Board of Directors

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

Sameer V. Shah
Chairman & Managing Director

Nirmal V. Shah
Vice Chairman & Managing Director

Dhiren P. Talati
Partner
Membership No. F/41867
Mumbai, 28th May 2016

Sushil U. Lakhani
Director

Mumbai, 28th May 2016

Rashmi S. Gavli
Chief Financial Officer

Jay Mistry
Company Secretary

Consolidated Statement of Profit and Loss

	Notes	2015-2016 (₹ in lakhs)	2014-2015 (₹ in lakhs)
Income			
Revenue from Operations	21	27,104.71	30,022.85
Other Income	22	3,321.25	138.04
Total Revenue		30,425.96	30,160.89
Expenditure			
Cost of Materials Consumed	23	17,947.24	17,988.34
Purchases of stock-in-trade		151.29	383.01
Changes in inventories of Finished goods, Work-in-progress and Traded goods	24	18.85	174.02
Employee Benefits Expense	25	3,444.73	3,885.97
Finance Costs	26	181.36	361.08
Depreciation and Amortisation expense	27	354.51	432.32
Other Expenses	28	4,414.46	4,928.26
Total Expenses		26,512.44	28,152.99
Profit before Exceptional items and Tax		3,913.52	2,007.90
Exceptional Items (Net)	29	15,570.48	-
Profit before Tax		19,484.00	2,007.90
Tax Expenses			
Current Tax		3,824.54	612.14
Deferred Tax		9.22	(44.52)
Profit After Tax		15,650.24	1,440.27
Less: Short/(Excess) Provision of Tax for earlier Years		2.86	14.38
Less: Stock Reserve		0.70	3.29
Add : Share of Profit/(Loss) from Associate		-	20.70
Less: Profit transfer to Minority Interest		281.45	205.44
Profit for the Year		15,365.23	1,237.86
Earning Per Equity Share of Face Value of ₹ 10 each	30		
Basic (in ₹)		230.08	18.59
Diluted (in ₹)		226.58	18.11
Significant Accounting Policies and Notes on Financial Statements	1-38		

As per our attached report of even date

On behalf of the Board of Directors

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

Sameer V. Shah
Chairman & Managing Director

Nirmal V. Shah
Vice Chairman & Managing Director

Dhiren P. Talati
Partner
Membership No. F/41867
Mumbai, 28th May 2016

Sushil U. Lakhani
Director

Mumbai, 28th May 2016

Rashmi S. Gavli
Chief Financial Officer

Jay Mistry
Company Secretary

Consolidated Cash Flow Statement

	2015-2016 (₹ in lakhs)	2014-2015 (₹ in lakhs)
A Cash Flow from Operating Activities		
Net Profit before tax and extraordinary items	19,484.00	2,007.90
Adjustments for :		
Depreciation	354.51	432.32
Employee ESOP compensation	(2.01)	2.04
Loss on Sale of assets	2.21	0.10
Finance Cost	181.36	361.08
	536.07	795.55
Less:		
Foreign Exchange Fluctuation	25.11	21.10
Net Gain on sale of Investments	15,749.36	-
Effect of divestment in JV & conversion of Associate into Subsidiaries	3,516.93	-
Dividend Received	2,633.01	-
	(21,924.41)	(21.10)
Operating Profit before working capital changes	(1,904.34)	2,782.34
Trade and Other Receivables	3,657.85	25.65
Inventories	763.78	423.43
Trade and Other Payables	(1,366.40)	(47.60)
	3,055.23	401.48
Cash generated from operations	1,150.89	3,183.82
Direct Taxes Paid	(3,823.60)	(763.28)
Net Cash from Operating Activities (A)	(2,672.71)	2,420.54
B Cash Flow from Investing Activities		
Purchase of Fixed Assets	236.73	(314.91)
Sale of Fixed Assets	4.36	8.54
Sale of Investment	18,500.00	(0.04)
Purchase of Investments	(16,222.63)	-
Dividend Income	2,633.01	-
Net Cash used in Investing Activities (B)	5,151.47	(306.41)
C Cash Flow from Financing Activities		
Equity Contribution from minority Shareholder	26.55	-
ESOP Shares allotted	31.72	24.10
Proceeds/(Repayment) of Short Term Borrowings	(953.29)	(137.31)
Dividend paid	(1,193.02)	(525.29)
Proceeds/(Repayment) of Long Term Borrowings	(136.33)	(769.58)
Finance Cost	(181.36)	(361.08)
Net Cash from Financing Activities (C)	(2,405.72)	(1,769.16)
Net (Decrease)/Increase in Cash & Cash Activities (A+B+C)	73.04	344.97
Cash and Bank Balances as on Opening	1,607.93	1,262.96
Cash and Bank Balances as on Closing	1,680.97	1,607.93

As per our attached report of even date

For and on behalf of the Board of Directors

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

Sameer V. Shah
Chairman & Managing Director

Nirmal V. Shah
Vice Chairman & Managing Director

Dhiren P. Talati
Partner
Membership No. F/41867
Mumbai, 28th May 2016

Sushil U. Lakhani
Director

Rashmi S. Gavli
Chief Financial Officer

Jay Mistry
Company Secretary

Mumbai, 28th May 2016

Notes to Consolidated Financial Statements

1. Significant Accounting Policies Related to Consolidation

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

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

[#] These entities were Associates as at 31st March 2015.

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

2. Other Significant Accounting Policies

a System of Accounting

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

b Fixed Assets

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

Consolidated Notes on Financial Statements for the year ended 31st March, 2016

c Expenditure during construction period

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

d Impairment of Assets

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

e Depreciation

Depreciation is allocated over the useful life of the asset as specified in part C of Schedule II of the Companies Act 2013. Depreciation in the case of Subsidiary Companies, Chembond Solenis Water Technologies Ltd. (CSWTL) & Chembond Clean Water Technologies Ltd. (CCWTL), are provided on written down value method at the rates specified in part C of Schedule II of the Companies Act, 2013.

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

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

No depreciation is provided on land.

f Revenue Recognition on Sales

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

g Research & Development

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

h Borrowing Costs

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

i. Operating Lease

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

j Deferred Taxes

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

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

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

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

k Investments

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

Consolidated Notes on Financial Statements for the year ended 31st March, 2016

l Valuation of Inventory

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

m Employee Benefits

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

n Taxation

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

o Foreign Exchange Differences

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

p Custom duty on Imports

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

q Earning Per Share

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

r Provisions, Contingent Liabilities and Contingent Assets

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

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

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

Contingent liability is disclosed in case of:

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

Contingent Assets are neither recognized, nor disclosed.

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

s Hedge Transactions

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

Consolidated Notes on Financial Statements for the year ended 31st March, 2016

	As at 31/3/2016 (₹ in lakhs)	As at 31/3/2015 (₹ in lakhs)
2 Share Capital		
Authorised		
1,00,00,000 (1,00,00,000) Equity Shares of ₹10/- each	1,000.00	1,000.00
Issued, Subscribed and Paid up		
66,96,894 (66,60,412) Equity Shares of ₹10/- each fully paid up	669.69	666.04
Total	669.69	666.04

a Details of Shareholders holding more than 5% Shares

Name of the Shareholder	As at 31/3/2016		As at 31/3/2015	
	No of Shares	% held	No of Shares	% held
Dr. Vinod D Shah	9,67,031	14.44	8,80,331	13.14
Padma V Shah	7,47,557	11.16	7,47,557	11.22
Visan Holding & Financial Services Pvt. Ltd.	6,18,808	9.24	6,13,618	9.21
Ashwin R. Nagarwadia	5,40,632	8.07	5,40,632	8.12
Ajay Sheth	3,60,217	5.38	3,57,582	5.36
Quest Investment Advisors Pvt. Ltd.	3,59,307	5.37	3,78,600	5.67

b Terms/Rights attached to Equity Shares

The Company has only one class of Equity Shares having a par value of ₹ 10/- 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.

	As at 31/3/2016 (₹ in lakhs)	As at 31/3/2015 (₹ in lakhs)
3 Reserves And Surplus		
Revaluation Reserve		
As per last year	-	54.04
Less : Transfer to Profit & Loss A/c	-	54.04
	-	-
Capital Reserve on Consolidation		
As per last year	-	-
Add: Addition During the year	14.72	-
	14.72	-
General Reserve		
As per last year	1,732.52	1,574.85
Less: Effect of Divestment in JV	490.00	-
Add: Transfer from Profit & Loss A/c.	70.00	182.42
Less: Transfer to minority interest	31.50	24.75
	1,281.02	1,732.52
Share Premium		
As per last year	521.91	521.91
Add: Received on ESOP Shares Issue	52.17	-
	574.08	521.91

Consolidated Notes on Financial Statements for the year ended 31st March, 2016

	As at 31/3/2016 (₹ in lakhs)	As at 31/3/2015 (₹ in lakhs)
Employee Shares Options Outstanding		
Shares Option Outstanding	29.40	33.78
Less: Option Lapsed	5.65	4.38
	23.75	29.40
Less: Deferred Compensation	7.64	11.27
	16.11	18.13
Profit and Loss Account		
As per last year	6,586.04	5,794.48
Less: Effect of divestment in JV & conversion of Associates into Subsidiaries	3,041.65	
Less: Transitional Depreciation Provision [Net of Deferred Tax ₹ Nil (₹19.59 lakhs)]	-	41.33
Add: Profit for the Year	15,365.23	1,237.86
Add: Transfer from Revaluation Reserve	-	54.05
	18,909.62	7,045.06
Less: Appropriations		
Transferred to General Reserve	70.00	182.42
Set off of Dividend Tax in respect of Dividend from Subsidiary Company	(33.03)	(13.86)
Interim Dividend	601.49	-
Tax on Interim Dividend	182.50	-
Previous Year Dividend	0.48	-
Tax on previous Year Dividend	1.03	-
Proposed Dividend	-	199.81
Tax on Proposed Dividend	-	90.64
	18,087.15	6,586.04
	19,973.08	8,858.60
4 Minority Interest		
Share Capital		
As per last year	269.46	269.46
Addition during the year	22.50	-
	291.96	269.45
Share Premium		
As per last year	-	-
Add: Received during the year	4.05	-
	4.05	-
General Reserve		
As per last year	279.55	254.80
Addition during the year	31.50	24.75
	311.05	279.55
Profit & Loss Account		
As per last year	705.44	736.25
Add : Share of opening Profit & Loss - Subsidiary	0.45	-
Less : Dividend Paid	189.45	236.25
Addition during the year	281.45	205.44
	797.89	705.44
Total	1,404.95	1,254.44

Consolidated Notes on Financial Statements for the year ended 31st March, 2016

	As at 31/3/2016 (₹ in lakhs)		As at 31/3/2015 (₹ in lakhs)	
	Non Current	Current	Non Current	Current
5 Long Term Borrowings				
Secured				
Term Loan from Banks	-	-	80.00	80.00
	-	-	80.00	80.00
Unsecured				
Loans from Related Parties	41.62	-	96.54	248.27
Loans from Others	21.79	-	23.20	-
	63.41	-	119.74	248.27
Total	63.41	-	199.74	328.27

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

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

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

	1-2 years	2-3 years	3-4 years
Loans from Related Parties	41.62	NIL	NIL
Loans from Others	21.79	NIL	NIL

6 Deferred Tax Liability

	As at 31/3/2016 (₹ in lakhs)	As at 31/3/2015 (₹ in lakhs)
Deferred Tax Liability		
Depreciation	529.56	476.60
	529.56	476.60
Deferred Tax Asset		
Gratuity	29.69	37.36
MAT Credit	144.29	115.39
Due to disallowance of provision/ losses incurred	-	21.76
Provision for Doubtful Debts	108.87	39.72
	282.85	214.23
Total	246.71	262.37

7 Long Term Provision

Provision for Gratuity	94.00	153.95
Provision for Indirect tax related matters	-	36.66
Total	94.00	190.61

Consolidated Notes on Financial Statements for the year ended 31st March, 2016

	As at 31/3/2016 (₹ in lakhs)	As at 31/3/2015 (₹ in lakhs)
8 Short Term Borrowings		
Secured		
Over Draft Facilities from Banks	324.14	331.04
Working Capital Loan from Banks	194.40	1,085.20
Buyers Credit Loan from Banks	284.34	230.97
Unsecured		
Working Capital Loan from Banks	-	-
Buyers Credit Loan from Banks	211.06	310.03
Other loans & advances	-	10.00
Total	1,013.94	1,967.24

a Over Draft Facilities are Secured against Fixed Deposit of Subsidiary Company Protochem Industries Pvt. Ltd.

b Working Capital / Buyers Credit loan is secured by charge on Current Asset, Mortgage of Tangible Immovable Properties and charge on other fixed assets.

9 Trade Payables

Micro, Small and Medium Enterprises	39.69	25.83
Others	4,218.51	4,833.74
Total	4,258.20	4,859.57

For Related party transaction refer Note No.32

10 Other Current Liabilities

Current Maturities of Long Term Debt	-	328.27
Other Payables	855.02	1,209.41
Creditors for Capital Expenditure	29.69	27.29
Advance received from Debtors	11.28	22.04
Unclaimed Dividend *	11.54	4.89
Total	907.53	1,591.90

* Not due for Deposit to Investor Education and Protection Fund

11 Short-Term Provisions

Provision for Employee benefit / expenses	174.49	156.11
Provision for Indirect Tax related matters	-	27.98
Provision for Income Tax (Net of Advance Tax)	76.15	(23.58)
Proposed dividend	-	199.81
Tax on proposed dividend	-	51.28
Total	250.64	411.60

Consolidated Notes on Financial Statements for the year ended 31st March, 2016

12 Fixed Assets

(₹ in lakhs)

Description	GROSS BLOCK (AT COST)					DEPRECIATION					NET BLOCK	
	As at 1.04.2015	Additions	Deductions Sale of Assets	Divestment in JV	As at 31.03.2016	As at 1.04.2015	Additions	Deductions Sale of Assets	Divestment in JV	As at 31.03.2016	As at 31.03.2016	As at 31.03.2015
Tangible Assets												
Leasehold Land	135.77	-	-	63.49	72.28	0.30	-	-	0.30	-	72.28	135.47
Freehold Land	83.84	-	-	-	83.84	-	-	-	-	-	83.84	83.84
Buildings	2,789.34	172.88	-	256.51	2,705.71	448.26	67.76	-	55.15	460.86	2,244.85	2,341.08
Equipment & Machinery	2,315.18	113.75	7.30	252.65	2,168.98	850.45	184.13	2.59	70.05	961.94	1,207.04	1,464.73
Computers Hardware	302.89	39.63	1.78	58.44	282.30	237.28	24.84	1.24	37.83	223.05	59.25	65.61
Furniture & Fixtures	238.97	33.79	-	16.14	256.62	111.68	24.34	-	7.89	128.13	128.49	127.29
Motor Cars	94.24	79.05	8.90	1.42	162.96	59.31	13.90	8.45	1.00	63.76	99.21	34.93
Electric Fittings & Installations	251.24	11.95	-	25.43	237.76	86.23	21.99	-	9.69	98.53	139.23	165.01
Sub- total	6,211.46	451.05	17.98	674.07	5,970.46	1,793.51	336.96	12.28	181.91	1,936.28	4,034.19	4,417.95
Intangible Assets												
Goodwill	577.78	-	11.03	-	566.75	-	-	-	-	-	566.75	577.78
Technical Know How	70.37	-	-	49.00	21.37	14.07	7.04	-	49.00	(27.89)	49.26	56.30
Computer Software	282.23	-	-	36.62	245.61	187.23	10.51	-	15.76	181.97	63.64	95.00
Sub-total	930.38	-	11.03	85.62	833.73	201.30	17.55	-	64.76	154.09	679.65	729.07
Total	7,141.85	451.05	29.01	759.69	6,804.19	1,994.82	354.51	12.28	246.67	2,090.36	4,713.84	5,147.03
Previous Year	6,884.26	287.50	29.92	-	7,141.85	1,522.80	493.24*	21.13	-	1,994.82	5,147.03	5,361.43
Capital Work in Progress											174.38	339.00

* Includes transitional depreciation of ₹ 60.92 Lakhs.

13 Non-Current Investments

Unquoted

Long Term Investment in Shares

Investment in Associates

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

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

4,90,000 (4,90,000) Equity Shares of Chembond Enzyme Company Ltd of ₹ 1/- each fully paid up.

(Constituting 49 % of the said Company's paid up capital)

Investment in Government Securities

Investment in National Saving Certificate

500 (Nil) National Highways Authority of India of ₹ 10,000/- each fully paid up

As at 31/3/2016 (₹ in lakhs)	As at 31/3/2015 (₹ in lakhs)
-	-
-	76.37
0.56	0.70
50.00	

Consolidated Notes on Financial Statements for the year ended 31st March, 2016

	As at 31/3/2016 (₹ in lakhs)	As at 31/3/2015 (₹ in lakhs)
Other Investments		
2,848 (23) Equity Shares of Tarapur Environment Protection Organisation Ltd. of ₹ 100/- each fully paid up	4.50	0.13
Quoted		
Investments in Equity Shares		
70,533 (Nil) Equity Shares of Kotak Mahindra Bank Ltd. of ₹ 5/- each fully paid up.	499.75	-
50,700 (Nil) Equity Shares of Colgate Palmolive (India) Ltd. of ₹ 1/- each fully paid up.	494.48	-
75,000 (Nil) Equity Shares of Marico Ltd. of ₹ 1/- each fully paid up.	151.68	-
Investments in Gilt Funds		
34,44,368 (Nil) Units of SBI Magnum Gilt Fund-Short Term-Regular plan Growth	1,000.00	-
16,57,089 (Nil) Units of SBI Magnum Gilt Fund-Long Term-Regular plan Growth	500.00	-
47,71,186 (Nil) units of ICICI Prudential Short Term Gilt Fund-Growth	1,540.00	-
27,93,842 (Nil) Units of Reliance Gilt Securities Fund- Growth Plan Growth option	500.00	-
46,01,437 (Nil) units of HDFC Gilt Fund Long Term - Growth	1,300.00	-
8,75,010 (Nil) HDFC Gilt Fund Shot Term - Growth	201.97	-
Other Investments		
1,00,000 (Nil) Cumulative, Non participating Compulsorily Convertible Preference Shares of Tata Motors Finance Ltd. of ₹100/- Each Fully paid	100.00	-
20,00,000 (Nil) units of Kotak FMP Series 187 - Growth	200.00	-
Total	6,542.94	77.20
Aggregate amount of Quoted Investments	6,487.89	-
Market value of Quoted Investments	6,769.68	-
Aggregate amount of Unquoted Investments	55.06	77.20

14 Long Term Loans and Advances

(Unsecured & considered good & subject to confirmation)

Income Tax (Net of Provision)	242.14	171.08
Vat Credit Receivable	49.60	317.06
Other Deposits	109.61	116.34
Total	401.35	604.48

Consolidated Notes on Financial Statements for the year ended 31st March, 2016

	As at 31/3/2016 (₹ in lakhs)	As at 31/3/2015 (₹ in lakhs)
15 Current Investments		
Investments In Mutual Funds - Quoted		
43 (41) Units of Reliance Liquid Fund - Treasury Plan - Daily Dividend	0.66	0.63
35,778 (Nil) units of ICICI Prudential Focused bluechip equity fund-Growth	10.00	-
143 (Nil) units of Kotak Floater Short term-Growth (Regular Plan)	3.35	-
12,545 (Nil) units of Birla Sun Life Cash Plus-Growth Regular Plan	30.37	-
60,596 (Nil) Units of L&T Liquid Fund-Growth	1,194.70	-
4,023 (Nil) Units of SBI premier Liquid fund - Regular Plan - Growth	94.73	-
1,87,784 (Nil) units of Tata Balanced Fund Regular Plan -Growth	304.81	-
7,38,491 (Nil) units of Reliance Regular Savings Fund- Balanced Plan - Growth Plan Growth Option	289.19	-
178 (Nil) Units of HDFC Liquid Fund- Growth	5.30	-
17,034 (Nil) Units of Reliance Liquidity Fund-Growth plan Growth option	171.90	-
1,49,918 Units (Previous Year: Nil) ICICI Prudential Liquid Plan-Daily Dividend	150.01	-
Total	2,255.02	0.63
Aggregate amount of Quoted Investments	2,255.02	0.63
Market value of Quoted Investments	2,325.02	0.63
16 Inventories		
Stock-in-trade: (as per inventory taken, valued and certified by the Management)		
Raw Material (at cost)	1,299.92	1,722.22
Packing Material (at cost)	97.31	133.80
Work- in -Progress (at cost)	4.75	5.65
Finished Goods (at cost)	758.01	952.33
Stock-in-Trade (at cost)	129.42	253.44
Stock in Transit	-	2.57
Total	2,289.41	3,070.01
Less : Stock Reserve	3.86	19.98
	2,285.55	3,050.03

Consolidated Notes on Financial Statements for the year ended 31st March, 2016

	As at 31/3/2016 (₹ in lakhs)	As at 31/3/2015 (₹ in lakhs)
17 Trade Receivables (Unsecured)		
Outstanding for more than 6 Months		
Considered Doubtful	207.21	108.41
Considered Good	1,455.19	1,474.43
	1,662.40	1,582.84
Other Debts		
Considered Doubtful	-	11.50
Considered Good	4,311.96	7,130.36
	5,974.36	8,724.70
Less : Provision for Doubtful Debts	207.21	119.91
Total	5,767.15	8,604.79

a. For Related party transaction refer Note No. 32

b. Debtors include debts due from Associate - Chembond Distribution Limited ₹ 502.33 lakhs (₹ 484.91 lakhs). The net worth of this Associate has been eroded. The parent Company has not made provision since its investment is longterm and in the opinion of the management the losses are temporary in nature.

18 Cash and Bank Balances

Cash on hand	4.55	6.44
Bank balance with Scheduled Banks		
In Current Accounts	539.59	690.65
Other Bank balances*	1,136.83	910.84
Total	1,680.97	1,607.93

* Other Bank Balance include deposits of ₹ 186.11 lakhs (previous year ₹ 411.94 lakhs) with maturity of more than 12 months.

19 Short Term Loans and Advances

(Unsecured & considered good & subject to confirmation)

Other Loans & Advances	99.36	180.19
Deposit - Excise	117.02	580.21
Other Deposits	41.88	40.60
Prepaid expenses	50.83	54.13
Total	309.09	855.12

20 Other Current Assets

Mutual Fund sale proceeds Receivable	4,750.64	-
Accrued Interest on NHAI Bonds	1.22	-
Total	4,751.86	-

Consolidated Notes on Financial Statements for the year ended 31st March, 2016

	2015-2016 (₹ in lakhs)	2014-2015 (₹ in lakhs)
21 Revenue From Operations		
Sales	30,020.56	33,642.38
Less Excise Duty	3,679.71	4,210.13
Net Sales	26,340.85	29,432.25
Sales of Services		
Technical Service Income	712.77	485.20
Other Operating Revenue		
Services Charges (Regional Management Charges)	51.09	105.40
Total	27,104.71	30,022.85
22 Other Income		
Dividend from Equity Investments	6.42	-
Dividend from Mutual Funds	2,626.59	0.04
Profit from Sale of Mutual Funds	165.62	-
Profit on Sale of Equity Investments (Net)	13.26	-
Profit from Future and Options	371.17	-
Interest	90.93	82.58
Rental Income	19.77	5.95
Miscellaneous Income	27.49	49.47
Total	3,321.25	138.04
23 Cost Of Materials Consumed		
a Particulars of Raw Materials Consumed		
Acids	1,865.18	1,934.69
Oil & Solvent, Alkalies, etc.	1,244.86	1,529.08
Others	13,369.15	12,976.00
	16,479.19	16,439.77
Packing Material	1,468.05	1,548.57
Total	17,947.24	17,988.34
24 Changes In Inventory of Finished Goods, Work in Progress and Traded Goods		
Finished products/ Stock in Trade (At Close)	887.43	1,228.78
Finished products/ Stock in Trade (At Commencement)	906.28	1,402.80
Total	18.85	174.02

Consolidated Notes on Financial Statements for the year ended 31st March, 2016

	2015-2016 (₹ in lakhs)	2014-2015 (₹ in lakhs)
25 Employee Benefit Expenses		
Director Remuneration	148.39	112.82
Salaries & Wages	2,978.91	3,381.00
Employee ESOP compensation	(2.01)	2.04
Contribution to Provident & other funds	165.43	256.32
Staff Welfare Expenses	154.01	133.79
Total	3,444.73	3,885.97

a For Related party transaction Refer Note No.32

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

Projected Benefit Obligation at the beginning of the year *	377.48	354.39
Service Cost	35.37	40.09
Interest Cost	29.26	31.91
Actuarial Losses/(Gains)	(39.59)	44.23
Benefits paid	(56.26)	(31.80)
Projected Benefit Obligation at the end of the year	346.26	438.82
Change in Plan Assets		
Fair Value of plan assets at the beginning of the year *	234.66	254.27
Expected Returns on Plan assets	20.44	23.15
Employer's Contribution	53.44	35.63
Benefits paid	(56.26)	(30.09)
Actuarial Gain/(Loss)	0.00	0.40
Fair Value of plan assets at the end of the year	252.28	283.36
Cost of Defined Benefit Plan for the year		
Current Service Cost	35.37	40.09
Interest on Obligation	29.26	31.91
Expected Return on Plan Assets	(20.44)	(23.15)
Net Actuarial Losses/(Gains) recognised in the year	(39.59)	44.23
Net Cost recognised in the Profit & Loss Account	4.60	93.08
Assumptions		
Discount Rate	7.75%	7.75%
Future Salary Increase	5%	5%
Withdrawal Rates	1%	1%

* Opening Balances are adjusted to ₹ 61.32 lakhs in Projected Benefit obligation at the beginning of the year & ₹ 51.41 lakhs in Fair value of plan assets at the beginning of the year for divestment done in Joint Venture.

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

Consolidated Notes on Financial Statements for the year ended 31st March, 2016

	2015-2016 (₹ in lakhs)	2014-2015 (₹ in lakhs)
26 Finance Cost		
Interest Expense		
- Banks	102.46	196.16
- MSMED	2.48	2.40
- Others	14.95	105.94
Bank Guarantee fees & charges	61.47	56.59
Total	181.36	361.08
27 Depreciation and Amortisation Expenses		
Depreciation and Amortisation Expenses	354.51	432.32
Total	354.51	432.32
28 Other Expenses		
Manufacturing Expenses		
Consumable stores	34.50	31.37
Octroi	2.50	3.61
Carriage Inward	-	3.89
Power, Fuel & Water Charges	97.45	88.37
Research and Development	74.89	119.27
Repairs and Renewals to Plant & Machinery	44.68	20.57
Godown Rent	26.94	23.02
Labour Charges	389.09	266.90
Security Expenses	72.76	73.93
Factory Maintenance	101.86	44.27
Technical Service Charges	239.71	262.69
Excise Duty on Navy Sales	-	10.02
Profit Transferred to Associate on Enzymes Business	-	36.76
A	1,084.38	984.67
Administrative Expenses		
Director's Sitting Fees	35.90	14.70
Rates & Taxes	69.31	132.10
Electricity Charges	46.03	34.54
Printing and Stationary	32.76	39.06
Telephone & Postage Expenses	87.01	164.57
Insurance	52.49	78.14
Motor Car Expenses	44.43	46.91
Auditors Remuneration	9.95	13.23
Legal, Professional & Consultancy Fees	327.21	262.64
Repairs & Maintenance Buildings	16.13	3.50

Consolidated Notes on Financial Statements for the year ended 31st March, 2016

	2015-2016 (₹ in lakhs)	2014-2015 (₹ in lakhs)
Repairs & Maintenance Others	134.50	138.35
Miscellaneous Expenses	77.73	90.20
Donation	1.59	18.44
Sales Tax & Other Taxes	61.32	107.26
Loss on Sale of Fixed Asset	2.21	0.10
Provision for Doubtful Debts	124.84	(17.33)
Business Support Service / RMC	-	120.05
Input Service Tax Disallowed	4.71	5.64
Swach Bharat Cess Expense	2.34	-
Foreign Exchange Fluctuation Loss	(25.11)	(21.10)
Rent	3.33	3.30
Liquidity Damages	0.39	0.51
Debit Balance Written Off	41.62	0.32
Bad Debts Written Off	371.46	165.66
B	1,522.15	1,400.80
Selling and Distribution Expenses		
Carriage Outwards	529.10	765.85
Rent	22.22	27.14
Commission on Sales	218.12	605.21
Travelling Expenses	503.73	551.28
Conveyance Expenses	78.56	70.95
Royalty Expenses	222.55	316.66
Advertising & Publicity Expenses	22.90	30.57
Packing Expenses	8.90	6.45
Sales Promotion Expenses	201.85	168.68
C	1,807.93	2,542.79
Total (A+B+C)	4,414.46	4,928.26
a Auditor's Remuneration consists of:		
Statutory Audit Fees	5.90	8.25
Tax Audit Fees	2.50	1.72
Taxation and Other Matters	1.55	3.26
Total	9.95	13.23
29 Exceptional Items (Net)		
Profit from sale of investment *	18,451.00	-
Loss on Sale of Mutual Fund	(2,880.52)	-
	15,570.48	-

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

Consolidated Notes on Financial Statements for the year ended 31st March, 2016

	2015-2016 (₹ in lakhs)	2014-2015 (₹ in lakhs)
30 Earnings Per Share		
Net Profit as per Statement of Profit and Loss available to Equity Shareholders (₹ in lakhs)	15,365.23	1,237.86
Total number of Equity Shares (Face value of ₹ 10/- each fully paid up)	6,696,894	6,660,412
Weighted No. of Equity Shares	6,678,075	6,660,412
Basic Earnings per Share (in ₹)	230.08	18.59
Diluted No. of Equity Shares	6,781,316	6,833,361
Diluted Earnings per Share (in ₹)	226.58	18.11

31 Segment Reporting

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

a Primary Segment Information (Business Segments) (₹ in lakhs)

Particulars	Speciality Chemicals		Water Treatment Plant		Total	
	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15
1 Segment Revenue						
Sales	29,640.76	33,246.17	379.80	396.21	30,020.56	33,642.38
Less: Excise duty	3,652.12	4,173.23	27.59	36.91	3,679.71	4,210.13
Net Sales	25,988.64	29,072.94	352.21	359.30	26,340.85	29,432.25
Sale of Services	623.22	387.97	89.55	97.23	712.77	485.20
Other Operating Revenue	51.09	105.40	-	-	51.09	105.40
Revenue from Operation	26,662.94	29,566.31	441.76	456.53	27,104.70	30,022.85
Other Income	3,312.07	122.97	9.18	15.08	3,321.25	138.04
Total Revenue	29,975.01	29,689.28	450.94	471.61	30,425.95	30,160.89
2 Segment Result before Interest and Taxes	4,059.09	2,338.25	35.79	30.73	4,094.88	2,368.98
Less: Interest Expenses	161.96	341.79	19.40	19.29	181.36	361.08
Add: Exceptional Items (Net)	15,570.48	-	-	-	15,570.48	-
Profit Before Tax	19,467.61	1,996.46	16.39	11.44	19,484.00	2,007.90
Current Tax	3,824.54	612.14	-	-	3,824.54	612.14
Deferred Tax	9.91	(42.63)	(0.68)	(1.88)	9.22	(44.52)
Profit after Tax (before adjustment for Minority Int)	15,633.16	1,426.96	17.07	13.32	15,650.24	1,440.27
Share of (Profit)/Loss transferred to Minority	(276.35)	(201.47)	(5.09)	(3.97)	(281.45)	(205.44)
Profit after Tax	15,353.25	1,228.52	11.98	9.35	15,365.23	1,237.86
3 Other Information						
Segment Assets	28,639.73	19,990.46	242.41	295.75	28,882.15	20,286.21
Segment Liabilities	7,973.41	10,395.99	265.96	341.48	8,239.38	10,737.47
Capital Expenditure	285.96	310.32	0.47	0.23	286.43	310.55
Depreciation and Amortisation	348.52	420.33	5.99	11.99	354.51	432.32
Non Cash Expenses other than depreciation and Amortisation	-	-	-	-	-	-

Consolidated Notes on Financial Statements for the year ended 31st March, 2016

b Secondary Segment Information (Geographical Segments)

	2015-2016 (₹ in lakhs)	2014-2015 (₹ in lakhs)
1 Segment Revenue		
Within India	30,170.84	29,698.13
Outside India	255.11	462.76
Total	30,425.95	30,160.89
2 Segment Assets		
Within India	28,882.15	20,286.21
Outside India	-	-
Total	28,882.15	20,286.21
3 Capital Expenditure		
Within India	286.43	310.55
Outside India	-	-
Total	286.43	310.55

32 Related Party Disclosures

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

a Relationship:

i. Joint Venture:

Solenis Netherland B.V.; Calvatis GmbH

ii. Associates:

Chembond Distribution Ltd.

iii. Key Management Personnel and their relatives (others)

Key Management Personnel:

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

Relatives

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

Entities over which Key Management personnel are able to exercise influence

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

Consolidated Notes on Financial Statements for the year ended 31st March, 2016

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

Consolidated Transaction with Related parties

(₹ in lakhs)

For the year ended / as on Description of the nature of transactions	31.03.2016				31.03.2015			
	Joint Venture	Associates	KMP	Total	Joint Venture	Associates	KMP	Total
Sales of Goods	0.00	241.25	57.22	298.47	0.00	150.51	32.48	182.99
Chembond Chemicals Ltd.		241.25	26.73	267.98		150.51	3.44	153.95
Chembond Solenis Water Technologies Ltd.			19.70	19.70			29.00	29.00
Protochem Industries Pvt. Ltd.			0.19	0.19			0.04	0.04
Chembond Clean Water Technologies Ltd.			10.60	10.60				0.00
Purchase of Goods	0.00	119.69	1,124.82	1,244.51	0.00	139.98	1,558.49	1,698.47
Chembond Chemicals Ltd.		119.69	1,114.79	1,234.48		139.98	1,296.41	1,436.39
Chembond Solenis Water Technologies Ltd.			3.62	3.62			248.76	248.76
Protochem Industries Pvt. Ltd.			6.41	6.41			13.32	13.32
Factory Maintenance	0.00	0.00	42.80	42.80	0.00	0.00	0.00	0.00
Chembond Chemicals Ltd.			42.80	42.80				0.00
Rent Income	0.00	0.24	0.72	0.96	0.00	0.48	0.72	1.20
Chembond Chemicals Ltd.		0.24	0.72	0.96		0.48	0.72	1.20
Interest Expenses	0.00	0.00	7.43	7.43	0.00	8.81	80.54	89.35
Chembond Chemicals Ltd.			7.43	7.43		8.81	79.93	88.74
Chembond Solenis Water Technologies Ltd.				0.00			0.61	0.61
Donation	0.00	0.00	0.00	0.00	0.00	0.00	0.50	0.50
Chembond Solenis Water Technologies Ltd.				0.00			0.50	0.50
Rental Expenses	0.00	0.00	11.24	11.24	0.00	0.00	8.70	8.70
Chembond Chemicals Ltd.			6.00	6.00			6.00	6.00
Chembond Solenis Water Technologies Ltd.			3.00	3.00			2.70	2.70
Protochem Industries Pvt. Ltd.			2.24	2.24				0.00
Director Remuneration	0.00	0.00	135.08	135.08	0.00	0.00	112.82	112.82
Chembond Chemicals Ltd.			90.30	90.30			72.00	72.00
Chembond Solenis Water Technologies Ltd.			44.78	44.78			40.82	40.82
Director Sitting Fees	0.00	0.00	35.40	35.40	0.00	0.00	14.00	14.00
Chembond Chemicals Ltd.			34.40	34.40			13.00	13.00
Protochem Industries Pvt. Ltd.			1.00	1.00			1.00	1.00
Commission to Director	0.00	0.00	0.00	0.00	0.00	0.00	2.00	2.00
Chembond Chemicals Ltd.				0.00			2.00	2.00
Retirement Benefits	0.00	0.00	30.00	30.00	0.00	0.00	30.00	30.00
Chembond Chemicals Ltd.			30.00	30.00			30.00	30.00
Legal & Professional Fees	0.00	0.00	125.00	125.00	0.00	0.00	0.00	0.00
Chembond Chemicals Ltd.			125.00	125.00				0.00
Salaries	0.00	0.00	21.77	21.77	0.00	0.00	19.73	19.73
Chembond Chemicals Ltd.			21.77	21.77			19.73	19.73
Compensation Expenses	0.00	0.00	0.00	0.00	0.00	36.76	0.00	36.76
Chembond Chemicals Ltd.				0.00		36.76		36.76
Royalty	194.46	0.00	28.09	222.55	189.65	0.00	30.85	220.50

Consolidated Notes on Financial Statements for the year ended 31st March, 2016

For the year ended / as on Description of the nature of transactions	31.03.2016				31.03.2015			
	Joint Venture	Associates	KMP	Total	Joint Venture	Associates	KMP	Total
Chembond Solenis Water Technologies Ltd.	194.46			194.46	189.65			189.65
Chembond Chemicals Ltd.			28.09	28.09			30.85	30.85
Balances at the year end								
Loan Taken	0.00	0.00	0.00	41.62	0.00	72.46	272.35	344.81
Chembond Chemicals Ltd.				0.00		72.46	272.35	344.81
Chembond Industrial Coatings Ltd. #				41.62				0.00
Sundry Debtors	0.00	502.33	1.08	503.41	102.56	484.91	8.10	595.17
Chembond Chemicals Ltd.		502.33		502.33	102.56	484.91		587.47
Chembond Solenis Water Technologies Ltd.			0.58	0.58			7.79	7.79
Protochem Industries Pvt. Ltd.			0.50	0.50			0.31	0.31
Sundry Creditors	199.25	0.00	266.31	638.32	239.22	66.47	485.39	791.08
Chembond Chemicals Ltd.			175.48	175.48		66.47	364.68	431.15
Chembond Solenis Water Technologies Ltd.	199.25		66.75	266.00	239.22		104.76	343.98
Chembond Industrial Coatings Ltd. #				90.13				0.00
Chembond Clean Water Technologies Ltd. #				106.71				0.00
Protochem Industries Pvt. Ltd.			24.08	24.08			15.95	15.95

Due to parent Company.

33 Employee Stock Option Plan

The Board at its meeting held on July 30, 2011, approved an issue of Stock Options up to a maximum of 5% of the issued Equity Share Capital of the Company aggregating to 3,18,000 Equity Shares in a manner provided in the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 subject to the approval of the shareholders under Section 81(1A) of the Companies Act, 1956. The Shareholders of the Company at the Annual General Meeting held on September 10, 2011 approved the aforesaid issue of 3,18,000 Equity Shares of the Company under one or more Employee Stock Option Scheme(s). The Compensation & Nomination Committee has approved the following grants to a list of senior level executives of the Company and some of its Subsidiaries in accordance with the Chembond Chemicals Employees' Stock Option Plan, 2012

Date of Grant	Exercise Price	Options Granted	Vesting Commences On	Options					Basis of Vesting
				To be vested	Lapsed	Exercised	Vested	Yet to Vest	
8-Sep-2012	153	2,32,781	8-Sep-2013	40,525	7,770	16,900	15,855	-	Time Based
			1-Oct-2014	50,187	44,549	4,950	688	-	Performance Based
			1-Oct-2015	59,850	16,720	14,632	28,498	-	Performance Based
			1-Oct-2016	82,219	24,019	NA	-	58,200	Performance Based
		2,32,781		2,32,781	93,058	36,482	45,041	58,200	

Out of the above option granted 93,058 options have been lapsed due to resignation of the Employees .

Out of 36,482 options exercised, 15,950 options were exercised upto March 31, 2015 and further 20,532 Options were exercised and allotted during the year.

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

Consolidated Notes on Financial Statements for the year ended 31st March, 2016

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

Date of Grant	8-Sep-2012
Risk Free Interest Rate	8.25%
Expected Life	3.34 years
Expected Volatility	42%
Dividend Yield	1.38%
Price of the underlying Share in the Market at the time of the Option Grant	170
Fair Value of the Option	68

34 Contingent Liabilities not provided for are in respect of :

	As at 31/3/2016 (₹ in lakhs)	As at 31/3/2015 (₹ in lakhs)
a Excise matter under appeal	-	218.69
b Sales Tax matter under appeal	26.54	1,988.85
c Outstanding LC, Bank Guarantees, bill discounting by Bankers.	1,255.44	881.95
d Income Tax Matter (Departmental Appeal) (₹ 50.10 Lakhs already paid)	139.84	91.41
e Corporate Guarantees given by CCL on behalf of CSWTL & CCWTL to Bank of India.	900.00	900.00
f Balance payment for Capital Commitment	-	22.84
g Claims against the Company not acknowledged as debt.	9.60	9.60

35 Financial information pursuant to Schedule III of Companies Act 2013

Sr. No.	Name of the entity in the	Net Assets (Total assets minus total liabilities)		Share in profit or loss	
		31 st March 2016		31 st March 2016	
		As % of consolidated net assets	Amount (₹ in lakhs)	As % of consolidated profit or loss	Amount (₹ in lakhs)
	Parent				
	Chembond Chemicals Ltd.	95.34	19,680.40	98.42	15,122.59
	Indian Subsidiaries				
1	Chembond Solenis Water Technologies Ltd.	14.97	3,089.76	4.85	745.30
2	Protochem Industries Pvt. Ltd.	3.08	634.88	0.00	(0.41)
3	Chembond Clean Water Technologies Ltd.	(0.20)	(40.79)	0.11	17.08
4	Chembond Industrial Coatings Ltd.	(0.01)	(2.46)	0.00	(0.33)
5	Chembond Enzyme Company Ltd.	0.76	156.93	0.04	5.39
6	Chembond Calvatis Industrial Hygiene Systems Ltd.	0.29	58.87	(0.01)	(1.12)
	Minority Interest in all Subsidiaries	(6.81)	(1,404.95)	(1.83)	(281.45)
	Associate (Investment as per the equity method)				
	Indian				
1	Chembond Distribution Ltd.	0.00	0.00	0.00	0.00
	Consolidation adjustments/Eliminations	(7.41)	(1,529.87)	(1.57)	(241.82)
	Total	100.00	20,642.76	100.00	15,365.23

Consolidated Notes on Financial Statements for the year ended 31st March, 2016

36 Derivative Instruments

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

Currency	Exposure to buy/ sell	As at 31/3/2016 (₹ in lakhs)		As at 31/3/2015 (₹ in lakhs)	
		Foreign Currency	Indian Currency	Foreign Currency	Indian Currency
USD	Buy	2.50	166.78	0.71	43.91

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

USD	Buy	7.46	495.10	13.42	851.00
USD	Sell	0.67	45.90	2.64	168.09
Euro	Buy	1.66	124.64	4.56	336.43
HongKong Dollars	Buy	-	-	0.11	0.77

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

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

As per our attached report of even date

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

Dhiren P. Talati
Partner
Membership No. F/41867
Mumbai, 28th May 2016

On behalf of the Board of Directors

Sameer V. Shah
Chairman & Managing Director

Sushil U. Lakhani
Director

Mumbai, 28th May 2016

Nirmal V. Shah
Vice Chairman & Managing Director

Rashmi S. Gavli
Chief Financial Officer

Jay Mistry
Company Secretary

Notice

NOTICE is hereby given that the Forty First Annual General Meeting of the members of Chembond Chemicals Limited (CIN: L24100MH1975PLC018235) will be held at EL-37, MIDC Mahape, Navi Mumbai 400 710, on Saturday, 30th July, 2016 at 3.00 P.M. to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Financial Statements (standalone and consolidated) of the Company for the year ended 31st March, 2016 and the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Perviz H. Dastur (DIN: 00961016) who retires by rotation and, being eligible, offers himself for re-appointment.
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.
4. **To appoint Statutory Auditors**

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

"RESOLVED THAT pursuant to the provisions of Section 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 and the rules framed thereunder, as amended from time to time ("The Act"), M/s. Kasturi & Talati, Chartered Accountants (Firm Registration No. 104908W), who have offered themselves for re-appointment and have confirmed their eligibility to be appointed as Statutory Auditors in terms of Section 141 of the Act and rules framed thereunder, be and are hereby re-appointed as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting, at such remuneration plus service tax and expenses as may be mutually agreed between the Board of Directors of the Company and the Statutory Auditors."

SPECIAL BUSINESS

5. **To re-appoint Mr. Sameer V. Shah (DIN: 00105721) as Chairman & Managing Director of the Company for a period of three years.**

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

"RESOLVED THAT pursuant to Section 196, 197 and Section 203 and all the other applicable provisions of the Companies Act, 2013 ("The Act"), read with Schedule V to the Act, and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) and pursuant to the recommendation of the Nomination and Remuneration Committee and approval of the Board of

Directors of the Company, the consent of the members of the Company be and is hereby accorded to the re-appointment of Mr. Sameer V. Shah (DIN: 00105721) as Chairman and Managing Director of the Company for the period of three years with effect from 1st August, 2016 on the remuneration, the terms and conditions as set out in the explanatory statement annexed to the notice and in the Agreement to be entered into between the Company and Mr. Sameer V. Shah, a draft whereof is placed before the meeting and which, for the purposes of identification, is initialled by the Company Secretary;

RESOLVED FURTHER THAT the remuneration including benefits and perquisites as set out in the said draft Agreement shall nevertheless be paid and allowed to Mr. Sameer V. Shah as minimum remuneration for any financial year in case of absence or inadequacy of profits for such year, subject to the provisions prescribed under Section 197 read with Schedule V to the Act and rules framed thereunder and any other applicable provisions of the Act or any statutory modification(s) or re-enactment(s) thereof;

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized and empowered to alter or vary the scope and composition of remuneration of Mr. Sameer V. Shah, Chairman & Managing Director, including the monetary value thereof, to the extent recommended by the Nomination and Remuneration Committee from time to time as may be considered appropriate, subject to the overall limits specified by this resolution and the Companies Act, 2013;

RESOLVED FURTHER THAT the Board be and is hereby authorized to do all such acts, deeds and things and execute all such documents, instruments and writings as may be required and to delegate all or any of its powers herein conferred to any Committee of Directors or Director(s) or the Company Secretary to give effect to the aforesaid resolution."

6. **To re-appoint Mr. Nirmal V. Shah (DIN: 00083853) as Vice-Chairman & Managing Director of the Company for a period of three years.**

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

"RESOLVED THAT pursuant to Section 196, 197 and Section 203 and all other applicable provisions of the Companies Act, 2013 ("The Act"), read with Schedule V to the Act, and the Companies (Appointment and Remunerations of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) and pursuant to recommendation of the Nomination and Remuneration Committee and approval of the Board, the consent of the members of the Company be and is hereby accorded to the re-appointment of Mr. Nirmal V. Shah (DIN: 00083853) as Vice-Chairman and Managing Director of the Company for the period of the three years

with effect from 1st August, 2016 on the remuneration and terms and conditions as set out in the explanatory statement annexed to the notice and in the Agreement to be entered into between the Company and Mr. Nirmal V. Shah, a draft whereof is placed before the meeting and which, for the purposes of identification, is initialled by the Company Secretary;

RESOLVED FURTHER THAT the remuneration including benefits and perquisites as set out in the said draft Agreement shall nevertheless be paid and allowed to Mr. Nirmal V. Shah as minimum remuneration for any financial year in case of absence or inadequacy of profits for such year, subject to the provisions prescribed under Section 197 read with Schedule V to the Act and rules framed thereunder and any other applicable provisions of the Act or any statutory modification(s) or re-enactment(s) thereof;

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized and empowered to alter or vary the scope and composition of remuneration of Mr. Nirmal V. Shah, Vice Chairman & Managing Director, including the monetary value thereof, to the extent recommended by the Nomination and Remuneration Committee from time to time as may be considered appropriate, subject to the overall limits specified by this resolution and the Companies Act, 2013;

RESOLVED FURTHER THAT the Board be and is hereby authorized to do all such acts, deeds and things and execute all such documents, instruments and writings as may be required and to delegate all or any of its powers herein conferred to any Committee of Directors or Director(s) or the Company Secretary to give effect to the aforesaid resolution."

7. **Sub-Division of each equity share of the face value of ₹ 10/- each into two equity shares of the face value of ₹ 5/- each.**

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

"RESOLVED THAT pursuant to the provisions of Section 61 and 64 and all other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder ("The Act") (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), and in accordance with the provisions of the Memorandum and Articles of Association of the Company and subject to such approval(s), consent(s), permission(s) and sanction(s), if any, required of the concerned authority(ies) and subject to such conditions as may be agreed to by the Board of Directors of the Company (hereinafter referred to as "the Board", which term shall also include any Committee thereof), consent of the members be and is hereby accorded to sub-divide each equity share of the Company having face value of ₹ 10/- (Rupees ten only) each fully paid up into 2 (two) equity shares of the face value of ₹ 5/- (Rupee five only) each fully paid-up;

RESOLVED FURTHER THAT pursuant to the sub-division of the equity shares of the Company each equity share of the face value of ₹ 10/- (Rupees ten only) each fully paid up as existing on the record date shall stand sub-divided into 2 (two) equity shares of the face value of ₹ 5/- (Rupee five only) each fully paid-up, with effect from the record date;

RESOLVED FURTHER THAT on sub-division, 2 (Two) equity shares of the face value of ₹ 5/- (Rupee five only) each be allotted in lieu of one equity share of ₹ 10/- (Rupees ten only) each, subject to the provisions of the Memorandum and Articles of Association of the Company and shall rank pari- passu in all respects with and carry the same rights as the existing fully paid equity shares of ₹ 10/- (Rupees ten only) each of the Company including entitlement to dividend;

RESOLVED FURTHER THAT on the sub-division of equity shares of the Company as aforesaid, the existing share certificate(s) in relation to the existing equity shares of face value of ₹ 10/- (Rupees ten only) each held in physical form shall be deemed to have been automatically cancelled and be of no effect on and from the record date of sub-division and that the Company may, without requiring the surrender of existing share certificate(s), issue and dispatch the new share certificate(s) of the Company in lieu of such existing share certificate(s) within the period prescribed under the Act and rules made thereunder and that in the case of shares held in dematerialized form, the number of sub-divided equity shares be credited to the respective beneficiary accounts of the shareholders with the Depository Participants, in lieu of the existing credits representing the equity share before sub-division;

RESOLVED FURTHER THAT the Board be and is hereby authorized to fix a record date and to take such steps as may be necessary for obtaining approvals, statutory, contractual or otherwise, in relation to the above and to settle all matters arising out of and incidental thereto, and to execute all deeds, applications, documents and writings that may be required, on behalf of the company and generally to do all such acts, deeds, matters and things and to give such directions as may be necessary, proper and expedient or incidental for the purpose of giving effect to this resolution;

RESOLVED FURTHER THAT the Board be and is hereby authorized to delegate all or any of its powers to any Committee or Director(s) or the Company Secretary of the Company thereof as it may deem appropriate in this regard."

8. **Alteration of the Capital Clause (Clause V) in the Memorandum of Association of the Company.**

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

“RESOLVED THAT pursuant to the provisions contained in Section 13 and 61 and other applicable provisions of the Companies Act, 2013 (“The Act”) and the rules made thereunder (including any statutory modification(s), amendment(s) or re-enactment(s) thereof for the time being in force), the existing Clause V of the Memorandum of Association of the Company be and is hereby substituted by the following clause:

Clause V would be substituted as follows:

The Share Capital of the Company is ₹ 10,00,00,000/- (Rupees Ten Crores only) divided into 2,00,00,000 equity shares of ₹ 5/- (Rupees five only) each capable of being increased, or reduced in accordance with the Company's regulations and the legislative provisions for the time being in force in this behalf and with power to divide the shares in the capital for the time being into several classes and to attach there to respectively, preferential, deferred, qualified, or special rights, privileges or conditions but so that where shares are issued with any preferential or special rights attached thereto, such rights shall not (except where the terms of issue otherwise provide) be alterable or dealt with otherwise than pursuant to the provisions contained in the Articles of Association of the Company.

RESOLVED FURTHER THAT the Board of Directors or a Committee thereof or the Company Secretary be and is hereby authorized to do all such acts, deeds, matters and things as may be considered necessary, desirable and expedient for giving effect to this resolution and/or otherwise considered by them in the best interest of the Company.”

9. **Alteration of the authorized share capital (Article 4) in the Articles of Association of the Company.**

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

“RESOLVED THAT pursuant to the provisions contained in Section 14 and all other applicable provisions of the Companies Act, 2013 (“The Act”) and the rules made thereunder (including any statutory modification(s), amendment(s) or re-enactment(s) thereof for the time being in force), the Article 4 of the Articles of Association of the Company be and is hereby substituted by the following clause:

Article 4 would be substituted as follows:

The Authorised Share Capital of the Company is ₹ 10,00,00,000/- (Rupees Ten Crores only) divided into 2,00,00,000 equity shares of ₹ 5/- (Rupees Five only) each with rights, privileges and conditions attaching thereto as are provided by the Articles of Association of the Company for the time being with power to increase and reduce the capital of the Company and to divide the shares in the capital for the time being into several classes and to attach thereto respectively such preferential, deferred, qualified or special rights, privileges or conditions as may be determined by or in accordance

with the Articles of Association of the Company and to vary, modify or abrogate any such rights, privileges or conditions in such manner as may be permitted by the Companies Act, 2013 or provided by the Articles of Association of the Company for the time being.

RESOLVED FURTHER THAT the Board of Directors or a Committee thereof or the Company Secretary be and is hereby authorized to do all such acts, deeds, matters and things as may be considered necessary, desirable and expedient for giving effect to this resolution and/or otherwise considered by them in the best interest of the Company.”

10. **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.**

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

“RESOLVED THAT pursuant to the provisions contained in Section 14 and all other applicable provisions, if any, of the Companies Act, 2013 (“The Act”) and the rules made thereunder (including any statutory modification(s), amendment(s) or re-enactment(s) thereof for the time being in force), the existing Article 19 (a) of the Articles of Association of the Company be and is hereby amended by addition of a proviso to the existing Article 19 (a) as follows:

Proviso to the existing Clause 19(a)

Provided that the Board of Directors of the Company may resolve that it shall not be necessary to surrender the exiting share certificate(s) in case of sub-division or consolidation of equity shares of the Company for issue of new share certificate(s) and that no fee may be charged for issue of share certificate(s) in such case.

RESOLVED FURTHER THAT the Board of Directors or a Committee thereof or the Company Secretary be and is hereby authorized to do all such acts, deeds, matters and things as may be considered necessary, desirable and expedient for giving effect to this resolution and/or otherwise considered by them in the best interest of the Company.”

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

Sameer V. Shah
Chairman & Managing Director

Navi Mumbai
4th June, 2016

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

NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE ON A POLL ONLY INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.**
2. A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.
3. A proxy form duly completed and stamped, must reach the registered office of the Company not less than 48 hours before the time for holding the aforesaid meeting. Proxies submitted on behalf of companies, societies, partnership firms, etc. must be supported by appropriate resolution/ authority, as applicable, issued on behalf of the nominating organisation.
4. Members are requested to bring their attendance slip along with their copy of the Annual Report to the Meeting.
5. The register of members and the share transfer books of the Company will remain closed from Thursday, 21st July, 2016 to Saturday, 30th July, 2016 (both days inclusive) in connection with the Annual General Meeting.
6. Under Section 205A of the Companies Act, 1956 and introduction of Section 205C of the Companies (Amendment) Act, 1999 which came into force w.e.f. 31st October, 1998, the Company would be obliged to transfer any money lying in the Unpaid Dividend Account which remain unpaid or unclaimed for a period of 7 years from the date of such transfers, to the Investor Education and Protection Fund, and hence all unclaimed dividends for the financial year 2007-08 have been transferred to the Investor Education and Protection Fund. The details of remaining unpaid or unclaimed dividend for the subsequent years as of 31st March, 2016 are as under:

Date of Declaration	Amount (₹)	Due Date
22/08/2009	30,758.00	21/10/2016
18/09/2010	42,096.25	17/10/2017
10/09/2011	48,394.55	09/10/2018
08/09/2012	64,235.70	07/10/2019
10/08/2013	103,768.50	09/09/2020
09/08/2014	137,325.00	08/09/2021
08/08/2015	111,171.00	07/09/2022

The Ministry of Corporate Affairs (MCA) on 10th May, 2012 notified the IEPF (Uploading of information regarding unpaid and unclaimed amounts lying

with companies) Rules, 2012 (IEPF Rules), which is applicable to the Company. The objective of the IEPF Rules is to help the shareholders ascertain status of the unclaimed amounts and overcome the problems due to misplacement of intimation thereof by post etc. In terms of the said IEPF Rules, the Company has uploaded the information in respect of the Unclaimed Dividends in respect of the financial years from 2008-09, as on the date of the 40th Annual General Meeting (AGM) held on 8th August, 2015, on the website of the IEPF viz. www.iepf.gov.in and under "Investors Section" on the Website of the Company viz. www.chembondindia.com.

Members who have not encashed their dividend warrants are advised to write to the Registrar & Transfer Agent (RTA) of the Company, M/s. TSR Darashaw Limited (TSRDL) for claiming unclaimed dividends.

7. Members holding shares in dematerialized form are requested to intimate all changes pertaining to their bank details, National Electronic Clearing Service (NECS), Electronic Clearing Service (ECS), mandates, nominations, power of attorney, change of address, change of name or e-mail address or contact numbers etc. to their Depository Participant (DP). Changes intimated to the DP will then be automatically reflected in the Company's records which will help the Company and the Company's Registrars and Transfer Agents, TSR Darashaw Limited (TSRDL) to provide efficient and better services. Members holding shares in physical form are requested to intimate such changes to TSRDL.
8. Members holding shares in physical form are requested to consider converting their holdings to dematerialized form. Members can contact the Company or TSRDL for assistance in this regard.
9. 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.
10. 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.
11. To support the 'Green Initiative', the Members who have not registered their e-mail addresses are requested to register the same with TSRDL / Depositories.
12. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participant(s) with whom they are maintaining their demat accounts. Members holding shares in physical form may submit their PAN details to the Company.

13. Electronic copy of the Notice of the 41st Annual General Meeting of the Company indicating, inter alia, the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent to all the members whose email IDs are registered with the Company/ Depository Participant(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Notice of the 41st Annual General Meeting of the Company indicating, inter alia, the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent in the permitted mode.
14. Members may also note that the Notice of the 41st Annual General Meeting and the Annual Report for the financial year 2015-16 will also be available on the Company's website www.chembondindia.com for download. The physical copies of the aforesaid documents will also be available at the Company's Registered Office in Navi Mumbai for inspection during normal business hours on working days. Even after registering for e-communication, members are entitled to receive such communication in physical form, upon making a request for the same, by permitted mode free of cost. For any communication, the shareholders may also send requests to the Company's investor email id: investor.grievance@chembondindia.com.
15. **E-voting**

Pursuant to Section 108 of the Companies Act, 2013, read with the relevant Rules of the Act and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI Listing Regulations) entered into with the Stock Exchange, the Company is pleased to provide the facility to members to exercise their right to vote by electronic means. The e-voting period will commence at 9.00 a.m. on Wednesday, 27th July, 2016 and will end at 5.00 p.m. on Friday, 29th July, 2016. The Company has appointed Mr. Virendra Bhatt, Practicing Company Secretary, (ICSI Membership No. ACS - 1157, CP No - 124) to act as Scrutinizer, for conducting the scrutiny of the votes cast. The members desiring to vote through electronic mode may refer to the detailed procedure on e-voting given hereinafter.

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

The Scrutinizer shall, immediately after the conclusion of voting at the Annual General Meeting, first count the votes cast at the meeting, thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and make not later than two days of conclusion of the meeting a consolidated Scrutinizer's report of the total

votes cast in favour or against, if any, to the Chairman and/or Managing Director or a person authorised by him in writing who shall countersign the same.

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.

The instructions for members for voting electronically are as under:

The voting period begins at 9.00 a.m. on Wednesday, 27th July, 2016 and will end at 5.00 p.m. on Friday, 29th July, 2016. 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. 23rd July, 2016, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.

The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date of 23rd July, 2016. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of electronic voting (remote e-voting), as well as voting at the meeting. The members who have not cast vote through remote e-voting shall be entitled to vote at the meeting.

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

In case of members receiving e-mail:

- i. Log on to the e-voting website www.evotingindia.com during the voting period.
- ii. Click on "Shareholders" tab.
- iii. Now, select the "Chembond Chemicals Limited" from the drop down menu and click on "SUBMIT."

Now Enter your User ID

 - a) For CDSL: 16 (sixteen) digits beneficiary ID,
 - b) For NSDL: 8 (eight) Character DP ID followed by 8 (eight) Digits Client ID,
 - c) Members holding share in Physical Form should enter Folio Number registered with the Company.
- iv. Next enter the Image Verification as displayed and click on Login.
- v. If you are holding shares in demat form and had

logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.

- vi. If you are a first time user follow the steps given below:

For Members holding shares in Demat Form and Physical Form	
PAN	Enter your 10 (ten) digit alpha-numeric PAN issued by Income Tax Department. Members who have not updated their PAN with the Company/ Depository Participant are requested to use the first 2 (two) letters of their name and sequence no. in the PAN field. 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.
Date of Birth or Date of Incorporation or Bank Account Number	Enter the Date of Birth as recorded in your demat account or in the Company's records for the said demat account in dd/mm/yyyy format or enter folio no. OR Enter the Bank Account Number as recorded in your demat account or in the Company's records for the said demat account or folio no. Please enter any one of the details in order to login. In case both the details are not recorded with the Depository or the Company, please enter the number of shares held by you as on cut-off date in the Bank Account Number field.

- vii. After entering these details appropriately, click on "SUBMIT" tab.
- viii. Members holding shares in physical form will then reach directly the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

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

In case of members receiving the physical copy:

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

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

16. **Poll at the meeting:** After the agenda item has been discussed, the Chairman may order a poll in respect of all of the business items. The poll will be conducted and supervised by Scrutinizers appointed for the purpose.
17. As per the provisions of the SEBI Listing Regulations, particulars of Directors who are proposed to be re-appointed are provided in the explanatory statement.
18. Details of Directors seeking appointment/re-appointment in the Annual General Meeting (AGM) scheduled on Saturday, 30th July, 2016, pursuant to provisions of SEBI Listing Regulations are as under:

Name	Mr. Perviz Dastur	Mr. Ashwin Nagarwadia
Birth Date	31.01.1937	20.09.1937
Date of Appointment / Re-Appointment	08.08.2015 (Original date of appointment 04/09/1997)	08.08.2015 (Original date of appointment 10/05/1994)
Expertise in Specific Functional area	Accounting	Engineering
Qualification	B.Com., MBA, ACA	B.E. Mechanical
Board Membership of other Public Limited companies as on 31 st March, 2016	2*	5**
Chairman/Member of the Committee of the Board of Directors of the Company as on 31 st March, 2016	As follows	As follows
(a) Audit Committee	1	1
(b) Stakeholders' Relationship Committee	-	1
(c) Other Committees	2	4
Number of Shares held in the Company as on 31 st March, 2016	157,060	540,632

- * Other Directorships: Finor Piplaj Chemicals Ltd., Chembond Solenis Water Technologies Ltd.
- ** Other Directorships: Finor Piplaj Chemicals Ltd., Hitech Plast Ltd., Chembond Clean Water Technologies Ltd., Clear Mipak Packaging Solutions Ltd, Hitech Insurance Broking Services Limited

Note: Details of Mr. Sameer V. Shah and Mr. Nirmal V. Shah who are proposed to be re-appointed as Chairman & Managing Directors and Vice Chairman & Managing Director respectively at the forthcoming AGM is provided in the explanatory statement(s).

EXPLANATORY STATEMENT PURSUANT TO SECTION 102(2) OF THE COMPANIES ACT, 2013**ITEM NO. 5**

Mr. Sameer V. Shah was appointed as Chairman & Managing Director of the Company for a period of three years w.e.f. 1st August, 2013 as per the resolution passed at the Annual General Meeting of the Company held on 10th August, 2013 as per the terms and conditions as set out in the Agreement entered into between the Company and Mr. Sameer V. Shah. The remuneration and other terms of appointment were revised w.e.f. 1st April, 2015 and approved by the shareholders of the Company at the Annual General Meeting of the Company held on 8th August, 2015.

The Nomination and Remuneration Committee has recommended re-appointment of Mr. Sameer V. Shah as Chairman & Managing Director for the period of three years w.e.f. 1st August, 2016.

An abstract of the terms of re-appointment giving details of the remuneration payable and perquisites to be provided to Mr. Sameer V. Shah are set out below:

I. PERIOD OF APPOINTMENT AND REMUNERATION

The re-appointment of Mr. Sameer V. Shah as Chairman & Managing Director shall be for the period of three years w.e.f. 1st August, 2016.

Mr. Sameer V. Shah shall receive remuneration and on the terms as mentioned below effective from 1st August, 2016 and the Board of Directors has powers to increase the remuneration in consultation with the Nomination and Remuneration Committee from time to time:

Basic Salary p.a.	₹ 30,84,410/-
Perquisites & incentives p.a. (excluding exempted)	₹ 50,88,395/-

Other Terms	The Board of Directors, which includes Nomination and Remuneration Committee, are empowered from time to time to consider upward revision of the remuneration with such components as they may deem fit, during the tenure of the Managing Director, which in no case shall be more than maximum sum of ₹ 84,00,000/- p.a. (Rupees Eighty Four Lac Only). Incentive not exceeding such percentage or lumpsum as may be decided by the Board or as mentioned in the Agreement may be paid. Annual increment is subject to overall ceiling limit of ₹ 84,00,000/- p.a. (Rupees Eighty Four Lac Only) prescribed above.
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(A) In case of adequate profits:

Not exceeding 5% of the net profits of the Company calculated as per Section 198 of the Companies Act, 2013 and payable by way of salary/ allowances/ other perquisites / benefits and/or commission, as determined by the Board which includes Nomination and Remuneration Committee from time to time.

(B) Minimum Remuneration in case of lack or inadequacy of profits:

Where in any financial year during the currency of the tenure of the Managing Director, we have Nil Profits or the Profits are inadequate, Managing Director shall be paid remuneration as under:

1. Remuneration payable not exceeding the limit prescribed under Section II, Part II of Schedule V of the Companies Act, 2013, based on the effective capital of the Company and in accordance with the approval of the Nomination and Remuneration Committee at the relevant point of time;
2. Contributions to Provident Fund, Superannuation Fund or Annuity Fund to the extent singly or put together are not taxable under the Income Tax Act, 1961;
3. Gratuity payable at a rate not exceeding half a month's salary for each completed year of service; and
4. Encashment of Leave at the end of the tenure.

(C) General:

1. The perquisites shall be valued in terms of the actual expenditure. However, where such actual expenditure cannot be ascertained, such perquisites shall be valued as per the Income Tax Rules.

2. Managing Director shall not be entitled to any sitting fees for attending the meetings of the Board or of the Committee(s) of which he is a Member.
3. Managing Director shall be subject to all other service conditions and employee benefit schemes, as applicable to any other employee of the Company.

As the terms and remuneration proposed above are in conformity with the relevant provisions of the Companies Act, 2013, read with Schedule V to the said Act, the Central Government approval is not necessary for the above re-appointment.

A copy of the agreement containing the terms and conditions of re-appointment of Mr. Sameer V. Shah is available for inspection without any fee by the Members at the Registered Office of the Company during normal business hours on any working day upto and including the date of the Annual General Meeting.

INFORMATION AS PER SCHEDULE V OF THE COMPANIES ACT, 2013

II. GENERAL INFORMATION

1. Nature of Industry

The Company is in the Specialty Chemical Industry and main objects of the Company are:

- A. To carry on all or any business of manufactures, dealers, or processors in the field pretreatment of ferrous and non-ferrous metals for anti corrosive and paint adhesion purposes.
- B. To carry on all or any of the business of Chemical Engineers, Manufactures, dealers in chemicals and as investors, exploiters, of all type of processes in the field of chemicals and the pre-treatment or anticorrosive and paint and adhesion purposes of metals and metallic substances.

2. Date of Commencement of commercial production

The Company commenced commercial production from 22nd March, 1975.

3. In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus: N.A.

4. Financial performance (standalone):

Particulars	2015-16 (Audited)	2014-15 (Audited)
Net Revenue	21,435	21,429.32
Profit Before Tax	18,567	573.72
Less : Current Tax	3,430	65.00
Less : Deferred Tax	14.76	(49.61)
Profit After Tax	15,122.59	558.33

5. Export performance and net foreign exchange collections

(In ₹ Lakhs)

Particulars	Standalone 2015- 2016
Total Foreign Exchange Earned	239.11
Total Foreign Exchange Outgo	3,156.90

6. Foreign collaborations or investments, if any

The Company has subsidiary companies Chembond Solenis Water Technologies Limited in collaboration with Solenis Netherlands B.V., Netherlands, Chembond Calvatis Industrial Hygiene Systems Limited in collaboration with Calvatis GmbH, Germany.

III. Information about Mr. Sameer V. Shah

1. Background details:

Mr. Sameer V. Shah is the Chairman and Managing Director of the Company, a position he has held since 3rd November, 2012. Mr. Sameer V. Shah joined Chembond in 1992 after receiving his education in chemical engineering and finance from the University of Texas and Texas State University and working for over six years in America.

Mr. Sameer V. Shah hails from the promoter family of Chembond Chemicals Limited (the Company) and has held various managerial positions in the Company and its Joint Ventures.

2. Past Remuneration

Particulars	2015-2016
Salary and Perquisites	₹ 65.01 Lakhs

3. Recognition and awards: Nil

4. Job Profile & his suitability:

Mr. Sameer V. Shah has held various managerial positions in the Company and having rich business experience and exposure to managing diverse businesses.

5. Proposed Remuneration

Basic Salary p.a.	₹ 30,84,410/-
Perquisites & incentives p.a. (excluding exempted)	₹ 50,88,395/-

Other Terms	The Board of Directors, which includes Nomination and Remuneration Committee, are empowered from time to time to consider upward revision of the remuneration with such components as they may deem fit, during the tenure of the Managing Director, which in no case shall be more than maximum sum of ₹ 84,00,000/- p.a. (Rupees Eighty Four Lac Only). Incentive not exceeding such percentage or lumpsum as may be decided by the Board or as mentioned in the Agreement may be paid. Annual increment is subject to overall ceiling limit of ₹ 84,00,000/- p.a. (Rupees Eighty Four Lac Only) prescribed above.
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6. Comparative remuneration profile with respect to industry, size of the Company, profile of the position and the person.

Considering the experience and knowledge of Mr. Sameer V. Shah, he is entitled to a higher remuneration in the similar nature of Industry than recommended by the Board at present.

7. Pecuniary relationship directly or indirectly with the Company or relationship with the managerial personnel, if any.

Mr. Sameer V. Shah directly holds 257,956 equity shares of the Company and being one of the promoters of the Company, holds 69.59% of the paid up capital indirectly. He is also related to Mr. Nirmal V. Shah, Vice Chairman & Managing Director. Except proposed remuneration as stated above, Mr. Sameer V. Shah does not have any other pecuniary relationship with the Company.

IV. Other information:

1. Reasons of loss or inadequate profits

Due to expansion of business, the Company has aggressively invested in a quality work-force, which will bring a positive trend over the coming years. The slower growth of Indian as well as the global economy, increase in raw material costs are other factors impacting profits.

2. Steps taken or proposed to be taken for improvement

The Company has strengthened its sales & marketing departments and more focus is given on Research & Development. Price increases are also being negotiated in a sustainable manner.

3. Expected increase in productivity and profits in measurable terms:

At this stage it is difficult to quantify the effect of the measures being taken by the Company to improve its financial performance, but as mentioned above, the Company's margins are impacted by the increase in commodity prices and overall inflationary trends in the market and the Company will put continuous efforts to recover from such adversities.

V. DISCLOSURES

The Corporate Governance Report forms a part of the Annual Report for the year and remuneration package and other details of all the Directors have been disclosed therein.

Except Mr. Sameer V. Shah and his relatives no other Director, Key Managerial Personnel or their relatives are concerned or interested in the said resolution.

This may be treated as an abstract of the terms of appointment of Mr. Sameer V. Shah in terms of Section 190 of the Companies Act, 2013.

Your Directors recommend the resolution set out in the Item No. 5 of the Notice convening the meeting.

The draft agreement to be entered into between Mr. Sameer V. Shah and the Company is available for inspection by the members of the Company at its Registered Office from 10.00 a.m. to 12.00 noon.

ITEM NO. 6

Mr. Nirmal V. Shah was appointed as Vice Chairman & Managing Director of the Company for a period of three years w.e.f. 1st August, 2013 as per the resolution passed at the Annual General Meeting of the Company held on 10th August, 2013 as per the terms and conditions as set out in the Agreement entered into between the Company and Mr. Nirmal V. Shah. He has been on the Board of Directors of the Company since 10th January, 2000. He is Promoter and he hails from the promoter family of Chembond Chemicals Limited.

The Nomination and Remuneration Committee has recommended re-appointment of Mr. Nirmal V. Shah as Vice-Chairman & Managing Director for the period of three years w.e.f. 1st August, 2016.

An abstract of the terms of re-appointment giving details of the remuneration payable and perquisites to be provided to Mr. Nirmal V. Shah are set out below:

1. PERIOD OF APPOINTMENT AND REMUNERATION

The re-appointment of Mr. Nirmal V. Shah as Vice-Chairman & Managing Director shall be for the period of three years w.e.f. 1st August, 2016.

Mr. Nirmal V. Shah will receive the remuneration and on the terms mentioned below effective from 1st August, 2016 and the Board of Directors has powers to increase

the remuneration in consultation with the Nomination and Remuneration Committee from time to time.

Basic Salary p.a.	₹ 30,84,410/-
Perquisites & incentives p.a. (excluding exempted)	₹ 50,88,395/-
Other Terms	The Board of Directors, which includes Nomination and Remuneration Committee, are empowered from time to time to consider upward revision of the remuneration with such components as they may deem fit, during the tenure of the Managing Director, which in no case shall be more than maximum sum of ₹ 84,00,000/- p.a. (Rupees Eighty Four Lac Only). Incentive not exceeding such percentage or lumpsum as may be decided by the Board or as mentioned in the Agreement may be paid. Annual increment is subject to overall ceiling limit of ₹ 84,00,000/- p.a. (Rupees Eighty Four Lac Only) prescribed above.

(A) In case of adequate profits:

Not exceeding 5% of the net profits of the Company calculated as per Section 198 of the Companies Act, 2013 and payable by way of salary/ allowances/ other perquisites / benefits and/or commission, as determined by the Board which includes Nomination and Remuneration Committee from time to time.

(B) Minimum Remuneration in case of lack or inadequacy of profits:

Where in any financial year during the currency of the tenure of the Managing Director, we have Nil Profits or the Profits are inadequate, Managing Director shall be paid remuneration as under:

1. Remuneration payable not exceeding the limit prescribed under Section II, Part II of Schedule V of the Companies Act, 2013, based on the effective capital of the Company and in accordance with the approval of the Nomination and Remuneration Committee at the relevant point of time.
2. Contributions to Provident Fund, Superannuation Fund or Annuity Fund to the extent singly or put together are not taxable under the Income Tax Act, 1961;
3. Gratuity payable at a rate not exceeding half a month's salary for each completed year of service; and
4. Encashment of Leave at the end of the tenure.

(C) General:

1. The perquisites shall be valued in terms of the actual expenditure. However, where such actual expenditure cannot be ascertained, such perquisites shall be valued as per the Income Tax Rules.
2. Managing Director shall not be entitled to any sitting fees for attending the meetings of the Board or of the Committee(s) of which he is a Member.
3. Managing Director shall be subject to all other service conditions and employee benefit schemes, as applicable to any other employee of the Company.

As the terms and remuneration proposed above are in conformity with the relevant provisions of the Companies Act, 2013, read with Schedule V to the said Act, the Central Government approval is not necessary for the above re-appointment.

In accordance with the provisions of Section V of Part II of Schedule V to the Companies Act, 2013, the total remuneration payable by the Company and M/s. Chembond Solenis Water Technologies Limited of which also Mr. Nirmal V. Shah is the Managing Director, shall not exceed the higher maximum limit permissible for any one of the Companies. Further, since the Company proposed to pass the said resolution by way of special resolution, therefore as per the first proviso of Section II of Part II of Schedule V the higher maximum permissible limit shall be ₹ 84 Lac.

A copy of the agreement containing the terms and conditions of reappointment of Mr. Nirmal V. Shah is available for inspection without any fee by the Members at the Registered Office of the Company during normal business hours on any working day upto and including the date of the Annual General Meeting.

INFORMATION AS PER SCHEDULE V OF THE COMPANIES ACT, 2013

I. GENERAL INFORMATION

1. Nature of Industry

The Company is in the Specialty Chemical Industry and main objects of the Company are:

- A. To carry on all or any business of manufactures, dealers, or processors in the field pretreatment of ferrous and non-ferrous metals for anti corrosive and paint adhesion purposes.
- B. To carry on all or any of the business of Chemical Engineers, manufactures, dealers in chemicals and as investors, exploiters, of all type of processes in the field of chemicals and the pre-treatment or anticorrosive and paint and adhesion purposes of metals and metallic substances.

2. Date of Commencement of commercial production

The Company commenced commercial production from 22nd March, 1975.

3. Financial Performance (Standalone)

(In ₹ Lakhs)

Particulars	2015 – 2016 (Audited)	2014 – 2015 (Audited)
Net Sales	21,435	21,429.32
Profit before Tax	18,567	573.72
Less : Current Tax	3,430	65.00
Less: Deferred Tax	14.76	(49.61)
Profit after Tax	15,122.59	558.33

4. Export performance and net foreign exchange collections

(In ₹ Lakhs)

Particulars	2015- 2016 (Standalone)
Total Foreign Exchange Earned	239.11
Total Foreign Exchange Outgo	3,156.90

5. Foreign collaborations or investments, if any

The Company has subsidiary companies Chembond Solenis Water Technologies Limited in collaboration with Solenis Netherlands B.V., Netherlands, Chembond Calvatis Industrial Hygiene Systems Limited in collaboration with Calvatis GmbH, Germany.

III. Information about Mr. Nirmal V. Shah

1. Background details:

Mr. Nirmal V. Shah is the Vice Chairman & Managing Director of the Company, a position he has held since 1st August, 2013.

Mr. Nirmal V. Shah hails from the promoter family of Chembond Chemicals Limited (the Company) and has held various managerial positions in the Company and its Joint Ventures.

2. Past Remuneration

Particulars	2015-2016
Salary and Perquisites	₹ 36 Lakhs

3. Recognition and awards: Nil

4. Job Profile & his suitability:

Mr. Nirmal V. Shah has over 22 years of experience and exposure to managing diverse businesses. He has been in-charge of the water treatment chemicals division for the past 15 years. His expertise is in organisational management.

5. Proposed Remuneration

Basic Salary p.a.	₹ 3,084,410/-
Perquisites & incentives p.a. (excluding exempted)	₹ 5,088,395/-
Other Terms	The Board of Directors, which includes Nomination and Remuneration Committee, are empowered from time to time to consider upward revision of the remuneration with such components as they may deem fit, during the tenure of the Managing Director, which in no case shall be more than maximum sum of ₹ 8,400,000/- p.a. (Rupees Eighty Four Lac Only). Incentive not exceeding such percentage or lumpsum as may be decided by the Board or as mentioned in the Agreement may be paid. Annual increment is subject to overall ceiling limit of ₹ 8,400,000/- p.a. (Rupees Eighty Four Lac Only) prescribed above.

6. Comparative remuneration profile with respect to industry, size of the Company, profile of the position and the person.

Considering the experience and knowledge of Mr. Nirmal V. Shah, he is entitled to a higher remuneration in the similar nature of Industry than recommended by the Board at present.

7. Pecuniary relationship directly or indirectly with the Company or relationship with the managerial personnel, if any.

Mr. Nirmal V. Shah directly holds 314,984 Equity Shares of the Company and being one of the promoters of the Company, holds 69.59% of the paid up capital indirectly. He is also related to Mr. Sameer V. Shah, Chairman & Managing Director. Except proposed remuneration as stated above, Mr. Nirmal V. Shah does not have any other pecuniary relationship with the Company.

IV. Other information:**1. Reasons of loss or inadequate profits**

Due to expansion of business, the Company has aggressively invested in a quality work-force, which will bring a positive trend over the coming years. The slower growth of Indian as well as the global economy, increase in raw material costs are other factors impacting profits.

2. Steps taken or proposed to be taken for improvement

The Company has strengthened its sales & marketing departments and more focus is given on Research & Development. Price increases are also being negotiated in a sustainable manner.

3. Expected increase in productivity and profits in measurable terms:

At this stage it is difficult to quantify the effect of the measures being taken by the Company to improve its financial performance, but as mentioned above, the Company's margins are impacted by the increase in commodity prices and overall inflationary trends in the market and the Company will put continuous efforts to recover from such adversities.

V. DISCLOSURES

The Corporate Governance Report forms a part of the Annual Report for the year and remuneration package and other details of all the Directors have been disclosed therein.

Except Mr. Nirmal V. Shah and his relatives no other Director, Key Managerial Personnel or their relatives are concerned or interested in the said resolution.

This may be treated as an abstract of the terms of appointment of Mr. Nirmal V. Shah in accordance with Section 190 of the Companies Act, 2013.

Your Directors recommend the resolution set out in the Item No. 6 of the Notice convening the meeting.

The draft agreement to be entered into between Mr. Nirmal V. Shah and the Company is available for inspection by the members of the Company at its Registered Office from 10.00 a.m. to 12.00 noon.

Item Nos. 7, 8, 9 & 10

The Shareholders of the Company are aware that the equity shares of the Company are listed on BSE Limited (BSE) and the shares are being traded on BSE.

In order to improve the liquidity of the Company's shares at the Stock Exchange and to make it affordable to the small investors, the Board of Directors of the Company at its meeting held on 4th June, 2016 approved the sub-division of the equity shares of the Company..

The shareholders may please note that the existing nominal value of the equity shares of the Company is ₹ 10/- per share and consequent upon the sub-division it shall be divided into 2 (two) equity shares of ₹ 5/- each.

The approval of the shareholders is required for sub-division of equity shares and consequent alterations in Memorandum and Articles of Association of the Company.

The sub-division as aforesaid would require consequential amendments to the existing Clause V of the Memorandum of Association and Article 4 of the Articles of Association of the Company as set out in Item Nos. 8 and 9 of the Notice respectively to reflect the change in face value of each Equity Share from ₹ 10/- each to ₹ 5/- each.

Further Article 19(a) would need to be altered by addition of proviso thereto as set out in item no. 10 of the Notice. It is proposed to alter Article 19(a) to amend it for authorizing the Board of Directors to waive the requirement for surrender of existing share certificate(s) in case of sub-division and consolidation of shares.

A copy of the existing Memorandum and Articles of Association as well as the specimen of the amended Memorandum and Articles of Association of the Company is available for inspection by Members at the Registered Office of the Company on any working day during office hours of the Company.

Your Board recommends the above resolutions for your approval.

None of the Directors and Key Managerial Personnel of the Company are in any way interested in the Resolution, except of their shareholding and the shareholding of their relatives in the Company.

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

Sameer V. Shah
Chairman & Managing Director

Navi Mumbai
4th June, 2016

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

Chembond Chemicals Limited

Corporate Identification No.(CIN): L24100MH1975PLC018235

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

Telephone: 91 22 39213000; **Fax:** 91 22 27681294 **Website:** www.chembondindia.com

ATTENDANCE SLIP

(To be presented at the entrance duly signed)

**41st Annual General Meeting on Saturday, 30th July, 2016 at 3.00 p.m.
at Chembond Centre, EL-37, MIDC, Mahape, Navi Mumbai - 400 710**

Folio No./DPID & Client ID:

Name :

Address :

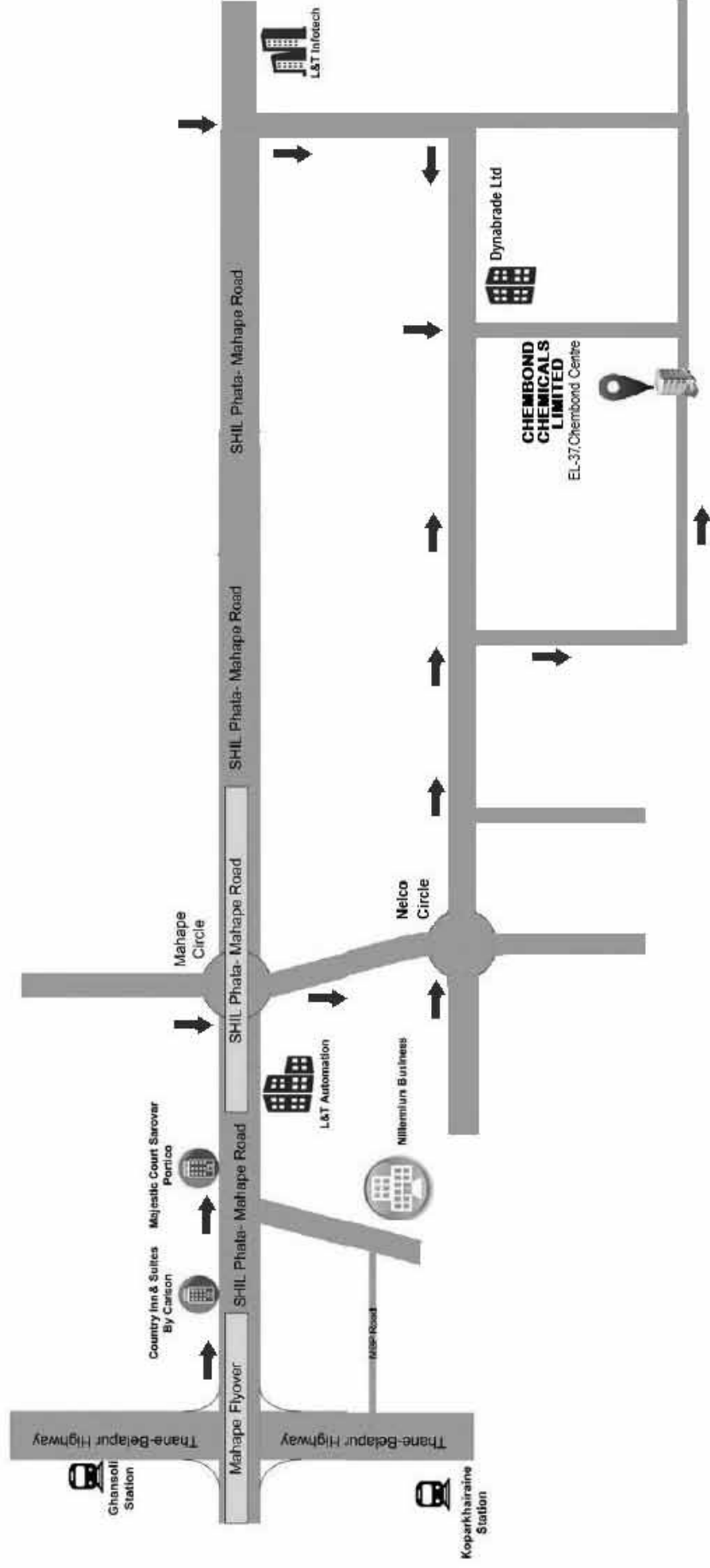
I hereby record my presence at the 41st ANNUAL GENERAL MEETING of the Company to be held on Saturday, 30th July, 2016 at 3.00 p.m. at EL-37, Mahape, MIDC, Navi Mumbai 400 710.

SIGNATURE OF THE ATTENDING MEMBER/PROXY:_____

Notes:

1. Please refer to the instructions printed under the Notes to the Notice of the 41st Annual General Meeting.
2. The voting period starts from 9.00 a.m. on Wednesday, 27th July, 2016 and ends at 5.00 p.m. on Friday, 29th July, 2016. The e-voting module shall be disabled by CDSL for voting thereafter.
3. Shareholders/Proxy holders are requested to bring the attendance Slip with them when they come to the meeting.
4. No attendance slip will be issued at the time of meeting.
5. Shareholders who come to attend the meeting are requested to bring their copies of the Annual Report with them, as spare copies will not be available at the meeting.

ROUTE MAP



Chembond Chemicals Limited

Corporate Identificaton No. (CIN): L24100MH1975PLC018235

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

Telephone: 91 22 39213000; Fax: 91 22 27681294 Website: www.chembondindia.com

PROXY FORM

Name of the member(s) :	
Registered address :	
E-mail ID :	
Folio No. / DP ID / Client ID :	

I/We, being the member(s) holding _____ shares of Chembond Chemicals Limited, hereby appoint:

1. Name :
Address :
E-mail Id :
Signature : or failing him / her
2. Name :
Address :
E-mail Id :
Signature : or failing him / her
3. Name :
Address :
E-mail Id :
Signature :

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 41st Annual General Meeting of the Company to be held on Saturday, 30th July, 2016 at 3.00 p.m. at EL-37, Chembond Centre, MIDC, Mahape, Navi Mumbai 400710 and at any adjournment thereof in respect of such resolutions as are indicated below:

Ordinary Business

1. Adoption of Audited Financial Statements (Standalone & Consolidated) for the year ended 31st March, 2016 and Report of Board of Directors and Auditors thereon.
2. Appointment of a Director in place of Mr. Perviz H. Dastur (DIN: 00961016), who retires by rotation and, being eligible, offers himself for re-appointment.
3. Appointment of a Director in place of Mr. Ashwin R. Nagarwadia (DIN: 00466681), who retires by rotation and, being eligible, offers himself for re-appointment.
4. Re-appointment of M/s. Kastury & Talati, Chartered Accountants (Firm Registration No. 104908W) as Statutory Auditors of the Company.

Special Business

5. Re-appointment of Mr. Sameer V. Shah (DIN: 00105721) as the Chairman & Managing Director of the Company for a period of three years.
6. Re-appointment of Mr. Nirmal V. Shah (DIN: 00083853) as the Vice-Chairman & Managing Director of the Company for a period of three years.
7. Sub-Division of each equity share of the face value of ₹ 10/- per share into two equity shares of the face value of ₹ 5/- each.
8. Alteration of the Capital Clause (Clause V) in the Memorandum of Association of the Company.
9. Alteration of the authorized capital (Article 4) in the Articles of Association of the Company.
10. 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.

Signed this..... day of2016

Signature of the shareholder :

Signature of Proxy holder(s) :

Affix
Rupee One
Revenue
Stamp

Note: This form in order to be effective should be duly completed and deposited at the Registered Office of the Company at EL-71, Chembond Centre, MIDC, Mahape, Navi Mumbai 400710, not less than 48 hours before the commencement of the meeting.

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Vibra-TITE®



Chembond Chemicals Limited

Tel: +91 22 39213000 Email ID: info@chembondindia.com Website: www.chembondindia.com

Chembond Chemicals Limited



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